

Regular Session, 2014

**Approved
4-24-14**

HOUSE STUDY REQUEST NO. 2

BY REPRESENTATIVE PEARSON

RETIREMENT BENEFITS: Requests the House Committee on Retirement to study pension buyouts for certain state retirement system members

1 A STUDY REQUEST

2 To request the House Committee on Retirement to study the feasibility and advisability of
3 offering optional lump-sum pension buyouts to certain state retirement system
4 members and to report its findings to the House of Representatives prior to the
5 convening of the 2015 Regular Session of the Legislature of Louisiana.

6 WHEREAS, the Constitution of Louisiana holds the state responsible for payment
7 of benefits to retirees and beneficiaries of state retirement systems; and

8 WHEREAS, the benefits earned by state employees are primarily financed through
9 three sources: employee contributions, employer contributions, and the interest that is earned
10 on the investment of each system's assets; and

11 WHEREAS, when market conditions inhibit the ability of retirement systems to
12 achieve the interest rates needed to finance accrued benefits, the employer contributions paid
13 by the state increase while the benefit obligation remains the same; and

14 WHEREAS, the state may be able to reduce its ongoing defined benefit liability by
15 offering an optional lump-sum pension buyout to certain members; and

16 WHEREAS, the borrowing costs to finance such buyouts would be less than the
17 interest rate on the unfunded accrued liability associated with such benefits; and

18 WHEREAS, various options exist for financing such pension buyouts, and these
19 opportunities should be thoroughly explored by the legislature as possible mechanisms for
20 saving money and reducing the unfunded accrued liability associated with such benefits.

1 THEREFORE, the House of Representatives of the Legislature of Louisiana requests
2 the House Committee on Retirement to study the feasibility and advisability of offering
3 optional lump-sum pension buyouts to certain state retirement system members and to report
4 its findings to the House of Representatives prior to the convening of the 2015 Regular
5 Session of the Legislature of Louisiana.

DIGEST

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Pearson

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Requests the House Committee on Retirement to study the feasibility and advisability of offering optional lump-sum pension buyouts to certain state retirement system members and to report its findings prior to the 2015 R.S.