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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Laura Gail Sullivan.

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## DIGEST

Proposed law generally consolidates amortization payment schedules for changes, gains, or losses together with credits in certain side accounts and reamortizes the net outstanding balances for the Louisiana State Employees' Retirement System (LASERS) and the Teachers' Retirement System of Louisiana (Teachers'). Provides for application of certain future gains and contributions to such amortization schedules and other components of annual required employer contributions.

Present law relative to amortization of the June 30, 1988, unfunded accrued liabilities (UAL) of LASERS and Teachers' provides for payments forming an annuity increasing at 4.5% annually through 2029. Present constitution requires this debt to be eliminated by 2029.

Proposed law consolidates the outstanding 1988 UAL balances with other amortization schedules and credits. Provides for level-dollar payments for LASERS. Provides for payments forming an annuity increasing at 2% for Teachers'.

Present law provides for employer contributions to state retirement systems. Provides for amortization payments for changes, gains, and losses of each system.

Present law, relative to LASERS, provides for annual level-dollar payments over a 30-year period for changes, gains, and losses established before 1999 and after 2003. Provides for 4.5% increasing payments for those established from 1999 to 2003.

Proposed law consolidates the bases established 1999-2003 with other credits and requires annual level-dollar payments ending in fiscal year 2040.

Present law relative to Teachers' provides for annual level-dollar payments over a 30-year period for bases established before 2001 and after 2003. Provides for 4.5% increasing payments for bases established 2001-2003.

Proposed law consolidates the bases established 2001-2003 with other credits and requires level-dollar payments ending in fiscal year 2040.

Present law provides for a minimum employer contribution rate of 15.5% for Teachers' and LASERS until the 1988 UAL is fully funded. Provides for accumulation of the additional employer contributions paid at the 15.5% rate in an employer credit account. Provides that such account shall earn interest at the actuarial rate of return earned by the system. Provides that the employer credit account shall be used exclusively to reduce the UAL created before 7/1/04.

Proposed law provides that for Fiscal Year 2008-2009 and thereafter, the employer credit account

shall be credited with interest at the board-approved valuation rate. Provides that funds in the employer credit account may be used to reduce the employer contribution rate in any year for which the required employer contribution rate would otherwise exceed the 15.5% minimum.

Proposed law provides for consolidation of existing amortization schedules for LASERS and Teachers'. Provides for favorable changes and gains and the balance of the "Initial UAL account" to be applied to the outstanding balance of the 1988 UAL. Provides that for each system this consolidated schedule shall be known as the "original amortization base" and reamortized to 2029 as required by present constitution. Provides for unfavorable changes and losses and the balance in the system's experience account to be consolidated into a single amortization schedule to be known as the "experience account amortization base" for each system and amortized to 2040.

Proposed law provides for application of investment earnings in excess of the system's actuarial assumptions to that system's original amortization base and experience account amortization base. Provides for reamortization after such application.

Present law provides for an experience account for each system. Provides for credits and debits to such account.

Proposed law provides for application of the experience account balance of each system as of 6/30/09 to reduce the experience account amortization base.

Proposed law changes term "cost-of-living adjustment" to "permanent benefit increase." Provides that for increases payable on or after 7/1/09, a retiree shall have been retired for one year and have attained age 60.

Proposed law repeals obsolete provisions of present law.

Effective June 30, 2009.

(Amends R.S. 11:42(B)(5) and (11), 102(B)(1), (2)(b), (3)(b), and (5), 542(A), (B), (C)(1)(intro para), (2), (3), (4)(a)(intro para), (b)(intro para), and (c), (5)(a)(i) and (b), and (E), and 883.1(A), (B), (C)(1)(intro para), (2), (3), (4)(a)(intro para), (b)(intro para), and (c), (E), and (F); adds R.S. 11:102.1, 102.2, 542(C)(4)(d) and (e) and (F), and 883.1(C)(4)(d) and (e) and (G); repeals R.S. 11:542(D) and 883.1(D))