

2016 Regular Session

HOUSE BILL NO. 32

BY REPRESENTATIVE JONES

RETIREMENT/COLAS: Authorizes payment of a benefit increase, funded by state retirement system experience accounts, to certain retirees and beneficiaries of such systems

1 AN ACT

2 To amend and reenact R.S. 11:542(A)(2)(introductory paragraph) and (B)(introductory

3 paragraph), 883.1(A)(2)(introductory paragraph) and (B)(introductory paragraph),

4 1145.1(A)(1)(introductory paragraph) and (B)(introductory paragraph), and

5 1332(A)(1)(introductory paragraph) and (B)(introductory paragraph) and to enact

6 R.S. 11:542(H), 542.2, 883.1(I), 883.4, 1145.1(G), 1145.3, 1331.2, and 1332(H),

7 relative to state retirement system experience accounts; to provide for credits and

8 debits to such accounts; to debit funds from such accounts to pay a benefit increase

9 to certain retirees and beneficiaries of state systems; to provide qualifications for

10 receipt of such payments; to provide relative to the amount of such payments; and

11 to provide for related matters.

12 Notice of intention to introduce this Act has been published

13 as provided by Article X, Section 29(C) of the Constitution

14 of Louisiana.

15 Be it enacted by the Legislature of Louisiana:

16 Section 1. R.S. 11:542(A)(2)(introductory paragraph) and (B)(introductory

17 paragraph), 883.1(A)(2)(introductory paragraph) and (B)(introductory paragraph),

18 1145.1(A)(1)(introductory paragraph) and (B)(introductory paragraph), and

19 1332(A)(1)(introductory paragraph) and (B)(introductory paragraph) are hereby amended

1 and reenacted and R.S. 11:542(H), 542.2, 883.1(I), 883.4, 1145.1(G), 1145.3, 1331.2, and  
2 1332(H) are hereby enacted to read as follows:

3 §542. Experience account

4 A.

5 \* \* \*

6 (2) ~~The~~ In accordance with the provisions of Subsection H of this Section,  
7 the experience account shall be credited as follows:

8 \* \* \*

9 B. ~~The~~ In accordance with the provisions of Subsection H of this Section, the  
10 experience account shall be debited as follows:

11 \* \* \*

12 H. Beginning with the June 30, 2016 valuation, debits and credits to the  
13 account shall occur in the following order:

14 (1) Credits in Subparagraph (A)(2)(b) of this Section, as limited by  
15 Paragraph (A)(3) of this Section.

16 (2) Debits in Paragraph (B)(1) of this Section.

17 (3) Credits in Subparagraph (A)(2)(a) of this Section, as limited by  
18 Paragraph (A)(3) of this Section.

19 (4) Debits in Paragraph (B)(2) of this Section.

20 \* \* \*

21 §542.2. Permanent benefit increase; payable beginning July 1, 2016

22 A. Notwithstanding any provision of R.S. 11:542 to the contrary, the board  
23 of trustees of the Louisiana State Employees' Retirement System may pay a  
24 permanent benefit increase, payable beginning July 1, 2016, to the following retirees  
25 and beneficiaries:

26 (1) Any retiree, other than a disability retiree, who has attained at least age  
27 sixty and who has received a benefit for at least one year.











1           H. Beginning with the June 30, 2016 valuation, debits and credits to the  
2           account shall occur in the following order:

3           (1) Credits in Subparagraph(A)(1)(b) of this Section, as limited by Paragraph  
4           (A)(2) of this Section

5           (2) Debits in Paragraph (B)(1) of this Section.

6           (3) Credits in Subparagraph (A)(1)(a) of this Section, as limited by  
7           Paragraph (A)(2) of this Section.

8           (4) Debits in Paragraph (B)(2) of this Section.

9           Section 2. Any cost of this Act not funded by payments made pursuant to the  
10          provisions of Section 1 of this Act shall be funded with additional employer contributions  
11          in compliance with Article X, Section 29(F) of the Constitution of Louisiana.

12          Section 3. This Act shall become effective on June 30, 2016; if vetoed by the  
13          governor and subsequently approved by the legislature, this Act shall become effective on  
14          June 30, 2016, or on the day following such approval by the legislature, whichever is later.

#### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 32 Original

2016 Regular Session

Jones

**Abstract:** Authorizes payment of a permanent benefit increase (or COLA) up to the present law maximum for each state retirement system for certain retirees and beneficiaries of such systems.

Present law, relative to the four state retirement systems—La. State Employees' Retirement System (LASERS), Teachers' Retirement System of La. (TRSL), La. School Employees' Retirement System (LSERS), and State Police Retirement System (STPOL)—establishes an "experience account" within each system for the accumulation of certain system funds. Provides for utilization of these funds for benefit increases, commonly called "cost-of-living adjustments" (COLAs), for retirees, survivors, and beneficiaries of the system. Provides that the following classes of retirees and beneficiaries are eligible for a COLA paid pursuant to present law:

- (1) Any retiree who has received a benefit for at least one year and who has attained at least age 60.
- (2) Any nonretiree beneficiary who has received a benefit for at least one year (aggregated with any time the deceased member may have received a benefit) if the deceased member would have attained age 60.



- (3) Any disability retiree or any beneficiary who receives benefits based on the death of a disability retiree if benefits have been received for at least one year.

Proposed law retains present law.

Present law authorizes payment of a COLA every other year when a system is below 80% funded. The last COLA paid from the experience accounts was in July of 2014.

Present law further provides that the amount of a COLA paid pursuant to present law is the lesser of:

- (1) An amount determined by the system's funded ratio.
- (2) The CPI-U for the preceding year.

Proposed law provides that notwithstanding present law requirements a COLA, payable beginning July 1, 2016, is authorized for the retirees and beneficiaries of each of the four state retirement systems. Requires use of the funds from the system experience accounts to fund such a payment.

Proposed law provides that retirees and beneficiaries who would qualify for a COLA under present law qualify for receipt of the COLA authorized by proposed law.

Proposed law provides that the amount of the COLA shall be an amount supported by the funds in the system's experience account, after all required credits and debits to the account under present law and proposed law, up to the following maximum amounts:

- (1) For LASERS, 1.5% of the benefit amount.
- (2) For TRSL, 1.5% of the benefit amount.
- (3) For LSERS, 2% of the benefit amount.
- (4) For STPOL, 2% of the benefit amount.

Present law for STPOL further authorizes payment of a 2% supplemental COLA to retirees and beneficiaries who are age 65 or older. Proposed law authorizes payment of such a supplemental COLA in an amount, up to 2%, that is supported by the funds in the experience account after payment of the general COLA authorized pursuant to proposed law.

Proposed law provides that the benefit increases shall only be paid on the first \$60,000 of a retiree's or beneficiary's benefit.

Proposed law provides that any cost of this Act not funded by payments made from the system experience account shall be funded with additional employer contributions in compliance with Art. X, §29(F) of the Constitution of Louisiana.

Effective June 30, 2016.

(Amends R.S. 11:542(A)(2)(intro. para) and (B)(intro. para.), 883.1(A)(2)(intro. para.) and (B)(intro. para.), 1145.1(A)(1)(intro. para.) and (B)(intro. para.), and 1332(A)(1)(intro. para.) and (B)(intro. para.); Adds R.S. 11:542(H), 542.2, 883.1(I), 883.4, 1145.1(G), 1145.3, 1331.2, and 1332(H))