
DIGEST

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Pearson

HB No. 42

Abstract: Provides for the consolidation of the three years of La. School Employees' Retirement System (LSERS) liabilities that are on an increasing payment schedule, for the application to such debt of experience account funds left over after the system grants a permanent benefit increase to retirees and beneficiaries pursuant to present law, and for reamortization of such consolidated debt on a level payment schedule.

Present law (R.S. 11:1145.1) provides for funds to be deposited into the experience account at the end of each fiscal year if the system attains certain funding targets. Proposed law applies the residue of experience account funds remaining from the July 1, 2013, account balance to the three years of consolidated debt described above. Proposed law does not affect any funds that may enter the account after July 1, 2013.

Present law authorizes a permanent benefit increase to be granted to certain retirees and beneficiaries of LSERS if there is sufficient money in the experience account. Authorizes such an increase at the rate of the lesser of:

- (1) 3%.
- (2) The CPI-U for the last year.

The CPI-U, as calculated by the U.S. Dept. of Labor, Bureau of Labor Statistics, for the last year was 1.5%.

Present law provides for amortization of system liabilities over several years. Proposed law retains present law.

Pursuant to present law, the majority of system liabilities for LSERS have been amortized with level dollar payments over 25 or 30 years; however, the liabilities for the years 2001 through 2003 have been amortized with increasing payment schedules. Proposed law combines these three years of liabilities, applies any remaining funds in the LSERS experience account after the system grants a permanent benefit increase to eligible retirees and beneficiaries effective July 1, 2014, and reamortizes these liabilities so that future payments on the debt are level and the debt is paid in full over a period of 25 years.

Effective June 27, 2014.

(Amends R.S. 11:102(B)(3)(d)(vi))