

Regular Session, 2014

HOUSE BILL NO. 38

BY REPRESENTATIVE PEARSON

RETIREMENT/STATE SYSTEMS: Provides relative to retirement eligibility for certain members of state retirement systems

1 AN ACT

2 To amend and reenact R.S. 11:441(A)(2)(b), 461(B)(3)(b), 726(B), 761(A)(3) and (4),
3 765(A) and (B)(1), 780, 783(A)(3)(a), 786(A)(2) and (3), 802, 1141(A), 1142, and
4 1147(C)(4) and to enact R.S. 11:441(A)(2)(c), 461(B)(3)(c), 761(A)(5), and
5 786(A)(4), relative to retirement eligibility for certain new hires in the Louisiana
6 State Employees' Retirement System, the Teachers' Retirement System of Louisiana,
7 and the Louisiana School Employees' Retirement System; to establish new
8 retirement eligibility for certain members hired on or after July 1, 2014; to provide
9 relative to disability retirements; to provide for technical corrections; and to provide
10 for related matters.

11 Notice of intention to introduce this Act has been published
12 as provided by Article X, Section 29(C) of the Constitution
13 of Louisiana.

14 Be it enacted by the Legislature of Louisiana:

15 Section 1. R.S. 11:441(A)(2)(b), 461(B)(3)(b), 726(B), 761(A)(3) and (4), 765(A)
16 and (B)(1), 780, 783(A)(3)(a), 786(A)(2) and (3), 802, 1141(A), 1142, and 1147(C)(4) are
17 hereby amended and reenacted and R.S. 11:441(A)(2)(c), 461(B)(3)(c), 761(A)(5), and
18 786(A)(4) are hereby enacted to read as follows:

1 §441. Eligibility for retirement

2 A.

3 * * *

4 (2)

5 * * *

6 (b) Except for members of the Hazardous Duty Services Plan, as defined in
7 R.S. 11:612, any member whose first employment making him eligible for
8 membership in one of the state systems occurred on or after January 1, 2011, and on
9 or before June 30, 2014, including any judge, court officer, governor, lieutenant
10 governor, clerk or sergeant-at-arms of the House of Representatives, secretary or
11 sergeant-at-arms of the Senate, or state treasurer, shall be eligible for retirement if
12 he has:

13 (i) Five years or more of service, at age sixty or thereafter.

14 (ii) Twenty years of service credit at any age, exclusive of military service
15 and unused annual and sick leave, but any person retiring under this Item shall have
16 his benefit, inclusive of military service credit and allowable unused annual and sick
17 leave, actuarially reduced from the earliest age that he would normally become
18 eligible for a regular retirement benefit under Item (i) of this Subparagraph if he had
19 continued in service to that age. Any employee who elects to retire under the
20 provisions of this Item shall not be eligible to participate in the Deferred Retirement
21 Option Plan provided by R.S. 11:447 or the Initial Benefit Option provided by R.S.
22 11:446.

23 (c) Except for members of the Hazardous Duty Services Plan, as defined in
24 R.S. 11:612, any member whose first employment making him eligible for
25 membership in one of the state systems occurred on or after July 1, 2014, including
26 any judge, court officer, governor, lieutenant governor, clerk or sergeant-at-arms of
27 the House of Representatives, secretary or sergeant-at-arms of the Senate, or state
28 treasurer, shall be eligible for retirement if he has:

29 (i) Five years or more of service, at age sixty-two or thereafter.

1 June 30, 2014, may retire upon written application to the board of trustees, if at the
2 time of application the member:

3 (a) Has attained the age of sixty years and has credit for five years of
4 accredited service.

5 (b) Has twenty years of service credit at any age, exclusive of unused annual
6 and sick leave and military service other than qualified military service as provided
7 in 26 U.S.C. 414(u) earned on or after December 12, 1994, but any person retiring
8 under this Subparagraph shall have his benefit, inclusive of military service credit
9 and allowable unused annual and sick leave, actuarially reduced from the earliest age
10 that he would normally become eligible for a regular retirement benefit under
11 Subparagraph (a) of this Paragraph if he had continued in service to that age. Any
12 member who elects to retire under the provisions of this Subparagraph shall not be
13 eligible to participate in the Deferred Retirement Option Plan provided by R.S.
14 11:786 or the Initial Lump-Sum Benefit option provided by R.S. 11:783.

15 (4) Any person whose first employment making him eligible for membership
16 in one of the state systems occurred on or after July 1, 2014, may retire upon written
17 application to the board of trustees, if at the time of application the member:

18 (a) Has attained the age of sixty-two years and has credit for five years of
19 accredited service.

20 (b) Has twenty years of service credit at any age, exclusive of unused annual
21 and sick leave and military service other than qualified military service as provided
22 in 26 U.S.C. 414(u) earned on or after December 12, 1994, but any person retiring
23 under this Subparagraph shall have his benefit, inclusive of military service credit
24 and allowable unused annual and sick leave, actuarially reduced from the earliest age
25 that he would normally become eligible for a regular retirement benefit under
26 Subparagraph (a) of this Paragraph if he had continued in service to that age. Any
27 member who elects to retire under the provisions of this Subparagraph shall not be
28 eligible to participate in the Deferred Retirement Option Plan provided by R.S.
29 11:786 or the Initial Lump-Sum Benefit option provided by R.S. 11:783.

1 §780. Reexamination of beneficiaries retired for disability; modification of benefits;
2 restoration to active service

3 A. Once each year during the first five years following any retirement of a
4 member on a disability retirement allowance and once in every three-year period
5 thereafter, the board of trustees shall require any disability ~~beneficiary~~ retiree whose
6 first employment making him eligible for membership in one of the state systems
7 occurred on or before June 30, 2014, who has not yet attained the age of sixty years
8 and any disability retiree whose first employment making him eligible for
9 membership in one of the state systems occurred on or after July 1, 2014, who has
10 not yet attained the age of sixty-two to undergo a medical examination at the
11 ~~beneficiary's~~ retiree's expense, to be made at the place of residence of the ~~beneficiary~~
12 retiree or other place mutually agreed upon, by a physician or physicians designated
13 by the board of trustees. The periodic reexaminations may be discontinued upon
14 advice of the medical board that the retiree's condition is either terminal or that
15 chances of recovery are highly improbable. If any such disability ~~beneficiary~~ retiree
16 ~~who has not yet attained the age of sixty years~~ refuses to submit to at least one
17 medical examination in any such year by a physician or physicians designated by the
18 board of trustees, his allowance may be discontinued until his withdrawal of such
19 refusal; but if his refusal continues for one year, all of his rights in and to his pension
20 may be revoked by the board of trustees.

21 B. Every disability ~~beneficiary~~ retiree except a disability ~~beneficiary~~ retiree
22 who had no earnings and is determined by the Teachers' Retirement System of
23 Louisiana to be incapacitated or who is residing in a nursing home shall submit to
24 the board of trustees by May first of every year, a notarized annual earnings
25 statement detailing his earned income from employment in the previous tax year.
26 Should a ~~beneficiary~~ retiree refuse to submit such an earnings statement by May
27 first, his allowance may be discontinued without retroactive reimbursement, until the
28 statement is filed. Should his refusal continue for the remainder of the calendar year,
29 all his rights in and to his disability pension may be revoked by the board of trustees.

1 C.(1) Notwithstanding the provisions of R.S. 11:221, if the medical board
2 reports and certifies to the board of trustees that a disability ~~beneficiary~~ retiree is able
3 to engage in a gainful occupation paying more than the difference between his
4 retirement allowance and the average final compensation, and if the board of trustees
5 concurs in this report, then, except as provided in either Paragraph (2) or (3) of this
6 Subsection, the amount of his pension shall be reduced to an amount which, together
7 with his annuity and the amount earnable by him, shall equal the amount of his
8 average final compensation. If his earning capacity is later changed, the amount of
9 his pension may be further modified; ~~provided, that~~ however, the new pension shall
10 not exceed the amount of the pension originally granted nor an amount which, when
11 added to the amount earnable by the ~~beneficiary~~ retiree together with his annuity,
12 equals the amount of his average final compensation.

13 (2)(a) The pay which is used to reduce benefits pursuant to Paragraph (1) of
14 this Subsection shall not include the amount equal to the difference between the
15 ~~beneficiary's~~ retiree's total annual benefit and the poverty threshold for a family unit
16 of one person under age sixty-five as determined by the United States Bureau of the
17 Census for the year in which such pay is earned.

18 (b) Any disability ~~beneficiary~~ retiree who is engaged in a gainful occupation
19 shall provide such information or documentation as may be requested by the system
20 to implement the provisions of this Paragraph.

21 (3)(a) If, pursuant to the provisions of this Subsection, the board of trustees
22 reduces the pension of any disability ~~beneficiary~~ retiree of this system who retired
23 pursuant to a reciprocal agreement between this system and any other state or
24 statewide public retirement system, the reduction shall be subject to Subparagraph
25 (b) of this Paragraph, provided the ~~beneficiary~~ retiree satisfies all of the following
26 provisions of this Subparagraph:

27 (i) The vocational rehabilitation program within the Department of Children
28 and Family Services furnishes the ~~beneficiary~~ retiree with durable medical

1 equipment for use, subject to a requirement that the ~~beneficiary~~ retiree be engaged
2 in a gainful occupation for at least twenty hours per week.

3 (ii) The ~~beneficiary~~ retiree furnishes any documentation as may be requested
4 by the Teachers' Retirement System of Louisiana.

5 (b) Any income earned while working the twenty hours required by the
6 vocational rehabilitation program in order to use such durable medical equipment
7 shall not be included in the pay which is used to implement Paragraph (1) of this
8 Subsection. Any income which is derived from the same employment, but which is
9 derived from work in excess of the twenty hours required in relation to such
10 equipment shall be included for purposes of implementing Paragraph (1) of this
11 Subsection.

12 D. For the purposes of this Section, there shall be an annual cost-of-living
13 adjustment to the average final compensation figure used in the modification
14 computations. This cost-of-living adjustment shall be based upon and directly reflect
15 the annual percentage increase or decrease in the Consumer Price Index for the
16 preceding calendar year.

17 E. If any disability ~~beneficiary~~ retiree is restored to active service, his
18 retirement allowance shall cease, he shall again become a member of the retirement
19 system, and he shall contribute thereafter at the current rate in effect at the time he
20 is restored to service, and if he contributes for at least three years, the period of time
21 on disability shall be counted as accredited service for purposes of establishing
22 retirement eligibility, but not for computation of benefits. Any prior service
23 certificate on the basis of which his service was computed at the time of his
24 retirement shall be restored to full force and effect and, in addition, upon his
25 subsequent retirement he shall be credited with all his service as a member.

26 * * *

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

2 A.

3 * * *

4 (3) Initial Lump-Sum Benefit. (a) If a member has not participated in the
5 Deferred Retirement Option Plan provided by the provisions of this Chapter, he shall
6 be eligible to select an initial lump-sum benefit. The initial lump-sum benefit shall
7 be available to any member of the system whose first employment making him
8 eligible for membership in one of the state retirement systems occurred on or before
9 December 31, 2010, and who has thirty years of creditable service, or is at least age
10 fifty-five and has twenty-five years of creditable service, or is at least age sixty and
11 has ten years of creditable service. Any member of the system whose first
12 employment making him eligible for membership in one of the state retirement
13 systems occurred on or after January 1, 2011, and on or before June 30, 2014, may
14 select the initial lump-sum benefit if he is at least age sixty and has five years of
15 service. Any member of the system whose first employment making him eligible for
16 membership in one of the state retirement systems occurred on or after July 1, 2014,
17 may select the initial lump-sum benefit if he is at least age sixty-two and has five
18 years of service. If the maximum benefit, Option 2, 2A, 3, 3A, 4, or 4A above is
19 chosen, then the member may further elect to receive a reduced retirement allowance
20 plus an initial benefit. The creditable service referenced in this Paragraph shall not
21 include unused accumulated sick leave and unused accumulated annual leave.

22 * * *

23 §786. Deferred Retirement Option Plan

24 A.

25 * * *

26 (2) Any member of this system whose first employment making him eligible
27 for membership in one of the state retirement systems occurred on or after January
28 1, 2011, and on or before June 30, 2014, and who is not covered by R.S. 11:801 and

1 who has five years of service credit and is at least age sixty may elect to participate
2 in the Deferred Retirement Option Plan.

3 (3) Any member of this system whose first employment making him eligible
4 for membership in one of the state retirement systems occurred on or before June 30,
5 2014, who is covered by the provisions of R.S. 11:801 who has thirty years of
6 service credit and is at least age fifty-five or has ten years of service credit and is at
7 least age sixty may elect to participate in the Deferred Retirement Option Plan.

8 (4) Any member of this system whose first employment making him eligible
9 for membership in one of the state retirement systems occurred on or after July 1,
10 2014, who has at least five years of service credit and is at least age sixty-two may
11 elect to participate in the Deferred Retirement Option Plan.

12 * * *

13 §802. Eligibility for regular retirement

14 A. Any member covered by R.S. 11:801 whose first employment making
15 him eligible for membership in one of the state systems occurred on or before June
16 30, 2014, shall be eligible to retire if he has at least:

17 (1) Thirty years of creditable service, and is at least age fifty-five.

18 (2) Five years of creditable service, and is at least age sixty.

19 B. Any member covered by R.S. 11:801 whose first employment making
20 him eligible for membership in a state system occurred on or after July 1, 2014, shall
21 be eligible to retire if he has at least:

22 (1) Five years of creditable service, and is at least age sixty-two.

23 (2) Twenty years of service credit at any age, exclusive of unused annual and
24 sick leave and military service other than qualified military service as provided in 26
25 U.S.C. 414(u) earned on or after December 12, 1994, but any person retiring under
26 this Paragraph shall have his benefit, inclusive of military service credit and
27 allowable unused annual and sick leave, actuarially reduced from the earliest age that
28 he would normally become eligible for a regular retirement benefit under Paragraph
29 (1) of this Subsection if he had continued in service to that age. Any member who

1 elects to retire under the provisions of this Paragraph shall not be eligible to
2 participate in the Deferred Retirement Option Plan provided by R.S. 11:786 or the
3 Initial Lump-Sum Benefit option provided by R.S. 11:783.

4 * * *

5 §1141. Retirement benefits; application; eligibility requirements; effective date;
6 cancellation

7 A. Any member whose first employment making him eligible for
8 membership in one of the state systems occurred on or before June 30, 2010, may
9 retire upon written application to the board of trustees, if the member at the time of
10 application has attained the age of sixty years and has credit for ten years of
11 accredited service or has attained the age of fifty-five years and has credit for
12 twenty-five or more years of accredited service or at any age with thirty or more
13 years of accredited service. Any member whose first employment making him
14 eligible for membership in one of the state systems occurred on or after July 1, 2010,
15 and on or before June 30, 2014, may retire upon written application to the board of
16 trustees, if the member at the time of application has attained the age of sixty years
17 and has credit for five years of accredited service. Any member whose first
18 employment making him eligible for membership in one of the state systems
19 occurred on or after July 1, 2014, may retire upon written application to the board
20 of trustees, if the member at the time of application has attained the age of sixty-two
21 years and has credit for five years of accredited service. An application for
22 retirement shall be officially filed with the board when received in the office of the
23 director. Retirement benefits shall become effective as of the date an application for
24 retirement is filed in the office of the director or the day after the member terminates
25 from service, whichever is later. A member may cancel his application for
26 retirement only prior to negotiating, cashing, or depositing any benefit check
27 including an estimated benefit check.

28 * * *

1 §1142. Withdrawal after ten years; retirement allowance at age sixty

2 A. Any member whose first employment making him eligible for
3 membership in one of the state systems occurred on or before June 30, 2014, who
4 has credit for ten or more years of regular, full-time service may withdraw from
5 service and elect to leave his accumulated contributions in the system and upon
6 reaching age sixty, he shall be eligible to receive a retirement allowance based on the
7 credits he had at the time of his withdrawal from service.

8 B. Any member whose first employment making him eligible for
9 membership in one of the state systems occurred on or after July 1, 2014, who has
10 credit for ten or more years of regular, full-time service may withdraw from service
11 and elect to leave his accumulated contributions in the system and upon reaching age
12 sixty-two, he shall be eligible to receive a retirement allowance based on the credits
13 he had at the time of his withdrawal from service.

14 * * *

15 §1147. Disability retirement

16 * * *

17 C.

18 * * *

19 (4)(a) Regardless of the effective date of his retirement and notwithstanding
20 the provisions of R.S. 11:220(A) and ~~R.S. 11:221(C)~~221(C), a disability retiree
21 whose first employment making him eligible for membership in one of the state
22 systems occurred on or before June 30, 2014, shall no longer be required to submit
23 to regular medical exams nor to file the annual income report upon attainment of age
24 sixty ~~and thereafter~~.

25 (b) Regardless of the effective date of his retirement and notwithstanding the
26 provisions of R.S. 11:220(A) and 221(C), a disability retiree whose first employment
27 making him eligible for membership in one of the state systems occurred on or after
28 July 1, 2014, shall no longer be required to submit to regular medical exams nor to
29 file the annual income report upon attainment of age sixty-two.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Pearson

HB No. 38

Abstract: For members joining the system on or after July 1, 2014, changes the retirement age from 60 to 62 for new rank-and-file members of the La. State Employees' Retirement System (LASERS) and all new members of the Teachers' Retirement System of La. (TRSL) and the La. School Employees' Retirement System (LSERS).

RETIREMENT ELIGIBILITY

Present law for LASERS and TRSL except certain TRSL members paid from school food service funds provides the following retirement eligibilities for members whose first employment making them eligible for membership in any state retirement system occurred on or after Jan. 1, 2011:

- (1) Retirement at age 60 after five years of service.
- (2) Retirement at any age after 20 years of service; however, the member's benefit will be actuarially reduced from age 60.

Present law provides the following retirement eligibilities for members of TRSL paid from school food service funds:

- (1) Five years of service and at least age 60.
- (2) 30 years of service and at least age 55.

Proposed law retains present law for such members hired on or before June 30, 2014.

Present law for LSERS provides the following retirement eligibilities for members whose first employment making them eligible for membership in any state system occurred on or after July 1, 2010:

- (1) Retirement at age 60 after five years of service.
- (2) Retirement at any age after 20 years of service; however, member's benefit will be actuarially reduced from age 60.

Proposed law retains present law for such members hired on or before June 30, 2014.

Proposed law provides for retirement eligibility for the following members whose first employment making them eligible for membership in a state retirement system began on or after July 1, 2014:

- (1) Rank-and-file members of LASERS.
- (2) All members of TRSL.
- (3) All members of LSERS.

Proposed law provides that such members are eligible for retirement at age 62 after five years of service. For all of the above members that are presently eligible, eligibility for an actuarially reduced retirement after 20 years of service at any age has been retained. The actuarial reduction for new members under proposed law would be from age 62.

Proposed law establishes the following retirement eligibilities for TRSL members paid from food service funds whose first employment making them eligible for membership in a state system occurred on or after July 1, 2014:

- (1) Five years of service and at least age 62.
- (2) 20 years of service at any age, actuarially reduced from age 62.

DISABILITY

Present law provides that members of LASERS, TRSL, and LSERS who become disabled are required to have a physician certify their continued total disability every three years until they attain age 60. Proposed law retains present law for all members whose first employment making them eligible for membership in a state retirement system occurred prior to July 1, 2014. Proposed law further provides that for all members whose first employment making them eligible for membership in a state retirement system occurred on or after July 1, 2014, such certification must continue until the member attains age 62.

COST-OF-LIVING ADJUSTMENTS

Present law provides the following qualifications for eligibility for permanent benefit increases granted pursuant to a system's experience account:

- (1) The retiree must have attained at least age 60 and have been retired for at least one year prior to the granting of the increase.
- (2) The retiree or the beneficiary of a retiree must have received benefits for at least one year prior to the granting of the increase, and the retiree would have attained age 60 by the time the increase is granted.
- (3) Disability retirees, regardless of age, must have received benefits for at least one year prior to the granting of the increase.

Proposed law retains present law for all members, regardless of the date the member joined the system.

Proposed law further provides technical corrections to present law.

(Amends R.S. 11:441(A)(2)(b), 461(B)(3)(b), 726(B), 761(A)(3) and (4), 765(A) and (B)(1), 780, 783(A)(3)(a), 786(A)(2) and (3), 802, 1141(A), 1142, and 1147(C)(4); Adds R.S. 11:441(A)(2)(c), 461(B)(3)(c), 761(A)(5), and 786(A)(4))