

**SENATE COMMITTEE AMENDMENTS**

Amendments proposed by Senate Committee on Retirement to Original Senate Bill No. 4  
by Senator Guillory

1 AMENDMENT NO. 1

2 On page 1, line 2 after "(13)," insert "102.1(B)(4) and (C)(4), 102.2(B)(4) and (C)(4),  
3 542(A)(2)(a) and (F), and 883.1(A)(2)(a) and (G),"

4 AMENDMENT NO. 2

5 On page 2, delete line 5 and insert in lieu thereof the following:

6 "Section 2. R.S. 11:102.1(B)(4) and (C)(4), 102.2(B)(4) and (C)(4), 542(A)(2)(a)  
7 and (F), and 883.1(A)(2)(a) and (G) are hereby amended and reenacted to read as follows:

8 §102.1. Consolidation of amortization payment schedules; Louisiana State  
9 Employees' Retirement System

10 \* \* \*

11 B. Original amortization base.

12 \* \* \*

13 (4) In any year in which the system ~~exceeds its actuarially-assumed~~ **earns a** rate of  
14 return **in excess of eight and one-quarter percent on the actuarial value of assets**, the first  
15 fifty million dollars of excess returns shall be applied to the remaining balance of the  
16 original amortization base established in this Subsection. After such application, the net  
17 remaining liability shall be reamortized over the remaining amortization period with annual  
18 payments calculated as provided in this Subsection or as otherwise provided by law.

19 \* \* \*

20 C. Experience account amortization base.

21 \* \* \*

22 (4) In any year in which ~~the excess returns of the system~~ **earns a rate of return in**  
23 **excess of eight and one-quarter percent on the actuarial value of assets, and such excess**  
24 **returns** exceed the amount in Paragraph (B)(4) of this Section, the next fifty million dollars  
25 of excess returns shall be applied to the experience account amortization base established  
26 in this Subsection. After such application, the net remaining liability shall be reamortized  
27 over the remaining amortization period with annual payments calculated as provided in this  
28 Subsection or as otherwise provided by law.

29 \* \* \*

30 §102.2. Consolidation of amortization payment schedules; Teachers' Retirement  
31 System of Louisiana

32 \* \* \*

33 B. Original amortization base.

34 \* \* \*

35 (4) In any year in which the system ~~exceeds its actuarially-assumed~~ **earns a** rate of  
36 return **in excess of eight and one-quarter percent on the actuarial value of assets**, the first  
37 one hundred million dollars of excess returns shall be applied to the remaining balance of  
38 the original amortization base established in this Subsection. After such application, the net  
39 remaining liability shall be reamortized over the remaining amortization period with annual  
40 payments as provided in this Subsection or as otherwise provided by law.

41 C. Experience account amortization base.

42 \* \* \*

43 (4) In any year in which the ~~excess returns~~ **system earns a rate of return in excess**  
44 **of eight and one-quarter percent on the actuarial value of assets, and such excess**  
45 **returns** exceed the amount in Paragraph (B)(4) of this Section, the next one hundred million  
46 dollars of excess returns shall be applied to the experience account amortization base  
47 established in this Subsection. After such application, the net remaining liability shall be  
48 reamortized over the remaining amortization period with annual payments calculated as  
49 provided in this Subsection or as otherwise provided by law.

50 \* \* \*

1 §542. Experience account

2 A.

3 \* \* \*

4 (2) The experience account shall be credited as follows:

5 (a) To the extent permitted by Paragraph (3) of this Subsection and after allocation  
6 to the consolidated amortization bases as provided in R.S. 11:102.1, an amount not to exceed  
7 fifty percent of the remaining balance of the prior year's net investment experience gain  
8 attributable to Tier 1 assets ~~as determined by the system's actuary~~ **with the gain measured**  
9 **as investment earnings in excess of eight and one-quarter percent of the actuarial value**  
10 **of assets.**

11 \* \* \*

12 F. (1)The permanent benefit increase which is authorized by Subsection C of this  
13 Section shall be limited to the lesser of either two percent or an amount as determined in  
14 Paragraph (C)(2) of this Section in or for any year in which the system does not earn an  
15 actuarial rate of return of at least eight and one-quarter percent interest on the investment of  
16 the system's assets.

17 (2) No permanent benefit increase shall be authorized based on any actuarial  
18 valuation in which both of the following apply:

19 (a) The system fails to earn an actuarial rate of return which exceeds ~~the board-~~  
20 ~~approved actuarial valuation rate~~ **eight and one-quarter percent.**

21 (b) The system is less than eighty percent funded.

22 \* \* \*

23 §883.1. Experience account

24 A.

25 \* \* \*

26 (2) The experience account shall be credited as follows:

27 (a) To the extent permitted by Paragraph (3) of this Subsection and after allocation  
28 to the consolidated amortization bases as provided in R.S. 11:102.2, an amount not to exceed  
29 fifty percent of the remaining balance of the prior year's net investment experience gain  
30 attributable to Tier 1 assets ~~as determined by the system's actuary~~ **with the gain measured**  
31 **as investment earnings in excess of eight and one-quarter percent of the actuarial value**  
32 **of assets.**

33 \* \* \*

34 G. (1)The permanent benefit increase which is authorized by Subsection C of this  
35 Section shall be limited to the lesser of either two percent or an amount as determined in  
36 Paragraph (C)(2) of this Section in or for any year in which the system does not earn an  
37 actuarial rate of return of at least eight and one-quarter percent interest on the investment of  
38 the system's assets.

39 (2) No permanent benefit increase shall be authorized based on any actuarial  
40 valuation in which both of the following apply:

41 (a) The system fails to earn an actuarial rate of return which exceeds ~~the board-~~  
42 ~~approved actuarial valuation rate~~ **eight and one-quarter percent.**

43 (b) The system is less than eighty percent funded.

44 Section 3. A. The provisions of Section 1 of this Act applicable to the Louisiana  
45 State Employees' Retirement System shall become effective on the day the Public  
46 Retirement Systems' Actuarial Committee adopts a valuation or a revised valuation for that  
47 system which has been prepared in compliance with all of the following:

- 48 (1) Utilizing an actuarially-assumed rate of return of seven and one-half percent.
- 49 (2) Decreasing the assumed salary schedule increases by fifty basis points.
- 50 (3) Providing an actuarial value of assets as follows:

51 (a) The preliminary actuarial value of assets shall be the market value of assets on  
52 the valuation date plus the sum of the following amounts:

- 53 (i) Eighty percent of the investment gain/(loss) for the year ending on the valuation  
54 date.
- 55 (ii) Sixty percent of the investment gain/(loss) for the year ending one year before  
56 the valuation date.
- 57 (iii) Forty percent of the investment gain/(loss) for the year ending two years before  
58 the valuation date.
- 59 (iv) Twenty percent of the investment gain/(loss) for the year ending three years  
60 before the valuation date.

1 (b) The actuarial value of assets shall be equal to the preliminary actuarial value;  
2 however, if the preliminary actuarial value is less than eighty-five percent of the market  
3 value, the actuarial value of assets shall be equal to the average of the preliminary actuarial  
4 value and eighty-five percent of the market value of assets. In addition, if the preliminary  
5 actuarial value is greater than one hundred fifteen percent of the market value, the actuarial  
6 value of assets shall be equal to the average of the preliminary actuarial value and one  
7 hundred fifteen percent of the market value.

8 (4) Utilizing all other actuarial assumptions as they existed in the system valuation  
9 approved by the Committee on March 7, 2013.

10 B. The provisions of Section 1 of this Act applicable to the Teachers' Retirement  
11 System of Louisiana shall become effective on the day the Public Retirement Systems'  
12 Actuarial Committee adopts a valuation or a revised valuation for that system which has  
13 been prepared in compliance with all of the following:

14 (1) Utilizing an actuarially-assumed rate of return of seven and one-half percent.

15 (2) Decreasing the assumed salary schedule increases by fifty basis points.

16 (3) Providing an actuarial value of assets as follows:

17 (a) The preliminary actuarial value of assets shall be the market value of assets on  
18 the valuation date plus the sum of the following amounts:

19 (i) Eighty percent of the investment gain/(loss) for the year ending on the valuation  
20 date.

21 (ii) Sixty percent of the investment gain/(loss) for the year ending one year before  
22 the valuation date.

23 (iii) Forty percent of the investment gain/(loss) for the year ending two years before  
24 the valuation date.

25 (iv) Twenty percent of the investment gain/(loss) for the year ending three years  
26 before the valuation date.

27 (b) The actuarial value of assets shall be equal to the preliminary actuarial value;  
28 however, if the preliminary actuarial value is less than eighty-five percent of the market  
29 value, the actuarial value of assets shall be equal to the average of the preliminary actuarial  
30 value and eighty-five percent of the market value of assets. In addition, if the preliminary  
31 actuarial value is greater than one hundred fifteen percent of the market value, the actuarial  
32 value of assets shall be equal to the average of the preliminary actuarial value and one  
33 hundred fifteen percent of the market value.

34 (4) Utilizing all other actuarial assumptions as they existed in the system valuation  
35 approved by the Committee on March 7, 2013.

36 C. Applications for calculations related to repayments of refunds, transfers of service  
37 credit, or purchases of service credit received by a system on or before June 30, 2013, shall  
38 be prepared without regard to the provisions of this Act.

39 D. The Public Retirement Systems' Actuarial Committee shall meet on or before  
40 June 28, 2013, to consider adopting a revised valuation containing employer contribution  
41 rates for the fiscal year beginning July 1, 2013, prepared in conformity with this Section.

42 Section 4. The provisions of Sections 2 and 3 and of this Section of this Act shall  
43 become effective on June 1, 2013; if vetoed by the"

44 AMENDMENT NO. 3

45 On page 2, line 7 change "30" to "1"