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 DIGEST

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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 authorizes the board of trustees of the State Police Retirement System to grant a supplemental cost-of-living adjustment in accordance with present law to all retirees and beneficiaries who are at least 65 and who retired on or before June 30, 2001.

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.

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Retirement to the reengrossed bill:

1. Add provision authorizing the board of trustees of the State Police Retirement System to grant a supplemental cost-of-living adjustment to all retirees and beneficiaries who are at least 65 and who retired on or before June 30, 2001.