

2016 Regular Session

SENATE BILL NO. 18

BY SENATORS PEACOCK, BOUDREAUX, CORTEZ, LONG, MILKOVICH AND
MIZELL

RETIREMENT SYSTEMS. Provides for actuarial determinations and application of funds.
(6/30/16)

1 AN ACT

2 To amend and reenact R.S. 11:102(B)(1), (2), (3)(introductory paragraph), (a), (b), (c), and

3 (d)(introductory paragraph), (i), (ii), (iii), and (iv), (4), and (5)(a) and (b), (C), and

4 (D), 102.1(B)(2)(b), (3)(a)(i), (4), (5), and (6) and (C)(2), (3)(a) and (c), (4), (5), and

5 (6), 102.2(B)(2)(a), (3)(a)(i), (4), and (5) and (C)(2), (3)(a) and (c), (4), (5), and (6),

6 102.3, 542(A), (B), (C), (E), and (F), 883.1(A), (B), (C), (E), and (F),

7 927(B)(2)(a)(introductory paragraph) and (i) and (b)(i) and (3)(a), 1145.1(A), (B),

8 (C), (D), and (E), and 1332(A), (B), (C), (D), (E), and (F), to enact R.S. 11:23,

9 102(E) and (F), 102.1(A)(4), (B)(3)(a)(iv), and (D), 102.2(A)(4), (B)(3)(a)(iv), and

10 (D), 102.4, 102.5, 102.6, 542(D) and 883.1(D), and to repeal R.S.

11 11:102(B)(3)(d)(v), (vi), (vii), and (viii), 542(G), 883.1(G) and (H), 1145.1(F), and

12 1332(G), to provide for actuarial determinations and application of retirement system

13 funds without allowing, authorizing, or granting benefit improvements; to provide

14 for the determination of required employer contributions and application of

15 investment earnings to certain debts and accounts; to prioritize excess return

16 allocations; to provide for an effective date; and to provide for related matters.

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

1 Be it enacted by the Legislature of Louisiana:

2 Section 1. R.S. 11:102(B)(1), (2), (3)(introductory paragraph), (a), (b), (c), and
3 (d)(introductory paragraph), (i), (ii), (iii), and (iv), (4), and (5)(a) and (b), (C), and (D),
4 102.1(B)(2)(b), (3)(a)(i), (4), (5), and (6) and (C)(2), (3)(a) and (c), (4), (5), and (6),
5 102.2(B)(2)(a), (3)(a)(i), (4), and (5) and (C)(2), (3)(a) and (c), (4), (5), and (6), 102.3,
6 542(A), (B), (C), (E), and (F), 883.1(A), (B), (C), (E), and (F), 927(B)(2)(a)(introductory
7 paragraph) and (i) and (b)(i) and (3)(a), 1145.1(A), (B), (C), (D), and (E), and 1332(A), (B),
8 (C), (D), (E), and (F) are hereby amended and reenacted and R.S. 11:23, 102(E) and (F),
9 102.1(A)(4), (B)(3)(a)(iv), and (D), 102.2(A)(4), (B)(3)(a)(iv), and (D), 102.4, 102.5, 102.6,
10 and 542(D), 883.1(D) are hereby enacted to read as follows:

11 **§23. Funded percentage; state systems**

12 **Except as otherwise provided in this Title, "funded percentage" for each**
13 **state public retirement system shall mean the valuation assets used to determine**
14 **the actuarially required contributions pursuant to R.S. 11:102 divided by the**
15 **accrued liability of the system determined by utilizing the funding method**
16 **established in R.S. 11:22.**

17 * * *

18 §102. Employer contributions; determination; state systems

19 * * *

20 B.(1) Except as provided in ~~Subsection C of this Section for the Louisiana~~
21 ~~State Employees' Retirement System and Subsection D of this Section for the~~
22 ~~Teachers' Retirement System of Louisiana and except as provided in R.S. 11:102.1,~~
23 ~~102.2, **102.3, 102.4, and 102.5** and in Paragraph (5) of this Subsection, for each~~
24 ~~fiscal year, commencing with Fiscal Year 1989-1990, for each of the public~~
25 ~~retirement systems referenced in Subsection A of this Section, the legislature shall~~
26 ~~set the required employer contribution rate **for each system or plan** equal to the~~
27 ~~actuarially required employer contribution, as determined ~~under Paragraph (3) of this~~~~
28 ~~Subsection **pursuant to the provisions of this Section**, divided by the total~~
29 ~~projected payroll of all active members of each particular system **or plan** for the~~

1 fiscal year. Each entity funding a portion of a member's salary shall also fund the
2 employer's contribution on that portion of the member's salary at the employer
3 contribution rate specified in this ~~Subsection~~ **Section**.

4 (2)(a) At the end of each fiscal year, the difference between the actuarially
5 required employer contribution for the fiscal year, as determined ~~under Paragraph~~
6 ~~(3) of this Subsection or pursuant to Subsection C of this Section for the Louisiana~~
7 ~~State Employees' Retirement System or Subsection D~~ **pursuant to the provisions**
8 of this Section ~~for the Teachers' Retirement System of Louisiana~~, and the amount of
9 employer contributions actually received for the fiscal year, excluding any amounts
10 received for the extraordinary purchase of additional benefits or service, shall be
11 determined.

12 (b) If the amount of employer contributions received for the fiscal year is less
13 than the actuarially required employer contribution for the fiscal year; due to the
14 failure of the legislature to appropriate funds at the required employer contribution
15 rate, the difference shall be paid by the state treasurer from the state general fund
16 upon warrant from the governing authority of the retirement system.

17 (c) At the end of each fiscal year, the difference between the minimum
18 employer contribution, as required by the Constitution of Louisiana, and the
19 actuarially required employer contribution for the fiscal year, as determined ~~under~~
20 ~~Paragraph (3) of this Subsection or pursuant to Subsection C of this Section for the~~
21 ~~Louisiana State Employees' Retirement System or Subsection D~~ **pursuant to the**
22 **provisions** of this Section ~~for the Teachers' Retirement System of Louisiana~~, shall
23 be determined and applied in accordance with the following provisions:

24 (i) The amount, if any, by which the actuarially required contribution for a
25 system exceeds the constitutionally required minimum contribution for that system
26 shall be accumulated in an employer credit account which shall be adjusted annually
27 to reflect any gain or loss attributable to the balance in the account at the actuarial
28 rate of return earned by the system.

29 (ii) Except as provided in Paragraph (5) of this Subsection, annual

1 contributions required in accordance with this ~~Subsection~~ **Section**, or the
 2 constitutional minimum if greater, may be funded in whole or in part from the
 3 employer credit account, provided the employee contribution rate or rates for the
 4 system as set forth in R.S. 11:62 has or have been reduced to an amount equal to or
 5 less than fifty percent of the annual normal cost for the system or the plan as
 6 ~~provided in Subsection C or D of this Section~~, rounded to the nearest one-quarter
 7 percent.

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

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

18 (3) With respect to each state public retirement system, the actuarially
 19 required employer contribution for each fiscal year, commencing with Fiscal Year
 20 1989-1990, shall be that dollar amount equal to the sum of:

21 (a) The employer's normal cost for that fiscal year, computed as of the first
 22 of the fiscal year using the system's actuarial funding method as specified in
 23 R.S. 11:22 and taking into account the value of future accumulated employee
 24 contributions and interest thereon, such employer's normal cost rate multiplied by the
 25 total projected payroll for all active members to the middle of that fiscal year. For
 26 the Louisiana State Employees' Retirement System, effective for the June 30, ~~2010~~,
 27 **2010** system valuation and beginning with Fiscal Year 2011-2012, the normal cost
 28 shall be determined in accordance with Subsection C of this Section. For the
 29 Teachers' Retirement System of Louisiana, effective for the June 30, ~~2011~~, **2011**

1 system valuation and beginning with Fiscal Year 2012-2013, the normal cost shall
2 be determined in accordance with Subsection D of this Section.

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

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

15 (d) That fiscal year's payment, computed as of the first of that fiscal year and
16 projected to the middle of that fiscal year at the actuarially assumed interest rate,
17 necessary to amortize changes in actuarial liability due to:

18 (i) ~~Except as provided in Items (v), (vi), (vii), and (viii) of this Subparagraph,~~
19 ~~actuarial~~ **Actuarial** gains and losses, if appropriate for the funding method used by
20 the system as specified in R.S. 11:22, for each fiscal year beginning after June 30,
21 1988, such payments to be computed as ~~an amount forming an annuity increasing at~~
22 ~~four and one-half percent annually over the later of a period of fifteen years from the~~
23 ~~year of occurrence or by the year 2029, such gains and losses to include any~~
24 ~~increases in actuarial liability due to governing authority granted cost-of-living~~
25 ~~increases~~ **provided in Subsection C, D, E, or F of this Section.**

26 (ii) ~~Except as provided in Items (v), (vi), (vii), and (viii) of this~~
27 ~~Subparagraph, changes~~ **Changes** in the method of valuing of assets, such payments
28 to be computed as ~~an amount forming an annuity increasing at four and one-half~~
29 ~~percent annually over the later of a period of fifteen years from the year of~~

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

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

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

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

26 (5)(a) Notwithstanding ~~the provisions~~ **any other provision** of this Section **to**
27 **the contrary**, the gross employer contribution rate for the Louisiana State
28 Employees' Retirement System and the Teachers' Retirement System of Louisiana
29 shall not be less than fifteen and one-half percent per year until such time as the

1 unfunded accrued liability that existed on June 30, 2004, is fully funded.

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

12 * * *

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

15 **(2)(a) Except as provided in Subparagraph (b) of this Paragraph and in**
 16 **R.S. 11:102.5, effective July 1, 2004, and beginning with Fiscal Year 1998-1999,**
 17 **the amortization period for the changes, gains, or losses of the system provided**
 18 **in Items (B)(3)(d)(i) through (iv) of this Section shall be thirty years from the**
 19 **year in which the change, gain, or loss occurred. The outstanding balances of**
 20 **amortization bases established pursuant to Items (B)(3)(d)(i) through (iv) of this**
 21 **Section before Fiscal Year 1998-1999, shall be amortized as a level-dollar**
 22 **amount from July 1, 2004, through June 30, 2029. Beginning with Fiscal Year**
 23 **2003-2004, and for each fiscal year thereafter, the outstanding balances of**
 24 **amortization bases established pursuant to Items (B)(3)(d)(i) through (iv) of this**
 25 **Section shall be amortized as a level-dollar amount. Effective for the June 30,**
 26 **2010 system valuation and beginning with Fiscal Year 2011-2012, amortization**
 27 **payments for changes in actuarial liability shall be determined in accordance**
 28 **with this Subsection.**

29 **(b) Notwithstanding the provisions of Subparagraph (a) of this**

1 Paragraph, effective for the June thirtieth valuation following the fiscal year in
2 which the system first attains a funded percentage of seventy or more pursuant
3 to R.S. 11:542 and for every year thereafter, the amortization period for the
4 changes, gains, or losses of the system provided in Items (B)(3)(d)(i) through (iv)
5 of this Section occurring in that year or thereafter shall be twenty years from
6 the year in which the change, gain, or loss occurred.

7 (c) Effective for the first system valuation following June 30, 2015, in
8 which an allocation is made to the system's experience account 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 (3) The provisions of this Paragraph and Paragraphs (4) through (9) of
12 this Subsection shall be applicable to the Louisiana State Employees' Retirement
13 System effective for the June 30, 2010, 2010 system valuation and beginning Fiscal
14 Year 2011-2012. For purposes of this Subsection, "plan" or "plans" shall mean a
15 subgroup within the system characterized by the following employee classifications:

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

17 (b) Full-time law enforcement personnel, supervisors, or administrators who
18 are employed with the Department of Revenue or office of alcohol and tobacco
19 control and who are P.O.S.T. certified, have the power to arrest, and hold a
20 commission from such office.

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

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

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

28 (f) Wardens, correctional officers, probation and parole officers, and security
29 personnel employed by the Department of Public Safety and Corrections who are

1 members of the secondary component pursuant to Subpart C of Part VII of Chapter
2 1 of Subtitle II of this Title.

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

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

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

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

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

11 (l) Harbor Police Retirement Plan members as provided pursuant to R.S.
12 11:631.

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

17 ~~(2)(4) For the Louisiana State Employees' Retirement System, effective~~
18 **Effective** for the June 30, 2010, **2010** system valuation and beginning with Fiscal
19 Year 2011-2012, the normal cost calculated pursuant to Subparagraph (B)(3)(a) of
20 this Section, shall be calculated separately for each particular plan within the system.
21 An employer shall pay employer contributions for each employee at the rate
22 applicable to the plan of which that employee is a member.

23 ~~(3)(5) For the Louisiana State Employees' Retirement System, effective~~
24 **Effective** for the June 30, 2010, **2010** system valuation and beginning with Fiscal
25 Year 2011-2012, changes in actuarial liability due to legislation, changes in
26 governmental organization, or reclassification of employees or positions shall be
27 calculated individually for each particular plan within the system based on each
28 plan's actuarial experience as further provided in Subparagraph ~~(4)(c)~~ **(6)(c)** of this
29 Subsection.

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

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

7 (b) The shared unfunded accrued liability rate. (i) Except as provided in Item
8 (ii) of this Subparagraph, a single rate shall be computed for each fiscal year,
9 applicable to all plans for actuarial changes, gains, and losses existing on June 30,
10 2010, or occurring thereafter, including experience and investment gains and losses,
11 which are independent of the existence of the plans listed in Paragraph ~~(1)~~ **(3)** of this
12 Subsection, the payment and rate therefor shall be calculated as provided in this
13 **Subsection and** Paragraphs (B)(1) and (3) of this Section.

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

17 (aa) July 1, 2022.

18 (bb) The date that all sums payable by the Port of New Orleans to the board
19 of trustees of the Louisiana State Employees' Retirement System pursuant to the
20 terms and conditions of a cooperative endeavor agreement between the board of
21 trustees of the Louisiana State Employees' Retirement System, the board of
22 commissioners of the Port of New Orleans, and the board of trustees of the Harbor
23 Police Retirement System regarding the merger of the Harbor Police Retirement
24 System into the Louisiana State Employees' Retirement System have been paid in
25 full.

26 (c) The particularized unfunded accrued liability rate. For actuarial changes,
27 gains, and losses, excluding experience and investment gains and losses, first
28 recognized in the June 30, ~~2010~~, **2010** valuation or in any later valuation, attributable
29 to one or more, but not all, plans listed in Paragraph ~~(1)~~ **(3)** of this Subsection or to

1 some new plan or plans, created, implemented, or enacted after July 1, 2010, a
 2 particularized contribution rate shall be calculated as provided in **this Subsection**
 3 **and** Paragraphs (B)(1) and (3) of this Section.

4 (d) The shared gross employer contribution rate difference. The gross
 5 employer contribution rate difference shall be the difference between the minimum
 6 gross employer contribution rate provided in Paragraph (B)(5) of this Section and the
 7 aggregate employer contribution rate calculated pursuant to the provisions of
 8 Subsection B of this Section.

9 ~~(5)~~**(7)** Each entity funding a portion of the member's salary shall also fund the
 10 employer's contribution on that portion of the member's salary at the employer
 11 contribution rate specified in this Subsection.

12 ~~(6)~~**(8)** For purposes of Paragraph (B)(2) of this Section the actuarially
 13 required employer contributions and the employer contributions actually received for
 14 all plans shall be totaled and treated as a single contribution.

15 ~~(7)~~**(9)** If provisions of this Section cover matters not specifically addressed
 16 by the provisions of this Subsection, then those provisions shall be applicable.

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

19 **(2)(a) Except as provided in Subparagraph (b) of this Paragraph and in**
 20 **R.S. 11:102.5, effective July 1, 2004, and beginning with Fiscal Year 2000-2001,**
 21 **the amortization period for the changes, gains, or losses of the system provided**
 22 **in Items (B)(3)(d)(i) through (iv) of this Section shall be thirty years from the**
 23 **year in which the change, gain, or loss occurred. The outstanding balances of**
 24 **amortization bases established pursuant to Items (B)(3)(d)(i) through (iv) of this**
 25 **Section before Fiscal Year 2000-2001, shall be amortized as a level-dollar**
 26 **amount from July 1, 2004, through June 30, 2029. Beginning with Fiscal Year**
 27 **2003-2004, and for each fiscal year thereafter, the outstanding balances of**
 28 **amortization bases established pursuant to Items (B)(3)(d)(i) through (iv) of this**
 29 **Section shall be amortized as a level-dollar amount. Effective for the June 30,**

1 2011 system valuation and beginning with Fiscal Year 2012-2013, amortization
2 payments for changes in actuarial liability shall be determined in accordance
3 with this Subsection.

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

11 (c) Effective for the first system valuation following June 30, 2015, in
12 which an allocation is made to the system's experience account and for each
13 valuation thereafter, actuarial gains allocated to the experience account shall
14 be amortized as a loss with level payments over a ten-year period.

15 (3) The provisions of this Paragraph and Paragraphs (4) through (9) of
16 this Subsection shall be applicable to the Teachers' Retirement System of Louisiana
17 effective for the June 30, 2011; 2011 system valuation and beginning Fiscal Year
18 2012-2013. For purposes of this Subsection, "plan" or "plans" shall mean a subgroup
19 within the system characterized by the following employee classifications:

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

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

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

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

1 the application to such plan.

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

4 ~~(2)(4)~~ For the Teachers' Retirement System of Louisiana, effective **Effective**
5 for the June 30, ~~2011~~, **2011** system valuation and beginning with Fiscal Year 2012-
6 2013, the normal cost calculated pursuant to Subparagraph (B)(3)(a) of this Section,
7 shall be calculated separately for each particular plan within the system. An
8 employer shall pay employer contributions for each employee at the rate applicable
9 to the plan of which that employee is a member.

10 ~~(3)(5)~~ For the Teachers' Retirement System of Louisiana, effective **Effective**
11 for the June 30, ~~2011~~, **2011** system valuation and beginning with Fiscal Year
12 2012-2013, changes in actuarial liability due to legislation, changes in governmental
13 organization, or reclassification of employees or positions shall be calculated
14 individually for each particular plan within the system based on each plan's actuarial
15 experience as further provided in Subparagraph ~~(4)(c)~~ **(6)(c)** of this Subsection.

16 ~~(4)(6)~~ For each plan referenced in Paragraph ~~(1)~~ **(3)** of this Subsection, the
17 legislature shall set the required employer contribution rate equal to the sum of the
18 following:

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

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

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

8 (d) The shared gross employer contribution rate difference. The gross
9 employer contribution rate difference shall be the difference between the minimum
10 gross employer contribution rate provided in Paragraph (B)(5) of this Section and the
11 aggregate employer contribution rate calculated pursuant to the provisions of
12 Subsection B of this Section.

13 ~~(5)~~(7) Each entity funding a portion of the member's salary shall also fund the
14 employer's contribution on that portion of the member's salary at the employer
15 contribution rate specified in this Subsection.

16 ~~(6)~~(8) For purposes of Paragraph (B)(2) of this Section the actuarially
17 required employer contributions and the employer contributions actually received for
18 all plans shall be totaled and treated as a single contribution.

19 ~~(7)~~(9) If provisions of this Section cover matters not specifically addressed
20 by the provisions of this Subsection, then those provisions shall be applicable.

21 **E.(1) Except as provided in Paragraphs (2) and (3) of this Subsection and**
22 **in R.S. 11:102.5, effective July 1, 2004, and beginning with Fiscal Year**
23 **2000-2001, the amortization period for the changes, gains, or losses of the**
24 **Louisiana School Employees' Retirement System provided in Items (B)(3)(d)(i)**
25 **through (iv) of this Section shall be thirty years from the year in which the**
26 **change, gain, or loss occurred. The outstanding balances of amortization bases**
27 **established pursuant to Items (B)(3)(d)(i) through (iv) of this Section before**
28 **Fiscal Year 2000-2001, shall be amortized as a level-dollar amount from July 1,**
29 **2004, through June 30, 2029. Beginning with Fiscal Year 2003-2004, and for**

1 each fiscal year thereafter, the outstanding balances of amortization bases
2 established pursuant to Items (B)(3)(d)(i) through (iv) of this Section shall be
3 amortized as a level-dollar amount.

4 (2)(a) All outstanding amortization bases in existence on June 30, 2014,
5 including outstanding balances established pursuant to Subparagraph (B)(3)(c)
6 of this Section, shall be consolidated and reamortized over the period ending
7 June 30, 2044, with level-dollar payments, effective with the June 30, 2014
8 valuation. This Paragraph shall not apply to amortization bases established
9 after June 30, 2014.

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

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

25 (4) Effective for the first system valuation following June 30, 2015, in
26 which an allocation is made to the system's experience account and for each
27 valuation thereafter, actuarial gains allocated to the experience account shall
28 be amortized as a loss with level payments over a ten-year period.

29 F.(1) Except as provided in Paragraph (2) of this Subsection and in R.S.

1 11:102.5, effective July 1, 2009, and beginning with Fiscal Year 1992-1993, the
 2 amortization period for the changes, gains, or losses of the Louisiana State
 3 Police Retirement System provided in Items (B)(3)(d)(i) through (iv) of this
 4 Section shall be thirty years from the year in which the change, gain, or loss
 5 occurred. The outstanding balances of amortization bases established pursuant
 6 to Items (B)(3)(d)(i) through (iv) of this Section before Fiscal Year 2008-2009
 7 shall be amortized as a level-dollar amount from July 1, 2009, through June 30,
 8 2029. Beginning with Fiscal Year 2008-2009, and for each fiscal year thereafter,
 9 the outstanding balances of amortization bases established pursuant to Items
 10 (B)(3)(d)(i) through (iv) of this Section shall be amortized as a level-dollar
 11 amount.

12 (2) Notwithstanding the provisions of Paragraph (1) of this Subsection,
 13 effective for the June thirtieth valuation following the fiscal year in which the
 14 system first attains a funded percentage of seventy or more pursuant to R.S.
 15 11:1332 and for every year thereafter, the amortization period for the changes,
 16 gains, or losses of the system provided in Items (B)(3)(d)(i) through (iv) of this
 17 Section occurring in that year or thereafter shall be twenty years from the year
 18 in which the change, gain, or loss occurred.

19 (3) Effective for the first system valuation following June 30, 2015, in
 20 which an allocation is made to the system's experience account 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 §102.1. Consolidation of amortization Amortization payment schedules; priority
 24 excess return allocations; Louisiana State Employees' Retirement
 25 System

26 A. * * *

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

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

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

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

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

9 (c) "Secondary priority amount" shall mean the maximum amount of
10 system returns in excess of the system's actuarially assumed rate of return that
11 may be applied to the experience account amortization base, regardless of
12 whether actual returns that equal or exceed the maximum are available, and
13 shall equal:

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

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

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

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

28 (v) For the second valuation after the original amortization base is
29 liquidated and for each valuation thereafter, the prior year's secondary priority

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

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

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

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

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

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

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

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

26 (h) Notwithstanding the provisions of Subparagraph (i) of this
27 Paragraph, effective for the June thirtieth valuation following the fiscal year in
28 which the system first attains a funded percentage of eighty or more pursuant
29 to R.S. 11:542 and for each valuation thereafter, the net remaining liability of

1 the amortization base to which the funds are applied shall be reamortized with
 2 annual level-dollar payments calculated as provided in R.S. 11:102 over the
 3 remainder of the amortization period originally established for that
 4 amortization base.

5 (i) Beginning with Fiscal Year 2019-2020 and every fifth fiscal year
 6 thereafter, the remaining liability net of all payments made since the last
 7 reamortization shall be reamortized over the remainder of the amortization
 8 period originally established for that amortization base with annual payments
 9 calculated as provided for in this Section.

10 (j) Except as provided in Subparagraphs (h) and (i) of this Paragraph
 11 and in Item (B)(3)(a)(iv) of this Section, the net remaining liability of the
 12 amortization base to which the funds are applied shall not be reamortized after
 13 such application.

14 B. Original amortization base.

15 * * *

16 (2)(a) * * *

17 (b) The balance in this account as of June 30, 2008, exclusive of any
 18 subaccount balance, shall be credited with interest at the system's ~~actuarially-~~
 19 ~~assumed~~ **actuarially assumed** interest rate until the funds in the account are applied
 20 as provided in this Subsection.

21 (3)(a) This consolidated amortization base shall be known as the "original
 22 amortization base" and shall be amortized with annual payments calculated as
 23 follows:

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

* * *

(iv) Notwithstanding any provision of this Section to the contrary, the net remaining liability shall be reamortized over the remainder of the amortization period ending in 2029 in the first valuation after Fiscal Year 2019-2020 for which this reamortization results in annual level-dollar payments that do not exceed the payment otherwise required for that year's valuation.

* * *

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

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

(5) Notwithstanding the provisions of R.S. 11:102(B)(3)(c) and (5) or any other provision of law to the contrary, in any year through Fiscal Year 2016-2017 in which the system receives an overpayment of employer contributions as determined pursuant to R.S. 11:102(B)(2) and in any year through Fiscal Year 2016-2017 in which the system receives additional contributions pursuant to R.S. 11:102(B)(5), the amount of such overpayment or additional contribution shall be applied to the

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

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

14 C. Experience account amortization base.

15 * * *

16 (2) To this shall be applied the balance in the experience account or the
 17 balance in the subaccount of the Texaco Account created pursuant to R.S.
 18 11:542(A)(1)(b)(iii).

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

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

28 * * *

29 (c) Beginning in Fiscal Year 2018-2019, the outstanding balance shall be

1 amortized over the remaining period with annual ~~level-dollar~~ **level-dollar** payments.

2 (4)(a) Except as provided in Paragraph (6) of this Subsection, in any year
3 **before the liquidation of the original amortization base** in which the excess
4 returns of the system exceed the **primary priority** amount ~~applied to the Original~~
5 ~~Amortization Base pursuant to Subparagraph (B)(4)(a) of this Section, the remaining~~
6 ~~excess returns, up to the next fifty million dollars for the June 30, 2015, valuation,~~
7 **the secondary allocation** shall be applied to the experience account amortization
8 base established in this Subsection. ~~The maximum amount of excess returns to be~~
9 ~~applied in any subsequent year pursuant to the provisions of this Subparagraph shall~~
10 ~~equal 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. **In the year in which**~~
12 **the original amortization base is liquidated and for each year thereafter until**
13 **the experience account amortization base is liquidated, the secondary allocation**
14 **shall be applied to the experience account amortization base.**

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

22 (5) Notwithstanding the provisions of R.S. 11:102(B)(3)(c) and (5) or any
23 other provision of law to the contrary, in any year from Fiscal Year 2017-2018
24 through Fiscal Year 2039-2040 in which the system receives an overpayment of
25 employer contributions as determined pursuant to R.S. 11:102(B)(2) and in any year
26 from Fiscal Year 2017-2018 through Fiscal Year 2039-2040 in which the system
27 receives additional contributions pursuant to R.S. 11:102(B)(5), the amount of such
28 overpayment or additional contribution shall be applied to the remaining balance of
29 the experience account amortization base established pursuant to this Subsection. ~~For~~

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

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

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

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

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

26 §102.2. Consolidation of amortization **Amortization** payment schedules; **priority**
 27 **excess return allocations;** Teachers' Retirement System of Louisiana

28 A. * * *

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28 (h) Notwithstanding the provisions of Subparagraph (i) of this
29 Paragraph, effective for the June thirtieth valuation following the fiscal year in

1 which the system first attains a funded percentage of eighty or more pursuant
 2 to R.S. 11:883.1 and for each valuation thereafter, the net remaining liability of
 3 the amortization base to which the funds are applied shall be reamortized with
 4 annual level-dollar payments calculated as provided in R.S. 11:102 over the
 5 remainder of the amortization period originally established for that
 6 amortization base.

7 (i) Beginning with the 2019-2020 Fiscal Year and every fifth fiscal year
 8 thereafter, the remaining liability net of all payments made since the last
 9 reamortization shall be reamortized over the remainder of the amortization
 10 period originally established for that amortization base with annual payments
 11 calculated as provided for in this Section.

12 (j) Except as provided in Subparagraphs (h) and (i) of this Paragraph
 13 and in Item (B)(3)(a)(iv) of this Section, the net remaining liability of the
 14 amortization base to which the funds are applied shall not be reamortized after
 15 such application.

16 B. Original amortization base.

17 * * *

18 (2)(a) To this base shall be applied any monies in the separate fund known
 19 alternatively as the "Texaco Account" or the "Initial Unfunded Accrued Liability
 20 Account" on June 30, 2010, and any appropriation provided in the 2009 Regular
 21 Session of the Legislature. The balance in this account as of June 30, 2008, exclusive
 22 of any subaccount balance, shall be credited with interest at the system's ~~actuarially-~~
 23 ~~assumed~~ **actuarially assumed** interest rate until the funds in the account are applied
 24 as provided in this Subsection.

25 * * *

26 (3)(a) This consolidated amortization base shall be known as the "original
 27 amortization base" and shall be amortized with annual payments calculated as
 28 follows:

29 (i) For Fiscal Year 2010-2011, the projected payment shall be the amount

1 specified in the June 30, 2009 system valuation adopted by the Public Retirement
 2 Systems' Actuarial Committee pursuant to R.S. 11:127. The ~~actuarially-required~~
 3 **actuarially required** contribution shall be determined in accordance with the
 4 provisions of R.S. 11:102 in the June 30, 2010 system valuation adopted by the
 5 committee.

6 * * *

7 **(iv) Notwithstanding any provision of this Section to the contrary, the net**
 8 **remaining liability shall be reamortized over the remainder of the amortization**
 9 **period ending in 2029 in the first valuation after Fiscal Year 2019-2020 for**
 10 **which this reamortization results in annual level-dollar payments that do not**
 11 **exceed the payment otherwise required for that valuation.**

12 * * *

13 (4)(a) Except as provided in Paragraph (5) of this Subsection, in any year in
 14 which the system exceeds its actuarially-assumed **actuarially assumed** rate of
 15 return, ~~the excess returns, up to the first one hundred million dollars for the June 30,~~
 16 ~~2015, valuation,~~ **the primary allocation** shall be applied to the remaining balance
 17 of the original amortization base established in this Subsection. ~~The maximum~~
 18 ~~amount of excess returns to be applied in any subsequent year pursuant to the~~
 19 ~~provisions of this Subparagraph shall equal the prior year's maximum amount~~
 20 ~~increased by the percentage increase in the system's actuarial value of assets for the~~
 21 ~~preceding year, if any.~~

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

29 (5) For the June 30, ~~2014,~~ **2014** valuation, if the system exceeds its

1 ~~actuarially-assumed~~ **actuarially assumed** rate of return, the excess returns, up to the
 2 first fifty million dollars, shall be applied to the remaining balance of the original
 3 amortization base established in this Subsection, without reamortization of such
 4 base.

5 C. Experience account amortization base.

6 * * *

7 (2) To this shall be applied the balance in the experience account or the
 8 balance in the subaccount of the Texaco Account created pursuant to R.S.
 9 11:883.1(A)(1)(b)(iii).

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

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

19 * * *

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

22 (4)(a) Except as provided in Paragraph (6) of this Subsection, in any year
 23 **before the liquidation of the original amortization base** in which the excess
 24 returns of the system exceed the **primary priority** amount ~~applied to the Original~~
 25 ~~Amortization Base pursuant to Subparagraph (B)(4)(a) of this Section, the remaining~~
 26 ~~excess returns, up to the next one hundred million dollars for the June 30, 2015,~~
 27 ~~valuation, the secondary allocation~~ shall be applied to the experience account
 28 amortization base established in this Subsection. ~~The maximum amount of excess~~
 29 ~~returns to be applied in any subsequent year pursuant to the provisions of this~~

1 ~~Subparagraph shall equal the prior year's maximum amount increased by the~~
 2 ~~percentage increase in the system's actuarial value of assets for the preceding year,~~
 3 ~~if any.~~ **In the year in which the original amortization base is liquidated and for**
 4 ~~each year thereafter until the experience account amortization base is~~
 5 ~~liquidated, the secondary allocation shall be applied to the experience account~~
 6 ~~amortization base.~~

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

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

28 (6) For the June 30, 2014, **2014** valuation, if the excess returns of the system
 29 exceed the amount applied to the original amortization base pursuant to

1 Subparagraph ~~Paragraph~~ (B)(5) of this Section, the remaining excess returns, up to
2 the next fifty million dollars, shall be applied to the remaining balance of the
3 experience account amortization base established in this Subsection, without
4 reamortization of such base.

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

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

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

18 **§102.3. Priority excess return allocations; Louisiana School Employees'**

19 **Retirement System**

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

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

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

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

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

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

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

9 (5) Notwithstanding the provisions of Paragraph (6) of this Subsection,
10 effective for the June thirtieth valuation following the fiscal year in which the
11 system first attains a funded percentage of eighty or more pursuant to R.S.
12 11:1145.1 and for each valuation thereafter, the net remaining liability of the
13 amortization base to which the funds are applied shall be reamortized with
14 annual level-dollar payments calculated as provided in R.S. 11:102 over the
15 remainder of the amortization period originally established for that
16 amortization base.

17 (6) Beginning with Fiscal Year 2019-2020 and every fifth fiscal year
18 thereafter, the remaining liability net of all payments made since the last
19 reamortization 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.

22 (7) Except as provided in Paragraphs (5) and (6) of this Subsection, the
23 net remaining liability of the amortization base to which the funds are applied
24 shall not be reamortized after such application.

25 B.(1) Effective for the June 30, 2015 valuation and for each valuation
26 thereafter, if the system's investment experience for the fiscal year exceeds the
27 system's actuarially assumed rate of return, the system shall apply the priority
28 allocation to the oldest outstanding positive amortization base of the system,
29 excluding any amortization base established to amortize a liability pursuant to

1 R.S. 11:102(B)(2)(a) or (3)(c) until all such bases are completely liquidated.

2 After the final base is completely liquidated, the assets shall be treated as
3 provided in R.S. 11:102(B)(4).

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

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

11 C. Effective for the June 30, 2014 valuation, if the systems' investment
12 experience for the fiscal year exceeds the system's actuarially assumed rate of
13 return, the system shall apply the excess investment experience returns, up to
14 a maximum of the first seven and one-half million dollars, to the oldest
15 outstanding positive amortization base of the system, excluding any
16 amortization base established to amortize a liability pursuant to R.S.
17 11:102(B)(2)(a) or (3)(c) without reamortization of such base.

18 §102.4. Priority excess return allocations; State Police Retirement System

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

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

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

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

29 (2) "Priority allocation" shall mean the actual returns available for

1 application to the oldest outstanding positive amortization base.

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

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

8 (5) Notwithstanding the provisions of Paragraph (6) of this Subsection,
9 effective for the June thirtieth valuation following the fiscal year in which the
10 system first attains a funded percentage of eighty or more pursuant to R.S.
11 11:1332 and for each valuation thereafter, the net remaining liability of the
12 amortization base to which the funds are applied shall be reamortized with
13 annual level-dollar payments calculated as provided in R.S. 11:102 over the
14 remainder of the amortization period originally established for that
15 amortization base.

16 (6) Beginning with Fiscal Year 2019-2020 and every fifth fiscal year
17 thereafter, the remaining liability net of all payments made since the last
18 reamortization shall be reamortized with annual level-dollar payments
19 calculated as provided in R.S. 11:102 over the remainder of the amortization
20 period originally established for that amortization base.

21 (7) Except as provided in Paragraphs (5) and (6) of this Subsection, the
22 net remaining liability of the amortization base to which the funds are applied
23 shall not be reamortized after such application.

24 B.(1) Effective for the June 30, 2015 valuation and for each valuation
25 thereafter, if the system's investment experience for the fiscal year exceeds the
26 system's actuarially assumed rate of return, the system shall apply the priority
27 allocation to the oldest outstanding positive amortization base of the system,
28 excluding any amortization base established to amortize a liability pursuant to
29 R.S. 11:102(B)(2)(a) or (3)(c) until all such bases are completely liquidated.

1 After the final base is completely liquidated, the assets shall be treated as
 2 provided in R.S. 11:102(B)(4).

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

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

10 C. Effective for the June 30, 2014 valuation, if the system's investment
 11 experience for the fiscal year exceeds the system's actuarially assumed rate of
 12 return, the system shall apply the excess investment experience returns, up to
 13 a maximum of the first two and one-half million dollars, to the oldest
 14 outstanding positive amortization base of the system, excluding any
 15 amortization base established to amortize a liability pursuant to R.S.
 16 11:102(B)(2)(a) or (3)(c), and without reamortization of such base.

17 §102.5. State systems' 2014 valuation amortization period

18 Notwithstanding any provision of R.S. 11:102 or any other law to the
 19 contrary, for the June 30, 2014 valuation the amortization period for investment
 20 gains of the Louisiana State Employees' Retirement System, the Teachers'
 21 Retirement System of Louisiana, the Louisiana School Employees' Retirement
 22 System, and the State Police Retirement System not allocated to an amortization
 23 base pursuant to R.S. 11:102.1, 102.2, 102.3, or 102.4 and not credited to the
 24 experience account shall be five years.

25 ~~§102.3.~~ §102.6. Review of volatility

26 Following the close of Fiscal Year ~~2018-2019~~ 2016-2017, the future volatility
 27 of the then-existing schedules of each state system shall be reexamined by staff of
 28 each system and of the legislature, including actuaries for both. The results of this
 29 reexamination, which may identify issues to be resolved and include

1 recommendations for plan amendments, shall be reported to the Public Retirement
 2 Systems' Actuarial Committee by November 1, ~~2019~~ 2017. The committee shall
 3 review the results and determine what changes to the system plan provisions, if any,
 4 are advisable. If appropriate, the committee shall make a recommendation to the
 5 legislature by December 15, 2017, on whether and what type of legislation is
 6 warranted.

7 * * *

8 §542. Experience account

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

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

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

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

19 ~~(iii)~~(c) To apply to the experience account amortization base as provided in
 20 R.S. 11:102.1(C)(2); however, as of June 30, 2009, these funds shall be transferred
 21 to the system's Texaco Account and retained in a subaccount of that account until
 22 that account is applied as provided in R.S. 11:102.1. The subaccount shall continue
 23 to be credited and debited as provided in ~~Subparagraph (A)(2)(b) and Paragraph~~
 24 ~~(B)(1)~~ of this Section until such application.

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

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

29 (a) To the extent permitted by ~~Paragraph (3)~~ of this Subsection

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

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

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

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

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

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

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

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

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

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

25 C.~~(1)~~ In accordance with the provisions of this Section, the board of trustees
 26 may recommend to the president of the Senate and the speaker of the House of
 27 Representatives that the system be permitted to grant a permanent benefit increase
 28 to retirees, survivors, and beneficiaries whenever the conditions in this Section are
 29 satisfied ~~and the balance in the experience account is sufficient to fund such benefit~~

1 fully on an actuarial basis, as determined by the system's actuary. If the legislative
2 auditor's actuary disagrees with the determination of the system's actuary, a
3 permanent benefit increase shall not be granted. The board of trustees shall not grant
4 a permanent benefit increase unless such permanent benefit increase has been
5 approved by the legislature. Any such permanent benefit increase granted on or
6 before June 30, 2015, shall be limited to and shall only be payable based on an
7 amount not to exceed seventy thousand dollars of the retiree's annual benefit. Any
8 such permanent benefit increase granted on or after July 1, 2015, shall be limited to
9 and shall only be payable based on an amount not to exceed sixty thousand dollars
10 of the retiree's annual benefit. Effective for years after July 1, 1999, and on or before
11 June 30, 2015, the seventy-thousand dollar limit shall be increased each year in an
12 amount equal to any increase in the consumer price index (U.S. city average for all
13 urban consumers (CPI-U)) for the preceding year, if any. Effective on or after July
14 1, 2015, the sixty-thousand dollar limit shall be increased each year in an amount
15 equal to any increase in the consumer price index, (U.S. city average for all urban
16 consumers (CPI-U)) for the twelve-month period ending on the system's valuation
17 date, if any.

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

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

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

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

26 **(2) Any increase granted pursuant to the provisions of this Section shall begin**
27 **on the July first following legislative approval, shall be payable annually, and shall**
28 **equal the amount required pursuant to Subparagraph (a) or (b) of this**
29 **Paragraph. If the balance in the experience account is not sufficient to fully**

1 fund that sum on an actuarial basis as determined by the system actuary in
 2 agreement with the legislative auditor's actuary, no increase shall be granted.

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

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

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

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

14 (ii) Two and one-half percent if all of the following apply:

15 ~~(b)(aa) If the The system is at least seventy-five percent funded but less than~~
 16 ~~eighty percent funded and the~~

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

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

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

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

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

28 ~~(d)(iv) If One and one-half percent if the system is at least fifty-five percent~~
 29 ~~funded but less than sixty-five percent funded and the legislature has not granted a~~

1 benefit increase in the preceding fiscal year, ~~one and one-half percent.~~

2 ~~(c) If the system is less than fifty-five percent funded or if the system is less~~
3 ~~than eighty-five percent funded but more than fifty-five percent funded and the~~
4 ~~legislature granted a benefit increase in the preceding fiscal year, no increase shall~~
5 ~~be granted.~~

6 (3) ~~Subject to the limitations contained in Paragraph (1) of this Subsection,~~
7 ~~The~~ percentage of each recipient's permanent benefit increase shall be based on the
8 benefit being paid to the recipient on the effective date of the ~~increase.~~ **increase;**
9 **however, any such permanent benefit increase granted on or before June 30,**
10 **2015, shall be limited to and shall be payable based only on an amount not to**
11 **exceed seventy thousand dollars of the retiree's annual benefit. Additionally,**
12 **any such permanent benefit increase granted on or after July 1, 2015, shall be**
13 **limited to and shall be payable based only on an amount not to exceed sixty**
14 **thousand dollars of the retiree's annual benefit. Effective for years after July 1,**
15 **1999, and on or before June 30, 2015, the seventy-thousand dollar limit shall be**
16 **increased each year in an amount equal to any increase in the CPI-U for the**
17 **preceding year. Effective on or after July 1, 2015, the sixty-thousand dollar limit**
18 **shall be increased each year in an amount equal to any increase in the CPI-U for**
19 **the twelve-month period ending 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)~~ (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 Act 1162 of the**
 25 **2001 Regular Session of the Legislature shall be paid by debiting the experience**
 26 **account which shall have the funds available in the experience account to pay**
 27 **for such an increase.**

28 **(3)** Effective September 1, 2001, any retiree receiving a retirement benefit
 29 shall be entitled to receive, as a permanent benefit increase, a minimum retirement

1 benefit amounting to not less than thirty dollars per month for each year of creditable
 2 service of the retiree or the maximum benefit earned in accordance with the
 3 applicable benefit formula selected by the retiree at the time of retirement, whichever
 4 is greater.

5 ~~(i)~~**(a)** For any retiree who selected or selects an early retirement, an initial
 6 benefit option, or a retirement option allowing the payment of benefits to a
 7 beneficiary, there shall be a comparison of both the minimum benefit provided for
 8 in this Paragraph and the maximum benefit and both such benefits shall be
 9 actuarially reduced based upon the option selected by the retiree and the current
 10 board-approved actuarial assumptions prior to the comparison and for the purpose
 11 of determining which of the two benefit amounts results in the greater amount and
 12 the greater amount shall be paid to the retiree.

13 ~~(ii)~~**(b)** In order for the minimum benefit provided for in this Paragraph to be
 14 compared to the annuity being paid to a retiree's named beneficiary, the minimum
 15 benefit shall be reduced based on the option in effect and the current board-approved
 16 actuarial assumptions. After reducing the minimum benefit provided for in this ~~Item~~
 17 **Subparagraph**, the reduced minimum benefit shall be compared to the beneficiary's
 18 annuity, and the beneficiary shall be paid the greater of the beneficiary's reduced
 19 minimum benefit or the amount of the beneficiary's annuity being paid at the time
 20 of the comparison.

21 ~~(b)~~**(c)** The minimum benefits provided for in this Paragraph shall apply to all
 22 retired members and beneficiaries receiving annuity payments or benefits on
 23 September 1, 2001, and to all members retiring on and after September 1, 2001, and
 24 to all beneficiaries receiving annuity payments on and after September 1, 2001, and
 25 all such payments shall be funded by debiting the experience account.

26 * * *

27 §883.1. Experience account

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

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

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

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

9 ~~(iii)(c)~~ To apply to the experience account amortization base as provided in
 10 R.S. 11:102.2(C)(2); however, as of June 30, 2009, these funds shall be transferred
 11 to the system's Texaco Account and retained in a subaccount of that account until
 12 that account is applied as provided in R.S. 11:102.2. The subaccount shall continue
 13 to be credited and debited as provided in ~~Subparagraph (A)(2)(b) and Paragraph~~
 14 ~~(B)(1)~~ of this Section until such application.

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

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

19 (a) To the extent permitted by **Subparagraph (c) of this** Paragraph ~~(3)~~ of this
 20 ~~Subsection~~ and after allocation to the amortization bases as provided in R.S.
 21 ~~11:102(B)(3)(d)(vii)(bb) and 102.2, as applicable~~ **11:102.2**, an amount not to exceed
 22 fifty percent of the remaining balance of the prior year's net investment experience
 23 gain as determined by the system's actuary.

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

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

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

3 (ii) One permanent benefit increase as determined pursuant to Subsection E
 4 D of this Section if the system is less than eighty percent funded.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 **(a) Any such permanent benefit increase granted on or before June 30,**
17 **2015, shall be limited to and shall be payable based only on an amount not to**
18 **exceed seventy thousand dollars of the retiree's annual benefit. The seventy**
19 **thousand dollar limit shall be increased each year in an amount equal to any**
20 **increase in the CPI-U for the preceding year.**

21 **(b) Any such permanent benefit increase granted on or after July 1,**
22 **2015, shall be limited to and shall be payable based only on an amount not to**
23 **exceed sixty thousand dollars of the retiree's annual benefit. Effective on or**
24 **after July 1, 2015, the sixty thousand dollar limit shall be increased each year**
25 **in an amount equal to any increase in the CPI-U for the twelve-month period**
26 **ending on the system's valuation date.**

27 **(4)(a) Notwithstanding any provision of this Section to the contrary, in**
28 **a year in which the experience account balance is insufficient to fund the**
29 **amount required pursuant to Paragraph (2) of this Subsection, the board may**

1 make the recommendation provided in Subsection C of this Section if all of the
 2 following conditions are satisfied:

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

4 (ii) The experience account balance established in the system valuation
 5 for the preceding fiscal year reached its maximum reserve permitted pursuant
 6 to Subparagraph (B)(2)(c) of this Section applicable to the system valuation for
 7 that valuation year.

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

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

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

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

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

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

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

24 ~~(4)~~(a) E.(1)(a) Except as provided in Subparagraph (c) of this Paragraph, in
 25 order to be eligible for any permanent benefit increase payable on or before June 30,
 26 2009, there must be the funds available in the experience account to pay for such an
 27 increase, and a retiree:

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

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

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

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

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

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

11 ~~(ii) The actuarial cost of implementing the provisions of Acts 2001, No.~~
 12 ~~1162, shall be paid by debiting the experience account which must have the funds~~
 13 ~~available in the experience account to pay for such an increase.~~

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

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

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

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

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

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

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

29 **F.(1) The first normal permanent benefit increase shall be effective July**

1 1, 1999.

2 (2) The actuarial cost of implementing the provisions of Act 1162 of the
3 2001 Regular Session of the Legislature shall be paid by debiting the experience
4 account which shall have the funds available in the experience account to pay
5 for such an increase.

6 ~~(5)(a)~~(3) On December 1, 2001, the board of trustees shall grant a one-time
7 cost-of-living adjustment to:

8 ~~(i)(a)~~ Each retiree who had twenty-five years of service credit, exclusive of
9 unused leave, or a disability retiree regardless of the number of years of service
10 credit, and had been receiving a benefit for at least fifteen years on December 1,
11 2001; ~~and,~~

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

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

21 * * *

22 §927. Contributions

23 * * *

24 B. * * *

25 (2)(a) Beginning July 1, 2014, and continuing through ~~fiscal year~~ Fiscal Year
26 2017-2018, each higher education board created by Article VIII of the Constitution
27 of Louisiana and each employer institution and agency under its supervision and
28 control shall contribute to the Teachers' Retirement System of Louisiana on behalf
29 of each participant in the optional retirement plan the sum of:

1 (i) The amounts calculated pursuant to R.S. ~~11:102(D)(4)(b)~~,
2 11:102(D)(6)(b), (c), and (d).

3 * * *

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

8 (i) The amounts calculated pursuant to R.S. ~~11:102(D)(4)(b)~~,
9 11:102(D)(6)(b), (c), and (d).

10 * * *

11 (3)(a) Beginning July 1, 2014, for ~~all employers~~ each employer that ~~are~~ is
12 not a higher education board created by Article VIII of the Constitution of Louisiana
13 or an employer institution under the supervision and control of such a board, each
14 such employer institution and board shall contribute to the Teachers' Retirement
15 System of Louisiana on behalf of each participant in the optional retirement plan the
16 greater of:

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

20 (ii) The sum of the amounts calculated pursuant to R.S. ~~11:102(D)(4)(b)~~,
21 11:102(D)(6)(b), (c), and (d) plus six and two-tenths percent of pay.

22 * * *

23 §1145.1. ~~Employee Experience Account~~ Experience account

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

26 (a) To the extent permitted by Subparagraph (c) of this Paragraph ~~(2) of this~~
27 ~~Subsection~~ and after allocation to the amortization bases as provided in R.S.
28 ~~11:102(B)(3)(d)(vi)(bb)~~ 11:102.3, an amount not to exceed fifty percent of the
29 remaining balance of the prior year's net investment experience gain as determined

1 by the system's actuary.

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

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

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

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

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

18 ~~B-(2)~~ The ~~Employee Experience Account~~ experience account shall be
 19 debited as follows:

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

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

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

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

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

25 **C.(1) No increase shall be granted if either of the following applies:**

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

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

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

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

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

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

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

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

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

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

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

29 ~~(bb)~~ **The system is at least seventy-five percent funded and the system**

1 does not earn an actuarial rate of return of at least seven and one-quarter
 2 percent interest on the investment of the system's assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28 (b) Except as provided in Subparagraph (c) of this Paragraph, a ~~non-retiree~~
 29 **nonretiree** beneficiary shall be eligible for the ~~cost-of-living adjustment~~ **permanent**

1 **benefit increase:**

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

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

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

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

13 E. Effective July 1, 2007, the balance in the Employee Experience Account
14 **experience account** shall be zero.

15 * * *

16 §1332. Employee Experience Account **Experience account**

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

19 (a) To the extent permitted by **Subparagraph (c) of this** Paragraph ~~(2) of this~~
20 ~~Subsection~~ and after the allocation **to the amortization bases** as provided in R.S.
21 ~~11:102(B)(3)(d)(viii)(bb)~~ **11:102.4**, an amount not to exceed fifty percent of the
22 **remaining balance of the** prior year's net investment experience gain as determined
23 by the system's actuary.

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

28 ~~(2)(a)(c)~~ In no event shall a credit be made to the account that would cause
29 the balance in the ~~Employee Experience Account~~ **experience account** to exceed the

1 reserve necessary to grant:

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

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

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

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

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

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

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

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

24 ~~C.(1)B.~~ In accordance with the provisions of this Section, the board of
 25 trustees may recommend to the president of the Senate and the speaker of the House
 26 of Representatives that the system be permitted to grant a ~~cost-of-living adjustment~~
 27 **permanent benefit increase** to retirees and beneficiaries whenever the conditions
 28 in this Section are satisfied ~~and the balance in the Employee Experience Account is~~
 29 ~~sufficient to fully fund such benefit on an actuarial basis, as determined by the~~

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

19 **C.(1) No increase shall be granted if either of the following applies:**

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

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

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

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

28 (b) The increase in the consumer price index, ~~(United States city average for~~
 29 ~~all urban consumers (CPI-U))~~ **U.S. city average for all urban consumers (CPI-U),**

1 as prepared by the United States Department of Labor, Bureau of Labor Statistics,
 2 for the twelve-month period ending on the system's valuation date, if any. ~~If the~~
 3 ~~balance in the experience account is not sufficient to fund that sum, no increase shall~~
 4 ~~be granted.~~

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

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

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

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

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

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

18 **(bb)** **The system is at least seventy-five percent funded and the system**
 19 **does not earn an actuarial rate of return of at least seven percent interest on the**
 20 **investment of the system's assets.**

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

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

28 (3) Subject to the limitations contained in Paragraph (1) of this Subsection,
 29 ~~the~~ **The** percentage of each recipient's ~~cost-of-living adjustment~~ **permanent benefit**

1 increase shall be based on the benefit being paid to the recipient on the effective date
2 of the increase: increase; however, any such permanent benefit increase granted
3 on or before June 30, 2015, shall be limited to and shall be payable based only
4 on an amount not to exceed eighty-five thousand dollars of the retiree's annual
5 benefit. Additionally, any such permanent benefit increase granted on or after
6 July 1, 2015, shall be limited to and shall be payable based only on an amount
7 not to exceed sixty thousand dollars of the retiree's annual benefit. Effective for
8 years after July 1, 2007, and on or before June 30, 2015, the eighty-five
9 thousand dollar limit shall be increased each year in an amount equal to any
10 increase in the CPI-U for the preceding year. Effective on or after July 1, 2015,
11 the sixty thousand dollar limit shall be increased each year in an amount equal
12 to any increase in the CPI-U for the twelve-month period ending on the system's
13 valuation date.

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

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

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

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

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

29 (aa) The growth of the cost of the increase, but only if that growth was

1 produced solely by either or both of these events:

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

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

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

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

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

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

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

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

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

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

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

26 ~~D. The cost-of-living increase which is authorized by Subsection C of this~~
 27 ~~Section shall be limited to the lesser of either two percent or an amount determined~~
 28 ~~as provided 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 seven percent interest on the~~

1 ~~investment of the system's assets.~~

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

4 F. In addition to the ~~cost-of-living adjustment~~ **permanent benefit increase**
5 authorized by Subsection ~~C~~ **B** of this Section, the board of trustees may grant a
6 supplemental ~~cost-of-living adjustment~~ **permanent benefit increase** to all retirees
7 and beneficiaries who are at least age sixty-five, which shall consist of an amount
8 equal to two percent of the benefit being received on the date of the ~~adjustment~~
9 **increase**. In order to grant such supplemental ~~cost-of-living adjustment~~ **permanent**
10 **benefit increase**, the board of trustees shall recommend to the president of the
11 Senate and the speaker of the House of Representatives that the system be permitted
12 to grant such supplemental ~~cost-of-living adjustment~~ **permanent benefit increase**
13 to retirees and beneficiaries whenever the balance in the ~~Employee Experience~~
14 ~~Account~~ **experience account** is sufficient to fully fund such benefit on an actuarial
15 basis, as determined by the system's actuary. If the legislative actuary disagrees with
16 the determination of the system's actuary, such supplemental ~~cost-of-living~~
17 ~~adjustment~~ **permanent benefit increase** shall not be granted. The board of trustees
18 shall not grant such supplemental ~~cost-of-living adjustment~~ **permanent benefit**
19 **increase** unless such supplemental ~~cost-of-living adjustment~~ **permanent benefit**
20 **increase** has been approved by the legislature. Any such supplemental ~~cost-of-living~~
21 ~~adjustment~~ **permanent benefit increase** paid on or before June 30, 2015, shall be
22 limited to and shall ~~only~~ be payable based **only** on an amount not to exceed
23 eighty-five thousand dollars of the retiree's annual benefit. Any such supplemental
24 ~~cost-of-living adjustment~~ **permanent benefit increase** paid on or after July 1, 2015,
25 shall be limited to and shall ~~only~~ be payable based **only** on an amount not to exceed
26 sixty thousand dollars of the retiree's annual benefit. Effective on and after July 1,
27 2007, and on or before June 30, 2015, the eighty-five thousand dollar limit shall be
28 increased each year in an amount equal to the increase in the ~~consumer price index~~
29 (~~United States city average for all urban consumers (CPI-U)~~), as prepared by the

1 ~~United States Department of Labor, Bureau of Labor Statistics, CPI-U~~ for the
 2 preceding calendar year, if any. Effective on and after July 1, 2015, the ~~sixty-~~
 3 ~~thousand~~ **sixty thousand** dollar limit shall be increased each year in an amount equal
 4 to the increase in the consumer price index (~~United States city average for all urban~~
 5 ~~consumers (CPI-U)~~), as prepared by the ~~United States Department of Labor, Bureau~~
 6 ~~of Labor Statistics, CPI-U~~ for the twelve-month period ending on the system's
 7 valuation date, if any. Any ~~cost-of-living adjustment~~ **permanent benefit increase**
 8 granted pursuant to the provisions of this Subsection shall begin on **the** July first
 9 following legislative approval and shall be payable annually.

10 Section 2. R.S. 11:102(B)(3)(d)(v), (vi), (vii), and (viii), 542(G), 883.1(G) and (H),
 11 1145.1(F), and 1332(G) are hereby repealed.

12 Section 3. In case of any conflict between the provisions of this Act and the
 13 provisions of any other Act of the 2016 Regular Session of the Legislature, the provisions
 14 of this Act shall supersede and control regardless of the order of passage.

15 Section 4. This Act shall become effective on June 30, 2016; if vetoed by the
 16 governor and subsequently approved by the legislature, this Act shall become effective on
 17 June 30, 2016, or on the day following such approval by the legislature, whichever is later.

The original instrument and the following digest, which constitutes no part
 of the legislative instrument, were prepared by Margaret M. Corley.

DIGEST

SB 18 Reengrossed

2016 Regular Session

Peacock

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 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 percentage. 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. Provides for other changes to be triggered by the system's funded percentage.

Proposed law retains present law.

Proposed law defines "funded percentage" for state systems. Provides that, except as otherwise provided by law, "funded percentage" means valuation assets used to determine contributions divided by accrued liability.

Proposed law, for purposes of determining the maximum PBI within the schedule in present law, specifies that the funded percentage shall be determined before any allocation to the experience account.

Present law provides that the amortization period for most actuarial changes, gains, or losses shall be permanently reduced from 30 years to 20 years in the June 30th system valuation following the fiscal year in which a system first attains a funded percentage of 85% or greater.

Proposed law changes the trigger from 85% to 72% for LSERS and to 70% for the other three state retirement systems.

Present law provides that, effective for the June 30, 2019 valuation, actuarial gains allocated to the experience account shall be amortized as a loss with level payments over a ten-year period.

Proposed law provides for this ten-year loss amortization to begin with the first system valuation following June 30, 2015, in which an allocation is made to the system's experience account.

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.

Present law provides for hurdle payments on LSERS' and Troopers' oldest debts.

Proposed law retains present law.

Present law provides that, after a hurdle payment is made, the net remaining debt to which the payment is applied to shall not be reamortized unless the system is 85% funded.

Beginning in the 2020-2021 Fiscal Year, proposed law provides for reamortization of the net remaining OAB liability when moving to level-dollar payments ending in 2029 results in annual payments that are not more than the next annual payment otherwise required under present law.

Proposed law provides that after a system first achieves a funded percentage of 80%, the debt to which any future hurdle payment is applied shall be reamortized over the remainder of the originally established amortization period.

Until a system is 80% funded, proposed law further provides for reamortization of the net remaining liability after application of the hurdle payments in the 2019-2020 Fiscal Year and in every fifth fiscal year thereafter.

Present law provides for the review of volatility of payment schedules with results reported to the Public Retirement Systems' Actuarial Committee by Nov. 1, 2019.

Proposed law requires the review of volatility to be done following the close of Fiscal Year 2016-2017 and the report to be submitted by Nov. 1, 2017.

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 funded percentage.
- (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 funded percentage.
- (F) Ten-year amortization of losses due to experience account allocations.
- (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)

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

PROVISION	SYSTEM	PRESENT LAW	PROPOSED LAW
	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)

Proposed law specifies that if the provisions of proposed law conflict with the provisions of any other Act of the 2016 Regular Session, the provisions of proposed law shall supersede and control regardless of the order of passage.

Effective June 30, 2016.

(Amends R.S. 11:102(B)(1), (2), (3)(intro para), (a), (b), (c), and (d)(intro para), (i), (ii), (iii), and (iv), (4), and (5)(a) and (b), (C), and (D), 102.1(B)(2)(b), (3)(a)(i), (4), (5), and (6) and (C)(2), (3)(a) and (c), (4), (5), and (6), 102.2(B)(2)(a), (3)(a)(i), (4), and (5) and (C)(2), (3)(a) and (c), (4), (5), and (6), 102.3, 542(A), (B), (C), (E), and (F), 883.1(A), (B), (C), (E), and (F), 927(B)(2)(a)(intro para) and (i) and (b)(i) and (3)(a), 1145.1(A), (B), (C), (D), and (E), and 1332(A), (B), (C), (D), (E), and (F); adds R.S. 11:23, 102(E) and (F), 102.1(A)(4), (B)(3)(a)(iv), and (D), 102.2(A)(4), (B)(3)(a)(iv), and (D), 102.4, 102.5, 102.6, 542(D), and 883.1(D); repeals R.S. 11:102(B)(3)(d)(v), (vi), (vii), and (viii), 542(G), 883.1(G) and (H), 1145.1(F), and 1332(G))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Retirement to the original bill

1. Defines "funded percentage."
2. Provides that when LASERS, TRSL, and Troopers are 70% funded the amortization period for most actuarial changes, gains, and losses shall be reduced from 30 years to 20 years. Further provides that when LSERS is 72% funded the amortization period for most actuarial changes, gains, and losses shall be reduced from 30 years to 20 years.
3. Until a system is 80% funded, provides for reamortization after application of the hurdle payments in the 2019-2020 Fiscal Year and in every fifth fiscal year thereafter.
4. Beginning with the 2020-2021 Fiscal Year, provides for reamortization of the OAB payments when moving to level-dollar payments results in annual payments ending in 2029 that are not more than the next annual payment otherwise required under present law.
5. Removes prescribed order in which credits and debits are to be made to the experience account.
6. Makes technical changes.

Summary of Amendments Adopted by Senate

Senate Floor Amendments to engrossed bill

1. Makes technical changes.