

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)
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

PROVISION	SYSTEM	PRESENT LAW	PROPOSED LAW
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)

PROVISION	SYSTEM	PRESENT LAW	PROPOSED LAW
	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)
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)