

Regular Session, 2009

HOUSE BILL NO. 96

BY REPRESENTATIVE PEARSON

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

RETIREMENT/STATE-STWIDE: Relative to state and statewide retirement systems, provides for retirement option with guaranteed cost-of-living adjustments subject to an actuarial reduction of benefits

1 AN ACT

2 To enact R.S. 11:247, relative to state and statewide retirement systems; to provide relative  
3 to cost-of-living adjustments; to permit the selection of a retirement option that  
4 would provide for automatic cost-of-living adjustments subject to an actuarial  
5 reduction of benefits; and to provide for related matters.

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

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 11:247 is hereby enacted to read as follows:

11 §247. Automatic cost-of-living adjustments

12 A. Upon application for retirement, any member of a state or statewide  
13 retirement system may elect to receive an actuarially reduced retirement allowance  
14 plus an annual two and one-half percent cost-of-living adjustment. The retirement  
15 allowance together with the cost-of-living adjustment shall be certified by the system  
16 actuary to be actuarially equivalent to the member's maximum or optional retirement  
17 allowance and shall be approved by the system's board of trustees. If a person has  
18 chosen an optional retirement allowance, the cost-of-living adjustment shall be  
19 payable based on his designated beneficiary's allowance. The cost-of-living

1 adjustment for any retiree who chose an initial benefit option shall be based on his  
2 retirement allowance which is actuarially reduced by virtue of the initial benefit.  
3 The cost-of-living adjustment for any retiree who participated in the Deferred  
4 Retirement Option Plan or the Back-Deferred Retirement Option Plan shall be based  
5 on his base benefit.

6 B. The annual cost-of-living adjustment authorized by Subsection A of this  
7 Section shall be effective July first of each year and shall be payable to retirees who  
8 are age fifty-five or older and not before the retiree would have attained such age if  
9 his beneficiary is receiving the retirement allowance.

10 C. Additional cost-of-living adjustments granted by the system's board of  
11 trustees, as otherwise provided by law, shall be computed on the basis of the retiree's  
12 benefit amount on the date such cost-of-living adjustment is granted.

13 D. Upon application for retirement and upon certifying that he is  
14 contemplating availing himself of the provisions of this Section, a member of a state  
15 or statewide retirement system may request that the system provide actuarial  
16 estimates of the benefits that such member would receive pursuant to Subsection A  
17 of this Section for the fifth, tenth, and fifteenth year following the member's  
18 anticipated retirement date. The system shall provide such actuarial estimates to the  
19 member upon request.

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#### 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)]

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Pearson

HB No. 96

**Abstract:** Relative to state and statewide retirement systems, provides a retirement option that would allow a retiree to receive an actuarially reduced retirement allowance plus an annual 2.5% cost-of-living adjustment (COLA).

Proposed law provides that a member of a state or statewide retirement system, upon applying for retirement, may elect a retirement payment option whereby his benefit is actuarially reduced, but he shall receive a 2.5% COLA annually on July 1 of each year. Such COLA shall only be payable to retirees who are 55 and older.

Proposed law provides that any retiree who has exercised the option provided by proposed law shall also receive any additional COLA that may be granted by the system's board of

trustees pursuant to present law. In such case, the additional COLA shall be based on the retiree's monthly benefit amount as it exists when such COLA is granted.

Proposed law provides that any member may request from the system actuarial estimates of how much his benefit will be pursuant to proposed law for the 5<sup>th</sup>, 10<sup>th</sup>, and 15<sup>th</sup> year following his retirement, provided he certifies that he is contemplating availing himself of proposed law.

(Adds R.S. 11:247)