

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.

1 AN ACT

2 To enact R.S. 11:247, 446(A)(6), and 783(A)(4), relative to state and statewide retirement
3 systems; to provide relative to cost-of-living adjustments; to permit the selection of
4 a retirement option that would provide for automatic cost-of-living adjustments
5 subject to an actuarial 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, 446(A)(6), and 783(A)(4) are hereby enacted to read as
11 follows:

12 §247. Automatic cost-of-living adjustments

13 A.(1) Upon application for retirement or participation in the Deferred
14 Retirement Option Plan, any member of a state or statewide retirement system may
15 elect to receive an actuarially reduced retirement allowance plus an annual two and
16 one-half percent cost-of-living adjustment. Such an election shall be irrevocable
17 after the effective date of retirement or after the beginning date of participation in the
18 Deferred Retirement Option Plan. The retirement allowance together with the cost-
19 of-living adjustment shall be certified by the system actuary to be actuarially
20 equivalent to the member's maximum or optional retirement allowance and shall be
21 approved by the system's board of trustees.

1 (2) The annual cost-of-living adjustment of such retirees shall be based on
 2 the retirement allowance received pursuant to the retirement plan option selected by
 3 the member and the monthly benefit being paid pursuant thereto on the effective date
 4 of the increase, inclusive of cost-of-living adjustments paid pursuant to this Section,
 5 but exclusive of cost-of-living adjustments paid pursuant to any other provision of
 6 law.

7 (3)(a) The annual cost-of-living adjustment of any Deferred Retirement
 8 Option Plan participant shall be credited to the participant's Deferred Retirement
 9 Option Plan subaccount during the participation period.

10 (b) Following participation in the Deferred Retirement Option Plan, the
 11 annual cost-of-living adjustment shall be applied to the monthly benefit allowance
 12 amount determined by the retirement plan option selected, inclusive of cost-of-living
 13 adjustments paid pursuant to this Section, but exclusive of cost-of-living adjustments
 14 paid pursuant to any other provision of law. The monthly benefit allowance upon
 15 retirement shall reflect the annual benefit adjustments set forth in this Paragraph.

16 (c) Upon retirement of a Deferred Retirement Option Plan participant, the
 17 annual cost-of-living adjustment shall also be applied to any supplemental benefit
 18 earned after the participation period in accordance with applicable law.

19 (d) The provisions of this Section shall not apply to any participant in a
 20 Back-Deferred Retirement Option Plan or Program.

21 (4) If a retiree or Deferred Retirement Option Plan participant has chosen an
 22 optional retirement allowance wherein a spouse who has been designated as
 23 beneficiary will receive a continuing benefit upon the retiree's or Deferred
 24 Retirement Option Plan participant's death, the spouse's cost-of-living adjustment
 25 shall be payable based on the spouse's allowance on the effective date of the
 26 increase.

27 B. The annual cost-of-living adjustment authorized by Subsection A of this
 28 Section shall be effective annually on the retirement anniversary date of the retiree
 29 and shall be payable to any retiree who is age fifty-five or older and not before the

1 retiree would have attained such age if his spouse is receiving the retirement
2 allowance as his designated beneficiary.

3 C. Additional cost-of-living adjustments granted by the system's board of
4 trustees, as otherwise provided by law, shall be computed on the basis of the retiree's
5 benefit amount on the date such cost-of-living adjustment is granted. If an additional
6 cost-of-living adjustment is scheduled to be effective on the same day as the annual
7 cost-of-living adjustment, the annual cost-of-living adjustment shall be calculated
8 first.

9 D. Upon application for retirement or participation in the Deferred
10 Retirement Option Plan and upon certifying that he is contemplating availing himself
11 of the provisions of this Section, a member of a state or statewide retirement system
12 may request that the system provide actuarial estimates of the benefits that such
13 member would receive pursuant to Subsection A of this Section for the fifth, tenth,
14 and fifteenth year following the member's anticipated retirement date. The system
15 shall provide such actuarial estimates to the member upon request.

16 E. This Section shall not be applicable to recipients of disability retirement
17 benefits pursuant to R.S. 11:461 et seq. All other persons receiving disability
18 retirement benefits pursuant to the provisions of this Title shall be eligible to elect
19 this retirement option upon conversion to a service retirement, if applicable, under
20 the provisions of this Title for each state or statewide retirement system.

21 * * *

22 §446. Mode of payment where option elected

23 A. Upon application for retirement any member may elect to receive his
24 benefit in a retirement allowance payable throughout his life, or he may elect at that
25 time to receive the actuarial equivalent of his retirement allowance in a reduced
26 retirement allowance payable throughout life, with the provision that:

27 * * *

28 (6) Annual Cost-of-Living Adjustment Option. In addition to any of the
29 above options, upon application for retirement or participation in the Deferred
30 Retirement Option Plan, any member may make an election, which is irrevocable

1 after the effective date of retirement or the beginning date of participation in the
 2 Deferred Retirement Option Plan, to receive an actuarially reduced retirement
 3 allowance plus an annual two and one-half percent cost-of-living adjustment
 4 pursuant to R.S. 11:247.

* * *

6 §783. Selection of option for method of payment after death of member

7 A.

* * *

9 (4) Annual Cost-of-Living Adjustment Option. In addition to any of the
 10 above options, upon application for retirement or participation in the Deferred
 11 Retirement Option Plan, any member may make an election, which is irrevocable
 12 after the effective date of retirement or the beginning date of participation in the
 13 Deferred Retirement Option Plan, to receive an actuarially reduced retirement
 14 allowance plus an annual two and one-half percent cost-of-living adjustment
 15 pursuant to R.S. 11:247.

* * *

17 Section 2. This Act shall become effective on July 1, 2009; if vetoed by the governor
 18 and subsequently approved by the legislature, this Act shall become effective on July 1,
 19 2009, or on the day following such approval by the legislature, whichever is later.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.