

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

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

DIGEST

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

Proposed law provides that the annual 2.5% compounded COLAs should not apply to any ad hoc COLAs the systems may grant.

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 relative to the applicability of annual COLAs to DROP accounts. Provides relative payments to spouse beneficiaries. Provides that the annual COLA is not available to disability retirees in LASERS, but is available to disability retirees in other systems upon conversion to a service retirement.

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

Effective July 1, 2009.

(Adds R.S. 11:247, 446(A)(6), and 783(A)(4))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Retirement to the original bill.

1. Adds provision that the election to receive the annual cost-of-living adjustment (COLA) pursuant to proposed law shall be irrevocable.
2. Clarifies that the annual COLA pursuant to proposed law shall be based on all previous COLAs.
3. Adds provision providing the method by which the annual COLA pursuant to proposed law shall be applied to Deferred Retirement Option Plan (DROP) accounts.
4. Provides that if a DROP participant names a spouse beneficiary and dies, the annual COLA pursuant to proposed law shall be based on the spouse's retirement allowance.

5. With respect to beneficiaries, limits the annual COLA's application to surviving spouses' allowances.
6. Provides that if the annual COLA pursuant to proposed law is effective on the same day as another COLA, the annual COLA shall be applied first.
7. Relative to the Louisiana State Employees' Retirement System (LASERS), provides that the annual COLA shall not be available to disability retirees. With regard to other state and statewide retirement systems, permits the application of the annual COLA to disability retirees who convert to a service retirement.
8. Provides an effective date of July 1, 2009, for proposed law.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Retirement to the engrossed bill.

1. Provides that the annual 2.5% COLA shall be effective annually on the retirement anniversary date of the retiree.
2. Provides that the 2.5% compounded COLAs should not apply to any ad hoc COLAs the systems may grant.