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

DIGEST

Peacock (SB 13)

Present constitution (Art. X, Sect. 29(E)(1)) requires the legislature to establish by law the particular method of actuarial valuation to be employed by each state or statewide retirement system for purposes of attaining and maintaining the actuarial soundness of such system.

Present law (R.S. 11:4(A)(1)(a) and (b)) provides that the La. State Employees' Retirement System (LASERS) and the Teachers' Retirement System of La. (Teachers') are state retirement systems.

Proposed law retains present law.

Present law (R.S. 11:22(B)(6) and (13)) provides that LASERS' and Teachers' valuation method shall be projected unit credit.

Proposed law changes the valuation method of each system to entry age normal, effective with the adoption by the Public Retirement Systems' Actuarial Committee of a valuation for that system utilizing that method.

Present law provides for payment of the unfunded accrued liability of the systems, including payments to liquidate the original amortization base and the experience account amortization base, and for allocations to the system experience account when system investment earnings exceed a certain threshold.

Proposed law provides that allocations to the original amortization base, the experience account amortization base, and the experience account are made only from earnings in excess of the actuarially-assumed rate of return utilized in the system's June 30, 2013 valuation, or the board-approved actuarial valuation rate if higher (currently both are 8%). Provides that this threshold shall be used in each system's June 30, 2014 valuation. Specifies that application of the allocations to the amortization bases shall be without reamortization.

Effective June 30, 2014.

(Amends R.S. 11:22(B)(6) and (13), 102.1(B)(4) and (C)(4), 102.2(B)(4) and (C)(4), 542(A)(2)(a) and (F)(2)(a), and 883.1(A)(2)(a) and (G)(2)(a))