

2016 Regular Session

SENATE BILL NO. 2

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

RETIREMENT SYSTEMS. Authorizes payments funded by state systems' experience accounts to certain retirees and beneficiaries. (2/3 - CA10s29(F)) (6/30/16)

1 AN ACT

2 To enact R.S. 11:542.2, 883.4, 1145.3, and 1332.1, to authorize payments funded by state
3 retirement system experience accounts to certain retirees and beneficiaries; to
4 provide qualifications for receipt of such payments; to provide relative to the amount
5 of such payments; to provide for an effective date; and to provide for related matters.

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

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 11:542.2, 883.4, 1145.3, and 1332.1 are hereby enacted to read as
9 follows:

10 **§542.2. Permanent benefit increase; payable July 1, 2016**

11 **A. Notwithstanding any provision of R.S. 11:542 to the contrary, the**
12 **board of trustees of the Louisiana State Employees' Retirement System may**
13 **grant a permanent benefit increase, funded exclusively with money from the**
14 **experience account and payable July 1, 2016, to the following retirees and**
15 **beneficiaries:**

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

1 (2) Any nonretiree beneficiary whose receipt of benefits is not based on
2 the death of a disability retiree, if benefits have been paid to the retiree or the
3 beneficiary or to both combined for at least one year, and if the retiree would
4 have attained age sixty.

5 (3) Any disability retiree or any nonretiree beneficiary who receives
6 benefits based on the death of a disability retiree, if benefits have been paid to
7 the retiree or beneficiary or to both combined for at least one year.

8 B. The increase authorized by this Section shall be payable only on the
9 first sixty thousand dollars of a retiree or beneficiary's benefit and shall be an
10 amount determined by the system's actuary with the agreement of the
11 legislative auditor's actuary that is supported by the experience account balance
12 after any credits or debits to the account pursuant to R.S. 11:542 up to a
13 maximum payment of one and one-half percent of the eligible benefit amount.

14 * * *

15 §883.4. Permanent benefit increase; payable July 1, 2016

16 A. Notwithstanding any provision of R.S. 11:883.1 to the contrary, the
17 board of trustees of the Teachers' Retirement System of Louisiana may grant
18 a permanent benefit increase, funded exclusively with money from the
19 experience account and payable July 1, 2016, to the following retirees and
20 beneficiaries:

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

23 (2) Any nonretiree beneficiary whose receipt of benefits is not based on
24 the death of a disability retiree, if benefits have been paid to the retiree or the
25 beneficiary or to both combined for at least one year, and if the retiree would
26 have attained age sixty.

27 (3) Any disability retiree or any nonretiree beneficiary who receives
28 benefits based on the death of a disability retiree, if benefits have been paid to
29 the retiree or beneficiary or to both combined for at least one year.

1 §1332.1. Cost-of-living adjustment; payable July 1, 2016

2 A. Notwithstanding any provision of R.S. 11:1332 to the contrary, the
3 board of trustees of the State Police Retirement System may grant a
4 cost-of-living adjustment, funded exclusively with money from the experience
5 account and payable July 1, 2016, to the following retirees and beneficiaries:

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

8 (2) Any nonretiree beneficiary whose receipt of benefits is not based on
9 the death of a disability retiree, if benefits have been paid to the retiree or the
10 beneficiary or to both combined for at least one year and if the retiree would
11 have attained age sixty.

12 (3) Any disability retiree or any nonretiree beneficiary who receives
13 benefits based on the death of a disability retiree, if benefits have been paid to
14 the retiree or beneficiary or to both combined for at least one year.

15 B. The increase authorized by this Section shall be payable only on the
16 first sixty thousand dollars of a retiree or beneficiary's benefit and shall be an
17 amount determined by the system's actuary with the agreement of the
18 legislative auditor's actuary that is supported by the experience account balance
19 after any credits or debits to the account pursuant to R.S. 11:1332 up to a
20 maximum payment of two percent of the eligible benefit amount.

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

24 Section 3. This Act shall take effect and become operative if and when the Acts
25 which originated as Senate Bill No. 5 and Senate Bill No. 18 of the 2016 Regular Session
26 of the Legislature are enacted and become effective.

27 Section 4. This Act shall become effective on June 30, 2016; if vetoed by the
28 governor and subsequently approved by the legislature, this Act shall become effective on
29 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 2 Reengrossed

2016 Regular Session

Peacock

Present law designates the following as state retirement systems:

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

Present law, relative to the four state retirement systems, establishes an "experience account" within each system for the accumulation of certain system funds. Provides for utilization of these funds for benefit increases, commonly called "cost-of-living adjustments" (COLAs), for retirees, survivors, and beneficiaries of the system. Provides that the following classes of retirees and beneficiaries are eligible for a COLA paid pursuant to present law:

- (1) Any regular retiree who has received a benefit for at least one year and who has attained at least age 60.
- (2) Any beneficiary of a regular retiree if the retiree, beneficiary, or both combined have received a benefit for at least one year and if the deceased member would have attained age 60.
- (3) Any disability retiree or any beneficiary who receives benefits based on the death of a disability retiree if benefits have been received by the retiree, beneficiary, or both combined for at least one year.

Proposed law retains present law.

Proposed law authorizes each state system board of trustees to grant a COLA, payable July 1, 2016, to the retirees and beneficiaries who would qualify for a COLA under present law. Uses the funds from the experience account to fund the COLA.

Present law provides the maximum amount of a COLA based on the consumer price index and the systems' funded ratio.

Without regard to the consumer price index, proposed law provides that the amount of the COLA shall be an amount supported by the funds in the system's experience account, after all required credits and debits to the account under present law.

Proposed law provides that, in accordance with the funded ratio of each system, the maximum amount payable shall be 1.5% of the benefit subject to the increase for LASERS and Teachers' and shall be 2% of the benefit subject to the increase for LSERS and Troopers'.

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

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

Proposed law provides that if the instruments which originated as Senate Bill No. 5 and Senate Bill No. 18 of the 2016 Regular Session of the Legislature do not become effective, proposed law shall be null and void and of no effect.

Effective June 30, 2016.

(Adds R.S. 11:542.2, 883.4, 1145.3, and 1332.1)

Summary of Amendments Adopted by Senate

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

1. Makes technical changes.
2. Provides that if the instruments which originated as Senate Bill No. 5 and Senate Bill No. 18 of the 2016 Regular Session of the Legislature do not become effective, proposed law shall be null and void and of no effect.