

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, the introductory
3 paragraph of 927(B)(2)(a) and 927(B)(2)(a)(i) and (b)(i) and (3)(a), 1145.1, and
4 1332, and to enact R.S. 11:102.4, 102.5, and 102.6, relative to actuarial
5 determinations for the state retirement systems; to provide for the application of
6 investment earnings and calculation of employer contributions; to provide for the
7 determination of the amount of, eligibility for, and timing of post retirement benefit
8 increases funded by those earnings; to provide for an effective date; and to provide
9 for related matters.

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

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. R.S. 11:102, 102.1, 102.2, 102.3, 542, 883.1, the introductory paragraph
13 of 927(B)(2)(a) and 927(B)(2)(a)(i) and (b)(i) and (3)(a), 1145.1, and 1332 are hereby
14 amended and reenacted and R.S. 11:102.4, 102.5, and 102.6 are hereby enacted to read as
15 follows:

16 §102. Employer contributions; determination; state systems

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

1 public retirement systems, whose benefits are guaranteed by Article X, Section
2 29(A) and (B) of the Louisiana Constitution.

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

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

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

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

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

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

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

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

1 ~~Louisiana State Employees' Retirement System or Subsection D~~ **the provisions** of
2 this Section ~~for the Teachers' Retirement System of Louisiana.~~

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

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

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

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

29 (d) That fiscal year's payment, computed as of the first of that fiscal year and

1 projected to the middle of that fiscal year at the ~~actuarially assumed~~ **actuarially-**
2 **assumed** interest rate, necessary to amortize changes in actuarial liability due to:

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

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

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

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

1 or by the year 2029 **provided in Subsection C, D, E, or F of this Section.**

2 ~~(v)(aa)(I) Effective July 1, 2004, and beginning with Fiscal Year 1998-1999,~~
3 ~~the amortization period for the changes, gains, or losses of the Louisiana State~~
4 ~~Employees' Retirement System 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~~
9 ~~1998-1999, shall be amortized as a level dollar amount from July 1, 2004, through~~
10 ~~June 30, 2029. Beginning with Fiscal Year 2003-2004, and for each fiscal year~~
11 ~~thereafter, the outstanding balances of amortization bases established pursuant to~~
12 ~~Items (i) through (iv) of this Subparagraph shall be amortized as a level dollar~~
13 ~~amount. For the Louisiana State Employees' Retirement System, effective for the~~
14 ~~June 30, 2010, system valuation and beginning with Fiscal Year 2011-2012,~~
15 ~~amortization payments for changes in actuarial liability shall be determined in~~
16 ~~accordance with Subsection C 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 Louisiana State~~
21 ~~Employees' Retirement System provided in Items (i) through (iv) of this~~
22 ~~Subparagraph shall be twenty years from the year in which the change, gain, or loss~~
23 ~~occurred.~~

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

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

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

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

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

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

26 ~~(vi)(aa)(I) Except as provided in Subsubitem (bb)(IV) of this Item, effective~~
27 ~~July 1, 2004, and beginning with Fiscal Year 2000-2001, the amortization period for~~
28 ~~the changes, gains, or losses of the Louisiana School Employees' Retirement System~~
29 ~~provided in Items (i) through (iv) of this Subparagraph shall be thirty years, or in~~

1 accordance with standards promulgated by the Governmental Accounting Standards
2 Board, from the year in which the change, gain, or loss occurred. The outstanding
3 balances of amortization bases established pursuant to Items (i) through (iv) of this
4 Subparagraph before Fiscal Year 2000-2001, shall be amortized as a level dollar
5 amount from July 1, 2004, through June 30, 2029. Beginning with Fiscal Year 2003-
6 2004, and for each fiscal year thereafter, the outstanding balances of amortization
7 bases established pursuant to Items (i) through (iv) of this Subparagraph shall be
8 amortized as a level dollar amount.

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

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

23 (H) Effective for the June 30, 2015, valuation and for each valuation
24 thereafter, if the system's investment experience for the fiscal year exceeds the
25 system's actuarial assumed rate of return, the system shall apply the excess
26 investment experience returns, up to the first fifteen million dollars for the June 30,
27 2015, valuation, to the oldest outstanding positive amortization base of the system,
28 excluding any amortization base established to amortize a liability established
29 pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection. Upon complete

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

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

21 (IV) ~~All outstanding amortization bases in existence on June 30, 2014,~~
22 ~~including outstanding balances established pursuant to Subparagraph (c) of this~~
23 ~~Paragraph, shall be consolidated and reamortized over the period ending June 30,~~
24 ~~2044, with level dollar payments, effective with the June 30, 2014, valuation. This~~
25 ~~Subsection shall not apply to amortization bases established after June 30, 2014.~~

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

29 (dd) ~~Notwithstanding any provision of this Item to the contrary, for the June~~

1 30, 2014, valuation the amortization period for investment gains not allocated to the
2 oldest outstanding positive amortization base pursuant to Subitem (bb) of this Item
3 or credited to the experience account shall be five years.

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

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

25 (bb)(I) ~~Effective for the June thirtieth valuation for the fiscal year~~
26 ~~immediately following the year in which the system fully liquidates an amortization~~
27 ~~base established in R.S. 11:102.2 and for each valuation thereafter, after any~~
28 ~~remaining payment required pursuant to R.S. 11:102.2, the system shall apply to the~~
29 ~~oldest outstanding positive amortization base of the system, the system's remaining~~

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

24 (H) ~~Effective for the June thirtieth valuation for the fiscal year immediately~~
25 ~~following the year in which the system fully liquidates the last remaining~~
26 ~~amortization base established in R.S. 11:102.2 and for each valuation thereafter, if~~
27 ~~the system's investment experience for the fiscal year exceeds the system's actuarial~~
28 ~~assumed rate of return, the system shall apply to the oldest outstanding positive~~
29 ~~amortization base of the system, excluding any amortization base established to~~

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

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

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

27 ~~(viii)(aa)(I) Effective July 1, 2009, and beginning with Fiscal Year 1992-~~
28 ~~1993, the amortization period for the changes, gains, or losses of the Louisiana State~~
29 ~~Police Retirement System provided in Items (i) through (iv) of this Subparagraph~~

1 shall be thirty years, or in accordance with standards promulgated by the
2 Governmental Accounting Standards Board, from the year in which the change, gain,
3 or loss occurred. The outstanding balances of amortization bases established
4 pursuant to Items (i) through (iv) of this Subparagraph before Fiscal Year 2008-
5 2009, shall be amortized as a level dollar amount from July 1, 2009, through June 30,
6 2029. Beginning with Fiscal Year 2008-2009, and for each fiscal year thereafter, the
7 outstanding balances of amortization bases established pursuant to Items (i) through
8 (iv) of this Subparagraph shall be amortized as a level dollar amount.

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

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

22 (H) Effective for the June 30, 2015, valuation and for each valuation
23 thereafter, if the system's investment experience for the fiscal year exceeds the
24 system's actuarial assumed rate of return, the system shall apply the excess
25 investment experience returns, up to the first five million dollars for the June 30,
26 2015, valuation, to the oldest outstanding positive amortization base of the system,
27 excluding any amortization base established to amortize a liability established
28 pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection. Upon complete
29 liquidation of such amortization base, any remaining funds shall be applied to the

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

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

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

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

29 (5)(a) Notwithstanding the provisions **any other provision** of this Section **to**

1 the contrary, the gross employer contribution rate for the Louisiana State
2 Employees' Retirement System and the Teachers' Retirement System of Louisiana
3 shall not be less than fifteen and one-half percent per year until such time as the
4 unfunded accrued liability that existed on June 30, 2004, is fully funded.

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

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

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

22 (ii) Effective for the June 30, 2009 system valuation and beginning July 1,
23 2010, any funds in the system's employer credit account shall be applied to the
24 remaining balance of the original amortization base or the experience account
25 amortization base established in accordance with and as further provided by R.S.
26 11:102.1 or 102.2.

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

29 **(2)(a) Except as provided in R.S. 11:102.5, effective July 1, 2004, and**

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

13 (b) Notwithstanding the provisions of Subparagraph (a) of this
14 Paragraph, 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 and for every year thereafter, the amortization period for the
17 changes, gains, or losses of the system provided in Items (B)(3)(d)(i) through (iv)
18 of this Section occurring in that year or thereafter shall be twenty years from
19 the year in which the change, gain, or loss occurred.

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

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

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

29 (b) Full-time law enforcement personnel, supervisors, or administrators who

1 are employed with the Department of Revenue or office of alcohol and tobacco
2 control and who are P.O.S.T. certified, have the power to arrest, and hold a
3 commission from such office.

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

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

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

11 (f) Wardens, correctional officers, probation and parole officers, and security
12 personnel employed by the Department of Public Safety and Corrections who are
13 members of the secondary component pursuant to Subpart C of Part VII of Chapter
14 1 of Subtitle II of this Title.

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

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

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

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

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

23 (l) Harbor Police Retirement Plan members as provided pursuant to R.S.
24 11:631.

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

29 ~~(2) For the Louisiana State Employees' Retirement System, effective (4)~~

1 **Effective** for the June 30, ~~2010~~, **2010** system valuation and beginning with Fiscal
 2 Year 2011-2012, the normal cost calculated pursuant to Subparagraph (B)(3)(a) of
 3 this Section, shall be calculated separately for each particular plan within the system.
 4 An employer shall pay employer contributions for each employee at the rate
 5 applicable to the plan of which that employee is a member.

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

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

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

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

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

29 (aa) July 1, 2022.

1 (bb) The date that all sums payable by the Port of New Orleans to the board
2 of trustees of the Louisiana State Employees' Retirement System pursuant to the
3 terms and conditions of a cooperative endeavor agreement between the board of
4 trustees of the Louisiana State Employees' Retirement System, the board of
5 commissioners of the Port of New Orleans, and the board of trustees of the Harbor
6 Police Retirement System regarding the merger of the Harbor Police Retirement
7 System into the Louisiana State Employees' Retirement System have been paid in
8 full.

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

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

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

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

28 ~~(7)~~**(9)** If provisions of this Section cover matters not specifically addressed
29 by the provisions of this Subsection, then those provisions shall be applicable.

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

3 (2)(a) Except as provided in R.S. 11:102.5, effective July 1, 2004, and
4 beginning with Fiscal Year 2000-2001, the amortization period for the changes,
5 gains, or losses of the system provided in Items (B)(3)(d)(i) through (iv) of this
6 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. Effective for the June 30, 2011 system valuation and beginning with
14 Fiscal Year 2012-2013, amortization payments for changes in actuarial liability
15 shall be determined in accordance with this Subsection.

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

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

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

1 characterized by the following employee classifications:

2 (a) ~~School lunch Plan A.~~

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

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

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

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

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

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

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

1 (a) The particularized normal cost rate. The normal cost rate for each fiscal
2 year shall be the employer's normal cost for employees in the plan computed by
3 applying the method specified in Paragraph (B)(1) and Subparagraph (B)(3)(a) of
4 this Section to the plan.

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

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

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

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

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

1 contribution.

2 ~~(7)~~**(9)** If provisions of this Section cover matters not specifically addressed
3 by the provisions of this Subsection, then those provisions shall be applicable.

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

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

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

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

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

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

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

29 (3) Effective for the June 30, 2019 system valuation and for each

1 valuation thereafter, actuarial gains allocated to the experience account shall
 2 be amortized as a loss with level payments over a ten-year period.

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

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

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

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

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

18 **(a) "Primary 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 original amortization base, regardless of whether actual**
 21 **returns that equal or exceed the maximum are available, and shall equal:**

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

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

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

28 **(c) "Secondary priority amount" shall mean the maximum amount of**
 29 **system returns in excess of the system's actuarially-assumed rate of return that**

1 may be applied to the experience account amortization base, regardless of
2 whether actual returns that equal or exceed the maximum are available, and
3 shall equal:

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

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

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

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

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

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

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

29 (i) For the valuation in which the experience account amortization base

1 is liquidated, the money from that year's secondary allocation remaining after
2 liquidation of the experience account amortization base, if any.

3 (ii) For the first valuation after the experience account 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 second valuation after the experience account amortization
8 base is liquidated and for each valuation thereafter, the prior year's residual
9 priority amount increased by the percentage increase in the system's actuarial
10 value of assets for the prior year, if any.

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

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

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

25 B. Original amortization base.

26 (1) The remaining balances of outstanding amortization bases in excess of
27 twenty years for the years 1993 through 1995, 1997 and 1998, and 2005 through
28 2007, excluding the amortization base for liability created by Act No. 414 of the
29 2007 Regular Session of the Legislature, as specified in the June 30, 2008 system

1 valuation adopted by the Public Retirement Systems' Actuarial Committee on
2 February 5, 2009, shall be consolidated into a single amortization base effective for
3 the June 30, 2009 system valuation with payments beginning on July 1, 2010.

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

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

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

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

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

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

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

1 **required for that year's valuation.**

2 (b) The first payment after this consolidation shall be made in Fiscal Year
3 2010-2011 and the final payment shall be made no later than Fiscal Year 2028-2029.

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

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

19 (5) Notwithstanding the provisions of R.S. 11:102(B)(3)(c) and (5) or any
20 other provision of law to the contrary, in any year through Fiscal Year 2016-2017 in
21 which the system receives an overpayment of employer contributions as determined
22 pursuant to R.S. 11:102(B)(2) and in any year through Fiscal Year 2016-2017 in
23 which the system receives additional contributions pursuant to R.S. 11:102(B)(5),
24 the amount of such overpayment or additional contribution shall be applied to the
25 remaining balance of the original amortization base established pursuant to this
26 Subsection. ~~For any payment made pursuant to the provisions of this Paragraph, if~~
27 ~~the system is eighty-five percent funded or greater prior to the application of the~~
28 ~~funds, the net remaining liability shall be reamortized over the remaining~~
29 ~~amortization period with annual payments calculated as provided in this Subsection~~

1 or as otherwise provided by law, if the system is less than eighty-five percent funded
2 prior to application of the funds, the net remaining liability shall not be reamortized
3 after such application.

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

8 C. Experience account amortization base.

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

14 (2) To this shall be applied the balance in the experience account or the
15 balance in the subaccount of the Texaco Account created pursuant to R.S.
16 11:542(A)(1)(b)(iii).

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

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

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

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

1 **(d) Notwithstanding any provision of this Section to the contrary, the net**
2 **remaining liability shall be reamortized over the remainder of the amortization**
3 **period ending in 2040 in the first valuation for which this reamortization results**
4 **in annual level dollar payments that do not exceed the payment otherwise**
5 **required for that valuation.**

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

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

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

1 from Fiscal Year 2017-2018 through Fiscal Year 2039-2040 in which the system
2 receives additional contributions pursuant to R.S. 11:102(B)(5), the amount of such
3 overpayment or additional contribution shall be applied to the remaining balance of
4 the experience account amortization base established pursuant to this Subsection. For
5 ~~any payment made pursuant to the provisions of this Paragraph, if the system is~~
6 ~~eighty-five percent funded or greater prior to the application of the funds, the net~~
7 ~~remaining liability shall be reamortized over the remaining amortization period with~~
8 ~~annual payments calculated as provided in this Subsection or as otherwise provided~~
9 ~~by law; if the system is less than eighty-five percent funded prior to application of~~
10 ~~the funds, the net remaining liability shall not be reamortized after such application.~~

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

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

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

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

1 §102.2. ~~Consolidation of amortization~~ Amortization payment schedules; priority
2 excess return allocations; Teachers' Retirement System of Louisiana

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

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

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

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

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

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

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

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

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

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

29 (ii) For each valuation thereafter, before the original amortization base

1 is liquidated, the prior year's secondary priority amount increased by the
2 percentage increase in the system's actuarial value of assets for the prior year,
3 if any.

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

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

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

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

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

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

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

1 if any.

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

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

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

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

21 B. Original amortization base.

22 (1) The remaining balances of outstanding amortization bases for the years
23 1993 through 1996, 1998 through 2000, and 2005 through 2008 as specified in the
24 June 30, 2008 system valuation adopted by the Public Retirement Systems' Actuarial
25 Committee on February 5, 2009, shall be consolidated into a single amortization base
26 effective for the June 30, 2009 system valuation with payments beginning on July
27 1, 2010.

28 (2)(a) To this base shall be applied any monies in the separate fund known
29 alternatively as the "Texaco Account" or the "Initial Unfunded Accrued Liability

1 Account" on June 30, 2010, and any appropriation provided in the 2009 Regular
2 Session of the Legislature. The balance in this account as of June 30, 2008, exclusive
3 of any subaccount balance, shall be credited with interest at the system's actuarially-
4 assumed interest rate until the funds in the account are applied as provided in this
5 Subsection.

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

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

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

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

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

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

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

29 (4)(a) Except as provided in Paragraph (5) of this Subsection, in any year in

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

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

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

20 C. Experience account amortization base.

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

26 (2) To this shall be applied the balance in the experience account or the
27 balance in the subaccount of the Texaco Account created pursuant to R.S.
28 11:883.1(A)(1)(b)(iii).

29 (3) This consolidated amortization base shall be known as the "experience

1 account amortization base" and shall be amortized with annual payments over a
2 thirty-year period beginning in Fiscal Year 2010-2011 calculated as follows:

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

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

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

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

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

1 liquidated, the secondary allocation shall be applied to the experience account
2 amortization base.

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

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

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

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

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

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

14 §102.3. Priority excess return allocations; Louisiana School Employees'

15 Retirement System

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

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

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

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

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

28 (3) For any valuation in which the oldest outstanding positive
29 amortization base is liquidated without using the full amount of the priority

1 allocation, the remaining amount from that year's priority allocation after
2 liquidation of the oldest base shall be applied to the next oldest base.

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

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

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

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

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

28 C. Effective for the June 30, 2014 valuation, if the system's investment
29 experience for the fiscal year exceeds the system's actuarially-assumed rate of

1 return, the system shall apply the excess investment experience returns, up to
2 a maximum of the first seven and one-half million dollars, to the oldest
3 outstanding positive amortization base of the system, excluding any
4 amortization base established to amortize a liability pursuant to R.S.
5 11:102(B)(2)(a) or (3)(c) without reamortization of such base.

6 §102.4. Priority excess return allocations; State Police Retirement System

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

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

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

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

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

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

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

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

1 period originally established for that amortization base. For every valuation
2 before that year, the net remaining liability of the amortization base to which
3 the funds are applied shall not be reamortized after such application.

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

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

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

19 C. Effective for the June 30, 2014 valuation, if the system's investment
20 experience for the fiscal year exceeds the system's actuarially-assumed rate of
21 return, the system shall apply the excess investment experience returns, up to
22 a maximum of the first two and one-half million dollars, to the oldest
23 outstanding positive amortization base of the system, excluding any
24 amortization base established to amortize a liability pursuant to R.S.
25 11:102(B)(2)(a) or (3)(c), and without reamortization of such base.

26 §102.5. State systems' 2014 valuation amortization period

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

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

5 ~~§102.3.~~ **§102.6.** Review of volatility

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

16 * * *

17 §542. Experience account

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

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

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

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

28 ~~(iii)(c)~~ **(c)** To apply to the experience account amortization base as provided in
 29 R.S. 11:102.1(C)(2); however, as of June 30, 2009, these funds shall be transferred

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

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

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

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

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

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

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

22 (ii) One permanent benefit increase as determined pursuant to Subsection ~~E~~
 23 **D** 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 (2)(b) of this~~
 27 **Subsection no amount shall be credited to the account.**

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

29 ~~(1)(a)~~ An amount equal to that portion of the system's net investment loss

1 attributable to the balance in the experience account during the prior year.

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

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

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

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

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

29 **(b) The system is at least fifty-five percent funded but less than eighty**

1 percent funded and the legislature granted a benefit increase in the preceding
 2 fiscal year.

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

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

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

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

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

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

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

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

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

1 (e) If the (iii) Two percent, if either of the following applies:

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

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

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

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

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

1 period ending on the system's valuation date.

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

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

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

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

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

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

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

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

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

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

28 ~~(4)(a)~~ E.(1)(a) Except as provided in Subparagraph (c) of this Paragraph, in
29 order to be eligible for any permanent benefit increase payable on or before June 30,

1 2009, there must be the funds available in the experience account to pay for such an
 2 increase, and a retiree:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 (2) The actuarial cost of implementing the provisions of Act 1162 of the
7 2001 Regular Session of the Legislature shall be paid by debiting the experience
8 account which shall have the funds available in the experience account to pay
9 for such an increase.

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

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

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

1 or the amount of the beneficiary's annuity being paid at the time of the comparison.

2 ~~(b)~~(c) The minimum benefits provided for in this Paragraph shall apply to all
3 retired members and beneficiaries receiving annuity payments or benefits on
4 September 1, 2001, and to all members retiring on and after September 1, 2001, and
5 to all beneficiaries receiving annuity payments on and after September 1, 2001, and
6 all such payments shall be funded by debiting the experience account.

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

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

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

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

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

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

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

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

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

29 ~~(c) The experience account balance established in the system valuation for~~

1 the current fiscal year is insufficient to fund the maximum increase permitted
2 pursuant to Paragraph (C)(2) of this Section applicable to the system valuation for
3 the preceding fiscal year.

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

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

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

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

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

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

16 * * *

17 §883.1. Experience account

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

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

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

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

28 (iii)(c) To apply to the experience account amortization base as provided in
29 R.S. 11:102.2(C)(2); however, as of June 30, 2009, these funds shall be transferred

1 to the system's Texaco Account and retained in a subaccount of that account until
 2 that account is applied as provided in R.S. 11:102.2. The subaccount shall continue
 3 to be credited and debited as provided in ~~Subparagraph (A)(2)(b) and Paragraph~~
 4 ~~(B)(1)~~ of this Section until such application.

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

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

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

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

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

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

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

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

29 ~~B.(3)~~ The experience account shall be 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 experience account during the prior year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29 (e) If the system is less than fifty-five percent funded or if the system is less

1 ~~than eighty-five percent funded but more than fifty-five percent funded and the~~
2 ~~legislature granted a benefit increase in the preceding fiscal year, no increase shall~~
3 ~~be granted.~~

4 (3) ~~Subject to the limitations contained in Subsection F of this Section, the~~
5 **The** percentage of each recipient's permanent benefit increase shall be based on the
6 benefit being paid to the recipient on the effective date of the increase.

7 **(a) Any such permanent benefit increase granted on or before June 30,**
8 **2015, shall be limited to and shall only be payable based on an amount not to**
9 **exceed seventy thousand dollars of the retiree's annual benefit. The seventy**
10 **thousand dollar limit shall be increased each year in an amount equal to any**
11 **increase in the consumer price index, U.S. city average for all urban consumers**
12 **(CPI-U) for the preceding year.**

13 **(b) Any such permanent benefit increase granted on or after July 1,**
14 **2015, shall be limited to and shall only be payable based on an amount not to**
15 **exceed sixty thousand dollars of the retiree's annual benefit. Effective on or**
16 **after July 1, 2015, the sixty thousand dollar limit shall be increased each year**
17 **in an amount equal to any increase in the consumer price index, U.S. city**
18 **average for all urban consumers (CPI-U) for the twelve-month period ending**
19 **on the system's valuation date.**

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

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

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

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

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

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

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

9 (II) The growth in the benefit amount to which the increase applies due
 10 to the application of the CPI-U pursuant to the provisions of Paragraph (3) of
 11 this Subsection.

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

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

17 ~~(4)(a)~~ E.(1)(a) Except as provided in Subparagraph (c) of this Paragraph, in
 18 order to be eligible for any permanent benefit increase payable on or before June 30,
 19 2009, there must 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 fifty-five.

23 (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 before
 25 June 30, 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 fifty-five.

29 ~~(c)(i)~~ The provisions of Items ~~(a)(ii), (b)(ii), (d)(ii), and (e)(ii)~~ (a)(ii) and

1 **(b)(ii)** of this Paragraph shall not apply to any person who receives disability benefits
 2 from this system, or who receives benefits based on the death of a disability retiree
 3 of this system.

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

7 ~~(d)~~ **(2)(a)** Except as provided in Subparagraph (c) of this Paragraph, in order
 8 to be eligible for any permanent benefit increase payable on or after July 1, 2009,
 9 there shall be the funds available in the experience account to pay for such an
 10 increase, 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 ~~(e)~~ **(b)** Except as provided in Subparagraph (c) of this Paragraph, a nonretiree
 14 beneficiary shall be eligible for the permanent benefit increase payable on or after
 15 July 1, 2009:

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

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

24 **(2) The actuarial cost of implementing the provisions of Acts 2001, No.**
 25 **1162, shall be paid by debiting the experience account which shall have the**
 26 **funds available in the experience account to pay for such an increase.**

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

29 ~~(i)~~ **(a)** Each retiree who had twenty-five years of service credit, exclusive of

1 unused leave, or a disability retiree regardless of the number of years of service
2 credit, and had been receiving a benefit for at least fifteen years on December 1,
3 2001; ~~and.~~

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

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

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

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

20 ~~(2) Notwithstanding any other provisions of this Section to the contrary, any~~
21 ~~permanent benefit increase granted on or after July 1, 2015, shall be calculated only~~
22 ~~on the first sixty thousand dollars of the retiree's annual retirement benefit. This~~
23 ~~sixty-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 (CPI-~~
25 ~~U) for the immediately preceding one-year period ending in June, if any.~~

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

1 interest on the investment of the system's assets:

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

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

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

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

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

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

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

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

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

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

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

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

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

4 * * *

5 §927. Contributions

6 * * *

7 B. * * *

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

13 (i) The amounts calculated pursuant to R.S. ~~11:102(D)(4)(b)~~,
14 **11:102(D)(6)(b)**, (c), and (d).

15 * * *

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

20 (i) The amounts calculated pursuant to R.S. ~~11:102(D)(4)(b)~~,
21 **11:102(D)(6)(b)**, (c), and (d).

22 * * *

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

29 (i) The amount it would have contributed if the participant were a member

1 of the regular retirement plan of the Teachers' Retirement System of Louisiana
 2 pursuant to R.S. ~~11:102(D)(1)~~ **11:102(D)(3)**.

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

5 * * *

6 §1145.1. ~~Employee Experience Account~~ **Experience account**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 ~~(3) Subject to the limitations contained in Paragraph (1) of this Subsection,~~
 26 ~~the~~ **The** percentage of each recipient's ~~cost-of-living adjustment~~ **permanent benefit**
 27 **increase** shall be based on the benefit being paid to the recipient on the effective date
 28 of the increase. **increase; however, any such permanent benefit increase granted**
 29 **on or before June 30, 2015, shall be limited to and shall only be payable based**

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

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

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

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

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

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

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

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

1 **(II) The growth in the benefit amount to which the increase applies due**
 2 **to the application of the CPI-U pursuant to the provisions of Paragraph (3) of**
 3 **this Subsection.**

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

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

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

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

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

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

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

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

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

24 ~~D. The cost-of-living increase which is authorized by Subsection C of this~~
 25 ~~Section shall be limited to the lesser of either two percent or an amount determined~~
 26 ~~as provided 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 seven and one-quarter percent~~
 28 ~~interest on the investment of the system's assets.~~

29 E. Effective July 1, 2007, the balance in the ~~Employee Experience Account~~

1 experience account shall be zero.

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

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

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

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

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

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

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

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

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

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

28 * * *

29 §1332. Employee Experience Account Experience account

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

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

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

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

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

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

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

24 ~~B.(2)~~ The ~~Employee Experience Account~~ **experience account** shall be
25 debited as follows:

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

29 ~~(2)(b)~~ An amount sufficient to fund a ~~cost-of-living adjustment~~ **permanent**

1 benefit increase granted pursuant to ~~Subsection C or F~~ the provisions of this
2 Section.

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

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

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

1 for all urban consumers (CPI-U)) for the twelve-month period ending on the system's
2 valuation date, if any:

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

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

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

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

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

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

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

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

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

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

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

1 (e) If the (iii) Two percent, if either of the following applies:

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

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

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

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

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

1 (CPI-U) for the twelve-month period ending on the system's valuation date.

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

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

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

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

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

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

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

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

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

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

28 ~~(4)(a)~~ **D.(1)(a)** Except as provided in Subparagraph (c) of this Paragraph, in
29 order to be eligible for the ~~cost-of-living adjustment~~ **permanent benefit increase**,

1 there shall be the funds available in the experience account to pay for such an
2 adjustment, and a retiree:

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

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

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

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

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

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

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

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

21 F. In addition to the ~~cost-of-living adjustment~~ **permanent benefit increase**
22 authorized by Subsection ~~C~~ **B** of this Section, the board of trustees may grant a
23 supplemental cost-of-living adjustment to all retirees and beneficiaries who are at
24 least age sixty-five, which shall consist of an amount equal to two percent of the
25 benefit being received on the date of the adjustment. In order to grant such
26 supplemental ~~cost-of-living adjustment~~ **permanent benefit increase**, the board of
27 trustees shall recommend to the president of the Senate and the speaker of the House
28 of Representatives that the system be permitted to grant such supplemental
29 ~~cost-of-living adjustment~~ **permanent benefit increase** to retirees and beneficiaries

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

28 G.(1) ~~Notwithstanding any provision of this Section to the contrary, in a year~~
29 ~~in which the experience account balance is insufficient to fund the amount required~~

1 ~~pursuant to Paragraph (C)(1) of this Section, the board may make the~~
2 ~~recommendation provided in Paragraph (C)(1) of this Section if all of the following~~
3 ~~conditions are satisfied:~~

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

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

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

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

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

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

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

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

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

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

28 Section 3. This Act shall become effective on June 30, 2015; if vetoed by the
29 governor and subsequently approved by the legislature, this Act shall become effective on

1 June 30, 2015, or on the day following such approval by the legislature, whichever is later.

The original instrument was prepared by Laura Gail Sullivan. The following digest, which does not constitute a part of the legislative instrument, was prepared by Linda Nugent.

DIGEST

SB 16 Reengrossed 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)
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)

PROVISION	SYSTEM	PRESENT LAW	PROPOSED LAW
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)
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)(intro para) and (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)

Summary of Amendments Adopted by Senate

Floor Amendments

1. Technical amendments.