

2015 Regular Session

SENATE BILL NO. 16

BY SENATOR GUILLORY

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

RETIREMENT SYSTEMS. Provides for application of excess investment earnings of the state retirement systems. (2/3 - CA10s29) (6/30/15)

1 AN ACT

2 To amend and reenact R.S. 11:102, 102.1, 102.2, 102.3, 542, 883.1, 927(B)(2)(a)(i) and

3 (b)(i) and (3)(a), 1145.1, and 1332, and to enact R.S. 11:102.4, 102.5, and 102.6,

4 relative to actuarial determinations for the state retirement systems; to provide for

5 the application of investment earnings and calculation of employer contributions; to

6 provide for the determination of the amount of, eligibility for, and timing of post

7 retirement benefit increases funded by those earnings; to provide for an effective

8 date; and to provide for related matters.

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

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 11:102, 102.1, 102.2, 102.3, 542, 883.1, 927(B)(2)(a)(i) and (b)(i)

12 and (3)(a), 1145.1, and 1332 are hereby amended and reenacted and R.S. 11:102.4, 102.5,

13 and 102.6 are hereby enacted to read as follows:

14 §102. Employer contributions; determination; state systems

15 A. The provisions of this Section are applicable with respect to the state

16 public retirement systems, whose benefits are guaranteed by Article X, Section

17 29(A) and (B) of the Louisiana Constitution.

1 B.(1) Except as provided in ~~Subsection C of this Section for the Louisiana~~  
2 ~~State Employees' Retirement System and Subsection D of this Section for the~~  
3 ~~Teachers' Retirement System of Louisiana and except as provided in R.S. 11:102.1,~~  
4 ~~102.2, **102.3, 102.4, 102.5,** and in Paragraph (5) of this Subsection, for each fiscal~~  
5 ~~year, commencing with Fiscal Year 1989-1990, for each of the public retirement~~  
6 ~~systems referenced in Subsection A of this Section, the legislature shall set the~~  
7 ~~required employer contribution rate for each system or plan equal to the actuarially~~  
8 ~~required **actuarially-required** employer contribution, as determined under~~  
9 ~~Paragraph (3) of pursuant to the provisions of this Subsection Section, divided by~~  
10 ~~the total projected payroll of all active members of each particular system or plan~~  
11 ~~for the fiscal year. Each entity funding a portion of a member's salary shall also fund~~  
12 ~~the employer's contribution on that portion of the member's salary at the employer~~  
13 ~~contribution rate specified in this Subsection Section.~~

14 (2)(a) At the end of each fiscal year, the difference between the ~~actuarially~~  
15 ~~required **actuarially-required** employer contribution for the fiscal year, as~~  
16 ~~determined under Paragraph (3) of this Subsection or pursuant to Subsection C of~~  
17 ~~this Section for the Louisiana State Employees' Retirement System or Subsection D~~  
18 ~~of the provisions of this Section for the Teachers' Retirement System of Louisiana,~~  
19 ~~and the amount of employer contributions actually received for the fiscal year,~~  
20 ~~excluding any amounts received for the extraordinary purchase of additional benefits~~  
21 ~~or service, shall be determined.~~

22 (b) If the amount of employer contributions received for the fiscal year is less  
23 than the ~~actuarially required~~ **actuarially-required** employer contribution for the  
24 fiscal year; due to the failure of the legislature to appropriate funds at the required  
25 employer contribution rate, the difference shall be paid by the state treasurer from  
26 the state general fund upon warrant from the governing authority of the retirement  
27 system.

28 (c) At the end of each fiscal year, the difference between the minimum  
29 employer contribution, as required by the Constitution of Louisiana, and the

1        ~~actuarially required~~ **actuarially-required** employer contribution for the fiscal year,  
2        as determined ~~under Paragraph (3) of this Subsection or pursuant to Subsection C~~  
3        ~~of this Section for the Louisiana State Employees' Retirement System or Subsection~~  
4        ~~D of~~ **pursuant to the provisions of** this Section for ~~the Teachers' Retirement~~  
5        ~~System of Louisiana~~, shall be determined and applied in accordance with the  
6        following provisions:

7                (i) The amount, if any, by which the ~~actuarially required~~ **actuarially-**  
8                **required** contribution for a system exceeds the constitutionally required minimum  
9                contribution for that system shall be accumulated in an employer credit account  
10              which shall be adjusted annually to reflect any gain or loss attributable to the balance  
11              in the account at the actuarial rate of return earned by the system.

12              (ii) Except as provided in Paragraph (5) of this Subsection, annual  
13              contributions required in accordance with this ~~Subsection~~ **Section**, or the  
14              constitutional minimum if greater, may be funded in whole or in part from the  
15              employer credit account, provided the employee contribution rate or rates for the  
16              system as set forth in R.S. 11:62 has or have been reduced to an amount equal to or  
17              less than fifty percent of the annual normal cost for the system or the plan as  
18              ~~provided in Subsection C or D of this Section~~, rounded to the nearest one-quarter  
19              percent.

20              (iii) ~~For purposes of implementing Act No. 1331 of the 1999 Regular Session~~  
21              ~~of the Legislature, the balance of the Employer Credit Account applicable to the~~  
22              ~~Louisiana School Employees' Retirement System as of June 30, 1999, shall be fifty-~~  
23              ~~six million seven hundred fifty-four thousand four hundred five dollars.~~

24              (d) Except as provided in R.S. 11:102.1 and 102.2, differences occurring for  
25              any other reason shall be added to or subtracted from the following fiscal year's  
26              ~~actuarially required~~ **actuarially-required** employer contribution in accordance with  
27              ~~Subparagraph (3)(c) of this Subsection or with Subsection C of this Section for the~~  
28              ~~Louisiana State Employees' Retirement System or Subsection D~~ **the provisions of**  
29              ~~this Section for the Teachers' Retirement System of Louisiana.~~

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

5 (a) The employer's normal cost for that fiscal year, computed as of the first  
6 of the fiscal year using the system's actuarial funding method as specified in R.S.  
7 11:22 and taking into account the value of future accumulated employee  
8 contributions and interest thereon, such employer's normal cost rate multiplied by the  
9 total projected payroll for all active members to the middle of that fiscal year. For  
10 the Louisiana State Employees' Retirement System, effective for the June 30, ~~2010~~,  
11 **2010** system valuation and beginning with Fiscal Year 2011-2012, the normal cost  
12 shall be determined in accordance with Subsection C of this Section. For the  
13 Teachers' Retirement System of Louisiana, effective for the June 30, ~~2011~~, **2011**  
14 system valuation and beginning with Fiscal Year 2012-2013, the normal cost shall  
15 be determined in accordance with Subsection D of this Section.

16 (b) That fiscal year's payment, computed as of the first of that fiscal year and  
17 projected to the middle of that fiscal year at the actuarially-assumed interest rate,  
18 taking into account consolidation with other amortization bases, if any, as provided  
19 in R.S. 11:42, 102.1, and 102.2, and using the system's amortization method  
20 specified in R.S. 11:42, necessary to amortize the unfunded accrued liability as of  
21 June 30, 1988, such unfunded accrued liability computed using the system's actuarial  
22 funding method as specified in R.S. 11:22.

23 (c) Except as provided in R.S. 11:102.1 and 102.2, that fiscal year's payment,  
24 computed as of the first of that fiscal year and projected to the middle of that fiscal  
25 year at the actuarially-assumed interest rate, necessary to amortize the prior year's  
26 over or underpayment as a level dollar amount over a period of five years.

27 (d) That fiscal year's payment, computed as of the first of that fiscal year and  
28 projected to the middle of that fiscal year at the ~~actuarially-assumed~~ **actuarially-**  
29 **assumed** interest rate, necessary to amortize changes in actuarial liability due to:

1 (i) ~~Except as provided in Items (v), (vi), (vii), and (viii) of this Subparagraph,~~  
2 ~~actuarial Actuarial gains and losses, if appropriate for the funding method used by~~  
3 ~~the system as specified in R.S. 11:22, for each fiscal year beginning after June 30,~~  
4 ~~1988, such payments to be computed as an amount forming an annuity increasing at~~  
5 ~~four and one-half percent annually over the later of a period of fifteen years from the~~  
6 ~~year of occurrence or by the year 2029, such gains and losses to include any~~  
7 ~~increases in actuarial liability due to governing authority granted cost-of-living~~  
8 ~~increases **provided in Subsection C, D, E, or F of this Section.**~~

9 (ii) ~~Except as provided in Items (v), (vi), (vii), and (viii) of this~~  
10 ~~Subparagraph, changes Changes in the method of valuing of assets, such payments~~  
11 ~~to be computed as an amount forming an annuity increasing at four and one-half~~  
12 ~~percent annually over the later of a period of fifteen years from the year of~~  
13 ~~occurrence of the change or by the year 2029 **provided in Subsection C, D, E, or**~~  
14 ~~**F of this Section.**~~

15 (iii) ~~Except as provided in Items (v), (vi), (vii), and (viii) of this~~  
16 ~~Subparagraph, changes Changes in actuarial assumptions or actuarial funding~~  
17 ~~methods, excluding changes in methods of valuing of assets, such payments to be~~  
18 ~~computed as an amount forming an annuity increasing at four and one-half percent~~  
19 ~~annually over the later of a period of thirty years from the year of occurrence of the~~  
20 ~~change or by the year 2029 **provided in Subsection C, D, E, or F of this Section.**~~

21 (iv) ~~Except as provided in Items (v), (vi), (vii), and (viii) of this~~  
22 ~~Subparagraph, changes Changes in actuarial accrued liability, computed using the~~  
23 ~~actuarial funding method as specified in R.S. 11:22, due to legislation changing plan~~  
24 ~~provisions, such payments to be computed in the manner and over the time period~~  
25 ~~specified in the legislation creating the change or, if not specified in such legislation,~~  
26 ~~as an amount forming an annuity increasing at four and one-half percent annually~~  
27 ~~over the later of a period of fifteen years from the year of occurrence of the change~~  
28 ~~or by the year 2029 **provided in Subsection C, D, E, or F of this Section.**~~

29 (v)(aa)(f) ~~Effective July 1, 2004, and beginning with Fiscal Year 1998-1999,~~

1       ~~the amortization period for the changes, gains, or losses of the Louisiana State~~  
2       ~~Employees' Retirement System provided in Items (i) through (iv) of this~~  
3       ~~Subparagraph shall be thirty years, or in accordance with standards promulgated by~~  
4       ~~the Governmental Accounting Standards Board, from the year in which the change,~~  
5       ~~gain, or loss occurred. The outstanding balances of amortization bases established~~  
6       ~~pursuant to Items (i) through (iv) of this Subparagraph before Fiscal Year~~  
7       ~~1998-1999, shall be amortized as a level dollar amount from July 1, 2004, through~~  
8       ~~June 30, 2029. Beginning with Fiscal Year 2003-2004, and for each fiscal year~~  
9       ~~thereafter, the outstanding balances of amortization bases established pursuant to~~  
10      ~~Items (i) through (iv) of this Subparagraph shall be amortized as a level dollar~~  
11      ~~amount. For the Louisiana State Employees' Retirement System, effective for the~~  
12      ~~June 30, 2010, system valuation and beginning with Fiscal Year 2011-2012,~~  
13      ~~amortization payments for changes in actuarial liability shall be determined in~~  
14      ~~accordance with Subsection C of this Section.~~

15             ~~(H) Notwithstanding the provisions of Subsubitem (I) of this Subitem,~~  
16             ~~effective for the June thirtieth valuation following the fiscal year in which the system~~  
17             ~~first attains a funded percentage of eighty-five or more and for every year thereafter,~~  
18             ~~the amortization period for the changes, gains, or losses of the Louisiana State~~  
19             ~~Employees' Retirement System provided in Items (i) through (iv) of this~~  
20             ~~Subparagraph shall be twenty years from the year in which the change, gain, or loss~~  
21             ~~occurred.~~

22             ~~(bb)(I) Effective for the June thirtieth valuation for the fiscal year~~  
23             ~~immediately following the year in which the system fully liquidates an amortization~~  
24             ~~base established in R.S. 11:102.1 and for each valuation thereafter, after any~~  
25             ~~remaining payment required pursuant to R.S. 11:102.1, the system shall apply to the~~  
26             ~~oldest outstanding positive amortization base of the system, the system's remaining~~  
27             ~~excess investment experience returns. For the first valuation to which this~~  
28             ~~Subsubitem applies the amount of excess returns to be applied pursuant to the~~  
29             ~~provisions of this Subsubitem shall be the excess returns up to the amount of excess~~

1 investment experience returns as equals that year's remaining payment pursuant to  
2 R.S. 11:102.1. Upon complete liquidation of such amortization base, any remaining  
3 funds shall be applied to the next oldest outstanding positive amortization base until  
4 no further funds remain or all such bases are completely liquidated. Notwithstanding  
5 any provision of this Subitem to the contrary, the maximum amount of excess returns  
6 to be applied in any subsequent year pursuant to this Subsubitem shall equal the prior  
7 year's maximum amount increased by the percentage increase in the system's  
8 actuarial value of assets for the preceding year, if any. For any payment made  
9 pursuant to the provisions of this Subsubitem, if the system is eighty-five percent  
10 funded or greater prior to the application of the funds, the net remaining liability  
11 shall be reamortized over the remaining amortization period with annual payments  
12 calculated as provided in this Item; if the system is less than eighty-five percent  
13 funded prior to application of the funds, the net remaining liability shall not be  
14 reamortized after such application. For the purposes of this Subsubitem, the oldest  
15 outstanding positive amortization base shall first mean the Original Amortization  
16 Base until it is completely liquidated, then the Experience Account Amortization  
17 Base until it is completely liquidated, and then the oldest outstanding debt of the  
18 system excluding any amortization base established to amortize a particularized  
19 liability established pursuant to Subsection C of this Section or a liability established  
20 pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection.

21 (H) Effective for the June thirtieth valuation for the fiscal year immediately  
22 following the year in which the system fully liquidates the last remaining  
23 amortization base established in R.S. 11:102.1 and for each valuation thereafter, if  
24 the system's investment experience for the fiscal year exceeds the system's actuarial  
25 assumed rate of return, the system shall apply to the oldest outstanding positive  
26 amortization base of the system, excluding any amortization base established to  
27 amortize a particularized liability established pursuant to Subsection C of this  
28 Section or a liability established pursuant to Subparagraphs (2)(a) and (3)(c) of this  
29 Subsection, the system's excess investment experience returns. For the first valuation

1 ~~to which this Subsubitem applies, the amount of excess returns to be applied~~  
2 ~~pursuant to the provisions of this Subsubitem shall be the excess returns up to the~~  
3 ~~amount of excess investment experience returns as equals double the last payment~~  
4 ~~made pursuant to Subsubitem (f) of this Subitem. Upon complete liquidation of such~~  
5 ~~amortization base, any remaining funds shall be applied to the next oldest~~  
6 ~~outstanding positive amortization base until no further funds remain or all such bases~~  
7 ~~are completely liquidated. Notwithstanding any provision of this Subitem to the~~  
8 ~~contrary, the maximum amount of excess returns to be applied in any subsequent~~  
9 ~~year pursuant to this Subsubitem shall equal the prior year's maximum amount~~  
10 ~~increased by the percentage increase in the system's actuarial value of assets for the~~  
11 ~~preceding year, if any. For any payment made pursuant to the provisions of this~~  
12 ~~Subsubitem, if the system is eighty-five percent funded or greater prior to the~~  
13 ~~application of the funds, the net remaining liability shall be reamortized over the~~  
14 ~~remaining amortization period with annual payments calculated as provided in this~~  
15 ~~Item, if the system is less than eighty-five percent funded prior to application of the~~  
16 ~~funds, the net remaining liability shall not be reamortized after such application.~~

17 ~~(cc) Effective for the June 30, 2019, system valuation and for each valuation~~  
18 ~~thereafter, actuarial gains allocated to the experience account shall be amortized as~~  
19 ~~a loss with level payments over a ten-year period.~~

20 ~~(dd) Notwithstanding any provision of this Item to the contrary, for the June~~  
21 ~~30, 2014, valuation the amortization period for investment gains not allocated to the~~  
22 ~~Original Amortization Base, the Experience Account Amortization Base, or credited~~  
23 ~~to the experience account shall be five years.~~

24 ~~(vi)(aa)(f) Except as provided in Subsubitem (bb)(IV) of this Item, effective~~  
25 ~~July 1, 2004, and beginning with Fiscal Year 2000-2001, the amortization period for~~  
26 ~~the changes, gains, or losses of the Louisiana School Employees' Retirement System~~  
27 ~~provided in Items (i) through (iv) of this Subparagraph shall be thirty years, or in~~  
28 ~~accordance with standards promulgated by the Governmental Accounting Standards~~  
29 ~~Board, from the year in which the change, gain, or loss occurred. The outstanding~~



1 balances of amortization bases established pursuant to Items (i) through (iv) of this  
2 Subparagraph before Fiscal Year 2000-2001, shall be amortized as a level dollar  
3 amount from July 1, 2004, through June 30, 2029. Beginning with Fiscal Year 2003-  
4 2004, and for each fiscal year thereafter, the outstanding balances of amortization  
5 bases established pursuant to Items (i) through (iv) of this Subparagraph shall be  
6 amortized as a level dollar amount.

7 (H) ~~Notwithstanding the provisions of Subsubitem (I) of this Subitem,~~  
8 ~~effective for the June thirtieth valuation following the fiscal year in which the system~~  
9 ~~first attains a funded percentage of eighty-five or more and for every year thereafter,~~  
10 ~~the amortization period for the changes, gains, or losses of the Louisiana School~~  
11 ~~Employees' Retirement System provided in Items (i) through (iv) of this~~  
12 ~~Subparagraph shall be twenty years from the year in which the change, gain, or loss~~  
13 ~~occurred.~~

14 (bb)(I) ~~Effective for the June 30, 2014, valuation, if the system's investment~~  
15 ~~experience for the fiscal year exceeds the system's actuarial assumed rate of return,~~  
16 ~~the system shall apply the excess investment experience returns, up to the first seven~~  
17 ~~and one-half million dollars, to the oldest outstanding positive amortization base of~~  
18 ~~the system, excluding any amortization base established to amortize a liability~~  
19 ~~established pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection, and~~  
20 ~~without reamortization of such base.~~

21 (H) ~~Effective for the June 30, 2015, valuation and for each valuation~~  
22 ~~thereafter, if the system's investment experience for the fiscal year exceeds the~~  
23 ~~system's actuarial assumed rate of return, the system shall apply the excess~~  
24 ~~investment experience returns, up to the first fifteen million dollars for the June 30,~~  
25 ~~2015, valuation, to the oldest outstanding positive amortization base of the system,~~  
26 ~~excluding any amortization base established to amortize a liability established~~  
27 ~~pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection. Upon complete~~  
28 ~~liquidation of such amortization base, any remaining funds shall be applied to the~~  
29 ~~next oldest outstanding positive amortization base until no further funds remain or~~

1 all such bases are completely liquidated. Notwithstanding any provision of this  
2 Subsubitem to the contrary, the maximum amount of excess returns to be applied in  
3 any subsequent year pursuant to this Subsubitem shall equal the prior year's  
4 maximum amount increased by the percentage increase in the system's actuarial  
5 value of assets for the preceding year, if any. For any payment made pursuant to the  
6 provisions of this Subsubitem, if the system is eighty-five percent funded or greater  
7 prior to the application of the funds, the net remaining liability shall be reamortized  
8 over the remaining amortization period with annual payments calculated as provided  
9 in this Item; if the system is less than eighty-five percent funded prior to application  
10 of the funds, the net remaining liability shall not be reamortized after such  
11 application.

12 (H) ~~The unused balance remaining in the experience account on June 30,~~  
13 ~~2013, after payment of a permanent benefit increase pursuant to the provisions of~~  
14 ~~R.S. 11:1145.1, shall be credited in an amortization conversion account from which~~  
15 ~~annual contributions required pursuant to Item (B)(3)(d)(vi)(IV) of this Section shall~~  
16 ~~be funded in whole or in part for the years July 1, 2014, through June 30, 2019.~~  
17 ~~Effective June 30, 2019, all funds remaining in the amortization conversion account~~  
18 ~~shall be amortized as a gain in accordance with Subitem (aa) of this Item.~~

19 (IV) ~~All outstanding amortization bases in existence on June 30, 2014,~~  
20 ~~including outstanding balances established pursuant to Subparagraph (c) of this~~  
21 ~~Paragraph, shall be consolidated and reamortized over the period ending June 30,~~  
22 ~~2044, with level dollar payments, effective with the June 30, 2014, valuation. This~~  
23 ~~Subsection shall not apply to amortization bases established after June 30, 2014.~~

24 (cc) ~~Effective for the June 30, 2019, system valuation and for each valuation~~  
25 ~~thereafter, actuarial gains allocated to the experience account shall be amortized as~~  
26 ~~a loss with level payments over a ten-year period.~~

27 (dd) ~~Notwithstanding any provision of this Item to the contrary, for the June~~  
28 ~~30, 2014, valuation the amortization period for investment gains not allocated to the~~  
29 ~~oldest outstanding positive amortization base pursuant to Subitem (bb) of this Item~~

1 or credited to the experience account shall be five years.

2 (vii)(aa)(I) ~~Effective July 1, 2004, and beginning with Fiscal Year 2000-~~  
3 ~~2001, the amortization period for the changes, gains, or losses of the Teachers'~~  
4 ~~Retirement System of Louisiana provided in Items (i) through (iv) of this~~  
5 ~~Subparagraph shall be thirty years, or in accordance with standards promulgated by~~  
6 ~~the Governmental Accounting Standards Board, from the year in which the change,~~  
7 ~~gain, or loss occurred. The outstanding balances of amortization bases established~~  
8 ~~pursuant to Items (i) through (iv) of this Subparagraph before Fiscal Year 2000-~~  
9 ~~2001, shall be amortized as a level dollar amount from July 1, 2004, through June 30,~~  
10 ~~2029. Beginning with Fiscal Year 2003-2004, and for each fiscal year thereafter, the~~  
11 ~~outstanding balances of amortization bases established pursuant to Items (i) through~~  
12 ~~(iv) of this Subparagraph shall be amortized as a level dollar amount. For the~~  
13 ~~Teachers' Retirement System of Louisiana, effective for the June 30, 2011, system~~  
14 ~~valuation and beginning with Fiscal Year 2012-2013, amortization payments for~~  
15 ~~changes in actuarial liability shall be determined in accordance with Subsection D~~  
16 ~~of this Section.~~

17 (H) ~~Notwithstanding the provisions of Subsubitem (I) of this Subitem,~~  
18 ~~effective for the June thirtieth valuation following the fiscal year in which the system~~  
19 ~~first attains a funded percentage of eighty-five or more and for every year thereafter,~~  
20 ~~the amortization period for the changes, gains, or losses of the Teachers' Retirement~~  
21 ~~System of Louisiana provided in Items (i) through (iv) of this Subparagraph shall be~~  
22 ~~twenty years from the year in which the change, gain, or loss occurred.~~

23 (bb)(I) ~~Effective for the June thirtieth valuation for the fiscal year~~  
24 ~~immediately following the year in which the system fully liquidates an amortization~~  
25 ~~base established in R.S. 11:102.2 and for each valuation thereafter, after any~~  
26 ~~remaining payment required pursuant to R.S. 11:102.2, the system shall apply to the~~  
27 ~~oldest outstanding positive amortization base of the system, the system's remaining~~  
28 ~~excess investment experience returns. For the first valuation to which this~~  
29 ~~Subsubitem applies the amount of excess returns to be applied pursuant to the~~

1 provisions of this Subsubitem shall be the excess returns up to the amount of excess  
2 investment experience returns as equals that year's remaining payment pursuant to  
3 R.S. 11:102.2. Upon complete liquidation of such amortization base, any remaining  
4 funds shall be applied to the next oldest outstanding positive amortization base until  
5 no further funds remain or all such bases are completely liquidated. Notwithstanding  
6 any provision of this Subitem to the contrary, the maximum amount of excess returns  
7 to be applied in any subsequent year pursuant to this Subsubitem shall equal the prior  
8 year's maximum amount increased by the percentage increase in the system's  
9 actuarial value of assets for the preceding year, if any. For any payment made  
10 pursuant to the provisions of this Subsubitem, if the system is eighty-five percent  
11 funded or greater prior to the application of the funds, the net remaining liability  
12 shall be reamortized over the remaining amortization period with annual payments  
13 calculated as provided in this Item; if the system is less than eighty-five percent  
14 funded prior to application of the funds, the net remaining liability shall not be  
15 reamortized after such application. For the purposes of this Subitem, the oldest  
16 outstanding positive amortization base shall first mean the Original Amortization  
17 Base until it is completely liquidated, then the Experience Account Amortization  
18 Base until it is completely liquidated, and then the oldest outstanding debt of the  
19 system excluding any amortization base established to amortize a particularized  
20 liability established pursuant to Subsection D of this Section or a liability established  
21 pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection.

22 (H) Effective for the June thirtieth valuation for the fiscal year immediately  
23 following the year in which the system fully liquidates the last remaining  
24 amortization base established in R.S. 11:102.2 and for each valuation thereafter, if  
25 the system's investment experience for the fiscal year exceeds the system's actuarial  
26 assumed rate of return, the system shall apply to the oldest outstanding positive  
27 amortization base of the system, excluding any amortization base established to  
28 amortize a particularized liability established pursuant to Subsection D of this  
29 Section or a liability established pursuant to Subparagraphs (2)(a) and (3)(c) of this

1           Subsection, the system's excess investment experience returns. For the first valuation  
2           to which this Subsubitem applies, the amount of excess returns to be applied  
3           pursuant to the provisions of this Subsubitem shall be the excess returns up to the  
4           amount of excess investment experience returns as equals double the last payment  
5           made pursuant to Subsubitem (I) of this Subitem. Upon complete liquidation of such  
6           amortization base, any remaining funds shall be applied to the next oldest  
7           outstanding positive amortization base until no further funds remain or all such bases  
8           are completely liquidated. Notwithstanding any provision of this Subitem to the  
9           contrary, the maximum amount of excess returns to be applied in any subsequent  
10          year pursuant to this Subsubitem shall equal the prior year's maximum amount  
11          increased by the percentage increase in the system's actuarial value of assets for the  
12          preceding year, if any. For any payment made pursuant to the provisions of this  
13          Subsubitem, if the system is eighty-five percent funded or greater prior to the  
14          application of the funds, the net remaining liability shall be reamortized over the  
15          remaining amortization period with annual payments calculated as provided in this  
16          Item; if the system is less than eighty-five percent funded prior to application of the  
17          funds, the net remaining liability shall not be reamortized after such application.

18                 (cc) Effective for the June 30, 2019, system valuation and for each valuation  
19                 thereafter, actuarial gains allocated to the experience account shall be amortized as  
20                 a loss with level payments over a ten-year period.

21                 (dd) Notwithstanding any provision of this Item to the contrary, for the June  
22                 30, 2014, valuation the amortization period for investment gains not allocated to the  
23                 Original Amortization Base, the Experience Account Amortization Base, or credited  
24                 to the experience account shall be five years.

25                 (viii)(aa)(I) Effective July 1, 2009, and beginning with Fiscal Year 1992-  
26                 1993, the amortization period for the changes, gains, or losses of the Louisiana State  
27                 Police Retirement System provided in Items (i) through (iv) of this Subparagraph  
28                 shall be thirty years, or in accordance with standards promulgated by the  
29                 Governmental Accounting Standards Board, from the year in which the change, gain,

1       ~~or loss occurred. The outstanding balances of amortization bases established~~  
2       ~~pursuant to Items (i) through (iv) of this Subparagraph before Fiscal Year 2008-~~  
3       ~~2009, shall be amortized as a level dollar amount from July 1, 2009, through June 30,~~  
4       ~~2029. Beginning with Fiscal Year 2008-2009, and for each fiscal year thereafter, the~~  
5       ~~outstanding balances of amortization bases established pursuant to Items (i) through~~  
6       ~~(iv) of this Subparagraph shall be amortized as a level dollar amount.~~

7               ~~(H) Notwithstanding the provisions of Subsubitem (I) of this Subitem,~~  
8       ~~effective for the June thirtieth valuation following the fiscal year in which the system~~  
9       ~~first attains a funded percentage of eighty-five or more and for every year thereafter,~~  
10       ~~the amortization period for the changes, gains, or losses of the Louisiana State Police~~  
11       ~~Retirement System provided in Items (i) through (iv) of this Subparagraph shall be~~  
12       ~~twenty years from the year in which the change, gain, or loss occurred.~~

13               ~~(bb)(f) Effective for the June 30, 2014, valuation, if the system's investment~~  
14       ~~experience for the fiscal year exceeds the system's actuarial assumed rate of return,~~  
15       ~~the system shall apply the excess investment experience returns, up to the first two~~  
16       ~~and one-half million dollars, to the oldest outstanding positive amortization base of~~  
17       ~~the system, excluding any amortization base established to amortize a liability~~  
18       ~~established pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection, and~~  
19       ~~without reamortization of such base.~~

20               ~~(H) Effective for the June 30, 2015, valuation and for each valuation~~  
21       ~~thereafter, if the system's investment experience for the fiscal year exceeds the~~  
22       ~~system's actuarial assumed rate of return, the system shall apply the excess~~  
23       ~~investment experience returns, up to the first five million dollars for the June 30,~~  
24       ~~2015, valuation, to the oldest outstanding positive amortization base of the system,~~  
25       ~~excluding any amortization base established to amortize a liability established~~  
26       ~~pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection. Upon complete~~  
27       ~~liquidation of such amortization base, any remaining funds shall be applied to the~~  
28       ~~next oldest outstanding positive amortization base until no further funds remain or~~  
29       ~~all such bases are completely liquidated. Notwithstanding any provision of this~~

1           ~~Subsubitem to the contrary, the maximum amount of excess returns to be applied in~~  
 2           ~~any subsequent year pursuant to this Subsubitem shall equal the prior year's~~  
 3           ~~maximum amount increased by the percentage increase in the system's actuarial~~  
 4           ~~value of assets for the preceding year, if any. For any payment made pursuant to the~~  
 5           ~~provisions of this Subsubitem, if the system is eighty-five percent funded or greater~~  
 6           ~~prior to the application of the funds, the net remaining liability shall be reamortized~~  
 7           ~~over the remaining amortization period with annual payments calculated as provided~~  
 8           ~~in this Item; if the system is less than eighty-five percent funded prior to application~~  
 9           ~~of the funds, the net remaining liability shall not be reamortized after such~~  
 10           ~~application.~~

11           ~~(cc) Effective for the June 30, 2019, system valuation and for each valuation~~  
 12           ~~thereafter, actuarial gains allocated to the experience account shall be amortized as~~  
 13           ~~a loss with level payments over a ten-year period.~~

14           ~~(dd) Notwithstanding any provision of this Item to the contrary, for the June~~  
 15           ~~30, 2014, valuation the amortization period for investment gains not allocated to the~~  
 16           ~~oldest outstanding positive amortization base pursuant to Subitem (bb) of this Item~~  
 17           ~~or credited to the experience account shall be five years.~~

18           (4) At the end of the fiscal year during which the assets of a system,  
 19           excluding the outstanding balance due to Subparagraph (B)(3)(c) of this Section,  
 20           exceed the actuarial accrued liability of that system, the amortization schedules  
 21           contained in **calculated pursuant to** Subparagraphs (B)(3)(b) and (d) ~~or in~~ **and**  
 22           Subsection **C, D, E, or F** of this Section ~~for the Louisiana State Employees'~~  
 23           ~~Retirement System or Subsection D of this Section for the Teachers' Retirement~~  
 24           ~~System of Louisiana shall be fully liquidated and assets in excess of the actuarial~~  
 25           ~~accrued liability shall be amortized as a credit in accordance with the provisions of~~  
 26           ~~Subparagraph (B)(3)(d) and Subsection C, D, E, or F of this Section.~~

27           (5)(a) Notwithstanding ~~the provisions~~ **any other provision** of this Section ~~to~~  
 28           ~~the contrary,~~ the gross employer contribution rate for the Louisiana State  
 29           Employees' Retirement System and the Teachers' Retirement System of Louisiana

1 shall not be less than fifteen and one-half percent per year until such time as the  
2 unfunded accrued liability that existed on June 30, 2004, is fully funded.

3 (b) At the end of each fiscal year, the difference, if any, by which the amount  
4 of contributions received from payment of all employer contributions at the fixed  
5 minimum employer contribution rate established pursuant to this Paragraph exceeds  
6 the greater of the minimum employer contribution required by Article X, Section 29  
7 of the Constitution of Louisiana or the statutory minimum employer contribution  
8 calculated according to the methodology provided for in ~~Items (3)(d)(i) through (iv)~~  
9 **Subparagraph (3)(d)** of this Subsection or in ~~Paragraph (C)(4)~~ **Subsection C or D**  
10 of this Section for the ~~Louisiana State Employees' Retirement System or Paragraph~~  
11 ~~(D)(4) of this Section for the Teachers' Retirement System of Louisiana~~ shall be  
12 accumulated in an employer credit account for the respective system.

13 (c) The employer credit account shall be adjusted annually to reflect any gain  
14 or loss attributable to the balance in the account at the actuarial rate of return earned  
15 by the system.

16 (d)(i) Except as provided in R.S. 11:102.1 and 102.2, the employer credit  
17 account of a system shall be used exclusively to reduce any unfunded accrued  
18 liability of that system created before July 1, 2004, and shall not be debited for any  
19 other purpose.

20 (ii) Effective for the June 30, 2009 system valuation and beginning July 1,  
21 2010, any funds in the system's employer credit account shall be applied to the  
22 remaining balance of the original amortization base or the experience account  
23 amortization base established in accordance with and as further provided by R.S.  
24 11:102.1 or 102.2.

25 C.(1) ~~This~~ **The provisions of this Subsection shall apply to the Louisiana**  
26 **State Employees' Retirement System.**

27 **(2)(a) Except as provided in R.S. 11:102.5, effective July 1, 2004, and**  
28 **beginning with Fiscal Year 1998-1999, the amortization period for the changes,**  
29 **gains, or losses of the system provided in Items (B)(3)(d)(i) through (iv) of this**



1 Section shall be thirty years from the year in which the change, gain, or loss  
2 occurred. The outstanding balances of amortization bases established pursuant  
3 to Items (B)(3)(d)(i) through (iv) of this Section before Fiscal Year 1998-1999,  
4 shall be amortized as a level dollar amount from July 1, 2004, through June 30,  
5 2029. Beginning with Fiscal Year 2003-2004, and for each fiscal year thereafter,  
6 the outstanding balances of amortization bases established pursuant to Items  
7 (B)(3)(d)(i) through (iv) of this Section shall be amortized as a level dollar  
8 amount. Effective for the June 30, 2010 system valuation and beginning with  
9 Fiscal Year 2011-2012, amortization payments for changes in actuarial liability  
10 shall be determined in accordance with this Subsection.

11 (b) Notwithstanding the provisions of Subparagraph (a) of this  
12 Paragraph, effective for the June thirtieth valuation following the fiscal year in  
13 which the system first attains a funded percentage of eighty or more pursuant  
14 to R.S. 11:542 and for every year thereafter, the amortization period for the  
15 changes, gains, or losses of the system provided in Items (B)(3)(d)(i) through (iv)  
16 of this Section occurring in that year or thereafter shall be twenty years from  
17 the year in which the change, gain, or loss occurred.

18 (c) Effective for the June 30, 2019 system valuation and for each  
19 valuation thereafter, actuarial gains allocated to the experience account shall  
20 be amortized as a loss with level payments over a ten-year period.

21 (3) The provisions of Paragraphs (3) through (9) of this Subsection shall  
22 be applicable to the Louisiana State Employees' Retirement System effective for the  
23 June 30, ~~2010~~, **2010** system valuation and beginning Fiscal Year 2011-2012. For  
24 purposes of this Subsection, "plan" or "plans" shall mean a subgroup within the  
25 system characterized by the following employee classifications:

26 (a) Rank-and-file members of the system.

27 (b) Full-time law enforcement personnel, supervisors, or administrators who  
28 are employed with the Department of Revenue or office of alcohol and tobacco  
29 control and who are P.O.S.T. certified, have the power to arrest, and hold a

1 commission from such office.

2 (c) Peace officers, as defined by R.S. 40:2402(3)(a), employed by the  
3 Department of Public Safety and Corrections, office of state police, other than state  
4 troopers.

5 (d) Judges and court officers to whom Subpart A of Part VII of Chapter 1 of  
6 Subtitle II of this Title is applicable.

7 (e) Wildlife agents to whom Subpart B of Part VII of Chapter 1 of Subtitle  
8 II of this Title is applicable.

9 (f) Wardens, correctional officers, probation and parole officers, and security  
10 personnel employed by the Department of Public Safety and Corrections who are  
11 members of the secondary component pursuant to Subpart C of Part VII of Chapter  
12 1 of Subtitle II of this Title.

13 (g) Correctional officers, probation and parole officers, and security  
14 personnel employed by the Department of Public Safety and Corrections who are  
15 members of the primary component.

16 (h) Legislators, the governor, and the lieutenant governor.

17 (i) Employees of the bridge police section of the Crescent City Connection  
18 Division of the Department of Transportation and Development.

19 (j) Hazardous duty plan members as provided pursuant to R.S. 11:611 et seq.

20 (k) Judges as provided pursuant to R.S. 11:62(5)(a)(iii) and 444(A)(1)(a)(ii).

21 (l) Harbor Police Retirement Plan members as provided pursuant to R.S.  
22 11:631.

23 (m) Any other specialty retirement plan provided for a subgroup of system  
24 members. If the legislation enacting such a plan is silent as to the application of this  
25 Subsection, the Public Retirement Systems' Actuarial Committee shall provide for  
26 the application to such plan.

27 ~~(2) For the Louisiana State Employees' Retirement System, effective (4)~~  
28 **Effective** for the June 30, ~~2010~~, **2010** system valuation and beginning with Fiscal  
29 Year 2011-2012, the normal cost calculated pursuant to Subparagraph (B)(3)(a) of

1 this Section, shall be calculated separately for each particular plan within the system.

2 An employer shall pay employer contributions for each employee at the rate  
3 applicable to the plan of which that employee is a member.

4 ~~(3) For the Louisiana State Employees' Retirement System, effective (5)~~  
5 **Effective** for the June 30, ~~2010~~, **2010** system valuation and beginning with Fiscal  
6 Year 2011-2012, changes in actuarial liability due to legislation, changes in  
7 governmental organization, or reclassification of employees or positions shall be  
8 calculated individually for each particular plan within the system based on each  
9 plan's actuarial experience as further provided in Subparagraph ~~(4)(c)~~ **(6)(c)** of this  
10 Subsection.

11 ~~(4)(6)~~ For each plan referenced in Paragraph ~~(1)~~ **(3)** of this Subsection, the  
12 legislature shall set the required employer contribution rate equal to the sum of the  
13 following:

14 (a) The particularized normal cost rate. The normal cost rate for each fiscal  
15 year shall be the employer's normal cost for the plan computed by applying the  
16 method specified in R.S. 11:102(B)(1) and (3)(a) to the plan.

17 (b) The shared unfunded accrued liability rate. (i) Except as provided in Item  
18 (ii) of this Subparagraph, a single rate shall be computed for each fiscal year,  
19 applicable to all plans for actuarial changes, gains, and losses existing on June 30,  
20 2010, or occurring thereafter, including experience and investment gains and losses,  
21 which are independent of the existence of the plans listed in Paragraph ~~(1)~~ **(3)** of this  
22 Subsection, the payment and rate therefor shall be calculated as provided in **this**  
23 **Subsection and** Paragraphs (B)(1) and (3) of this Section.

24 (ii) The shared unfunded accrued liability rate applicable to the Harbor Police  
25 Retirement System shall not include any unfunded accrued liability incurred on or  
26 before July 1, 2015, until the earlier of:

27 (aa) July 1, 2022.

28 (bb) The date that all sums payable by the Port of New Orleans to the board  
29 of trustees of the Louisiana State Employees' Retirement System pursuant to the

1 terms and conditions of a cooperative endeavor agreement between the board of  
2 trustees of the Louisiana State Employees' Retirement System, the board of  
3 commissioners of the Port of New Orleans, and the board of trustees of the Harbor  
4 Police Retirement System regarding the merger of the Harbor Police Retirement  
5 System into the Louisiana State Employees' Retirement System have been paid in  
6 full.

7 (c) The particularized unfunded accrued liability rate. For actuarial changes,  
8 gains, and losses, excluding experience and investment gains and losses, first  
9 recognized in the June 30, ~~2010~~, 2010 valuation or in any later valuation, attributable  
10 to one or more, but not all, plans listed in Paragraph ~~(1)~~ (3) of this Subsection or to  
11 some new plan or plans, created, implemented, or enacted after July 1, 2010, a  
12 particularized contribution rate shall be calculated as provided in this Subsection  
13 and Paragraphs (B)(1) and (3) of this Section.

14 (d) The shared gross employer contribution rate difference. The gross  
15 employer contribution rate difference shall be the difference between the minimum  
16 gross employer contribution rate provided in Paragraph (B)(5) of this Section and the  
17 aggregate employer contribution rate calculated pursuant to the provisions of  
18 Subsection B of this Section.

19 ~~(5)~~(7) Each entity funding a portion of the member's salary shall also fund  
20 the employer's contribution on that portion of the member's salary at the employer  
21 contribution rate specified in this Subsection.

22 ~~(6)~~(8) For purposes of Paragraph (B)(2) of this Section the ~~actuarially~~  
23 ~~required~~ actuarially-required employer contributions and the employer  
24 contributions actually received for all plans shall be totaled and treated as a single  
25 contribution.

26 ~~(7)~~(9) If provisions of this Section cover matters not specifically addressed  
27 by the provisions of this Subsection, then those provisions shall be applicable.

28 D.(1) This The provisions of this Subsection shall apply to the Teachers'  
29 Retirement System of Louisiana.

1           **(2)(a) Except as provided in R.S. 11:102.5, effective July 1, 2004, and**  
2           **beginning with Fiscal Year 2000-2001, the amortization period for the changes,**  
3           **gains, or losses of the system provided in Items (B)(3)(d)(i) through (iv) of this**  
4           **Section shall be thirty years from the year in which the change, gain, or loss**  
5           **occurred. The outstanding balances of amortization bases established pursuant**  
6           **to Items (B)(3)(d)(i) through (iv) of this Section before Fiscal Year 2000-2001,**  
7           **shall be amortized as a level dollar amount from July 1, 2004, through June 30,**  
8           **2029. Beginning with Fiscal Year 2003-2004, and for each fiscal year thereafter,**  
9           **the outstanding balances of amortization bases established pursuant to Items**  
10           **(B)(3)(d)(i) through (iv) of this Section shall be amortized as a level dollar**  
11           **amount. Effective for the June 30, 2011 system valuation and beginning with**  
12           **Fiscal Year 2012-2013, amortization payments for changes in actuarial liability**  
13           **shall be determined in accordance with this Subsection.**

14           **(b) Notwithstanding the provisions of Subparagraph (a) of this**  
15           **Paragraph, effective for the June thirtieth valuation following the fiscal year in**  
16           **which the system first attains a funded percentage of eighty or more pursuant**  
17           **to R.S. 11:883.1 and for every year thereafter, the amortization period for the**  
18           **changes, gains, or losses of the system provided in Items (B)(3)(d)(i) through (iv)**  
19           **of this Section occurring in that year or thereafter shall be twenty years from**  
20           **the year in which the change, gain, or loss occurred.**

21           **(c) Effective for the June 30, 2019 system valuation and for each**  
22           **valuation thereafter, actuarial gains allocated to the experience account shall**  
23           **be amortized as a loss with level payments over a ten-year period.**

24           **(3) The provisions of Paragraphs (3) through (9) of this** Subsection shall  
25           be applicable to the Teachers' Retirement System of Louisiana effective for the June  
26           30, ~~2011~~, **2011** system valuation and beginning Fiscal Year 2012-2013. For purposes  
27           of this Subsection, "plan" or "plans" shall mean a subgroup within the system  
28           characterized by the following employee classifications:

29           (a) School lunch Plan A.

1                   ~~(b) School lunch Plan B.~~

2                   (e) Employees of an institution of postsecondary education, the Board of  
3 Regents, or a postsecondary education management board who are not employed for  
4 the sole purpose of providing instruction or administrative services at the primary or  
5 secondary level, including at any lab school and the Louisiana School for Math,  
6 Science, and the Arts.

7                   ~~(d)~~**(b)** Any other specialty retirement plan provided for a subgroup of system  
8 members. If the legislation enacting such a plan is silent as to the application of this  
9 Subsection, the Public Retirement Systems' Actuarial Committee shall provide for  
10 the application to such plan.

11                   ~~(e)~~**(c)** All other teachers, as defined in R.S. 11:701(33), **including members**  
12 **paid from school food service funds as provided in R.S. 11:801 and 811.**

13                   ~~(2) For the Teachers' Retirement System of Louisiana, effective~~ **(4) Effective**  
14 for the June 30, ~~2011~~, **2011** system valuation and beginning with Fiscal Year 2012-  
15 2013, the normal cost calculated pursuant to Subparagraph (B)(3)(a) of this Section,  
16 shall be calculated separately for each particular plan within the system. An  
17 employer shall pay employer contributions for each employee at the rate applicable  
18 to the plan of which that employee is a member.

19                   ~~(3) For the Teachers' Retirement System of Louisiana, effective~~ **(5) Effective**  
20 for the June 30, ~~2011~~, **2011** system valuation and beginning with Fiscal Year 2012-  
21 2013, changes in actuarial liability due to legislation, changes in governmental  
22 organization, or reclassification of employees or positions shall be calculated  
23 individually for each particular plan within the system based on each plan's actuarial  
24 experience as further provided in Subparagraph ~~(4)(c)~~ **(6)(c)** of this Subsection.

25                   ~~(4)~~**(6)** For each plan referenced in Paragraph ~~(1)~~ **(3)** of this Subsection, the  
26 legislature shall set the required employer contribution rate equal to the sum of the  
27 following:

28                   (a) The particularized normal cost rate. The normal cost rate for each fiscal  
29 year shall be the employer's normal cost for employees in the plan computed by

1 applying the method specified in Paragraph (B)(1) and Subparagraph (B)(3)(a) of  
2 this Section to the plan.

3 (b) The shared unfunded accrued liability rate. A single rate shall be  
4 computed for each fiscal year, applicable to all plans for actuarial changes, gains, and  
5 losses existing on June 30, 2011, or occurring thereafter, including experience and  
6 investment gains and losses, which are independent of the existence of the plans  
7 listed in Paragraph ~~(1)~~ **(3)** of this Subsection, the payment and rate therefor shall be  
8 calculated as provided in **this Subsection and** Paragraphs (B)(1) and (3) of this  
9 Section.

10 (c) The particularized unfunded accrued liability rate. For actuarial changes,  
11 gains, and losses, excluding experience and investment gains and losses, first  
12 recognized in the June 30, ~~2011~~, **2011** valuation or in any later valuation, attributable  
13 to one or more, but not all, plans listed in Paragraph ~~(1)~~ **(3)** of this Subsection or to  
14 some new plan or plans, created, implemented, or enacted after July 1, 2011, a  
15 particularized contribution rate shall be calculated as provided in **this Subsection**  
16 **and** Paragraphs (B)(1) and (3) of this Section.

17 (d) The shared gross employer contribution rate difference. The gross  
18 employer contribution rate difference shall be the difference between the minimum  
19 gross employer contribution rate provided in Paragraph (B)(5) of this Section and the  
20 aggregate employer contribution rate calculated pursuant to the provisions of  
21 Subsection B of this Section.

22 ~~(5)~~**(7)** Each entity funding a portion of the member's salary shall also fund  
23 the employer's contribution on that portion of the member's salary at the employer  
24 contribution rate specified in this Subsection.

25 ~~(6)~~**(8)** For purposes of Paragraph (B)(2) of this Section the ~~actuarially~~  
26 ~~required~~ **actuarially-required** employer contributions and the employer  
27 contributions actually received for all plans shall be totaled and treated as a single  
28 contribution.

29 ~~(7)~~**(9)** If provisions of this Section cover matters not specifically addressed

1 by the provisions of this Subsection, then those provisions shall be applicable.

2 E.(1) Except as provided in Paragraph (2) of this Subsection and in R.S.  
3 11:102.5, effective July 1, 2004, and beginning with Fiscal Year 2000-2001, the  
4 amortization period for the changes, gains, or losses of the Louisiana School  
5 Employees' Retirement System provided in Items (B)(3)(d)(i) through (iv) of  
6 this Section shall be thirty years from the year in which the change, gain, or loss  
7 occurred. The outstanding balances of amortization bases established pursuant  
8 to Items (B)(3)(d)(i) through (iv) of this Section before Fiscal Year 2000-2001,  
9 shall be amortized as a level dollar amount from July 1, 2004, through June 30,  
10 2029. Beginning with Fiscal Year 2003-2004, and for each fiscal year thereafter,  
11 the outstanding balances of amortization bases established pursuant to Items  
12 (B)(3)(d)(i) through (iv) of this Section shall be amortized as a level dollar  
13 amount.

14 (2)(a) All outstanding amortization bases in existence on June 30, 2014,  
15 including outstanding balances established pursuant to Subparagraph (B)(3)(c)  
16 of this Section, shall be consolidated and reamortized over the period ending  
17 June 30, 2044, with level dollar payments, effective with the June 30, 2014  
18 valuation. This Paragraph shall not apply to amortization bases established  
19 after June 30, 2014.

20 (b) After payment of a permanent benefit increase pursuant to the  
21 provisions of R.S. 11:1145.1, the unused portion of the June 30, 2013 experience  
22 account balance shall be credited in an amortization conversion account from  
23 which annual contributions required pursuant to Subparagraph (a) of this  
24 Paragraph shall be funded in whole or in part for the years July 1, 2014,  
25 through June 30, 2019. Effective June 30, 2019, all funds remaining in the  
26 amortization conversion account shall be amortized as a gain in accordance  
27 with the provisions of this Subsection.

28 (3) Notwithstanding the provisions of Paragraph (1) of this Subsection,  
29 effective for the June thirtieth valuation following the fiscal year in which the



1 system first attains a funded percentage of eighty or more pursuant to R.S.  
2 11:1145.1 and for every year thereafter, the amortization period for the  
3 changes, gains, or losses of the system provided in Items (B)(3)(d)(i) through (iv)  
4 of this Section occurring in that year or thereafter shall be twenty years from  
5 the year in which the change, gain, or loss occurred.

6 (4) Effective for the June 30, 2019 system valuation and for each  
7 valuation thereafter, actuarial gains allocated to the experience account shall  
8 be amortized as a loss with level payments over a ten-year period.

9 F.(1) Except as provided in R.S. 11:102.5, effective July 1, 2009, and  
10 beginning with Fiscal Year 1992-1993, the amortization period for the changes,  
11 gains, or losses of the Louisiana State Police Retirement System provided in  
12 Items (B)(3)(d)(i) through (iv) of this Section shall be thirty years from the year  
13 in which the change, gain, or loss occurred. The outstanding balances of  
14 amortization bases established pursuant to Items (B)(3)(d)(i) through (iv) of this  
15 Section before Fiscal Year 2008-2009 shall be amortized as a level dollar  
16 amount from July 1, 2009, through June 30, 2029. Beginning with Fiscal Year  
17 2008-2009, and for each fiscal year thereafter, the outstanding balances of  
18 amortization bases established pursuant to Items (B)(3)(d)(i) through (iv) of this  
19 Section shall be amortized as a level dollar amount.

20 (2) Notwithstanding the provisions of Paragraph (1) of this Subsection,  
21 effective for the June thirtieth valuation following the fiscal year in which the  
22 system first attains a funded percentage of eighty or more pursuant to R.S.  
23 11:1332 and for every year thereafter, the amortization period for the changes,  
24 gains, or losses of the system provided in Items (B)(3)(d)(i) through (iv) of this  
25 Section occurring in that year or thereafter shall be twenty years from the year  
26 in which the change, gain, or loss occurred.

27 (3) Effective for the June 30, 2019 system valuation and for each  
28 valuation thereafter, actuarial gains allocated to the experience account shall  
29 be amortized as a loss with level payments over a ten-year period.

1 §102.1. ~~Consolidation of amortization~~ Amortization payment schedules; priority  
2 excess return allocations; Louisiana State Employees' Retirement  
3 System

4 A.(1) For the Louisiana State Employees' Retirement System, effective for  
5 the June 30, 2009 system valuation and with payments beginning July 1, 2010, all  
6 amortization bases existing on July 1, 2008, shall be consolidated as provided in this  
7 Section.

8 (2) There shall be two consolidated amortization bases calculated and  
9 amortized as provided in this Section. Any existing amortization base not included  
10 in a consolidated base pursuant to this Section shall remain separate and continue to  
11 be amortized and funded as otherwise provided by law.

12 (3) Beginning with Fiscal Year 2008-2009 and for each fiscal year thereafter,  
13 that year's changes, gains, and losses shall be calculated and payments therefor  
14 determined as provided in R.S. 11:102, except as otherwise specified in this Section.

15 (4) For purposes of this Section, the following shall apply:

16 (a) "Primary priority amount" shall mean the maximum amount of  
17 system returns in excess of the system's actuarially-assumed rate of return that  
18 may be applied to the original amortization base, regardless of whether actual  
19 returns that equal or exceed the maximum are available, and shall equal:

20 (i) For the June 30, 2015 valuation, fifty million dollars.

21 (ii) For each valuation thereafter, the prior year's primary priority  
22 amount increased by the percentage increase in the system's actuarial value of  
23 assets for the prior year, if any.

24 (b) "Primary allocation" shall mean the actual returns available for  
25 application to the original amortization base.

26 (c) "Secondary priority amount" shall mean the maximum amount of  
27 system returns in excess of the system's actuarially-assumed rate of return that  
28 may be applied to the experience account amortization base, regardless of  
29 whether actual returns that equal or exceed the maximum are available, and

1        **shall equal:**

2                **(i) For the June 30, 2015 valuation, fifty million dollars.**

3                **(ii) For each valuation thereafter, before the original amortization base**  
4 **is liquidated, the prior year's secondary priority amount increased by the**  
5 **percentage increase in the system's actuarial value of assets for the prior year,**  
6 **if any.**

7                **(iii) For the valuation in which the original amortization base is**  
8 **liquidated, that year's secondary priority amount calculated pursuant to Item**  
9 **(ii) of this Subparagraph plus any money from that year's primary priority**  
10 **amount remaining after liquidation of the original amortization base.**

11               **(iv) For the first valuation after the original amortization base is**  
12 **liquidated, the portion of the prior year's primary priority amount that was**  
13 **necessary to liquidate the original amortization base plus the prior year's**  
14 **secondary priority amount, both increased by the percentage increase in the**  
15 **system's actuarial value of assets for the prior year, if any.**

16               **(v) For the second valuation after the original amortization base is**  
17 **liquidated and for each valuation thereafter, the prior year's secondary priority**  
18 **amount increased by the percentage increase in the system's actuarial value of**  
19 **assets for the prior year, if any.**

20               **(d) "Secondary allocation" shall mean the actual returns available for**  
21 **application to the experience account amortization base.**

22               **(e) "Residual priority amount" shall mean the maximum amount of**  
23 **system returns in excess of the system's actuarially-assumed rate of return that**  
24 **may be applied to the oldest outstanding positive amortization base after**  
25 **liquidation of the experience account amortization base, regardless of whether**  
26 **actual returns that equal or exceed the maximum are available, and shall equal:**

27               **(i) For the valuation in which the experience account amortization base**  
28 **is liquidated, the money from that year's secondary allocation remaining after**  
29 **liquidation of the experience account amortization base, if any.**

1                    **(ii) For the first valuation after the experience account amortization base**  
2                    **is liquidated, the prior year's secondary priority amount, increased by the**  
3                    **percentage increase in the system's actuarial value of assets for the prior year,**  
4                    **if any.**

5                    **(iii) For the second valuation after the experience account amortization**  
6                    **base is liquidated and for each valuation thereafter, the prior year's residual**  
7                    **priority amount increased by the percentage increase in the system's actuarial**  
8                    **value of assets for the prior year, if any.**

9                    **(f) "Residual allocation" shall mean the actual returns available for**  
10                   **application to the oldest outstanding positive amortization base after liquidation**  
11                   **of the experience account amortization base.**

12                   **(g) In no event shall the total of one year's priority amounts be less than**  
13                   **the total of the previous year's priority amounts.**

14                   **(h) Effective for the June thirtieth valuation following the fiscal year in**  
15                   **which the system first attains a funded percentage of eighty or more pursuant**  
16                   **to R.S. 11:542, the net remaining liability of the amortization base to which the**  
17                   **funds are applied shall be reamortized with annual level dollar payments**  
18                   **calculated as provided in R.S. 11:102 over the remainder of the amortization**  
19                   **period originally established for that amortization base. Except as provided in**  
20                   **Item (B)(3)(a)(iv) and Subparagraph (C)(3)(d) of this Section, for every**  
21                   **valuation before that year, the net remaining liability of the amortization base**  
22                   **to which the funds are applied shall not be reamortized after such application.**

23                   B. Original amortization base.

24                   (1) The remaining balances of outstanding amortization bases in excess of  
25                   twenty years for the years 1993 through 1995, 1997 and 1998, and 2005 through  
26                   2007, excluding the amortization base for liability created by Act No. 414 of the  
27                   2007 Regular Session of the Legislature, as specified in the June 30, 2008 system  
28                   valuation adopted by the Public Retirement Systems' Actuarial Committee on  
29                   February 5, 2009, shall be consolidated into a single amortization base effective for

1 the June 30, 2009 system valuation with payments beginning on July 1, 2010.

2 (2)(a) To this base shall be applied any monies in the separate fund known  
3 alternatively as the "Texaco Account" or the "Initial Unfunded Accrued Liability  
4 Account" on June 30, 2010, and any appropriation provided in the 2009 Regular  
5 Session of the Legislature.

6 (b) The balance in this account as of June 30, 2008, exclusive of any  
7 subaccount balance, shall be credited with interest at the system's actuarially-  
8 assumed interest rate until the funds in the account are applied as provided in this  
9 Subsection.

10 (3)(a) This consolidated amortization base shall be known as the "original  
11 amortization base" and shall be amortized with annual payments calculated as  
12 follows:

13 (i) For Fiscal Year 2010-2011, the projected payment shall be the amount  
14 specified in the June 30, 2009 system valuation adopted by the Public Retirement  
15 Systems' Actuarial Committee pursuant to R.S. 11:127. The actuarially-required  
16 contribution shall be determined in accordance with the provisions of R.S. 11:102  
17 in the June 30, 2010 system valuation adopted by the committee.

18 (ii) Payments thereafter shall form an annuity increasing at six and one-half  
19 percent for one year, at five and one-half percent annually for the following four  
20 years, and at five percent annually for the following two years.

21 (iii) Beginning in Fiscal Year 2018-2019, the payments shall be amortized  
22 over the remaining period with payments forming an annuity increasing at two  
23 percent annually.

24 **(iv) Notwithstanding any provision of this Section to the contrary, the net**  
25 **remaining liability shall be reamortized over the remainder of the amortization**  
26 **period ending in 2029 in the first valuation for which this reamortization results**  
27 **in annual level dollar payments that do not exceed the payment otherwise**  
28 **required for that year's valuation.**

29 (b) The first payment after this consolidation shall be made in Fiscal Year

1 2010-2011 and the final payment shall be made no later than Fiscal Year 2028-2029.

2 (4)(a) Except as provided in Paragraph (6) of this Subsection, in any year in  
3 which the system exceeds its actuarially-assumed rate of return, ~~the excess returns,~~  
4 ~~up to the first fifty million for the June 30, 2015, valuation,~~ **the primary allocation**  
5 shall be applied to the remaining balance of the original amortization base  
6 established in this Subsection. ~~The maximum amount of excess returns to be applied~~  
7 ~~in any subsequent year pursuant to the provisions of this Subparagraph shall equal~~  
8 ~~the prior year's maximum amount increased by the percentage increase in the~~  
9 ~~system's actuarial value of assets for the preceding year, if any.~~

10 (b) ~~For any payment made pursuant to the provisions of this Paragraph, if the~~  
11 ~~system is eighty-five percent funded or greater prior to the application of the funds,~~  
12 ~~the net remaining liability shall be reamortized over the remaining amortization~~  
13 ~~period with annual payments calculated as provided in this Subsection or as~~  
14 ~~otherwise provided by law; if the system is less than eighty-five percent funded prior~~  
15 ~~to application of the funds, the net remaining liability shall not be reamortized after~~  
16 ~~such application.~~

17 (5) Notwithstanding the provisions of R.S. 11:102(B)(3)(c) and (5) or any  
18 other provision of law to the contrary, in any year through Fiscal Year 2016-2017 in  
19 which the system receives an overpayment of employer contributions as determined  
20 pursuant to R.S. 11:102(B)(2) and in any year through Fiscal Year 2016-2017 in  
21 which the system receives additional contributions pursuant to R.S. 11:102(B)(5),  
22 the amount of such overpayment or additional contribution shall be applied to the  
23 remaining balance of the original amortization base established pursuant to this  
24 Subsection. ~~For any payment made pursuant to the provisions of this Paragraph, if~~  
25 ~~the system is eighty-five percent funded or greater prior to the application of the~~  
26 ~~funds, the net remaining liability shall be reamortized over the remaining~~  
27 ~~amortization period with annual payments calculated as provided in this Subsection~~  
28 ~~or as otherwise provided by law; if the system is less than eighty-five percent funded~~  
29 ~~prior to application of the funds, the net remaining liability shall not be reamortized~~

1 ~~after such application.~~

2 (6) For the June 30, ~~2014~~, 2014 valuation, if the system exceeds its  
3 actuarially-assumed rate of return, the excess returns, up to the first twenty-five  
4 million dollars, shall be applied to the remaining balance of the original amortization  
5 base established in this Subsection, without reamortization of such base.

6 C. Experience account amortization base.

7 (1) The remaining balances of outstanding amortization bases for the years  
8 1996, 1999 through 2004, and 2008, as specified in the system valuation adopted by  
9 the Public Retirement Systems' Actuarial Committee on February 5, 2009, shall be  
10 consolidated into a single amortization base, effective for the June 30, 2009 system  
11 valuation with payments beginning on July 1, 2010.

12 (2) To this shall be applied the balance in the experience account or the  
13 balance in the subaccount of the Texaco Account created pursuant to R.S.  
14 11:542(A)(1)(b)(iii).

15 (3) This consolidated amortization base shall be known as the "experience  
16 account amortization base" and shall be amortized with annual payments over a  
17 thirty-year period beginning in Fiscal Year 2010-2011 as follows:

18 (a) For Fiscal Year 2010-2011, the projected payment shall be the amount  
19 specified in the June 30, 2009 system valuation adopted by the Public Retirement  
20 Systems' Actuarial Committee pursuant to R.S. 11:127. The actuarially-required  
21 contribution shall be determined in accordance with the provisions of R.S. 11:102  
22 in the June 30, 2010 system valuation adopted by the committee.

23 (b) Payments thereafter shall form an annuity increasing at six and one-half  
24 percent for one year, five and one-half percent for the following four years, and five  
25 percent for the following two years.

26 (c) Beginning in Fiscal Year 2018-2019, the outstanding balance shall be  
27 amortized over the remaining period with annual level dollar payments.

28 **(d) Notwithstanding any provision of this Section to the contrary, the net**  
29 **remaining liability shall be reamortized over the remainder of the amortization**

1 period ending in 2040 in the first valuation for which this reamortization results  
 2 in annual level dollar payments that do not exceed the payment otherwise  
 3 required for that valuation.

4 (4)(a) Except as provided in Paragraph (6) of this Subsection, in any year  
 5 before the liquidation of the Original Amortization Base in which the excess  
 6 returns of the system exceed the primary priority amount applied to the Original  
 7 Amortization Base pursuant to Subparagraph (B)(4)(a) of this Section, the remaining  
 8 excess returns, up to the next fifty million dollars for the June 30, 2015, valuation,  
 9 the secondary allocation shall be applied to the experience account amortization  
 10 base established in this Subsection. ~~The maximum amount of excess returns to be~~  
 11 ~~applied in any subsequent year pursuant to the provisions of this Subparagraph shall~~  
 12 ~~equal the prior year's maximum amount increased by the percentage increase in the~~  
 13 ~~system's actuarial value of assets for the preceding year, if any.~~ In the year in which  
 14 the year the Original Amortization Base is liquidated and for each year  
 15 thereafter until the Experience Account Amortization Base is liquidated, the  
 16 secondary allocation shall be applied to the Experience Account Amortization  
 17 Base.

18 (b) For any payment made pursuant to the provisions of this Paragraph, if the  
 19 system is eighty-five percent funded or greater prior to the application of the funds,  
 20 ~~the net remaining liability shall be reamortized over the remaining amortization~~  
 21 ~~period with annual payments calculated as provided in this Subsection or as~~  
 22 ~~otherwise provided by law; if the system is less than eighty-five percent funded prior~~  
 23 ~~to application of the funds, the net remaining liability shall not be reamortized after~~  
 24 ~~such application.~~

25 (5) Notwithstanding the provisions of R.S. 11:102(B)(3)(c) and (5) or any  
 26 other provision of law to the contrary, in any year from Fiscal Year 2017-2018  
 27 through Fiscal Year 2039-2040 in which the system receives an overpayment of  
 28 employer contributions as determined pursuant to R.S. 11:102(B)(2) and in any year  
 29 from Fiscal Year 2017-2018 through Fiscal Year 2039-2040 in which the system



1 receives additional contributions pursuant to R.S. 11:102(B)(5), the amount of such  
 2 overpayment or additional contribution shall be applied to the remaining balance of  
 3 the experience account amortization base established pursuant to this Subsection. For  
 4 any payment made pursuant to the provisions of this Paragraph, if the system is  
 5 eighty-five percent funded or greater prior to the application of the funds, the net  
 6 remaining liability shall be reamortized over the remaining amortization period with  
 7 annual payments calculated as provided in this Subsection or as otherwise provided  
 8 by law; if the system is less than eighty-five percent funded prior to application of  
 9 the funds, the net remaining liability shall not be reamortized after such application.

10 (6) For the June 30, ~~2014~~ 2014 valuation, if the excess returns of the system  
 11 exceed the amount applied to the original amortization base pursuant to  
 12 Subparagraph ~~(B)(6)~~ of this Section, the remaining excess returns, up to the next  
 13 twenty-five million dollars, shall be applied to the remaining balance of the  
 14 experience account amortization base established in this Subsection, without  
 15 reamortization of such base.

16 **D.(1) If both the original amortization base and the experience account**  
 17 **amortization base have been liquidated, the residual allocation shall be applied**  
 18 **to the system's oldest outstanding positive amortization base, excluding any**  
 19 **liability established pursuant to R.S. 11:102(B)(2)(a) or (3)(c) or (C)(6)(c) until**  
 20 **all such bases are completely liquidated. After the final base is completely**  
 21 **liquidated, the assets shall be treated as provided in R.S. 11:102(B)(4).**

22 **(2) If there are multiple positive bases of the same age and the same**  
 23 **duration, all such bases shall be collapsed into a single base for purposes of this**  
 24 **Subsection.**

25 **(3) If there are multiple positive bases of the same age but of different**  
 26 **durations, the oldest outstanding positive amortization base with the shortest**  
 27 **remaining amortization period shall be treated as the "oldest" for purposes of**  
 28 **this Subsection.**

29 §102.2. Consolidation of amortization **Amortization** payment schedules; **priority**

1 **excess return allocations;** Teachers' Retirement System of Louisiana

2 A.(1) For the Teachers' Retirement System of Louisiana, effective for the  
3 June 30, 2009 system valuation and with annual payments beginning July 1, 2010,  
4 all amortization bases existing on July 1, 2008, shall be consolidated as provided in  
5 this Section.

6 (2) There shall be two consolidated amortization bases calculated and  
7 amortized as provided in this Section.

8 (3) Beginning with Fiscal Year 2008-2009 and for each fiscal year thereafter,  
9 that year's changes, gains, and losses shall be calculated and payments therefor  
10 determined as provided in R.S. 11:102, except as otherwise specified in this Section.

11 **(4) For purposes of this Section, the following shall apply:**

12 **(a) "Primary priority amount" shall mean the maximum amount of**  
13 **system returns in excess of the system's actuarially-assumed rate of return that**  
14 **may be applied to the original amortization base, regardless of whether actual**  
15 **returns that equal or exceed the maximum are available, and shall equal:**

16 **(i) For the June 30, 2015 valuation, one hundred million dollars.**

17 **(ii) For each valuation thereafter, the prior year's primary priority**  
18 **amount increased by the percentage increase in the system's actuarial value of**  
19 **assets for the prior year, if any.**

20 **(b) "Primary allocation" shall mean the actual returns available for**  
21 **application to the original amortization base.**

22 **(c) "Secondary priority amount" shall mean the maximum amount of**  
23 **system returns in excess of the system's actuarially-assumed rate of return that**  
24 **may be applied to the experience account amortization base, regardless of**  
25 **whether actual returns that equal or exceed the maximum are available, and**  
26 **shall equal:**

27 **(i) For the June 30, 2015 valuation, one hundred million dollars.**

28 **(ii) For each valuation thereafter, before the original amortization base**  
29 **is liquidated, the prior year's secondary priority amount increased by the**

1 percentage increase in the system's actuarial value of assets for the prior year,  
2 if any.

3 (iii) For the valuation in which the original amortization base is  
4 liquidated, that year's secondary priority amount calculated pursuant to Item  
5 (ii) of this Subparagraph plus any money from that year's primary priority  
6 amount remaining after liquidation of the original amortization base.

7 (iv) For the first valuation after the original amortization base is  
8 liquidated, the portion of the prior year's primary priority amount that was  
9 necessary to liquidate the original amortization base plus the prior year's  
10 secondary priority amount, both increased by the percentage increase in the  
11 system's actuarial value of assets for the prior year, if any.

12 (v) For the second valuation after the original amortization base is  
13 liquidated and for each valuation after, the prior year's secondary priority  
14 amount increased by the percentage increase in the system's actuarial value of  
15 assets for the prior year, if any.

16 (d) "Secondary allocation" shall mean the actual returns available for  
17 application to the experience account amortization base.

18 (e) "Residual priority amount" shall mean the maximum amount of  
19 system returns in excess of the system's actuarially-assumed rate of return that  
20 may be applied to the oldest outstanding positive amortization base after  
21 liquidation of the experience account amortization base, regardless of whether  
22 actual returns that equal or exceed the maximum are available, and shall equal:

23 (i) For the valuation in which the experience account amortization base  
24 is liquidated, the money from that year's secondary allocation remaining after  
25 liquidation of the experience account amortization base, if any.

26 (ii) For the first valuation after the experience account amortization base  
27 is liquidated, the prior year's secondary priority amount, increased by the  
28 percentage increase in the system's actuarial value of assets for the prior year,  
29 if any.

1                    **(iii) For the second valuation after the experience account amortization**  
2                    **base is liquidated and for each valuation after, the prior year's residual priority**  
3                    **amount increased by the percentage increase in the system's actuarial value of**  
4                    **assets for the prior year, if any.**

5                    **(f) "Residual allocation" shall mean the actual returns available for**  
6                    **application to the oldest outstanding positive amortization base after liquidation**  
7                    **of the experience account amortization base.**

8                    **(g) In no event shall the total of one year's priority amounts be less than**  
9                    **the total of the previous year's priority amounts.**

10                   **(h) Effective for the June thirtieth valuation following the fiscal year in**  
11                   **which the system first attains a funded percentage of eighty or more pursuant**  
12                   **to R.S. 11:883.1, the net remaining liability of the amortization base to which**  
13                   **funds are applied pursuant to this Section shall be reamortized with annual**  
14                   **level dollar payments calculated as provided in R.S. 11:102 over the remainder**  
15                   **of the amortization period originally established for that amortization base.**  
16                   **Except as provided in Item (B)(3)(a)(iv) or Subparagraph (C)(3)(d) of this**  
17                   **Section, for every valuation before that year, the net remaining liability of the**  
18                   **amortization base to which the funds are applied shall not be reamortized after**  
19                   **such application.**

20                   B. Original amortization base.

21                   (1) The remaining balances of outstanding amortization bases for the years  
22                   1993 through 1996, 1998 through 2000, and 2005 through 2008 as specified in the  
23                   June 30, 2008 system valuation adopted by the Public Retirement Systems' Actuarial  
24                   Committee on February 5, 2009, shall be consolidated into a single amortization base  
25                   effective for the June 30, 2009 system valuation with payments beginning on July  
26                   1, 2010.

27                   (2)(a) To this base shall be applied any monies in the separate fund known  
28                   alternatively as the "Texaco Account" or the "Initial Unfunded Accrued Liability  
29                   Account" on June 30, 2010, and any appropriation provided in the 2009 Regular

1 Session of the Legislature. The balance in this account as of June 30, 2008, exclusive  
2 of any subaccount balance, shall be credited with interest at the system's actuarially-  
3 assumed interest rate until the funds in the account are applied as provided in this  
4 Subsection.

5 (b) To this base shall also be applied any monies in the employer credit  
6 account on June 30, 2010.

7 (3)(a) This consolidated amortization base shall be known as the "original  
8 amortization base" and shall be amortized with annual payments calculated as  
9 follows:

10 (i) For Fiscal Year 2010-2011, the projected payment shall be the amount  
11 specified in the June 30, 2009 system valuation adopted by the Public Retirement  
12 Systems' Actuarial Committee pursuant to R.S. 11:127. The actuarially-required  
13 contribution shall be determined in accordance with the provisions of R.S. 11:102  
14 in the June 30, 2010 system valuation adopted by the committee.

15 (ii) Payments thereafter shall form an annuity increasing at seven percent  
16 annually for three years and at six and one-half percent annually for the following  
17 four years.

18 (iii) Beginning in Fiscal Year 2018-2019, the payments shall be amortized  
19 over the remaining period with payments forming an annuity increasing at two  
20 percent annually.

21 **(iv) Notwithstanding any provision of this Section to the contrary, the net**  
22 **remaining liability shall be reamortized over the remainder of the amortization**  
23 **period ending in 2029 in the first valuation for which this reamortization results**  
24 **in annual level dollar payments that do not exceed the payment otherwise**  
25 **required for that valuation.**

26 (b) The first payment shall be made in Fiscal Year 2010-2011 and the final  
27 payment shall be made no later than Fiscal Year 2028-2029.

28 (4)(a) Except as provided in Paragraph (5) of this Subsection, in any year in  
29 which the system exceeds its actuarially-assumed rate of return, ~~the excess returns,~~

1 ~~up to the first one hundred million dollars for the June 30, 2015, valuation, the~~  
 2 ~~primary allocation shall be applied to the remaining balance of the original~~  
 3 ~~amortization base established in this Subsection. The maximum amount of excess~~  
 4 ~~returns to be applied in any subsequent year pursuant to the provisions of this~~  
 5 ~~Subparagraph shall equal the prior year's maximum amount increased by the~~  
 6 ~~percentage increase in the system's actuarial value of assets for the preceding year,~~  
 7 ~~if any.~~

8 (b) ~~For any payment made pursuant to the provisions of this Paragraph, if the~~  
 9 ~~system is eighty-five percent funded or greater prior to the application of the funds,~~  
 10 ~~the net remaining liability shall be reamortized over the remaining amortization~~  
 11 ~~period with annual payments calculated as provided in this Subsection or as~~  
 12 ~~otherwise provided by law; if the system is less than eighty-five percent funded prior~~  
 13 ~~to application of the funds, the net remaining liability shall not be reamortized after~~  
 14 ~~such application.~~

15 (5) ~~For the June 30, 2014,~~ **2014** valuation, if the system exceeds its  
 16 actuarially-assumed rate of return, the excess returns, up to the first fifty million  
 17 dollars, shall be applied to the remaining balance of the original amortization base  
 18 established in this Subsection, without reamortization of such base.

19 C. Experience account amortization base.

20 (1) The remaining balances of outstanding amortization bases for the years  
 21 1997, 2001 through 2004, and 2008, as specified in the system valuation adopted by  
 22 the Public Retirement Systems' Actuarial Committee on February 5, 2009, shall be  
 23 consolidated into a single amortization base, effective for the June 30, 2009 system  
 24 valuation with payments beginning on July 1, 2010.

25 (2) To this shall be applied the balance in the experience account or the  
 26 balance in the subaccount of the Texaco Account created pursuant to R.S.  
 27 11:883.1(A)(1)(b)(iii).

28 (3) This consolidated amortization base shall be known as the "experience  
 29 account amortization base" and shall be amortized with annual payments over a

1 thirty-year period beginning in Fiscal Year 2010-2011 calculated as follows:

2 (a) For Fiscal Year 2010-2011, the projected payment shall be the amount  
3 specified in the June 30, 2009 system valuation adopted by the Public Retirement  
4 Systems' Actuarial Committee pursuant to R.S. 11:127. The actuarially-required  
5 contribution shall be determined in accordance with the provisions of R.S. 11:102  
6 in the June 30, 2010 system valuation adopted by the committee.

7 (b) Payments thereafter shall form an annuity increasing at seven percent  
8 annually for three years and at six and one-half percent annually for the following  
9 four years.

10 (c) Beginning in Fiscal Year 2018-2019, the outstanding balance shall be  
11 amortized over the remaining period with annual level dollar payments.

12 **(d) Notwithstanding any provision of this Section or any other law to the**  
13 **contrary, the net remaining liability shall be reamortized over the remainder**  
14 **of the amortization period ending in 2040 in the first valuation for which this**  
15 **reamortization results in annual level dollar payments that do not exceed the**  
16 **payment otherwise required for that valuation.**

17 (4)(a) Except as provided in Paragraph (6) of this Subsection, in any year  
18 **before the liquidation of the Original Amortization Base** in which the excess  
19 returns of the system exceed the **primary priority** amount applied to the Original  
20 Amortization Base pursuant to Subparagraph (B)(4)(a) of this Section, the remaining  
21 excess returns, up to the next one hundred million dollars for the June 30, 2015,  
22 valuation, **the secondary allocation** shall be applied to the experience account  
23 amortization base established in this Subsection. The maximum amount of excess  
24 returns to be applied in any subsequent year pursuant to the provisions of this  
25 Subparagraph shall equal the prior year's maximum amount increased by the  
26 percentage increase in the system's actuarial value of assets for the preceding year,  
27 if any. **In the year in which the Original Amortization Base is liquidated and for**  
28 **each year thereafter until the Experience Account Amortization Base is**  
29 **liquidated, the secondary allocation shall be applied to the Experience Account**

**Amortization Base.**

~~(b) For any payment made pursuant to the provisions of this Paragraph, if the system is eighty-five percent funded or greater prior to the application of the funds, the net remaining liability shall be reamortized over the remaining amortization period with annual payments calculated as provided in this Subsection or as otherwise provided by law; if the system is less than eighty-five percent funded prior to application of the funds, the net remaining liability shall not be reamortized after such application.~~

(5) Notwithstanding the provisions of R.S. 11:102(B)(3)(c) and (5) or any other provision of law to the contrary, in any year from Fiscal Year 2009-2010 through Fiscal Year 2039-2040 in which the system receives an overpayment of employer contributions as determined pursuant to R.S. 11:102(B)(2) and in any year from Fiscal Year 2009-2010 through Fiscal Year 2039-2040 in which the system receives additional contributions pursuant to R.S. 11:102(B)(5), the amount of such overpayment or additional contribution shall be applied to the remaining balance of the experience account amortization base established pursuant to this Subsection. ~~For any payment made pursuant to the provisions of this Paragraph, if the system is eighty-five percent funded or greater prior to the application of the funds, the net remaining liability shall be reamortized over the remaining amortization period with annual payments calculated as provided in this Subsection or as otherwise provided by law; if the system is less than eighty-five percent funded prior to application of the funds, the net remaining liability shall not be reamortized after such application.~~

(6) For the June 30, ~~2014~~, **2014** valuation, if the excess returns of the system exceed the amount applied to the original amortization base pursuant to Subparagraph (B)(5) of this Section, the remaining excess returns, up to the next fifty million dollars, shall be applied to the remaining balance of the experience account amortization base established in this Subsection, without reamortization of such base.

**D.(1) If both the original amortization base and the experience account**



1 amortization base have been liquidated, the residual allocation shall be applied  
2 to the system's oldest outstanding positive amortization base, excluding any  
3 liability established pursuant to R.S. 11:102(B)(2)(a) or (3)(c) or (D)(6)(c), until  
4 all such bases are completely liquidated. After the final base is completely  
5 liquidated, the assets shall be treated as provided in R.S. 11:102(B)(4).

6 (2) If there are multiple positive bases of the same age and the same  
7 duration, all such bases shall be collapsed into a single base for purposes of this  
8 Subsection.

9 (3) If there are multiple positive bases of the same age but of different  
10 durations, the oldest outstanding positive amortization base with the shortest  
11 remaining amortization period shall be treated as the "oldest" for purposes of  
12 this Subsection.

13 §102.3. Priority excess return allocations; Louisiana School Employees'

14 Retirement System

15 A. For purposes of this Section, the following shall apply:

16 (1) "Priority amount" shall mean the maximum amount of system  
17 returns in excess of the system's actuarially-assumed rate of return that may be  
18 applied to the oldest outstanding positive amortization base, regardless of  
19 whether actual returns that equal or exceed the maximum are available, and  
20 shall equal:

21 (a) For the June 30, 2015 valuation, fifteen million dollars.

22 (b) For each valuation thereafter, the prior year's priority amount  
23 increased by the percentage increase in the system's actuarial value of assets for  
24 the prior year, if any.

25 (2) "Priority allocation" shall mean the actual returns available for  
26 application to the oldest outstanding positive amortization base.

27 (3) For any valuation in which the oldest outstanding positive  
28 amortization base is liquidated without using the full amount of the priority  
29 allocation, the remaining amount from that year's priority allocation after

1 liquidation of the oldest base shall be applied to the next oldest base.

2 (4) In no event shall one year's priority amount be less than the previous  
3 year's priority amount.

4 (5) Effective for the June thirtieth valuation following the fiscal year in  
5 which the system first attains a funded percentage of eighty or more pursuant  
6 to R.S. 11:1145.1, the net remaining liability of the amortization base to which  
7 the funds are applied shall be reamortized with annual level dollar payments  
8 calculated as provided in R.S. 11:102 over the remainder of the amortization  
9 period originally established for that amortization base. For every valuation  
10 before that year, the net remaining liability of the amortization base to which  
11 the funds are applied shall not be reamortized after such application.

12 B.(1) Effective for the June 30, 2015 valuation and for each valuation  
13 thereafter, if the system's investment experience for the fiscal year exceeds the  
14 system's actuarially-assumed rate of return, the system shall apply the priority  
15 allocation to the oldest outstanding positive amortization base of the system,  
16 excluding any amortization base established to amortize a liability pursuant to  
17 R.S. 11:102(B)(2)(a) or (3)(c) until all such bases are completely liquidated.  
18 After the final base is completely liquidated, the assets shall be treated as  
19 provided in R.S. 11:102(B)(4).

20 (2) If there are multiple positive bases of the same age and the same  
21 duration, all such bases shall be collapsed into a single base for purposes of this  
22 Subsection.

23 (3) If there are multiple positive bases of the same age but of different  
24 durations, the oldest outstanding positive amortization base with the shortest  
25 remaining amortization period shall be treated as the "oldest" for purposes of  
26 this Subsection.

27 C. Effective for the June 30, 2014 valuation, if the system's investment  
28 experience for the fiscal year exceeds the system's actuarially-assumed rate of  
29 return, the system shall apply the excess investment experience returns, up to

1 a maximum of the first seven and one-half million dollars, to the oldest  
2 outstanding positive amortization base of the system, excluding any  
3 amortization base established to amortize a liability pursuant to R.S.  
4 11:102(B)(2)(a) or (3)(c) without reamortization of such base.

5 §102.4. Priority excess return allocations; State Police Retirement System

6 A. For purposes of this Section, the following shall apply:

7 (1) "Priority amount" shall mean the maximum amount of system  
8 returns in excess of the system's actuarially-assumed rate of return that may be  
9 applied to the oldest outstanding positive amortization base, regardless of  
10 whether actual returns that equal or exceed the maximum are available, and  
11 shall equal:

12 (a) For the June 30, 2015 valuation, five million dollars.

13 (b) For each valuation thereafter, the prior year's priority amount  
14 increased by the percentage increase in the system's actuarial value of assets for  
15 the prior year, if any.

16 (2) "Priority allocation" shall mean the actual returns available for  
17 application to the oldest outstanding positive amortization base.

18 (3) For any valuation in which the oldest outstanding positive  
19 amortization base is liquidated without using the full amount of the priority  
20 allocation, the remaining amount from that year's priority allocation after  
21 liquidation of the oldest base shall be applied to the next oldest base.

22 (4) In no event shall one year's priority amount be less than the previous  
23 year's priority amount.

24 (5) Effective for the June thirtieth valuation following the fiscal year in  
25 which the system first attains a funded percentage of eighty or more pursuant  
26 to R.S. 11:1332, the net remaining liability of the amortization base to which the  
27 funds are applied shall be reamortized with annual level dollar payments  
28 calculated as provided in R.S. 11:102 over the remainder of the amortization  
29 period originally established for that amortization base. For every valuation

1 before that year, the net remaining liability of the amortization base to which  
2 the funds are applied shall not be reamortized after such application.

3 B.(1) Effective for the June 30, 2015 valuation and for each valuation  
4 thereafter, if the system's investment experience for the fiscal year exceeds the  
5 system's actuarially-assumed rate of return, the system shall apply the priority  
6 allocation to the oldest outstanding positive amortization base of the system,  
7 excluding any amortization base established to amortize a liability pursuant to  
8 R.S. 11:102(B)(2)(a) or (3)(c) until all such bases are completely liquidated.  
9 After the final base is completely liquidated, the assets shall be treated as  
10 provided in R.S. 11:102(B)(4).

11 (2) If there are multiple positive bases of the same age and the same  
12 duration, all such bases shall be collapsed into a single base for purposes of this  
13 Subsection.

14 (3) If there are multiple positive bases of the same age but of different  
15 durations, the oldest outstanding positive amortization base with the shortest  
16 remaining amortization period shall be treated as the "oldest" for purposes of  
17 this Subsection.

18 C. Effective for the June 30, 2014 valuation, if the system's investment  
19 experience for the fiscal year exceeds the system's actuarially-assumed rate of  
20 return, the system shall apply the excess investment experience returns, up to  
21 a maximum of the first two and one-half million dollars, to the oldest  
22 outstanding positive amortization base of the system, excluding any  
23 amortization base established to amortize a liability pursuant to R.S.  
24 11:102(B)(2)(a) or (3)(c), and without reamortization of such base.

25 §102.5. State systems' 2014 valuation amortization period

26 Notwithstanding any provision of R.S. 11:102 or any other law to the  
27 contrary, for the June 30, 2014 valuation the amortization period for investment  
28 gains of the Louisiana State Employees' Retirement System, the Teachers'  
29 Retirement System of Louisiana, the Louisiana School Employees' Retirement

1 System, and the State Police Retirement System not allocated to an amortization  
 2 base pursuant to R.S. 11:102.1, 102.2, 102.3, or 102.4 and not credited to the  
 3 experience account shall be five years.

4 ~~§102.3.~~ §102.6. Review of volatility

5 Following the close of Fiscal Year ~~2018-2019~~, 2016-2017, the future  
 6 volatility of the then-existing schedules of each state system shall be reexamined by  
 7 staff of each system and of the legislature, including actuaries for both. The results  
 8 of this reexamination, which may identify issues to be resolved and include  
 9 recommendations for plan amendments, shall be reported to the Public Retirement  
 10 Systems' Actuarial Committee by November 1, ~~2019~~ 2017. The committee shall  
 11 review the results and determine what changes to the system plan provisions, if any,  
 12 are advisable. If appropriate, the committee shall make a recommendation to the  
 13 legislature by December 15, 2017, on whether and what type of legislation is  
 14 warranted.

15 \* \* \*

16 §542. Experience account

17 A.(1)~~(a)~~ Effective July 1, 2004, the balance in the experience account shall  
 18 be zero.

19 ~~(b)~~ (2) Effective June 30, 2009, the balance in the experience account shall  
 20 be zero. Any funds in the experience account on June 29, 2009, shall be allocated in  
 21 the following order:

22 ~~(i)~~(a) To provide for any net investment loss attributable to the balance in the  
 23 account as provided in ~~Paragraph (B)(1)~~ Subparagraph (B)(3)(a) of this Section.

24 ~~(ii)~~(b) To fund any permanent benefit increase or minimum benefit pursuant  
 25 to the Act that originated as House Bill No. 586 Act 144 of the 2009 Regular Session  
 26 of the Legislature.

27 ~~(iii)~~ (c) To apply to the experience account amortization base as provided in  
 28 R.S. 11:102.1(C)(2); however, as of June 30, 2009, these funds shall be transferred  
 29 to the system's Texaco Account and retained in a subaccount of that account until

1 that account is applied as provided in R.S. 11:102.1. The subaccount shall continue  
2 to be credited and debited as provided in ~~Subparagraph (A)(2)(b) and Paragraph~~  
3 ~~(B)(1)~~ of this Section until such application.

4 **B.(1) Effective for the June 30, 2015 valuation, the system's funded**  
5 **percentage for purposes of this Section shall be determined before any**  
6 **allocation to the experience account.**

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

8 (a) To the extent permitted by ~~Paragraph (3) of this Subsection~~  
9 **Subparagraph (c) of this Paragraph** and after allocation to the amortization bases  
10 as provided in R.S. ~~11:102(B)(3)(d)(v)(bb) and 102.1, as applicable~~ **11:102.1**, an  
11 amount not to exceed fifty percent of the remaining balance of the prior year's net  
12 investment experience gain as determined by the system's actuary.

13 (b) To the extent permitted by ~~Paragraph (3) of this Subsection~~  
14 **Subparagraph (c) of this Paragraph**, an amount not to exceed that portion of the  
15 system's net investment income attributable to the balance in the experience account  
16 during the prior year.

17 ~~(3)(a)~~ **(c)** In no event shall a credit be made to the account that would cause  
18 the balance in the experience account to exceed the reserve necessary to grant:

19 (i) Two permanent benefit increases determined pursuant to Subsection ~~€ D~~  
20 of this Section if the system is **at least** eighty percent funded ~~or greater~~.

21 (ii) One permanent benefit increase as determined pursuant to Subsection ~~€~~  
22 **D** of this Section if the system is less than eighty percent funded.

23 ~~(b)(d)~~ If the system is less than eighty percent funded and **the account** has  
24 reserves in excess of the amounts provided for in Item ~~(a)(ii)~~ **(c)(ii)** of this Paragraph,  
25 it shall ~~not apply credits to the account pursuant to Subparagraph (2)(b) of this~~  
26 **Subsection no amount shall be credited to the account.**

27 ~~B: (3)~~ The experience account shall be debited as follows:

28 ~~(†) (a)~~ An amount equal to that portion of the system's net investment loss  
29 attributable to the balance in the experience account during the prior year.

1           ~~(2)~~ **(b)** An amount sufficient to fund a permanent benefit increase granted  
2 pursuant to ~~Subsection C~~ **the provisions** of this Section.

3           ~~(3)~~ **(c)** In no event shall the amount in the experience account fall below zero.

4           C.~~(1)~~ In accordance with the provisions of this Section, the board of trustees  
5 may recommend to the president of the Senate and the speaker of the House of  
6 Representatives that the system be permitted to grant a permanent benefit increase  
7 to retirees, survivors, and beneficiaries whenever the conditions in this Section are  
8 satisfied ~~and the balance in the experience account is sufficient to fund such benefit~~  
9 ~~fully on an actuarial basis, as determined by the system's actuary. If the legislative~~  
10 ~~auditor's actuary disagrees with the determination of the system's actuary, a~~  
11 ~~permanent benefit increase shall not be granted.~~ The board of trustees shall not grant  
12 a permanent benefit increase unless such permanent benefit increase has been  
13 approved by the legislature. ~~Any such permanent benefit increase granted on or~~  
14 ~~before June 30, 2015, shall be limited to and shall only be payable based on an~~  
15 ~~amount not to exceed seventy thousand dollars of the retiree's annual benefit. Any~~  
16 ~~such permanent benefit increase granted on or after July 1, 2015, shall be limited to~~  
17 ~~and shall only be payable based on an amount not to exceed sixty thousand dollars~~  
18 ~~of the retiree's annual benefit. Effective for years after July 1, 1999, and on or before~~  
19 ~~June 30, 2015, the seventy-thousand dollar limit shall be increased each year in an~~  
20 ~~amount equal to any increase in the consumer price index (U.S. city average for all~~  
21 ~~urban consumers (CPI-U)) for the preceding year, if any. Effective on or after July~~  
22 ~~1, 2015, the sixty-thousand dollar limit shall be increased each year in an amount~~  
23 ~~equal to any increase in the consumer price index, (U.S. city average for all urban~~  
24 ~~consumers (CPI-U)) for the twelve-month period ending on the system's valuation~~  
25 ~~date, if any.~~

26           **D.(1) No increase shall be granted if one or more of the following apply:**

27           **(a) The system is less than fifty-five percent funded.**

28           **(b) The system is at least fifty-five percent funded but less than eighty**  
29 **percent funded and the legislature granted a benefit increase in the preceding**

1 fiscal year.

2 (c) The system is less than eighty percent funded and the system fails to  
3 earn an actuarial rate of return which exceeds the board-approved actuarial  
4 valuation rate.

5 (2) Any increase granted pursuant to the provisions of this Section shall begin  
6 on the July first following legislative approval, shall be payable annually, and shall  
7 equal the amount required pursuant to Subparagraph (a) or (b) of this  
8 Paragraph. If the balance in the experience account is not sufficient to fully  
9 fund that sum on an actuarial basis as determined by the system actuary in  
10 agreement with the legislative auditor's actuary, no increase shall be granted.

11 The increase shall be an amount equal to the lesser of:

12 (a) ~~An amount as determined in Paragraph (2) of this Subsection.~~

13 (b) ~~The Any increase in the consumer price index, U.S. city average for all~~  
14 ~~urban consumers (CPI-U), as prepared by the U.S. Department of Labor, Bureau of~~  
15 ~~Labor Statistics, for the twelve-month period ending on the system's valuation date,~~  
16 ~~if any. If the balance in the experience account is not sufficient to fund that sum, no~~  
17 ~~increase shall be granted.~~

18 ~~(2)(a) If (b)(i) Three percent, if the system is at least eighty percent funded~~  
19 ~~or greater, three percent and the system earns an actuarial rate of return of at~~  
20 ~~least eight and one-quarter percent interest on the investment of the system's~~  
21 ~~assets.~~

22 (b) ~~If the (ii) Two and one-half percent, if all of the following apply:~~

23 ~~(aa) The system is at least seventy-five percent funded but less than eighty~~  
24 ~~percent funded and the .~~

25 ~~(bb) The system earns an actuarial rate of return of at least eight and~~  
26 ~~one-quarter percent interest on the investment of the system's assets.~~

27 ~~(cc) The legislature has not granted a benefit increase in the preceding fiscal~~  
28 ~~year, two and one-half percent.~~

29 (c) ~~If the (iii) Two percent, if either of the following applies:~~



1           ~~(aa) The~~ **system** is at least sixty-five percent funded but less than seventy-  
2 five percent funded and the legislature has not granted a benefit increase in the  
3 preceding fiscal ~~year, two percent.~~ **year.**

4           ~~(bb) The system is at least seventy-five percent funded and the system~~  
5 **does not earn an actuarial rate of return of at least eight and one-quarter**  
6 **percent interest on the investment of the system's assets.**

7           ~~(d) If (iv) One and one-half percent, if~~ the system is at least fifty-five  
8 percent funded but less than sixty-five percent funded and the legislature has not  
9 granted a benefit increase in the preceding fiscal year, ~~one and one-half percent.~~

10           ~~(e) If the system is less than fifty-five percent funded or if the system is less~~  
11 ~~than eighty-five percent funded but more than fifty-five percent funded and the~~  
12 ~~legislature granted a benefit increase in the preceding fiscal year, no increase shall~~  
13 ~~be granted.~~

14           ~~(3) Subject to the limitations contained in Paragraph (1) of this Subsection,~~  
15 ~~the~~ **The** percentage of each recipient's permanent benefit increase shall be based on  
16 the benefit being paid to the recipient on the effective date of the ~~increase.~~ **increase;**  
17 **however, any such permanent benefit increase granted on or before June 30,**  
18 **2015, shall be limited to and shall only be payable based on an amount not to**  
19 **exceed seventy thousand dollars of the retiree's annual benefit. Additionally,**  
20 **any such permanent benefit increase granted on or after July 1, 2015, shall be**  
21 **limited to and shall only be payable based on an amount not to exceed sixty**  
22 **thousand dollars of the retiree's annual benefit. Effective for years after July 1,**  
23 **1999, and on or before June 30, 2015, the seventy-thousand dollar limit shall be**  
24 **increased each year in an amount equal to any increase in the consumer price**  
25 **index, U.S. city average for all urban consumers (CPI-U) for the preceding year.**  
26 **Effective on or after July 1, 2015, the sixty-thousand dollar limit shall be**  
27 **increased each year in an amount equal to any increase in the consumer price**  
28 **index, U.S. city average for all urban consumers (CPI-U) for the twelve-month**  
29 **period ending on the system's valuation date.**

1           **(4)(a) Notwithstanding any provision of this Section to the contrary, in**  
2           **a year in which the experience account balance is insufficient to fund the**  
3           **amount required pursuant to Paragraph (2) of this Subsection, the board may**  
4           **make the recommendation provided in Subsection C of this Section if all of the**  
5           **following conditions are satisfied:**

6                   **(i) No benefit increase was granted in the preceding fiscal year.**

7                   **(ii) The experience account balance established in the system valuation**  
8                   **for the preceding fiscal year reached its maximum reserve permitted pursuant**  
9                   **to Paragraph (B)(2)(c) of this Section applicable to the system valuation for that**  
10                   **valuation year.**

11                   **(iii) The experience account balance established in the system valuation**  
12                   **for the current fiscal year is insufficient to fund the increase permitted pursuant**  
13                   **to Paragraph (2) of this Subsection applicable to the system valuation for the**  
14                   **preceding fiscal year.**

15                   **(iv) All of the insufficiency in the account is attributable to the following:**

16                           **(aa) The growth of the cost of the increase, but only if that growth was**  
17                           **produced solely by either or both of these events:**

18                                   **(I) Changes in the pool of the eligible recipients.**

19                                   **(II) The growth in the benefit amount to which the increase applies due**  
20                                   **to the application of the CPI-U pursuant to the provisions of Paragraph (D))(3)**  
21                                   **of this Section.**

22                           **(bb) The insufficiency of credits to the account, if any, to cover the**  
23                           **growth in the cost of the increase.**

24                   **(b) The amount of the increase shall be equal to the amount that the**  
25                   **balance in the experience account will fully fund rounded to the nearest lower**  
26                   **one-tenth of one percent.**

27           ~~(4)(a)~~ **E.(1)(a)** Except as provided in Subparagraph (c) of this Paragraph, in  
28           order to be eligible for any permanent benefit increase payable on or before June 30,  
29           2009, there must be the funds available in the experience account to pay for such an

1 increase, and a retiree:

2 (i) Shall have received a benefit for at least one year;~~and,~~

3 (ii) Shall have attained at least age fifty-five.

4 (b) Except as provided in Subparagraph (c) of this Paragraph, a nonretiree  
5 beneficiary shall be eligible for the permanent benefit increase payable on or before  
6 June 30, 2009:

7 (i) If benefits had been paid to the retiree or the beneficiary, or both  
8 combined, for at least one year;~~and,~~

9 (ii) In no event before the retiree would have attained age fifty-five.

10 (c)~~(f)~~ The provisions of Items ~~(a)(ii), (b)(ii), (d)(ii), and (e)(ii)~~ **(a)(ii) and**  
11 **(b)(ii)** of this Paragraph shall not apply to any person who receives disability benefits  
12 from this system, or who receives benefits based on the death of a disability retiree  
13 of this system.

14 ~~(ii) The actuarial cost of implementing the provisions of Acts 2001, No.~~  
15 ~~1162, shall be paid by debiting the experience account which must have the funds~~  
16 ~~available in the experience account to pay for such an increase.~~

17 ~~(d)~~ **(2)(a)** Except as provided in Subparagraph (c) of this Paragraph, in order  
18 to be eligible for any permanent benefit increase payable on or after July 1, 2009,  
19 there shall be the funds available in the experience account to pay for such an  
20 increase, and a retiree:

21 (i) Shall have received a benefit for at least one year;~~and,~~

22 (ii) Shall have attained at least age sixty.

23 ~~(e)~~ **(b)** Except as provided in Subparagraph (c) of this Paragraph, a nonretiree  
24 beneficiary shall be eligible for the permanent benefit increase payable on or after  
25 July 1, 2009:

26 (i) If benefits had been paid to the retiree or the beneficiary, or both  
27 combined, for at least one year;~~and,~~

28 (ii) In no event before the retiree would have attained age sixty.

29 **(c) The provisions of Items (a)(ii) and (b)(ii) of this Paragraph shall not**

1 apply to any person who receives disability benefits from this system, or who  
2 receives benefits based on the death of a disability retiree of this system.

3 ~~(5)(a)~~ F.(1) The first normal permanent benefit increase shall be effective  
4 July 1, 1999.

5 (2) The actuarial cost of implementing the provisions of Acts 2001, No.  
6 1162, shall be paid by debiting the experience account which shall have the  
7 funds available in the experience account to pay for such an increase.

8 (3) Effective September 1, 2001, any retiree receiving a retirement benefit  
9 shall be entitled to receive, as a permanent benefit increase, a minimum retirement  
10 benefit amounting to not less than thirty dollars per month for each year of creditable  
11 service of the retiree or the maximum benefit earned in accordance with the  
12 applicable benefit formula selected by the retiree at the time of retirement, whichever  
13 is greater.

14 ~~(i)~~ (a) For any retiree who selected or selects an early retirement, an initial  
15 benefit option, or a retirement option allowing the payment of benefits to a  
16 beneficiary, there shall be a comparison of both the minimum benefit provided for  
17 in this Paragraph and the maximum benefit and both such benefits shall be  
18 actuarially reduced based upon the option selected by the retiree and the current  
19 board-approved actuarial assumptions prior to the comparison and for the purpose  
20 of determining which of the two benefit amounts results in the greater amount and  
21 the greater amount shall be paid to the retiree.

22 ~~(ii)~~ (b) In order for the minimum benefit provided for in this Paragraph to be  
23 compared to the annuity being paid to a retiree's named beneficiary, the minimum  
24 benefit shall be reduced based on the option in effect and the current board-approved  
25 actuarial assumptions. After reducing the minimum benefit provided for in this Item,  
26 the reduced minimum benefit shall be compared to the beneficiary's annuity, and the  
27 beneficiary shall be paid the greater of the beneficiary's reduced minimum benefit  
28 or the amount of the beneficiary's annuity being paid at the time of the comparison.

29 ~~(b)~~ (c) The minimum benefits provided for in this Paragraph shall apply to

1 all retired members and beneficiaries receiving annuity payments or benefits on  
2 September 1, 2001, and to all members retiring on and after September 1, 2001, and  
3 to all beneficiaries receiving annuity payments on and after September 1, 2001, and  
4 all such payments shall be funded by debiting the experience account.

5 ~~D. Repealed by Acts 2009, No. 497, §3, eff. June 30, 2009.~~

6 ~~E. The first normal permanent benefit increase shall be effective July 1, 1999.~~

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

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

14 ~~(a) The system fails to earn an actuarial rate of return which exceeds the~~  
15 ~~board-approved actuarial valuation rate.~~

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

17 ~~G.(1) Notwithstanding any provision of this Section to the contrary, in a year~~  
18 ~~in which the experience account balance is insufficient to fund the amount required~~  
19 ~~pursuant to Paragraph (C)(1) of this Section, the board may make the~~  
20 ~~recommendation provided in Paragraph (C)(1) of this Section if all of the following~~  
21 ~~conditions are satisfied:~~

22 ~~(a) No benefit increase was granted in the preceding fiscal year.~~

23 ~~(b) The experience account balance established in the system valuation for~~  
24 ~~the preceding fiscal year reached its maximum reserve permitted pursuant to~~  
25 ~~Paragraph (A)(3) of this Section applicable to the system valuation for that valuation~~  
26 ~~year.~~

27 ~~(c) The experience account balance established in the system valuation for~~  
28 ~~the current fiscal year is insufficient to fund the maximum increase permitted~~  
29 ~~pursuant to Paragraph (C)(2) of this Section applicable to the system valuation for~~

1 the preceding fiscal year:

2 (d) All of the insufficiency in the account is attributable to the following:

3 (i) The growth of the cost of the increase, but only if that growth was  
4 produced solely by either or both of these events:

5 (aa) Changes in the pool of the eligible recipients.

6 (bb) The growth in the benefit amount to which the increase applies due to  
7 the application of the CPI-U pursuant to the provisions of Paragraph (C)(1) of this  
8 Section.

9 (ii) Credits to the account, if any, are insufficient to cover the growth in the  
10 cost of the increase.

11 (2) The amount of the increase shall be equal to the amount the balance in the  
12 experience account will fully fund rounded to the nearest lower one-tenth of one  
13 percent.

14 \* \* \*

15 §883.1. Experience account

16 A.(1)(a) Effective July 1, 2004, the balance in the experience account shall  
17 be zero.

18 (b) **(2)** Effective June 30, 2009, the balance in the experience account shall  
19 be zero. Any funds in the account on June 29, 2009, shall be allocated in the  
20 following order:

21 (i) **(a)** To provide for any net investment loss attributable to the balance in  
22 the account as provided in Paragraph (B)(1) **Subparagraph (B)(3)(a)** of this Section.

23 (ii) **(b)** To fund any permanent benefit increase or minimum benefit pursuant  
24 to the Act that originated as House Bill No. 586 **Act 144** of the 2009 Regular Session  
25 of the Legislature.

26 (iii) **(c)** To apply to the experience account amortization base as provided in  
27 R.S. 11:102.2(C)(2); however, as of June 30, 2009, these funds shall be transferred  
28 to the system's Texaco Account and retained in a subaccount of that account until  
29 that account is applied as provided in R.S. 11:102.2. The subaccount shall continue

1 to be credited and debited as provided in ~~Subparagraph (A)(2)(b) and Paragraph~~  
2 ~~(B)(1)~~ of this Section until such application.

3 **B.(1) Effective for the June 30, 2015 valuation, the system's funded**  
4 **percentage for purposes of this Section shall be determined before any**  
5 **allocation to the experience account.**

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

7 (a) To the extent permitted by **Subparagraph (c) of this** Paragraph ~~(3)~~ of this  
8 ~~Subsection~~ and after allocation to the amortization bases as provided in R.S.  
9 ~~11:102(B)(3)(d)(vii)(bb) and 102.2, as applicable~~ **11:102.2**, an amount not to exceed  
10 fifty percent of the remaining balance of the prior year's net investment experience  
11 gain as determined by the system's actuary.

12 (b) To the extent permitted by ~~Paragraph (3) of this Subsection,~~  
13 **Subparagraph (c) of this Paragraph** an amount not to exceed that portion of the  
14 system's net investment income attributable to the balance in the experience account  
15 during the prior year.

16 ~~(3)(a)~~ **(c)** In no event shall a credit be made to the account that would cause  
17 the balance in the experience account to exceed the reserve necessary to grant ~~either~~  
18 ~~of the following~~:

19 (i) Two permanent benefit increases determined pursuant to Subsection ~~C~~ **D**  
20 of this Section if the system is **at least** eighty percent funded ~~or greater~~.

21 (ii) One permanent benefit increase as determined pursuant to Subsection ~~C~~  
22 **D** of this Section if the system is less than eighty percent funded.

23 ~~(b)~~ **(d)** If the system is less than eighty percent funded and **the account** has  
24 reserves in excess of the amounts provided for in Item ~~(a)(ii)~~ **(c)(ii)** of this Paragraph,  
25 ~~it shall not apply credits to the account pursuant to Subparagraph (2)(b) of this~~  
26 ~~Subsection~~ **no amount shall be credited to the account.**

27 B: ~~(3)~~ (3) The experience account shall be debited as follows:

28 ~~(1)~~ **(a)** An amount equal to that portion of the system's net investment loss  
29 attributable to the balance in the experience account during the prior year.

1           ~~(2)~~ **(b)** An amount sufficient to fund a permanent benefit increase granted  
2 pursuant to ~~Subsection C~~ **the provisions** of this Section.

3           ~~(3)~~ **(c)** In no event shall the amount in the experience account fall below zero.

4           C.~~(1)~~ In accordance with the provisions of this Section, the board of trustees  
5 may recommend to the president of the Senate and the speaker of the House of  
6 Representatives that the system be permitted to grant a permanent benefit increase  
7 to retirees and beneficiaries whenever the conditions in this Section are satisfied ~~and~~  
8 ~~the balance in the experience account is sufficient to fund such benefit fully on an~~  
9 ~~actuarial basis, as determined by the system's actuary. If the legislative auditor's~~  
10 ~~actuary disagrees with the determination of the system's actuary, a permanent benefit~~  
11 ~~increase shall not be granted.~~ The board of trustees shall not grant a permanent  
12 benefit increase unless such permanent benefit increase has been approved by the  
13 legislature.

14           **D.(1) No increase shall be granted if one or more of the following apply:**

15           **(a) The system is less than fifty-five percent funded.**

16           **(b) The system is at least fifty-five percent funded but less than eighty**  
17 **percent funded and the legislature granted a benefit increase in the preceding**  
18 **fiscal year.**

19           **(c) The system is less than eighty percent funded and the system fails to**  
20 **earn an actuarial rate of return which exceeds the board-approved actuarial**  
21 **valuation rate.**

22           ~~(2)~~ Any increase granted pursuant to the provisions of this Section shall begin  
23 on the July first following legislative approval, shall be payable annually, and shall  
24 **equal the amount required pursuant to Subparagraph (a) or (b) of this**  
25 **Paragraph. If the balance in the experience account is not sufficient to fully**  
26 **fund that sum on an actuarial basis as determined by the system actuary in**  
27 **agreement with the legislative auditor's actuary, no increase shall be granted.**  
28 **The increase shall** be an amount equal to the lesser of:

29           ~~(a) An amount as determined in Paragraph (2) of this Subsection.~~



1           ~~(b) The Any increase in the consumer price index, U.S. city average for all~~  
2           ~~urban consumers (CPI-U), as prepared by the U.S. Department of Labor, Bureau of~~  
3           ~~Labor Statistics, for the twelve-month period ending on the system's valuation date;~~  
4           ~~if any. If the balance in the experience account is not sufficient to fund that sum, no~~  
5           ~~increase shall be granted.~~

6           ~~(2)(a) If (b)(i) Three percent, if the system is at least eighty percent funded~~  
7           ~~or greater, three percent and the system earns an actuarial rate of return of at~~  
8           ~~least eight and one-quarter percent interest on the investment of the system's~~  
9           ~~assets.~~

10           ~~(b) If the (ii) Two and one-half percent, if all of the following apply:~~

11           ~~(aa) The system is at least seventy-five percent funded but less than eighty~~  
12           ~~percent funded and the,~~

13           ~~(bb) The system earns an actuarial rate of return of at least eight and~~  
14           ~~one-quarter percent interest on the investment of the system's assets.~~

15           ~~(cc) The legislature has not granted a benefit increase in the preceding fiscal~~  
16           ~~year, two and one-half percent.~~

17           ~~(c) If the (iii) Two percent, if either of the following applies:~~

18           ~~(aa) The system is at least sixty-five percent funded but less than seventy-~~  
19           ~~five percent funded and the legislature has not granted a benefit increase in the~~  
20           ~~preceding fiscal year, two percent.~~

21           ~~(bb) The system is at least seventy-five percent funded and the system~~  
22           ~~does not earn an actuarial rate of return of at least eight and one-quarter~~  
23           ~~percent interest on the investment of the system's assets.~~

24           ~~(d) If (iv) One and one-half percent, if the system is at least fifty-five~~  
25           ~~percent funded but less than sixty-five percent funded and the legislature has not~~  
26           ~~granted a benefit increase in the preceding fiscal year, one and one-half percent.~~

27           ~~(e) If the system is less than fifty-five percent funded or if the system is less~~  
28           ~~than eighty-five percent funded but more than fifty-five percent funded and the~~  
29           ~~legislature granted a benefit increase in the preceding fiscal year, no increase shall~~

1 be granted.

2 (3) Subject to the limitations contained in Subsection F of this Section, the  
3 The percentage of each recipient's permanent benefit increase shall be based on the  
4 benefit being paid to the recipient on the effective date of the ~~increase~~. increase;  
5 however, any such permanent benefit increase granted on or before June 30,  
6 2015, shall be limited to and shall only be payable based on an amount not to  
7 exceed seventy thousand dollars of the retiree's annual benefit. Additionally,  
8 any such permanent benefit increase granted on or after July 1, 2015, shall be  
9 limited to and shall only be payable based on an amount not to exceed sixty  
10 thousand dollars of the retiree's annual benefit. Effective for years after July 1,  
11 1999, and on or before June 30, 2015, the seventy-thousand dollar limit shall be  
12 increased each year in an amount equal to any increase in the consumer price  
13 index, U.S. city average for all urban consumers (CPI-U) for the preceding year.  
14 Effective on or after July 1, 2015, the sixty-thousand dollar limit shall be  
15 increased each year in an amount equal to any increase in the consumer price  
16 index, U.S. city average for all urban consumers (CPI-U) for the twelve-month  
17 period ending on the system's valuation date.

18 (4)(a) Notwithstanding any provision of this Section to the contrary, in  
19 a year in which the experience account balance is insufficient to fund the  
20 amount required pursuant to Paragraph (2) of this Subsection, the board may  
21 make the recommendation provided in Subsection C of this Section if all of the  
22 following conditions are satisfied:

23 (i) No benefit increase was granted in the preceding fiscal year.

24 (ii) The experience account balance established in the system valuation  
25 for the preceding fiscal year reached its maximum reserve permitted pursuant  
26 to Paragraph (B)(2)(c) of this Section applicable to the system valuation for that  
27 valuation year.

28 (iii) The experience account balance established in the system valuation  
29 for the current fiscal year is insufficient to fund the increase permitted pursuant

1 to Paragraph (2) of this Subsection applicable to the system valuation for the  
2 preceding fiscal year.

3 (iv) All of the insufficiency in the account is attributable to the following:

4 (aa) The growth of the cost of the increase, but only if that growth was  
5 produced solely by either or both of these events:

6 (I) Changes in the pool of the eligible recipients.

7 (II) The growth in the benefit amount to which the increase applies due  
8 to the application of the CPI-U pursuant to the provisions of Paragraph (D)(3)  
9 of this Section.

10 (bb) The insufficiency of credits to the account, if any, to cover the  
11 growth in the cost of the increase.

12 (b) The amount of the increase shall be equal to the amount that the  
13 balance in the experience account will fully fund rounded to the nearest lower  
14 one-tenth of one percent.

15 ~~(4)(a)~~ E.(1)(a) Except as provided in Subparagraph (c) of this Paragraph, in  
16 order to be eligible for any permanent benefit increase payable on or before June 30,  
17 2009, there must be the funds available in the experience account to pay for such an  
18 increase, and a retiree:

19 (i) Shall have received a benefit for at least one year; ~~and,~~

20 (ii) Shall have attained at least age fifty-five.

21 (b) Except as provided in Subparagraph (c) of this Paragraph, a nonretiree  
22 beneficiary shall be eligible for the permanent benefit increase payable on or before  
23 June 30, 2009:

24 (i) If benefits had been paid to the retiree or the beneficiary, or both  
25 combined, for at least one year; ~~and,~~

26 (ii) In no event before the retiree would have attained age fifty-five.

27 (c) ~~(i)~~ The provisions of Items ~~(a)(ii), (b)(ii), (d)(ii), and (e)(ii)~~ (a)(ii) and  
28 (b)(ii) of this Paragraph shall not apply to any person who receives disability benefits  
29 from this system, or who receives benefits based on the death of a disability retiree

1 of this system.

2 ~~(ii) The actuarial cost of implementing the provisions of Acts 2001, No.~~  
3 ~~1162, shall be paid by debiting the experience account which must have the funds~~  
4 ~~available in the experience account to pay for such an increase.~~

5 ~~(d)~~ **(2)(a)** Except as provided in Subparagraph (c) of this Paragraph, in order  
6 to be eligible for any permanent benefit increase payable on or after July 1, 2009,  
7 there shall be the funds available in the experience account to pay for such an  
8 increase, and a retiree:

9 (i) Shall have received a benefit for at least one year; ~~and,~~

10 (ii) Shall have attained at least age sixty.

11 ~~(e)~~ **(b)** Except as provided in Subparagraph (c) of this Paragraph, a nonretiree  
12 beneficiary shall be eligible for the permanent benefit increase payable on or after  
13 July 1, 2009:

14 (i) If benefits had been paid to the retiree or the beneficiary, or both  
15 combined, for at least one year; ~~and,~~

16 (ii) In no event before the retiree would have attained age sixty.

17 **(c) The provisions of Items(a)(ii) and (b)(ii) of this Paragraph shall not**  
18 **apply to any person who receives disability benefits from this system, or who**  
19 **receives benefits based on the death of a disability retiree of this system.**

20 ~~(5)(a)~~ **F.(1) The first normal permanent benefit increase shall be effective**  
21 **July 1, 1999.**

22 **(2) The actuarial cost of implementing the provisions of Acts 2001, No.**  
23 **1162, shall be paid by debiting the experience account which shall have the**  
24 **funds available in the experience account to pay for such an increase.**

25 **(3)** On December 1, 2001, the board of trustees shall grant a one-time cost-of-  
26 living adjustment to:

27 ~~(f)~~ **(a)** Each retiree who had twenty-five years of service credit, exclusive of  
28 unused leave, or a disability retiree regardless of the number of years of service  
29 credit, and had been receiving a benefit for at least fifteen years on December 1,

1           2001; and,

2                   (ii) **(b)** Each nonretiree beneficiary receiving a benefit on December 1, 2001,  
3 if the deceased member had twenty-five years of service credit exclusive of unused  
4 leave, or was a disability retiree regardless of the number of years of service credit,  
5 and the retiree and nonretiree beneficiary, or both combined, had received a benefit  
6 for at least fifteen years.

7                   (b) **(c)** The one-time adjustment payable to each recipient shall equal an  
8 amount up to but not exceeding two hundred dollars a month, but the total monthly  
9 benefit of any such recipient resulting from this adjustment shall not exceed one  
10 thousand dollars.

11           E. ~~The first normal permanent benefit increase shall be effective July 1, 1999.~~

12           F.(1) ~~Notwithstanding any other provisions of this Section to the contrary,~~  
13 ~~any permanent benefit increase granted on or before June 30, 2015, shall be~~  
14 ~~calculated only on the first seventy thousand dollars of the retiree's annual retirement~~  
15 ~~benefit. This seventy-thousand dollar limit shall be increased each year in an amount~~  
16 ~~equal to any increase in the consumer price index, U.S. city average for all urban~~  
17 ~~consumers (CPI-U) for the preceding year, if any.~~

18                   (2) ~~Notwithstanding any other provisions of this Section to the contrary, any~~  
19 ~~permanent benefit increase granted on or after July 1, 2015, shall be calculated only~~  
20 ~~on the first sixty thousand dollars of the retiree's annual retirement benefit. This~~  
21 ~~sixty-thousand dollar limit shall be increased each year in an amount equal to any~~  
22 ~~increase in the consumer price index, U.S. city average for all urban consumers (CPI-~~  
23 ~~U) for the immediately preceding one-year period ending in June, if any.~~

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

29                   (2) ~~No permanent benefit increase shall be authorized based on any actuarial~~

1 valuation in which both of the following apply:

2 (a) ~~The system fails to earn an actuarial rate of return which exceeds the~~  
3 ~~board-approved actuarial valuation rate.~~

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

5 ~~H.(1) Notwithstanding any provision of this Section to the contrary, in a year~~  
6 ~~in which the experience account balance is insufficient to fund the amount required~~  
7 ~~pursuant to Paragraph (C)(1) of this Section, the board may make the~~  
8 ~~recommendation provided in Paragraph (C)(1) of this Section if all of the following~~  
9 ~~conditions are satisfied:~~

10 (a) ~~No benefit increase was granted in the preceding fiscal year.~~

11 (b) ~~The experience account balance established in the system valuation for~~  
12 ~~the preceding fiscal year reached its maximum reserve permitted pursuant to~~  
13 ~~Paragraph (A)(3) of this Section applicable to the system valuation for that valuation~~  
14 ~~year.~~

15 (c) ~~The experience account balance established in the system valuation for~~  
16 ~~the current fiscal year is insufficient to fund the maximum increase permitted~~  
17 ~~pursuant to Paragraph (C)(2) of this Section applicable to the system valuation for~~  
18 ~~the preceding fiscal year.~~

19 (d) ~~All of the insufficiency in the account is attributable to the following:~~

20 (i) ~~The growth of the cost of the increase, but only if that growth was~~  
21 ~~produced solely by either or both of these events:~~

22 (aa) ~~Changes in the pool of the eligible recipients.~~

23 (bb) ~~The growth in the benefit amount to which the increase applies due to~~  
24 ~~the application of the CPI-U pursuant to the provisions of Paragraph (C)(1) of this~~  
25 ~~Section.~~

26 (ii) ~~Credits to the account, if any, are insufficient to cover the growth in the~~  
27 ~~cost of the increase.~~

28 (2) ~~The amount of the increase shall be equal to the amount the balance in the~~  
29 ~~experience account will fully fund rounded to the nearest lower one-tenth of one~~

1 percent:

2 \* \* \*

3 §927. Contributions

4 \* \* \*

5 B. \* \* \*

6 (2)(a) Beginning July 1, 2014, and continuing through ~~fiscal year~~ **Fiscal Year**  
7 2017-2018, each higher education board created by Article VIII of the Constitution  
8 of Louisiana and each employer institution and agency under its supervision and  
9 control shall contribute to the Teachers' Retirement System of Louisiana on behalf  
10 of each participant in the optional retirement plan the sum of:

11 (i) The amounts calculated pursuant to R.S. ~~11:102(D)(4)(b)~~,  
12 **11:102(D)(6)(b)**, (c), and (d).

13 \* \* \*

14 (b) Beginning July 1, 2018, each higher education board created by Article  
15 VIII of the Constitution of Louisiana and each employer institution and agency under  
16 its supervision and control shall contribute to the Teachers' Retirement System of  
17 Louisiana on behalf of each participant in the optional retirement plan the sum of:

18 (i) The amounts calculated pursuant to R.S. ~~11:102(D)(4)(b)~~,  
19 **11:102(D)(6)(b)**, (c), and (d).

20 \* \* \*

21 (3)(a) Beginning July 1, 2014, for all employers that are not a higher  
22 education board created by Article VIII of the Constitution of Louisiana or an  
23 employer institution under the supervision and control of such a board, each such  
24 employer institution and board shall contribute to the Teachers' Retirement System  
25 of Louisiana on behalf of each participant in the optional retirement plan the greater  
26 of:

27 (i) The amount it would have contributed if the participant were a member  
28 of the regular retirement plan of the Teachers' Retirement System of Louisiana  
29 pursuant to R.S. ~~11:102(D)(1)~~ **11:102(D)(3)**.

1 (ii) The sum of the amounts calculated pursuant to R.S. ~~11:102(D)(4)(b)~~  
2 **11:102(D)(6)(b)**, (c), and (d) plus six and two-tenths percent of pay.

3 \* \* \*

4 §1145.1. ~~Employee Experience Account~~ **Experience account**

5 A.(1) The ~~Employee Experience Account~~ **experience account** shall be  
6 credited as follows:

7 (a) To the extent permitted by ~~Paragraph (2) of this Subsection~~  
8 **Subparagraph (c) of this Paragraph** and after allocation **to the amortization**  
9 **bases** as provided in R.S. ~~11:102(B)(3)(d)(vi)(bb)~~ **11:102.3**, an amount not to exceed  
10 fifty percent of the **remaining balance of the** prior year's net investment experience  
11 gain as determined by the system's actuary.

12 (b) To the extent permitted by ~~Paragraph (2) of this Subsection,~~  
13 **Subparagraph (c) of this Paragraph** an amount not to exceed that portion of the  
14 system's net investment income attributable to the balance in the ~~Employee~~  
15 ~~Experience Account~~ **experience account** during the prior year.

16 ~~(2)(a)~~ **(c)** In no event shall a credit be made to the account that would cause  
17 the balance in the ~~Employee Experience Account~~ **experience account** to exceed the  
18 reserve necessary to grant:

19 (i) Two ~~cost-of-living adjustments~~ **permanent benefit increases** determined  
20 pursuant to Subsection C of this Section if the system is **at least** eighty percent  
21 funded ~~or greater~~.

22 (ii) One permanent benefit increase as determined pursuant to Subsection C  
23 of this Section if the system is less than eighty percent funded.

24 ~~(b)~~ **(d)** If the system is less than eighty percent funded and **the account** has  
25 reserves in excess of the amounts provided for in Item ~~(a)(ii)~~ **(c)(ii)** of this Paragraph,  
26 ~~it shall not apply credits to the account pursuant to Subparagraph (1)(b) of this~~  
27 ~~Subsection~~ **no amount shall be credited to the account.**

28 B: **(2)** The ~~Employee Experience Account~~ **experience account** shall be  
29 debited as follows:



1           ~~(1)~~ **(a)** An amount equal to that portion of the system's net investment loss  
2           attributable to the balance in the ~~Employee Experience Account~~ **experience account**  
3           during the prior year.

4           ~~(2)~~ **(b)** An amount sufficient to fund a ~~cost-of-living adjustment~~ **permanent**  
5           **benefit increase** granted pursuant to ~~Subsection C~~ **the provisions** of this Section.

6           ~~(3)~~ **(c)** In no event shall the amount in the ~~Employee Experience Account~~  
7           **experience account** fall below zero.

8           **(3) Effective for the June 30, 2015 valuation, the system's funded**  
9           **percentage for purposes of this Section shall be determined before any**  
10          **allocation to the experience account.**

11          ~~C.~~~~(1)~~ **B.** In accordance with the provisions of this Section, the board of  
12          trustees may recommend to the president of the Senate and the speaker of the House  
13          of Representatives that the system be permitted to grant a ~~cost-of-living adjustment~~  
14          **permanent benefit increase** to retirees and beneficiaries whenever the conditions  
15          in this Section are satisfied ~~and the balance in the Employee Experience Account is~~  
16          ~~sufficient to fully fund such benefit on an actuarial basis, as determined by the~~  
17          ~~system's actuary. If the legislative actuary disagrees with the determination of the~~  
18          ~~system's actuary, a cost-of-living adjustment shall not be granted. The board of~~  
19          trustees shall not grant a ~~cost-of-living adjustment~~ **permanent benefit increase**  
20          unless such ~~cost-of-living adjustment~~ **permanent benefit increase** has been  
21          approved by the legislature. ~~Any such cost-of-living adjustment granted on or before~~  
22          ~~June 30, 2015, shall be limited to and shall only be payable based on an amount not~~  
23          ~~to exceed eighty-five thousand dollars of the retiree's annual benefit. Any such cost-~~  
24          ~~of-living adjustment granted on or after July 1, 2015, shall be limited to and shall~~  
25          ~~only be payable based on an amount not to exceed sixty thousand dollars of the~~  
26          ~~retiree's annual benefit. Effective for years after July 1, 2007, and on or before June~~  
27          ~~30, 2015, the eighty-five thousand dollar limit shall be increased each year in an~~  
28          amount equal to the increase in the Consumer Price Index (United States city average  
29          for all urban consumers (CPI-U)), as prepared by the United States Department of

1 Labor, Bureau of Labor Statistics, for the preceding calendar year, if any. Effective  
 2 on or after July 1, 2015, the sixty-thousand dollar limit shall be increased each year  
 3 in an amount equal to any increase in the consumer price index (U.S. city average  
 4 for all urban consumers (CPI-U)) for the twelve-month period ending on the system's  
 5 valuation date, if any.

6 **C.(1) No increase shall be granted if one or more of the following apply:**

7 **(a) The system is less than fifty-five percent funded.**

8 **(b) The system is at least fifty-five percent funded but less than eighty**  
 9 **percent funded and the legislature granted a benefit increase in the preceding**  
 10 **fiscal year.**

11 **(c) The system is less than eighty percent funded and the system fails to**  
 12 **earn an actuarial rate of return of at least seven and one-quarter percent**  
 13 **interest on the investment of the system's assets.**

14 **(2) Any cost-of-living adjustment increase** granted pursuant to the provisions  
 15 of this Section shall begin on **the** July first following legislative approval, shall be  
 16 payable annually, and shall **equal the amount required pursuant to Subparagraph**  
 17 **(a) or (b) of this Paragraph. If the balance in the experience account is not**  
 18 **sufficient to fully fund that sum on an actuarial basis as determined by the**  
 19 **system actuary in agreement with the legislative auditor's actuary, no increase**  
 20 **shall be granted. The increase shall** be an amount equal to the lesser of:

21 (a) ~~An amount as determined in Paragraph (2) of this Subsection.~~

22 (b) ~~The Any increase in the Consumer Price Index (United States city~~  
 23 ~~average for all urban consumers (CPI-U))~~ **consumer price index, U.S. city average**  
 24 **for all urban consumers (CPI-U)**, as prepared by the United States Department of  
 25 Labor, Bureau of Labor Statistics, for the twelve-month period ending on the  
 26 system's valuation date, if any. ~~If the balance in the experience account is not~~  
 27 ~~sufficient to fund that sum, no increase shall be granted.~~

28 ~~(2)(a) If~~ **(b)(i) Three percent, if** the system is **at least** eighty percent funded  
 29 ~~or greater, three percent~~ **and the system earns an actuarial rate of return of at**

1 least seven and one-quarter percent interest on the investment of the system's  
2 assets.

3 (b) If the (ii) Two and one-half percent, if all the following apply:

4 (aa) The system is at least seventy-five percent funded but less than eighty  
5 percent funded and the system earns an actuarial rate of return of at least seven  
6 and one-quarter percent interest on the investment of the system's assets.

7 (bb) The legislature has not granted a benefit increase in the preceding fiscal  
8 year, two and one-half percent.

9 (c) If the (iii) Two percent, if either of the following applies:

10 (aa) The system is at least sixty-five percent funded but less than seventy-  
11 five percent funded and the legislature has not granted a benefit increase in the  
12 preceding fiscal year, two percent.

13 (bb) The system is at least seventy-five percent funded and the system  
14 earns an actuarial rate of return of at least seven and one-quarter percent  
15 interest on the investment of the system's assets.

16 (d) If (iv) One and one-half percent if the system is at least fifty-five  
17 percent funded but less than sixty-five percent funded and the legislature has not  
18 granted a benefit increase in the preceding fiscal year, ~~one and one-half percent.~~

19 (e) If the system is less than fifty-five percent funded or if the system is less  
20 than eighty-five percent funded but more than fifty-five percent funded and the  
21 legislature granted a benefit increase in the preceding fiscal year, no increase shall  
22 be granted.

23 (3) Subject to the limitations contained in Paragraph (1) of this Subsection,  
24 ~~the~~ The percentage of each recipient's cost-of-living adjustment permanent benefit  
25 increase shall be based on the benefit being paid to the recipient on the effective date  
26 of the increase; increase; however, any such permanent benefit increase granted  
27 on or before June 30, 2015, shall be limited to and shall only be payable based  
28 on an amount not to exceed eighty-five thousand dollars of the retiree's annual  
29 benefit. Additionally, any such permanent benefit increase granted on or after

1 July 1, 2015, shall be limited to and shall only be payable based on an amount  
2 not to exceed sixty thousand dollars of the retiree's annual benefit. Effective for  
3 years after July 1, 2007, and on or before June 30, 2015, the eighty-five  
4 thousand dollar limit shall be increased each year in an amount equal to any  
5 increase in the consumer price index, U.S. city average for all urban consumers  
6 (CPI-U) for the preceding year. Effective on or after July 1, 2015, the sixty-  
7 thousand dollar limit shall be increased each year in an amount equal to any  
8 increase in the consumer price index, U.S. city average for all urban consumers  
9 (CPI-U) for the twelve-month period ending on the system's valuation date.

10 (4)(a) Notwithstanding any provision of this Section to the contrary, in  
11 a year in which the experience account balance is insufficient to fund the  
12 amount required pursuant to Paragraph (2) of this Subsection, the board may  
13 make the recommendation provided in Subsection B of this Section if all of the  
14 following conditions are satisfied:

15 (i) No benefit increase was granted in the preceding fiscal year.

16 (ii) The experience account balance established in the system valuation  
17 for the preceding fiscal year reached its maximum reserve permitted pursuant  
18 to Paragraph (A)(1)(c) of this Section applicable to the system valuation for that  
19 valuation year.

20 (iii) The experience account balance established in the system valuation  
21 for the current fiscal year is insufficient to fund the increase permitted pursuant  
22 to Paragraph (2) of this Subsection applicable to the system valuation for the  
23 preceding fiscal year.

24 (iv) All of the insufficiency in the account is attributable to the following:

25 (aa) The growth of the cost of the increase, but only if that growth was  
26 produced solely by either or both of these events:

27 (I) Changes in the pool of the eligible recipients.

28 (II) The growth in the benefit amount to which the increase applies due  
29 to the application of the CPI-U pursuant to the provisions of Paragraph (C)(3)

1 of this Section.

2 (bb) The insufficiency of credits to the account, if any, to cover the  
3 growth in the cost of the increase.

4 (b) The amount of the increase shall be equal to the amount that the  
5 balance in the experience account will fully fund rounded to the nearest lower  
6 one-tenth of one percent.

7 ~~(4)(a) D.(1)(a)~~ Except as provided in Subparagraph (c) of this Paragraph, in  
8 order to be eligible for the ~~cost-of-living adjustment~~ **permanent benefit increase**,  
9 there shall be the funds available in the ~~Employee Experience Account~~ **experience**  
10 **account** to pay for such an adjustment, and a retiree:

11 (i) Shall have received a benefit for at least one year; ~~and.~~

12 (ii) Shall have attained at least age sixty.

13 (b) Except as provided in Subparagraph (c) of this Paragraph, a ~~non-retiree~~  
14 **nonretiree** beneficiary shall be eligible for the ~~cost-of-living adjustment~~ **permanent**  
15 **benefit increase**:

16 (i) If benefits had been paid to the retiree, or the beneficiary, or both  
17 combined, for at least one year; ~~and.~~

18 (ii) In no event before the retiree would have attained age sixty.

19 (c) The provisions of Items (a)(ii) and (b)(ii) of this Paragraph shall not apply  
20 to any person who receives disability benefits from this system or who receives  
21 benefits based on the death of a disability retiree of this system.

22 ~~D. The cost-of-living increase which is authorized by Subsection C of this~~  
23 ~~Section shall be limited to the lesser of either two percent or an amount determined~~  
24 ~~as provided in Subsection C of this Section in or for any year in which the system~~  
25 ~~does not earn an actuarial rate of return of at least seven and one-quarter percent~~  
26 ~~interest on the investment of the system's assets.~~

27 E. Effective July 1, 2007, the balance in the ~~Employee Experience Account~~  
28 **experience account** shall be zero.

29 F.(1) Notwithstanding any provision of this Section to the contrary, in a year

1 in which the experience account balance is insufficient to fund the amount required  
2 pursuant to Paragraph (C)(1) of this Section, the board may make the  
3 recommendation provided in Paragraph (C)(1) of this Section if all of the following  
4 conditions are satisfied:

5 (a) ~~No benefit increase was granted in the preceding fiscal year.~~

6 (b) ~~The experience account balance established in the system valuation for~~  
7 ~~the preceding fiscal year reached its maximum reserve permitted pursuant to~~  
8 ~~Paragraph (A)(3) of this Section applicable to the system valuation for that valuation~~  
9 ~~year.~~

10 (c) ~~The experience account balance established in the system valuation for~~  
11 ~~the current fiscal year is insufficient to fund the maximum increase permitted~~  
12 ~~pursuant to Paragraph (C)(2) of this Section applicable to the system valuation for~~  
13 ~~the preceding fiscal year.~~

14 (d) ~~All of the insufficiency in the account is attributable to the following:~~

15 (i) ~~The growth of the cost of the increase, but only if that growth was~~  
16 ~~produced solely by either or both of these events:~~

17 (aa) ~~Changes in the pool of the eligible recipients.~~

18 (bb) ~~The growth in the benefit amount to which the increase applies due to~~  
19 ~~the application of the CPI-U pursuant to the provisions of Paragraph (C)(1) of this~~  
20 ~~Section.~~

21 (ii) ~~Credits to the account, if any, are insufficient to cover the growth in the~~  
22 ~~cost of the increase.~~

23 (2) ~~The amount of the increase shall be equal to the amount the balance in the~~  
24 ~~experience account will fully fund rounded to the nearest lower one-tenth of one~~  
25 ~~percent.~~

26 \* \* \*

27 §1332. Employee Experience Account Experience account

28 A.(1) The Employee Experience Account experience account shall be  
29 credited as follows:

1 (a) To the extent permitted by ~~Paragraph (2) of this Subsection~~  
 2 **Subparagraph (c) of this Paragraph** and after the allocation **to the amortization**  
 3 **bases** as provided in R.S. ~~11:102(B)(3)(d)(viii)(bb)~~ **11:102.4**, an amount not to  
 4 exceed fifty percent of the **remaining balance of the** prior year's net investment  
 5 experience gain as determined by the system's actuary.

6 (b) To the extent permitted by ~~Paragraph (2) of this Subsection~~  
 7 **Subparagraph (c) of this Paragraph**, an amount not to exceed that portion of the  
 8 system's net investment income attributable to the balance in the ~~Employee~~  
 9 ~~Experience Account~~ **experience account** during the prior year.

10 ~~(2)(a)~~ **(c)** In no event shall a credit be made to the account that would cause  
 11 the balance in the ~~Employee Experience Account~~ **experience account** to exceed the  
 12 reserve necessary to grant:

13 (i) Two ~~cost-of-living adjustments~~ **permanent benefit increases as**  
 14 determined pursuant to Subsection C of this Section if the system is **at least** eighty  
 15 percent funded ~~or greater~~.

16 (ii) One permanent benefit increase as determined pursuant to Subsection C  
 17 of this Section if the system is less than eighty percent funded.

18 ~~(b)~~ **(d)** If the system is less than eighty percent funded and **the account** has  
 19 reserves in excess of the amounts provided for in Item ~~(a)(ii)~~ **(c)(ii)** of this Paragraph,  
 20 ~~it shall not apply credits to the account pursuant to Subparagraph (1)(b) of this~~  
 21 ~~Subsection~~ **no amount shall be credited to the account.**

22 B: ~~(2)~~ The ~~Employee Experience Account~~ **experience account** shall be  
 23 debited as follows:

24 ~~(1)~~ **(a)** An amount equal to that portion of the system's net investment loss  
 25 attributable to the balance in the ~~Employee Experience Account~~ **experience account**  
 26 during the prior year.

27 ~~(2)~~ **(b)** An amount sufficient to fund a ~~cost-of-living adjustment~~ **permanent**  
 28 **benefit increase** granted pursuant to ~~Subsection C or F~~ **the provisions** of this  
 29 Section.

1           ~~(3) (c)~~ In no event shall the amount in the Employee Experience Account  
2           experience account fall below zero.

3           (3) Effective for the June 30, 2015 valuation, the system's funded  
4           percentage for purposes of this Section shall be determined before any  
5           allocation to the experience account.

6           ~~€.(1) B.~~ In accordance with the provisions of this Section, the board of  
7           trustees may recommend to the president of the Senate and the speaker of the House  
8           of Representatives that the system be permitted to grant a cost-of-living adjustment  
9           permanent benefit increase to retirees and beneficiaries whenever the conditions  
10          in this Section are satisfied and the balance in the Employee Experience Account is  
11          sufficient to fully fund such benefit on an actuarial basis, as determined by the  
12          system's actuary. If the legislative actuary disagrees with the determination of the  
13          system's actuary, a cost-of-living adjustment shall not be granted. The board of  
14          trustees shall not grant a cost-of-living adjustment permanent benefit increase  
15          unless such cost-of-living adjustment permanent benefit increase has been  
16          approved by the legislature. Any such cost-of-living adjustment granted on or before  
17          June 30, 2015, shall be limited to and shall only be payable based on an amount not  
18          to exceed eighty-five thousand dollars of the retiree's annual benefit. Any such cost-  
19          of-living adjustment granted on or after July 1, 2015, shall be limited to and shall  
20          only be payable based on an amount not to exceed sixty thousand dollars of the  
21          retiree's annual benefit. Effective for years after July 1, 2007, and on or before June  
22          30, 2015, the eighty-five thousand dollar limit shall be increased each year in an  
23          amount equal to the increase in the consumer price index (United States city average  
24          for all urban consumers (CPI-U)), as prepared by the United States Department of  
25          Labor, Bureau of Labor Statistics, for the preceding calendar year, if any. Effective  
26          on or after July 1, 2015, the sixty-thousand dollar limit shall be increased each year  
27          in an amount equal to any increase in the consumer price index (U.S. city average  
28          for all urban consumers (CPI-U)) for the twelve-month period ending on the system's  
29          valuation date, if any.



1 **C.(1) No increase shall be granted if one or more of the following apply:**

2 **(a) The system is less than fifty-five percent funded.**

3 **(b) The system is at least fifty-five percent funded but less than eighty**  
4 **percent funded and the legislature granted a benefit increase in the preceding**  
5 **fiscal year.**

6 **(c) The system is less than eighty percent funded and the system fails to**  
7 **earn an actuarial rate of return of at least seven percent interest on the**  
8 **investment of the system's assets.**

9 **(2)** Any adjustment **increase** granted pursuant to the provisions of this  
10 Section shall begin on **the** July first following legislative approval, shall be payable  
11 annually, and shall be an amount equal to the lesser of:

12 ~~(a) An amount as determined in Paragraph (2) of this Subsection.~~

13 ~~(b) The **Any** increase in the consumer price index, (United States city average~~  
14 ~~for all urban consumers (CPI-U)) **U.S. city average for all urban consumers (CPI-**~~  
15 ~~**U)**, as prepared by the United States Department of Labor, Bureau of Labor~~  
16 ~~Statistics, for the twelve-month period ending on the system's valuation date, if any.~~  
17 ~~If the balance in the experience account is not sufficient to fund that sum, no increase~~  
18 ~~shall be granted.~~

19 ~~(2)(a) If **(b)(i) Three percent, if** the system is **at least** eighty percent funded~~  
20 ~~or greater, **three percent** **and the system earns an actuarial rate of return of at**~~  
21 ~~**least seven percent interest on the investment of the system's assets.**~~

22 ~~(b) If the **(ii) Two and one-half percent, if all of the following apply:**~~

23 ~~**(aa) The** system is at least seventy-five percent funded but less than eighty~~  
24 ~~percent funded and the **system earns an actuarial rate of return of at least seven**~~  
25 ~~**percent interest on the investment of the system's assets.**~~

26 ~~**(bb) The** legislature has not granted a benefit increase in the preceding fiscal~~  
27 ~~year, **two and one-half percent.**~~

28 ~~(c) If the **(iii) Two percent, if either of the following applies:**~~

29 ~~**(aa) The** system is at least sixty-five percent funded but less than seventy-~~

1 five percent funded and the legislature has not granted a benefit increase in the  
2 preceding fiscal year, ~~two percent.~~

3 **(bb) The system is at least seventy-five percent funded and the system**  
4 **earns an actuarial rate of return of at least seven percent interest on the**  
5 **investment of the system's assets.**

6 ~~(d) If~~ **(iv) One and one-half percent, if** the system is at least fifty-five  
7 percent funded but less than sixty-five percent funded and the legislature has not  
8 granted a benefit increase in the preceding fiscal year, ~~one and one-half percent.~~

9 ~~(e) If the system is less than fifty-five percent funded or if the system is less~~  
10 ~~than eighty-five percent funded but more than fifty-five percent funded and the~~  
11 ~~legislature granted a benefit increase in the preceding fiscal year, no increase shall~~  
12 ~~be granted.~~

13 ~~(3) Subject to the limitations contained in Paragraph (1) of this Subsection,~~  
14 ~~the~~ **The percentage of each recipient's cost-of-living adjustment permanent benefit**  
15 **increase shall be based on the benefit being paid to the recipient on the effective date**  
16 **of the increase; increase; however, any such permanent benefit increase granted**  
17 **on or before June 30, 2015, shall be limited to and shall only be payable based**  
18 **on an amount not to exceed eighty-five thousand dollars of the retiree's annual**  
19 **benefit. Additionally, any such permanent benefit increase granted on or after**  
20 **July 1, 2015, shall be limited to and shall only be payable based on an amount**  
21 **not to exceed sixty thousand dollars of the retiree's annual benefit. Effective for**  
22 **years after July 1, 2007, and on or before June 30, 2015, the eighty-five**  
23 **thousand dollar limit shall be increased each year in an amount equal to any**  
24 **increase in the consumer price index, U.S. city average for all urban consumers**  
25 **(CPI-U) for the preceding year. Effective on or after July 1, 2015, the sixty**  
26 **thousand dollar limit shall be increased each year in an amount equal to any**  
27 **increase in the consumer price index, U.S. city average for all urban consumers**  
28 **(CPI-U) for the twelve-month period ending on the system's valuation date.**

29 **(4)(a) Notwithstanding any provision of this Section to the contrary, in**

1 a year in which the experience account balance is insufficient to fund the  
2 amount required pursuant to Paragraph (2) of this Subsection, the board may  
3 make the recommendation provided in Subsection B of this Section if all of the  
4 following conditions are satisfied:

5 (i) No benefit increase was granted in the preceding fiscal year.

6 (ii) The experience account balance established in the system valuation  
7 for the preceding fiscal year reached its maximum reserve permitted pursuant  
8 to Paragraph (A)(1)(c) of this Section applicable to the system valuation for that  
9 valuation year.

10 (iii) The experience account balance established in the system valuation  
11 for the current fiscal year is insufficient to fund the increase permitted pursuant  
12 to Paragraph (2) of this Subsection applicable to the system valuation for the  
13 preceding fiscal year.

14 (iv) All of the insufficiency in the account is attributable to the following:

15 (aa) The growth of the cost of the increase, but only if that growth was  
16 produced solely by either or both of these events:

17 (I) Changes in the pool of the eligible recipients.

18 (II) The growth in the benefit amount to which the increase applies due  
19 to the application of the CPI-U pursuant to the provisions of Paragraph (C)(3)  
20 of this Section.

21 (bb) The insufficiency of credits to the account, if any, to cover the  
22 growth in the cost of the increase.

23 (b) The amount of the increase shall be equal to the amount that the  
24 balance in the experience account will fully fund rounded to the nearest lower  
25 one-tenth of one percent.

26 ~~(4)(a)~~ D.(1)(a) Except as provided in Subparagraph (c) of this Paragraph, in  
27 order to be eligible for the ~~cost-of-living-adjustment~~ **permanent benefit increase**,  
28 there shall be the funds available in the experience account to pay for such an  
29 adjustment, and a retiree:

1 (i) Shall have received a benefit for at least one year; ~~and~~.

2 (ii) Shall have attained at least age sixty.

3 (b) Except as provided in Subparagraph (c) of this Paragraph, a ~~non-retiree~~  
4 **nonretiree** beneficiary shall be eligible for the ~~cost-of-living adjustment~~ **permanent**  
5 **benefit increase**:

6 (i) If benefits had been paid to the retiree, or the beneficiary, or both  
7 combined, for at least one year; ~~and~~.

8 (ii) In no event before the retiree would have attained age sixty.

9 (c) The provisions of Items (a)(ii) and (b)(ii) of this Paragraph shall not apply  
10 to any person who receives disability benefits from this system or who receives  
11 benefits based on the death of a disability retiree of this system.

12 ~~D. The cost-of-living increase which is authorized by Subsection C of this~~  
13 ~~Section shall be limited to the lesser of either two percent or an amount determined~~  
14 ~~as provided in Subsection C of this Section in or for any year in which the system~~  
15 ~~does not earn an actuarial rate of return of at least seven percent interest on the~~  
16 ~~investment of the system's assets.~~

17 E. Effective July 1, 2007, the balance in the ~~Employee Experience Account~~  
18 **experience account** shall be zero.

19 F. In addition to the cost-of-living adjustment authorized by Subsection C of  
20 this Section, the board of trustees may grant a supplemental cost-of-living  
21 adjustment to all retirees and beneficiaries who are at least age sixty-five, which  
22 shall consist of an amount equal to two percent of the benefit being received on the  
23 date of the adjustment. In order to grant such supplemental cost-of-living adjustment,  
24 the board of trustees shall recommend to the president of the Senate and the speaker  
25 of the House of Representatives that the system be permitted to grant such  
26 supplemental cost-of-living adjustment to retirees and beneficiaries whenever the  
27 balance in the ~~Employee Experience Account~~ **experience account** is sufficient to  
28 fully fund such benefit on an actuarial basis, as determined by the system's actuary.  
29 If the legislative actuary disagrees with the determination of the system's actuary,

1 such supplemental cost-of-living adjustment shall not be granted. The board of  
 2 trustees shall not grant such supplemental cost-of-living adjustment unless such  
 3 supplemental cost-of-living adjustment has been approved by the legislature. Any  
 4 such supplemental cost-of-living adjustment paid on or before June 30, 2015, shall  
 5 be limited to and shall only be payable based on an amount not to exceed eighty-five  
 6 thousand dollars of the retiree's annual benefit. Any such supplemental cost-of-living  
 7 adjustment paid on or after July 1, 2015, shall be limited to and shall only be payable  
 8 based on an amount not to exceed sixty thousand dollars of the retiree's annual  
 9 benefit. Effective on and after July 1, 2007, and on or before June 30, 2015, the  
 10 eighty-five thousand dollar limit shall be increased each year in an amount equal to  
 11 the increase in the consumer price index, ~~(United States city average for all urban~~  
 12 ~~consumers (CPI-U))~~ **U.S. city average for all urban consumers (CPI-U)**, as  
 13 prepared by the United States Department of Labor, Bureau of Labor Statistics, for  
 14 the preceding calendar year, if any. Effective on and after July 1, 2015, the ~~sixty-~~  
 15 ~~thousand~~ **sixty thousand** dollar limit shall be increased each year in an amount equal  
 16 to the increase in the consumer price index, ~~(United States city average for all urban~~  
 17 ~~consumers (CPI-U))~~ **U.S. city average for all urban consumers (CPI-U)**, as  
 18 prepared by the United States Department of Labor, Bureau of Labor Statistics, for  
 19 the twelve-month period ending on the system's valuation date, if any. Any cost-of-  
 20 living adjustment granted pursuant to the provisions of this Subsection shall begin  
 21 on **the** July first following legislative approval and shall be payable annually.

22 ~~G.(1) Notwithstanding any provision of this Section to the contrary, in a year~~  
 23 ~~in which the experience account balance is insufficient to fund the amount required~~  
 24 ~~pursuant to Paragraph (C)(1) of this Section, the board may make the~~  
 25 ~~recommendation provided in Paragraph (C)(1) of this Section if all of the following~~  
 26 ~~conditions are satisfied:~~

27 ~~(a) No benefit increase was granted in the preceding fiscal year.~~

28 ~~(b) The experience account balance established in the system valuation for~~  
 29 ~~the preceding fiscal year reached its maximum reserve permitted pursuant to~~

1 Paragraph (A)(3) of this Section applicable to the system valuation for that valuation  
2 year:

3 ~~(c) The experience account balance established in the system valuation for~~  
4 ~~the current fiscal year is insufficient to fund the maximum increase permitted~~  
5 ~~pursuant to Paragraph (C)(2) of this Section applicable to the system valuation for~~  
6 ~~the preceding fiscal year.~~

7 ~~(d) All of the insufficiency in the account is attributable to the following:~~

8 ~~(i) The growth of the cost of the increase, but only if that growth was~~  
9 ~~produced solely by either or both of these events:~~

10 ~~(aa) Changes in the pool of the eligible recipients.~~

11 ~~(bb) The growth in the benefit amount to which the increase applies due to~~  
12 ~~the application of the CPI-U pursuant to the provisions of Paragraph (C)(1) of this~~  
13 ~~Section.~~

14 ~~(ii) Credits to the account, if any, are insufficient to cover the growth in the~~  
15 ~~cost of the increase.~~

16 ~~(2) The amount of the increase shall be equal to the amount the balance in the~~  
17 ~~experience account will fully fund rounded to the nearest lower one-tenth of one~~  
18 ~~percent.~~

19 Section 2. The actuarial cost of this Act, if any, shall be funded with additional  
20 employer contributions in compliance with Article X, Section 29(F) of the Constitution of  
21 Louisiana.

22 Section 3. This Act shall become effective on June 30, 2015; if vetoed by the  
23 governor and subsequently approved by the legislature, this Act shall become effective on  
24 June 30, 2015, or on the day following such approval by the legislature, whichever is later.

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The original instrument and the following digest, which constitutes no part  
of the legislative instrument, were prepared by Laura Gail Sullivan.

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SB 16 Original    DIGEST    2015 Regular Session    Guillory

Proposed law generally rearranges the content of present law to provide for ease of administration and clarification of certain actuarial concepts.

Proposed law contains a few substantive changes, as further detailed in this digest.

Unless otherwise indicated, the provisions of present law and proposed law apply to all four state retirement systems:

- (1) La. State Employees' Retirement System (LASERS)
- (2) Teachers' Retirement System of La. (Teachers' or TRSL)
- (3) La. School Employees' Retirement System (LSERS)
- (4) State Police Retirement System (Troopers)

#### OVERVIEW

Present law, relative to state retirement systems, generally provides for determination of actuarial liabilities and calculations of payments to liquidate those liabilities. Provides for application of certain actuarial gains to help reduce the payments necessary to liquidate a system's liabilities, to reduce specific amortization bases of system debt, and for allocation to a side account (the experience account) designed to accumulate monies to fund benefit increases for retirees.

Proposed law retains present law.

Present law provides for determination of the amount and timing of permanent benefit increases (PBIs) for retirees, sometimes called cost-of-living adjustments or COLAs.

Proposed law generally retains present law.

#### SUBSTANTIVE CHANGES

Present law, subject to certain caveats, provides for a schedule of maximum PBI amounts based on a system's funded level. The schedule ranges from a minimum of 1.5% for a system that is at least 55% funded but less than 65% funded to a maximum of 3.0% for a system that is at least 80% funded.

Proposed law retains present law.

Present law provides that, before a system is 85% funded, the following apply:

- (1) PBIs may be granted no more frequently than every other year.
- (2) Most actuarial changes, gains, and losses are amortized over 30 years.
- (3) No reamortization to reduce actuarially-required payments on certain debts occurs after application of gains allocated to that debt.

Present law provides that when a retirement system is at least 85% funded, the following apply:

- (1) PBIs may be granted annually.
- (2) The amortization period for certain actuarial changes, gains, and losses is reduced from 30 years to 20 years enhancing actuarial soundness.
- (3) Certain debt payments are reduced through reamortization after application of gains allocated to funding that debt.

To coordinate with present law 3% maximum PBI threshold, proposed law reduces from 85% to 80% the funded level necessary for the following to occur:

- (1) Possibility of annual PBIs.
- (2) Permanent reduction of the amortization period for certain actuarial changes, gains, and losses from 30 years to 20 years from that year forward, enhancing actuarial soundness.
- (3) Reduction of certain debt payments through reamortization after application of gains allocated to funding that debt.

Proposed law, for purposes of determining the maximum PBI within the schedule in present law and for determining whether PBIs may be granted annually, specifies that the funding level shall be determined before any allocation to the experience account. Further provides that effective for the June 30th system valuation following the fiscal year in which the system first attains a funded level of 80% pursuant to proposed law, the amortization period for most actuarial changes, gains, and losses shall be 20 years and the reduction of certain debt payments through reamortization after application of gains allocated to funding that debt shall begin.

Present law provides for multiple employer contribution rates at LASERS and Teachers' for the various specialty plans within each system.

Proposed law retains present law and consolidates all K-12 employee groups at Teachers' into a single plan for rate purposes.

Present law, relative to LASERS and Teachers', provides for special amortization bases called the original amortization base (OAB) and the experience account amortization base (EAAB). Provides for increasing payment schedules for these debts. Provides for application of annual "hurdle" payments, from investment earnings above a certain target, to extinguish these debts.

Proposed law retains present law and provides for reamortization of the debt payments when moving to level dollar payments results in annual payments that are not more than the next annual payment otherwise required under present law without extending the payment period.

#### NONSUBSTANTIVE CHANGES

Present law provides for the following for each system:

- (A) A 30-year amortization period for certain changes, gains, and losses with level dollar amounts.
- (B) A switch to a 20-year amortization period after a system attains a designated funding level.
- (C) Application of annual "hurdle" payments, from investment earnings above a certain target, to extinguish certain debts.
- (D) Indexing of hurdle payments by increasing them as the system's assets increase.
- (E) Reamortization of debts subject to the hurdle payments under certain circumstances after a system attains a designated funding level.
- (F) Ten-year amortization of losses due to experience account allocations beginning with the 2019 system valuation.



(G) Five-year amortization of certain gains recognized in the 2014 valuation.

Proposed law retains present law.

Present law, relative to LSERS, provides for:

(H) The application of residual experience account funds on June 30, 2014, as a part of:

(I) The consolidation of existing amortization bases.

Proposed law retains present law.

Present law, relative to LASERS and Teachers', provides that:

(J) After the OAB is liquidated, the payments that had been applied to the OAB shall be added to the hurdle payments to the EAAB.

(K) After the EAAB is liquidated, the payments that had been applied to the EAAB shall be applied to the next oldest outstanding amortization base of debt.

Proposed law retains present law.

Present law provides for (L) a volatility review of future payment schedules for each system.

Proposed law retains present law.

Proposed law relative to the experience account at each system provides for:

(M) Credits and debits to the account.

(N) A schedule of maximum PBIs based on funded status.

(O) Payment of "partial" PBIs in certain circumstances when funds are not available for a "full" PBI.

(P) PBIs only every other year until a threshold of funding is attained.

Proposed law retains present law.

A table of the major present law provisions that were relocated is below.

PROVISION	SYSTEM	PRESENT LAW	PROPOSED LAW
A	LASERS	R.S. 11:102(B)(3)(d)(v)(aa)(I)	R.S. 11:102(C)(2)(a)
	TRSL	R.S. 11:102(B)(3)(d)(vii)(aa)(I)	R.S. 11:102(D)(2)(a)
	LSERS	R.S. 11:102(B)(3)(d)(vi)(aa)(I)	R.S. 11:102(E)(1)
	Troopers	R.S. 11:102(B)(3)(d)(viii)(aa)(I)	R.S. 11:102(F)(1)
B	LASERS	R.S. 11:102(B)(3)(d)(v)(aa)(II)	R.S. 11:102(C)(2)(b)
	TRSL	R.S. 11:102(B)(3)(d)(vii)(aa)(II)	R.S. 11:102(D)(2)(b)
	LSERS	R.S. 11:102(B)(3)(d)(vi)(aa)(II)	R.S. 11:102(E)(3)
	Troopers	R.S. 11:102(B)(3)(d)(viii)(aa)(II)	R.S. 11:102(F)(2)

PROVISION	SYSTEM	PRESENT LAW	PROPOSED LAW
C	LASERS	R.S. 11:102(B)(3)(d)(v)(bb)(I)&(II)	R.S. 11:102.1
	TRSL	R.S. 11:102(B)(3)(d)(vii)(bb)(I)	R.S. 11:102.2
	LSERS	R.S. 11:102(B)(3)(d)(vi)(bb)(I)&(II)	R.S. 11:102.3
	Troopers	R.S. 11:102(B)(3)(d)(viii)(bb)(I)&(II)	R.S. 11:102.4
D	LASERS	R.S. 11:102(B)(3)(d)(v)(bb)(I)&(II)	R.S. 11:102.1(A)(4)
	TRSL	R.S. 11:102(B)(3)(d)(vii)(bb)(I)&(II)	R.S. 11:102.2(A)(4)
	LSERS	R.S. 11:102(B)(3)(d)(vi)(bb)(II)	R.S. 11:102.3(A)(1)(b)
	Troopers	R.S. 11:102(B)(3)(d)(viii)(bb)(II)	R.S. 11:102.4(A)(1)(b)
E	LASERS	R.S. 11:102(B)(3)(d)(v)(bb)(I)&(II)	R.S. 11:102.1(A)(4)(h)
	TRSL	R.S. 11:102(B)(3)(d)(vii)(bb)(I)&(II)	R.S. 11:102.2(A)(4)(h)
	LSERS	R.S. 11:102(B)(3)(d)(vi)(bb)(II)	R.S. 11:102.3(A)(5)
	Troopers	R.S. 11:102(B)(3)(d)(viii)(bb)(II)	R.S. 11:102.4(A)(5)
F	LASERS	R.S. 11:102(B)(3)(d)(v)(cc)	R.S. 11:102(C)(2)(c)
	TRSL	R.S. 11:102(B)(3)(d)(vii)(cc)	R.S. 11:102(D)(2)(c)
	LSERS	R.S. 11:102(B)(3)(d)(vi)(cc)	R.S. 11:102(E)(4)
	Troopers	R.S. 11:102(B)(3)(d)(viii)(cc)	R.S. 11:103(F)(3)
G	LASERS	R.S. 11:102(B)(3)(d)(v)(dd)	R.S. 11:102.5
	TRSL	R.S. 11:102(B)(3)(d)(vii)(dd)	R.S. 11:102.5
	LSERS	R.S. 11:102(B)(3)(d)(vi)(dd)	R.S. 11:102.5
	Troopers	R.S. 11:102(B)(3)(d)(viii)(dd)	R.S. 11:102.5
H	LSERS	R.S. 11:102(B)(3)(d)(vi)(ee)(I)	R.S. 11:102(E)(2)(b)
I	LSERS	R.S. 11:102(B)(3)(d)(vi)(ee)(II)	R.S. 11:102(E)(2)(a)
J	LASERS	R.S. 11:102(B)(3)(d)(v)(bb)(I)	R.S. 11:102.1(A)(4)(c)(iii),(iv)&(v)
	TRSL	R.S. 11:102(B)(3)(d)(vii)(bb)(II)	R.S. 11:102.2(A)(4)(c)(iii),(iv)&(v)
K	LASERS	R.S. 11:102(B)(3)(d)(v)(bb)(II)	R.S. 11:102.1(D)
	TRSL	R.S. 11:102(B)(3)(d)(vii)(bb)(II)	R.S. 11:102.2(A)(4)(e)&(D)
L	LASERS	R.S. 11:102.3	R.S. 11:102.6
	TRSL	R.S. 11:102.3	R.S. 11:102.6
	LSERS	R.S. 11:102.3	R.S. 11:102.6
	Troopers	R.S. 11:102.3	R.S. 11:102.6
M	LASERS	R.S. 11:542(A)(2)&(B)	R.S. 11:542(B)(2)&(3)
	TRSL	R.S. 11:883.1(A)(2)&(B)	R.S. 11:883.1(B)(2)&(3)
	LSERS	R.S. 11:1145.1(A)(1)	R.S. 11:1145.1(A)(1)&(2)
	Troopers	R.S. 11:1332(A)(1)	R.S. 11:1332(A)(1)&(2)

PROVISION	SYSTEM	PRESENT LAW	PROPOSED LAW
N	LASERS	R.S. 11:542(C)(2)	R.S. 11:542(D)
	TRSL	R.S. 11:883.1(C)(2)	R.S. 11:883.1(D)
	LSERS	R.S. 11:1145.1(C)(2)	R.S. 11:1145.1(C)
	Troopers	R.S. 11:1332(C)(2)	R.S. 11:1332(C)
O	LASERS	R.S. 11:542(G)	R.S. 11:542(D)(4)
	TRSL	R.S. 11:883.1(H)	R.S. 11:883.1(D)(4)
	LSERS	R.S. 11:1145.1(F)	R.S. 11:1145.1(C)(4)
	Troopers	R.S. 11:1332(G)	R.S. 11:1332(C)(4)
P	LASERS	R.S. 11:542(C)(2)(e)	R.S. 11:542(D)(1)(b)
	TRSL	R.S. 11:883.1(C)(2)(e)	R.S. 11:883.1(D)(1)(b)
	LSERS	R.S. 11:1145.1(C)(2)(e)	R.S. 11:1145.1(C)(1)(b)
	Troopers	R.S. 11:1332(C)(2)(e)	R.S. 11:1332(C)(1)(b)

Effective June 30, 2015.

(Amends R.S. 11:102, 102.1, 102.2, 102.3, 542, 883.1, 927(B)(2)(a)(i) and (b)(i) and (3)(a), 1145.1, and 1332; adds R.S. 11:102.4, 102.5, and 102.6)