

2018 Regular Session

HOUSE BILL NO. 23

BY REPRESENTATIVE IVEY

RETIREMENT/STATE-STWIDE: Provides for a limitation on investment portfolio allocation to alternative investments

1 AN ACT

2 To enact R.S. 11:263(E), relative to alternative investments of the state and statewide
3 retirement systems; to limit the extent of such investments; and to provide for related
4 matters.

5 Notice of intention to introduce this Act has been published
6 as provided by Article X, Section 29(C) of the Constitution
7 of Louisiana.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 11:263(E) is hereby enacted to read as follows:

10 §263. Prudent-man rule; investments; reporting

11 * * *

12 E. Notwithstanding the prudent-man rule, no governing authority of any
13 system, fund, or plan governed by this Subpart shall invest more than twenty-five
14 percent of its total portfolio in alternative investments.

15 * * *

DIGEST

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

HB 23 Original

2018 Regular Session

Ivey

Abstract: Prohibits the boards of the state and statewide retirement systems from investing greater than 25% of the system's total investment portfolio in alternative investments.

Present law requires each fiduciary and board of trustees of a retirement system to act with the care, skill, prudence, and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims (prudent-man rule). Further requires this standard be applied to investments not in isolation, but in the context of the trust portfolio, and as part of an overall investment strategy and requires the consideration of certain factors in making investment decisions.

Proposed law provides that notwithstanding present law, no board shall invest more than 25% of the total portfolio in alternative investments.

(Adds R.S. 11:263(E))