

Regular Session, 2013

SENATE BILL NO. 11

BY SENATOR GUILLORY

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

RETIREMENT SYSTEMS. Provides relative to funding of and eligibility for post-retirement benefit increases for certain state employees and teachers.
(2/3-CA10s29(F))(6/30/13)

1 AN ACT

2 To amend and reenact R.S. 11:62, 102(B)(3)(d)(i) and (iv) and (5)(a), 247(A)(1) and (D),

3 403(5), 416(A)(3)(a), 558(D), 701(5)(a)(introductory paragraph) and (b), 766(D),

4 1002(6), 1143(D), 1150, 1152(J)(3) and (4), and 1310(A)(2), to enact R.S.

5 11:102(B)(3)(e), (C)(4)(e), and (D)(4)(e), 102.1(C)(6), 102.2(C)(6), 249, 446(H), and

6 783(L), and to repeal R.S. 11:542, 883.1, 1145.1, and 1332, relative to post-

7 retirement benefit increases for certain members and beneficiaries of retirement

8 systems for state employees and for public educational system employees; to provide

9 for eligibility to receive the increases; to provide for the timing and amount of the

10 increases; to provide for funding of past and future increases; to provide transition

11 provisions; to provide for an effective date; and to provide for related matters.

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

13 Be it enacted by the Legislature of Louisiana:

14 Section 1. R.S. 11:62, 102(B)(3)(d)(i) and (iv) and (5)(a), 247(A)(1) and (D), 403(5),

15 416(A)(3)(a), 558(D), 701(5)(a)(introductory paragraph) and (b), 766(D), 1002(6), 1143(D),

16 1150, 1152(J)(3) and (4), and 1310(A)(2) are hereby amended and reenacted and R.S.

17 11:102(B)(3)(e), (C)(4)(e), and (D)(4)(e), 102.1(C)(6), 102.2(C)(6), 249, 446(H), and 783(L)

1 are hereby enacted to read as follows:

2 §62. Employee contribution rates established

3 **A.** Employee contributions to state and statewide public retirement systems
4 shall be paid at the following rates, except as otherwise provided by law:

5 (1) Assessors' Retirement Fund - 8%.

6 (2) Clerks' of Court Retirement and Relief Fund - 8.25%.

7 (3) Firefighters' Retirement System:

8 (a) Any member whose earnable compensation is less than or equal to the
9 most recently issued poverty guidelines issued by the United States Department of
10 Health and Human Services according to the size of the member's family unit - 8%.

11 (b) For employee contributions due and payable July 1, 2011, or thereafter,
12 any member whose earnable compensation is more than the most recently issued
13 poverty guidelines issued by the United States Department of Health and Human
14 Services according to the size of the member's family unit:

15 If the total contribution for the fiscal

16 year expressed as a percentage of

17 payroll after applying all required tax

18 contributions is:

The employee contribution

shall be:

19 25.0% or below

8.0%

20 25.01% to 25.75%

8.25%

21 25.76% to 26.5%

8.5%

22 26.51% to 27.25%

8.75%

23 27.26% to 28.0%

9.0%

24 28.01% to 28.75%

9.25%

25 28.76% to 29.5%

9.5%

26 29.51% to 30.25%

9.75%

27 30.26% or above

10.0%

28 (4) Louisiana School Employees' Retirement System members in Tier 1:

29 (a) Employees whose first employment making them eligible for membership

1 in one of the state systems occurred on or before June 30, 2010 - 7.5%.

2 (b) Employees whose first employment making them eligible for membership
3 in one of the state systems occurred on or after July 1, 2010 - 8%.

4 (4.1) Louisiana School Employees' Retirement System members in the cash
5 balance plan - 8%.

6 (5) Louisiana State Employees' Retirement System members in Tier 1:

7 (a) Judges, court officers, the governor, lieutenant governor and legislators:

8 (i) Employees whose first employment making them eligible for membership
9 in one of the state systems occurred on or before December 31, 2010 - 11.5%.

10 (ii) Employees, other than judges in Item (iii) of this Subparagraph, whose
11 first employment making them eligible for membership in one of the state systems
12 occurred on or after January 1, 2011 - 8%.

13 (iii) Judges holding positions specified in R.S. 11:553(1), (3) through (5), (7),
14 and (10) through (15) whose first employment making them eligible for membership
15 in one of the state systems occurred on or after January 1, 2011 - 13%.

16 (b) Public safety service employees referred to as "member" or "members"
17 in R.S. 11:601(B); peace officers employed by the Department of Public Safety and
18 Corrections, office of state police, other than state troopers, as provided in R.S.
19 11:444(A)(2)(b); and personnel employed by the Department of Revenue, office of
20 alcohol and tobacco control, as provided in R.S. 11:444(A)(2)(c) - 9%.

21 (c) Clerk and sergeant at arms of the House of Representatives and Secretary
22 and sergeant at arms of the Senate:

23 (i) Employees whose first employment making them eligible for membership
24 in one of the state systems occurred on or before December 31, 2010 - 9.5%.

25 (ii) Employees whose first employment making them eligible for membership
26 in one of the state systems occurred on or after January 1, 2011 - 8%.

27 (d) Wildlife Agents - 9.5%.

28 (e) All others:

29 (i) Employed on or before June 30, 2006 - 7.5%.

1 (ii) Employed on or after July 1, 2006 - 8%.

2 (f) Bridge Police - 8.5% for those employees eligible for the benefit provided
3 by R.S. 11:441(F).

4 (g) "Members" of the Hazardous Duty Services Plan, as defined in R.S.
5 11:612 - 9.5%.

6 (5.1) Louisiana State Employees' Retirement System members in the cash
7 balance plan - 8%.

8 (6) Municipal Police Employees' Retirement System:

9 (a) For members hired prior to January 1, 2013, and for members of the
10 Hazardous Duty Subplan:

11 (i) Any member whose earnable compensation is less than or equal to the
12 most recently issued poverty guidelines issued by the United States Department of
13 Health and Human Services according to the size of the member's family unit - 7.5%.

14 (ii) For employee contributions due and payable July 1, 2011, or thereafter,
15 any member whose earnable compensation is more than the most recently issued
16 poverty guidelines issued by the United States Department of Health and Human
17 Services according to the size of the member's family unit:

18 If the total contribution for the fiscal year expressed
19 as a percentage of payroll after

20 applying all required tax The employee contribution
21 contributions is: shall be:

22	25.0% or below	7.5%
23	25.01% to 25.75%	7.75%
24	25.76% to 26.5%	8.0%
25	26.51% to 27.25%	8.25%
26	27.26% to 28.0%	8.5%
27	28.01% to 28.75%	8.75%
28	28.76% to 29.5%	9.25%
29	29.51% to 30.25%	9.5%

- 1 30.26% to 31.0% 9.75%
- 2 31.0% or above 10.0%
- 3 (b) For members of the Non-Hazardous Duty Subplan – 8%, or equal to the
- 4 rate established in Item (a)(ii) of this Paragraph if less than 8%.
- 5 (7) Municipal Employees' Retirement System of Louisiana.
- 6 (a) Plan A - Not less than 9.25% nor more than 10% as determined by the
- 7 board of trustees.
- 8 (b) Plan B - Not less than 5% nor more than 6% as determined by the board
- 9 of trustees.
- 10 (8) Parochial Employees' Retirement System of Louisiana:
- 11 (a) Plan A - Not less than 8% nor more than 11%, as determined by the board
- 12 of trustees in consultation with the actuary for the system.
- 13 (b) Plan B - Not less than 3% nor more than 5%, as determined by the board
- 14 of trustees in consultation with the actuary for the system.
- 15 (c) Plan C - 5%.
- 16 (9) Sheriffs' Pension and Relief Fund - Not less than 9.8% nor more than
- 17 10.25%, as determined by the board of trustees in consultation with the actuary for
- 18 the fund.
- 19 (10) Louisiana State Police Retirement System:
- 20 (a) Employees whose first employment making them eligible for membership
- 21 in one of the state systems occurred on or before December 31, 2010 - 8.5%.
- 22 (b) Employees whose first employment making them eligible for membership
- 23 in one of the state systems occurred on or after January 1, 2011 - 9.5%.
- 24 (11) Teachers' Retirement System of Louisiana members in Tier 1:
- 25 (a) School lunch Plan A - 9.1%.
- 26 (b) School lunch Plan B - 5%.
- 27 (c) All others - 8%.
- 28 (11.1) Teachers' Retirement System of Louisiana members in the cash
- 29 balance plan - 8%.

1 (12) District Attorneys' Retirement System - 8%.

2 (13) Registrars of Voters Employees' Retirement System - 7%.

3 **B.(1) Beginning July 1, 2013, employees shall make additional**
4 **contributions to the state retirement systems at the rates provided in this**
5 **Subsection for the purpose of funding the benefits provided in R.S. 11:249(B)(2)**
6 **and (3)(b). For each year or fraction of a year of service credited to an**
7 **employee while making these contributions, the employee shall accrue the**
8 **benefits provided in R.S. 11:249(B)(2) and (3)(b). The additional employee**
9 **contributions shall be paid at the following rates:**

10 (a) **Louisiana State Employees' Retirement System - 3.0%.**

11 (b) **Teachers' Retirement System of Louisiana - 3.0%.**

12 (c) **Louisiana School Employees' Retirement System - 3.0%.**

13 (d) **Louisiana State Police Retirement System - 3.0%.**

14 (2)(a) **Each system shall determine whether and to what extent the**
15 **employee contributions provided in this Subsection meet or exceed the liabilities**
16 **created by the benefits provided in R.S. 11:249 not later than the June 30, 2018**
17 **valuation and shall repeat the calculation no less frequently than every five**
18 **years thereafter.**

19 (b) **If, based on the determination required by Subparagraph (a) of this**
20 **Paragraph, the system actuary concludes that the employee contributions**
21 **provided in this Subsection result in assets greater than or less than the**
22 **liabilities for which they are intended to pay, the actuary shall include such**
23 **information in the next valuation submitted to the Public Retirement Systems'**
24 **Actuarial Committee. The committee or the system may recommend to the**
25 **legislature that the employee contribution rate be adjusted to a level that fully**
26 **funds the benefit and what action, if any, is appropriate with regard to any**
27 **excess funding.**

28 * * *

29 §102. Employer contributions; determination; state systems

1 * * *

2 B. * * *

3 (3) With respect to each state public retirement system, the actuarially
4 required employer contribution for each fiscal year, commencing with Fiscal Year
5 1989-1990, shall be that dollar amount equal to the sum of:

6 * * *

7 (d) That fiscal year's payment, computed as of the first of that fiscal year and
8 projected to the middle of that fiscal year at the actuarially assumed interest rate,
9 necessary to amortize changes in actuarial liability due to:

10 (i)(aa) Except as provided in Subitem (bb) of this Item, Items (v), (vi), (vii),
11 and (viii) of this Subparagraph, and in Subparagraph (e) of this Paragraph,
12 actuarial gains and losses, if appropriate for the funding method used by the system
13 as specified in R.S. 11:22, for each fiscal year beginning after June 30, 1988, such
14 payments to be computed as an amount forming an annuity increasing at four and
15 one-half percent annually over the later of a period of fifteen years from the year of
16 occurrence or by the year 2029, such gains and losses to include any increases in
17 actuarial liability due to governing authority granted cost-of-living increases.

18 (bb) Notwithstanding any provision of law to the contrary, including
19 Items (v), (vi), (vii), and (viii) of this Subparagraph, effective for the June 30,
20 2013, system valuation and beginning Fiscal Year 2014-2015, after any
21 allocation that may be required by R.S. 11:102.1 or 102.2, fifty percent of the
22 remaining balance of the prior year's net investment experience gain
23 attributable to all assets, or to Tier 1 assets in a system with a cash balance plan,
24 as determined by the system's actuary, shall be amortized as a level-dollar
25 amount over a period of ten years from the year of occurrence. The provisions
26 of this Subitem shall be effective until the unfunded accrued liability created by
27 the enactment of R.S. 11:249 is fully funded and after that date investment
28 experience gains shall be amortized as provided in this Section.

29 * * *

1 (iv) Except as provided in Items (v), (vi), (vii), and (viii) of this Subparagraph
 2 **and in Subparagraph (e) of this Paragraph**, changes in actuarial accrued liability,
 3 computed using the actuarial funding method as specified in R.S. 11:22, due to
 4 legislation changing plan provisions, such payments to be computed in the manner
 5 and over the time period specified in the legislation creating the change or, if not
 6 specified in such legislation, as an amount forming an annuity increasing at four and
 7 one-half percent annually over the later of a period of fifteen years from the year of
 8 occurrence of the change or by the year 2029.

9 * * *

10 **(e) That fiscal year's payment, computed as of the first of the fiscal year**
 11 **and projected to the middle of that fiscal year at the actuarially-assumed**
 12 **interest rate, necessary to amortize the unfunded accrued liability created by**
 13 **enactment of R.S. 11:249 with level dollar payments over a period of ten years,**
 14 **beginning in Fiscal Year 2014-2015.**

15 * * *

16 (5)(a) Notwithstanding the provisions of this Section **to the contrary**, the
 17 gross employer contribution rate for the Louisiana State Employees' Retirement
 18 System and the Teachers' Retirement System of Louisiana shall not be less than
 19 ~~fifteen and one-half~~ **twenty-five** percent per year until such time as the unfunded
 20 accrued liability that existed on June 30, ~~2004~~ **2012**, is fully funded.

21 * * *

22 C.

* * *

23 (4) For each plan referenced in Paragraph (1) of this Subsection, the
 24 legislature shall set the required employer contribution rate equal to the sum of the
 25 following:

26 * * *

27 **(e) The shared experience account amortization base payment rate. The**
 28 **experience account amortization base payment shall be one percent of pay, to**
 29 **be applied as provided in R.S. 11:102.1(C)(6).**

1 * * *

2 D. * * *

3 (4) For each plan referenced in Paragraph (1) of this Subsection, the
4 legislature shall set the required employer contribution rate equal to the sum of the
5 following:

6 * * *

7 **(e) The shared experience account amortization base payment rate. The**
8 **experience account amortization base payment shall be one percent of pay, to**
9 **be applied as provided in R.S. 11:102.2(C)(6).**

10 * * *

11 §102.1. Consolidation of amortization payment schedules; Louisiana State
12 Employees' Retirement System

13 * * *

14 C. Experience account amortization base.

15 * * *

16 **(6) The additional employer contributions received by the system**
17 **pursuant to R.S. 11:102(C)(4)(e) shall be applied to the experience account**
18 **amortization base established in this Subsection. After such application, the net**
19 **remaining liability shall be reamortized over the remaining amortization period**
20 **with annual payments calculated as provided in this Subsection or as otherwise**
21 **provided by law.**

22 §102.2. Consolidation of amortization payment schedules; Teachers' Retirement
23 System of Louisiana

24 * * *

25 C. Experience account amortization base.

26 * * *

27 **(6) The additional employer contributions received by the system**
28 **pursuant to R.S. 11:102(D)(4)(e) shall be applied to the experience account**
29 **amortization base established in this Subsection. After such application, the net**

1 **(4) Louisiana State Police Retirement System.**

2 **B.(1) Employer-funded increases. Each eligible recipient whose**
3 **annuitized benefit is based exclusively on service credited to the person on or**
4 **before June 30, 2013, shall have his benefit increased permanently by the**
5 **amount specified in Subsection D of this Section on July 1, 2013, and on July**
6 **first in each odd-numbered calendar year thereafter as further provided in this**
7 **Section.**

8 **(2) Employee-funded increases. Each eligible recipient whose annuitized**
9 **benefit is based exclusively on service credited to the person on or after July 1,**
10 **2013, shall have his benefit increased permanently by the amount specified in**
11 **Subsection D of this Section on July 1, 2019, and on July first in each odd-**
12 **numbered calendar year thereafter.**

13 **(3)(a) Additive increases. Each eligible recipient whose annuitized**
14 **benefit is based partially on service credited to the person on or before June 30,**
15 **2013, and partially on service credited to the person on or after July 1, 2013,**
16 **shall have his benefit increased permanently by the amount specified in**
17 **Subsection D of this Section on July 1, 2019, and on July first in each odd-**
18 **numbered calendar year thereafter.**

19 **(b) For each recipient, the portion of each additive increase considered**
20 **to be an employee-funded accrued benefit shall be equal to the ratio of years of**
21 **service credited to the person on or after July 1, 2013, to total years of service**
22 **credited to him.**

23 **C. (1) To be eligible for the permanent benefit increases provided in this**
24 **Subsection, a retiree:**

25 **(a) Shall have been separated from employment and receiving an**
26 **annuitized benefit for at least five years; and**

27 **(b) Shall have attained at least age sixty-five.**

28 **(2) A nonretiree survivor or beneficiary shall be eligible for the**
29 **permanent benefit increases provided in this Subsection:**

* * *

1
2 (5)(a)(i) "~~Average compensation~~", ~~for a member whose first employment~~
3 ~~making him eligible for membership in the system began on or before June 30, 2006,~~
4 ~~and for any person who receives an additional benefit pursuant to R.S.~~
5 ~~11:444(A)(2)(b) or (c), 557, 582, or 602 or R.S. 24:36 whose first employment~~
6 ~~making him eligible for membership in one of the state systems occurred on or~~
7 ~~before December 31, 2010, means the average annual earned compensation of a state~~
8 ~~employee for the thirty-six highest months of successive employment, or for the~~
9 ~~highest thirty-six successive joined months of employment where interruption of~~
10 ~~service occurred; however, average compensation for part-time employees who do~~
11 ~~not use thirty-six months of full-time employment for average compensation~~
12 ~~purposes shall be based on the base pay the part-time employee would have received~~
13 ~~had he been employed on a full-time basis.~~

14 (ii) ~~The earnings to be considered for the thirteenth through the twenty-fourth~~
15 ~~month shall not exceed one hundred twenty-five percent of the earnings of the first~~
16 ~~through the twelfth month. The earnings to be considered for the final twelve~~
17 ~~months shall not exceed one hundred twenty-five percent of the earnings of the~~
18 ~~thirteenth through the twenty-fourth month. Nothing in this Subparagraph, however,~~
19 ~~shall change the method of determining the amount of earned compensation~~
20 ~~received.~~

21 (b)(i) "~~Average compensation~~", ~~for a member whose first employment~~
22 ~~making him eligible for membership in the system began on or after July 1, 2006,~~
23 ~~and subject to the limitations provided in this Subparagraph, **regardless of a**~~
24 ~~**member's participation in a specialized subplan,**~~ means the average annual earned
25 compensation of a state employee for the sixty highest months of successive
26 employment or for the highest sixty successive joined months of employment where
27 interruption of service occurred; however, average compensation for part-time
28 employees who do not use sixty months of full-time employment for average
29 compensation purposes shall be based on the base pay the part-time employee would

1 have received had he been employed on a full-time basis. ~~This Item shall also be~~
2 ~~applicable to any judge, court officer, governor, lieutenant governor, clerk or~~
3 ~~sergeant-at-arms of the House of Representatives, secretary or sergeant-at-arms of~~
4 ~~the Senate, or state treasurer whose first employment making him eligible for~~
5 ~~membership in one of the state systems occurred on or after January 1, 2011.~~

6 (ii) **(b)** The earnings to be considered for persons to whom Item (i) of this
7 Subparagraph applies for the thirteenth through the twenty-fourth month shall not
8 exceed one hundred fifteen percent of the earnings of the first through the twelfth
9 month. The earnings to be considered for the twenty-fifth through the thirty-sixth
10 month shall not exceed one hundred fifteen percent of the earnings of the thirteenth
11 through the twenty-fourth month. The earnings to be considered for the thirty-
12 seventh through the forty-eighth month shall not exceed one hundred fifteen percent
13 of the earnings of the twenty-fifth through the thirty-sixth month. The earnings for
14 the final twelve months shall not exceed one hundred fifteen percent of the earnings
15 of the thirty-seventh through the forty-eighth month. The limitations on the
16 computation of average compensation contained in this ~~Item~~ **Subparagraph** shall
17 not apply to any twelve-month period during which compensation increased by more
18 than fifteen percent over the previous twelve-month period solely because of an
19 increase in compensation by a uniform systemwide increase adopted by the state
20 Department of Civil Service and approved by the governor or because of a pay
21 adjustment enacted by the legislature. ~~This Item shall also be applicable to any~~
22 ~~judge, court officer, member of the Louisiana Legislature, governor, lieutenant~~
23 ~~governor, clerk or sergeant-at-arms of the House of Representatives, secretary or~~
24 ~~sergeant-at-arms of the Senate, or state treasurer whose first employment making~~
25 ~~him eligible for membership in one of the state systems occurred on or after January~~
26 ~~1, 2011.~~

27 (iii) ~~The provisions of this Subparagraph shall not apply to any person who~~
28 ~~receives an additional benefit pursuant to R.S. 11:444(A)(2)(b) or (c), 557, 582, or~~
29 ~~602 or R.S. 24:36 whose first employment making him eligible for membership in~~

1 ~~one of the state systems occurred on or after January 1, 2011.~~

2 * * *

3 §416. Employment of retirees

4 A. Regardless of age, if a retiree of the system is engaged or hereafter
5 engages in employment which otherwise would render him eligible for membership
6 in the system, he shall choose one of the following irrevocable options:

7 * * *

8 (3)(a) Option 3. The retiree may request immediate suspension of his benefit
9 and become a member of this system, effective on the first day of reemployment.
10 Upon such regaining of membership, he shall contribute thereafter at the current
11 contribution rate as applicable to his position. Upon subsequent retirement, his
12 suspended retirement allowance shall be restored to full force and effect. In addition,
13 if he has worked and contributed for ~~at least thirty-six months~~ **a period equal to or**
14 **longer than his final average compensation period**, his retirement allowance shall
15 be increased by an amount attributable to his service and average compensation since
16 reemployment based on the computation formula in effect at the time of subsequent
17 retirement. If he has been reemployed for a period less than ~~thirty-six months~~ **his**
18 **final average compensation period**, upon termination of reemployment the
19 contributions paid by the retiree since his reemployment shall, upon application, be
20 refunded to the retiree. In no event shall the member receive duplicate credit for
21 unused sick and annual leave that had been included in the computation of his
22 original retirement allowance. Any supplemental benefit shall be based on
23 reemployment service credit only and shall not include any other specific amount
24 which may otherwise be provided in the regular retirement benefit computation
25 formula. In the event of the member's death prior to subsequent retirement, payment
26 of benefits to the designated beneficiary or survivor shall be in accordance with the
27 option selected by the member at the time of his original retirement. No change in
28 the option originally selected by the member shall be permitted except as provided
29 in R.S. 11:446(C). In no event shall the supplemental benefit exceed an amount

1 ~~successive years of employment, or the highest three successive joined years of~~
 2 ~~employment where interruption of service occurred. For any teacher whose first~~
 3 ~~employment making him eligible for membership in one of the state systems~~
 4 ~~occurred on or after January 1, 2011, "average compensation" means his means the~~
 5 ~~average earnable compensation for the five highest successive years of employment,~~
 6 ~~or the highest five successive joined years where interruption of service occurred.~~
 7 The computation of such average compensation shall be in accordance with the
 8 following guidelines:

9 * * *

10 (b) The ~~thirty-six or sixty months used for average compensation, as the case~~
 11 ~~may be,~~ cannot cover a period when the member receives more than ~~three years or~~
 12 ~~five years of service credit respectively.~~

13 * * *

14 §766. Part-time employees; creditable service; benefit eligibility; computation of
 15 benefits

16 * * *

17 D. Average compensation for part-time employees who do not use ~~thirty-six~~
 18 **sixty** months of full-time employment for average compensation purposes shall be
 19 based on the earnings the part-time employee would have received had he been
 20 employed on a full-time basis. However, any member who has more than one-half
 21 of his computed service credit by virtue of part-time employment shall have his
 22 average compensation limited to his average compensation as a part-time employee
 23 and shall not be allowed to use any compensation as a full-time employee in the
 24 computation of his average compensation.

25 * * *

26 §783. Selection of option for method of payment after death of member

27 * * *

28 **L. The actuarial equivalent options available pursuant to this Section**
 29 **shall be calculated without regard for R.S. 11:249.**

* * *

§1002. Definitions

As used in this Chapter, the following words and phrases shall have the meanings ascribed to them in this Section unless a different meaning is plainly required by the context:

* * *

(6)(a) "~~Average compensation~~", ~~for a member whose first employment making him eligible for membership in the system began on or before June 30, 2006, shall be based on the thirty-six highest successive months of employment, or on the highest thirty-six successive joined months of employment where interruption of service occurred; however, the average compensation amount to be considered for the first through the twelfth month shall not exceed the compensation for the immediately preceding twelve months by more than ten percent. The amount for the thirteenth through the twenty-fourth month shall not exceed the lesser of the maximum allowable compensation amount or the actual compensation amount for the first through the twelfth month by more than ten percent. The amount for the twenty-fifth through the thirty-sixth month shall not exceed the lesser of the maximum allowable compensation amount or the actual compensation amount for the thirteenth through the twenty-fourth month by more than ten percent. The limitations on the computation of average compensation in this Paragraph shall not apply to any of the twelve-month periods where compensation increased by more than one hundred ten percent over the previous twelve-month period solely because of an increase in compensation by legislative act or by a city/parish system-wide salary increase.~~

(b) "~~Average compensation~~", ~~for a member whose first employment making him eligible for membership in the system began on or after July 1, 2006, whose first employment making him eligible for membership in one of the state systems occurred on or before June 30, 2010, shall be based on the sixty highest successive months of employment, or on the highest sixty successive joined months of~~

1 ~~employment where interruption of service occurred, however, the average~~
2 ~~compensation amount for the thirteenth through the twenty-fourth month shall not~~
3 ~~exceed the actual compensation amount for the first through the twelfth month by~~
4 ~~more than ten percent. The amount for the twenty-fifth through the thirty-sixth~~
5 ~~month shall not exceed the lesser of the maximum allowable compensation amount~~
6 ~~or the actual compensation amount for the thirteenth through the twenty-fourth~~
7 ~~month by more than ten percent. The amount for the thirty-seventh through the~~
8 ~~forty-eighth month shall not exceed the lesser of the maximum allowable~~
9 ~~compensation amount or the actual compensation amount for the twenty-fifth~~
10 ~~through the thirty-sixth month by more than ten percent. The amount for the forty-~~
11 ~~ninth through the sixtieth month shall not exceed the lesser of the maximum~~
12 ~~allowable compensation amount or the actual compensation amount for the thirty-~~
13 ~~seventh through the forty-eighth month by more than ten percent. The limitations~~
14 ~~on the computation of average compensation contained in this Paragraph shall not~~
15 ~~apply to any twelve-month period during which compensation increased by more~~
16 ~~than one hundred ten percent over the previous twelve-month period solely because~~
17 ~~of an increase in compensation by legislative act or by a city/parish system-wide~~
18 ~~salary increase.~~

19 (c) "~~Average compensation~~", for a member whose first employment making
20 him eligible for membership in one of the state systems occurred on or after July 1,
21 2010, shall be based on the sixty highest successive months of employment, or on
22 the highest sixty successive joined months of employment where interruption of
23 service occurred;

24 however, **(i) For a member whose first employment making him eligible**
25 **for membership in the system began on or before June 30, 2010, the average**
26 **compensation amount for the thirteenth through the twenty-fourth month shall**
27 **not exceed the actual compensation amount for the first through the twelfth**
28 **month by more than ten percent. The amount for the twenty-fifth through the**
29 **thirty-sixth month shall not exceed the lesser of the maximum allowable**

1 **compensation amount or the actual compensation amount for the thirteenth**
2 **through the twenty-fourth month by more than ten percent. The amount for**
3 **the thirty-seventh through the forty-eighth month shall not exceed the lesser of**
4 **the maximum allowable compensation amount or the actual compensation**
5 **amount for the twenty-fifth through the thirty-sixth month by more than ten**
6 **percent. The amount for the final twelve months shall not exceed the lesser of**
7 **the maximum allowable compensation amount or the actual compensation**
8 **amount for the thirty-seventh through the forty-eighth month by more than ten**
9 **percent. The limitations on the computation of average compensation contained**
10 **in this Item shall not apply to any twelve-month period during which**
11 **compensation increased by more than ten percent over the previous**
12 **twelve-month period solely because of an increase in compensation by legislative**
13 **act or by a city/parish system-wide salary increase.**

14 **(ii) For a member whose first employment making him eligible for**
15 **membership in the system began on or after July 1, 2010,** the average
16 compensation amount for the thirteenth through the twenty-fourth month shall not
17 exceed the actual compensation amount for the first through the twelfth month by
18 more than fifteen percent. The amount for the twenty-fifth through the thirty-sixth
19 month shall not exceed the lesser of the maximum allowable compensation amount
20 or the actual compensation amount for the thirteenth through the twenty-fourth
21 month by more than fifteen percent. The amount for the thirty-seventh through the
22 forty-eighth month shall not exceed the lesser of the maximum allowable
23 compensation amount or the actual compensation amount for the twenty-fifth
24 through the thirty-sixth month by more than fifteen percent. The amount for the
25 forty-ninth through the sixtieth month shall not exceed the lesser of the maximum
26 allowable compensation amount or the actual compensation amount for the thirty-
27 seventh through the forty-eighth month by more than fifteen percent. The limitations
28 on the computation of average compensation contained in this ~~Subparagraph~~ **Item**
29 shall not apply to any twelve-month period during which compensation increased by

1 more than ~~one hundred~~ fifteen percent, over the previous twelve-month period solely
2 because of an increase in compensation by legislative act or by a city/parish
3 system-wide salary increase.

4 ~~(d)~~**(b)** Notwithstanding any other provision of law to the contrary, "average
5 compensation" shall not include any amount in excess of the limitation provided in
6 R.S. 11:1141.3.

7 * * *

8 §1143. Part-time employees; creditable service; benefit eligibility; computation of
9 benefits

10 * * *

11 D. Average compensation for part-time employees who do not use ~~thirty-six~~
12 **sixty** months of full-time employment for average compensation purposes shall be
13 based on the earnings the part-time employee would have received had he been
14 employed on a full-time basis. However, any member who has more than one-half
15 of his computed service credit by virtue of part-time employment shall have his
16 average compensation limited to his average compensation as a part-time employee
17 and shall not be allowed to use any compensation as a full-time employee in the
18 computation of his average compensation.

19 * * *

20 §1150. Allowances; optional allowances

21 A. Upon application for retirement, any member may elect to receive his
22 benefit in a retirement allowance payable throughout his life. In no case shall the
23 system pay total benefits of less than an amount equal to the member's accumulated
24 contributions. If the member, following retirement, should die prior to receiving in
25 total benefits an amount equal to his accumulated contributions, the balance shall be
26 paid to the person nominated by the member by written designation, which shall be
27 acknowledged and filed with the board of trustees at the time of retirement, ~~or,~~

28 B. Upon application for retirement, any member may elect to receive the
29 actuarial equivalent at that time of his retirement allowance in a reduced retirement

1 allowance payable throughout life with the options set forth in the numbered
2 paragraphs below. No optional selection shall be effective in case a beneficiary dies
3 within thirty days after the effective date of retirement, and such a beneficiary shall
4 be considered as an active member at the time of death.

5 (1) If he dies before he has received in annuity payments the present value
6 of his annuity as it was at the time of his retirement, the balance shall be paid to his
7 legal representatives or to any person he shall nominate by written designation
8 acknowledged and filed with the board of trustees.

9 (2) Upon his death, his reduced retirement allowance shall be continued
10 throughout the life of and paid to any person he shall nominate by written
11 designation acknowledged and filed with the board of trustees at the time of his
12 retirement.

13 (3) Upon his death, one-half of his reduced retirement allowance shall be
14 continued throughout the life of and paid to any person he shall nominate by written
15 designation acknowledged and filed with the board of trustees at the time of his
16 retirement.

17 (4) Some other benefit or benefits shall be paid either to the member or to any
18 person or persons he shall nominate provided such other benefit or benefits, together
19 with the reduced retirement allowance, shall be certified by the actuary to be of
20 equivalent actuarial value to his retirement allowance and approved by the board of
21 trustees.

22 **(5) The actuarial equivalent option available pursuant to this Subsection**
23 **shall be calculated without regard for R.S. 11:249.**

24 * * *

25 §1152. Deferred Retirement Option Plan

26 * * *

27 J. Monthly retirement benefits payable to a participant after termination of
28 participation in the plan and employment shall be calculated as follows:

29 * * *

1 (3)(a) If the participant, ~~whose first employment making him eligible for~~
2 membership in the system began on or before June 30, 2006, continues employment
3 after termination of participation in the plan for a period of less than ~~thirty-six~~
4 months **his final average compensation period**, his monthly retirement benefit shall
5 equal his base benefit plus an amount based upon the service credit for the additional
6 employment, together with conversion of the net amount of sick and annual leave
7 accumulated during that period of employment, based upon the final average
8 compensation used to calculate the monthly credit.

9 ~~(b) If the participant, whose first employment making him eligible for~~
10 membership in the system began on or after July 1, 2006, continues employment
11 after termination of participation in the plan for a period of less than sixty months,
12 his monthly retirement benefit shall equal his base benefit plus an amount based
13 upon the service credit for the additional employment, together with conversion of
14 the net amount of sick and annual leave accumulated during that period of
15 employment, based upon the final average compensation used to calculate the
16 monthly credit.

17 (4)(a) If the participant, ~~whose first employment making him eligible for~~
18 membership in the system began on or before June 30, 2006, continues employment
19 after termination of participation in the plan for a period of ~~thirty-six months or more~~
20 **equal to or longer than his final average compensation period**, his monthly
21 retirement benefit shall equal his base benefit plus an amount based upon the service
22 credit for the additional employment, together with conversion of the net amount of
23 sick and annual leave accumulated during that period of employment, based upon the
24 higher of the final average compensation when the member entered the plan or for
25 the period of employment after termination of participation in the plan.

26 ~~(b) If the participant, whose first employment making him eligible for~~
27 membership in the system began on or after July 1, 2006, continues employment
28 after termination of participation in the plan for a period of sixty months or more, his
29 monthly retirement benefit shall equal his base benefit plus an amount based upon

1 amount of earned compensation received.

2 * * *

3 Section 2. R.S. 11:542, 883.1, 1145.1, and 1332 are hereby repealed.

4 Section 3. A. The provisions of this Act shall not cause the average compensation
5 expressed in dollars of any member retiring or entering a deferred retirement option plan on
6 or after July 1, 2014, to be less than such member's average compensation expressed in
7 dollars as it existed on June 30, 2014.

8 B. The provisions of this Act providing for a sixty-month average compensation
9 period shall not apply to any person whose date of retirement or entry into a deferred
10 retirement option plan occurs on or before June 30, 2014.

11 C. The provisions of this Act providing for a sixty-month average compensation
12 period shall be implemented according to the provisions of this Subsection.

13 (1) For transitional purposes, the provisions of R.S. 11:403(5), 701(5), 1002(6), and
14 1310(A)(2) as amended by this Act shall be phased in as follows:

15 (a) For members retiring before July 1, 2014, the provisions of R.S. 11:403(5),
16 701(5), 1002(6), and 1310(A)(2) shall apply as they existed before the effective date of this
17 Act.

18 (b) For those members retiring on or after July 1, 2014, and on or before June 30,
19 2016, the period used to calculate monthly average final compensation shall be thirty-six
20 months plus the number of whole months since July 1, 2014.

21 (2) For transitional purposes, the provisions of this Act as applied to R.S. 11:450(D),
22 789(D), and 1152(J) shall be phased in as follows:

23 (a) For members entering a deferred retirement option plan before July 1, 2016, the
24 period of additional service required and utilized to calculate a revised average compensation
25 for the supplemental benefit after deferred retirement option plan participation shall be equal
26 to thirty-six months plus the number of whole months from July 1, 2014, to the date of
27 deferred retirement option plan entry.

28 (b) For members entering the plan on or after July 1, 2016, the provisions of this Act
29 shall apply.

1 Section 4. Any retiree who elected to receive an actuarially-reduced retirement
2 allowance pursuant to R.S. 11:247 shall continue to be governed by the provisions in effect
3 before the effective date of this Act. Each permanent benefit increase pursuant to the
4 provisions of this Act shall be computed on the basis of the retiree's benefit on the date the
5 increase is granted. If the permanent benefit increase is scheduled to be effective on the
6 same date as the annual cost-of-living adjustment provided for in R.S. 11:247, the annual
7 cost-of-living adjustment shall be calculated first.

8 Section 5. Nothing in this Act shall be construed to prevent the legislature from
9 delaying, reducing, or otherwise altering the permanent benefit increases designated by this
10 Act as "employer funded".

11 Section 6. The normal cost increase resulting from the provisions of R.S. 11:249
12 contained in this Act shall be funded with the savings from the transition to a sixty-month
13 average compensation and with the employee contributions required pursuant to the
14 provisions of this Act. The payments for the unfunded accrued liability created by the
15 provisions of R.S. 11:249 contained in this Act shall be funded with the additional employer
16 contributions required by the provisions of R.S. 11:102(B)(3)(e) contained in this Act. The
17 additional costs of this Act, if any, shall be funded with additional employer contributions
18 in compliance with Article X, Section 29(F) of the Constitution of Louisiana.

19 Section 7. The provisions of this Act shall be nonseverable.

20 Section 8. This Act shall become effective on June 30, 2013; if vetoed by the
21 governor and subsequently approved by the legislature, this Act shall become effective on
22 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 Laura Gail Sullivan.

DIGEST

Proposed law provides for permanent post-retirement benefit increases (PBIs) for retirees
of the four state retirement systems:

- (1) Louisiana State Employees' Retirement System.
- (2) Teachers' Retirement System of Louisiana.
- (3) Louisiana School Employees' Retirement System.

- (4) Louisiana State Police Retirement System.

Proposed law provides for additional employee contributions of 3% of pay from members of the systems, beginning July 1, 2013.

Proposed law provides for a 60-month final average compensation period for all members of the systems, with transition from the present law 36-month period to begin July 1, 2014, and to continue in one-month increments through June 30, 2016.

Proposed law provides for PBIs for current and future retirees, survivors, and beneficiaries of the systems as follows:

ELIGIBILITY

Proposed law provides that, to be eligible for a benefit increase pursuant to proposed law:

- (1) A retiree shall have been separated from employment and receiving an annuitized benefit for at least five years and shall have attained at least age 65.
- (2) A nonretiree survivor or beneficiary shall be receiving an annuitized benefit related to service of a person who would have attained at least age 65, and the annuity payments shall have been received by the retiree or the beneficiary or both combined for at least five years.
- (3) Any person receiving disability benefits or receiving benefits based on the death of a disability retiree shall be receiving an annuitized benefit, and the annuity payments shall have been received by the retiree or the beneficiary or both combined for at least five years.

INCREASE AMOUNT

Proposed law provides that each PBI shall be the greater of:

- (1) One percent.
- (2) The lesser of:
 - (a) Two percent.
 - (b) The percent increase necessary to preserve 80% of the purchasing power of the recipient as of June 30, 2013, or his retirement date if later.

Proposed law specifies that the determination of diminution of purchasing power shall be computed using the increases, if any, provided to persons receiving old age, survivors, and disability insurance benefits from social security for the period beginning on the September 30th of the year of retirement and ending on the September 30th immediately preceding the PBI.

Proposed law provides that each PBI shall be payable based only on an amount not to exceed \$50,000 of the recipient's annual benefit. Specifies, however, for increases payable July 1, 2019, and thereafter the \$50,000 limit shall be increased in an amount equal to the increases, if any, provided to persons receiving old age, survivors, and disability insurance benefits from social security for the 24 month period ending on the September 30th immediately preceding the PBI.

CLASSIFICATION; TIMING

Proposed law classifies each PBI as employer-funded, employee-funded, or additive.

Proposed law provides that employer-funded increases are those payable to any recipient whose annuitized benefit is based exclusively on service credited to the person on or before June 30, 2013. Provides that these PBIs shall be paid on July 1st of each odd-numbered calendar year beginning July 1, 2013.

Proposed law provides that employee-funded increases are those payable to any recipient whose annuitized benefit is based exclusively on service credited to the person on or after July 1, 2013. Provides that these PBIs shall be paid on July 1st of each odd-numbered calendar year beginning July 1, 2019.

Proposed law provides that additive increases are those payable to any recipient whose annuitized benefits are based partially on service credited to the person on or before June 30, 2013, and partially on service credited to the person on or after July 1, 2013. Provides that these PBIs shall be paid on July 1st of each odd-numbered calendar year beginning July 1, 2019. Specifies that for each recipient, the portion of each additive increase considered to be an employee-funded accrued benefit shall be equal to the ratio of years of service credited to the system member on or after July 1, 2013, to total years of service credited to him.

Effective June 30, 2013.

(Amends R.S. 11:62, 102(B)(3)(d)(i) and (iv) and (5)(a), 247(A)(1) and (D), 403(5), 416(A)(3)(a), 558(D), 701(5)(a)(intro para) and (b), 766(D), 1002(6), 1143(D), 1150, 1152(J)(3) and (4), and 1310(A)(2); adds R.S. 11:102(B)(3)(e), (C)(4)(e), and (D)(4)(e), 102.1(C)(6), 102.2(C)(6), 249, 446(H), and 783(L); repeals R.S. 11:542, 883.1, 1145.1, and 1332)