

Regular Session, 2014

SENATE BILL NO. 18

BY SENATORS GUILLORY, KOSTELKA, GARY SMITH, JOHN SMITH AND
WALSWORTH AND REPRESENTATIVES HENRY BURNS,
BURRELL, GUILLORY, HAZEL, HILL, HOFFMANN, PRICE AND
RICHARD

STATE EMPLOYEE RET. Grants a permanent benefit increase to eligible retirees in
accordance with statutory procedure. (2/3 - CA10s29(F)) (6/30/14)

1 AN ACT

2 To grant a permanent benefit increase to retirees and beneficiaries of the Louisiana State
3 Employees' Retirement System in conformity with the statutory provisions governing
4 the system's experience account.

5 Notice of intention to introduce this Act has been published.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. The legislature finds that the experience account of the Louisiana State
8 Employees' Retirement System was created for the purpose of accumulating money
9 sufficient to provide actuarial funding of permanent post-retirement benefit increases for
10 retirees and the beneficiaries of the system. The legislature further finds that the experience
11 account is credited with a portion of the system's investment gain in excess of certain
12 thresholds and with interest on funds in the account; provided, however, that the amount in
13 the experience account shall in no event exceed the reserve necessary to grant two permanent
14 benefit increases.

15 Section 2. The legislature finds that permanent benefit increases funded by the
16 experience account monies are payable to regular retirees who have been retired for at least
17 one year and who have attained the age of sixty years; to disability retirees who have been

1 retired at least one year regardless of age; to beneficiaries of retirees who would have met
2 the applicable criteria to receive the increase if they had survived; and to nonretiree
3 beneficiaries who have received a benefit for at least one year and whose benefits originate
4 from service of deceased members who would have attained the age of sixty. The legislature
5 further finds that any increase payable in 2014 shall be calculated on the first ninety-six
6 thousand nine hundred thirty-one dollars of a retirement benefit only.

7 Section 3. The legislature finds that, in accordance with the provisions of R.S.
8 11:542, the board of trustees of the Louisiana State Employees' Retirement System has
9 adopted a resolution recommending to the president of the Senate and the speaker of the
10 House of Representatives that the legislature grant a permanent benefit increase to the
11 eligible retirees and beneficiaries of the system in accordance with the provisions of R.S.
12 11:542 and Article X, Section 29(F) of the Constitution of Louisiana.

13 Section 4. The legislature finds that the resolution presented to the presiding officers
14 of this body contained a recitation of the statutorily-required conditions and specification of
15 the satisfaction of each as follows:

16 (A) For the plan year that ended June 30, 2013, the Louisiana State Employees'
17 Retirement System earned an actuarial rate of return of fourteen and five one-hundredths of
18 one percent, which exceeded the board-approved actuarial valuation rate of eight percent.

19 (B) For any year in which the system's rate of return is at least eight and one-quarter
20 percent, R.S. 11:542 provides that a permanent benefit increase shall not exceed the lesser
21 of three percent or the increase in the consumer price index, U.S. city average for all urban
22 consumers, as prepared by the U.S. Department of Labor, Bureau of Labor Statistics, for the
23 calendar year immediately preceding the increase.

24 (C) The system actuary has determined that the actuarial liability created by
25 providing a permanent benefit increase of two and seven-tenths of one percent is
26 approximately one hundred eighty-nine million dollars. The system actuary computed the
27 balance in the experience account to be over one hundred ninety-five million dollars, an
28 amount sufficient to fund a benefit increase up to two and seven-tenths of one percent on an
29 actuarial basis.

1 Section 5. The legislative auditor has confirmed that the legislative auditor's actuary
2 is in the process of determining whether he agrees with the determinations of the system
3 actuary.

4 Section 6. The consumer price index, U.S. city average for all urban consumers, as
5 prepared by the U.S. Department of Labor, Bureau of Labor Statistics, for the 2013 calendar
6 year, released January 16, 2014, was determined to be one and one-half of one percent,
7 which does not exceed two and seven-tenths of one percent.

8 Section 7. Contingent upon satisfaction of all necessary conditions contained in R.S.
9 11:542, the first ninety-six thousand nine hundred thirty-one dollars of the current benefit
10 of each retiree and beneficiary of the Louisiana State Employees' Retirement System who
11 meets the eligibility criteria contained in the statute and recited herein shall be increased by
12 the applicable 2013 consumer price index of one and one-half of one percent effective July
13 1, 2014.

14 Section 8. This Act shall become effective on June 30, 2014; if vetoed by the
15 governor and subsequently approved by the legislature, this Act shall become effective on
16 June 30, 2014, or on the day following such approval by the legislature, whichever is later.

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

DIGEST

Guillory (SB 18)

Present law, relative to the Louisiana State Employees' Retirement System (LASERS), provides for the accumulation of certain system funds in an "experience account". Provides for utilization of these funds for permanent benefit increases (PBIs), sometimes called cost-of-living adjustments or COLAs, for retirees, survivors, and beneficiaries of the system. Provides for determination of eligibility for and the amount of an increase paid with these funds.

Present law provides for notification of the legislature by the LASERS board of trustees that the conditions for granting a PBI contained in present law have been met.

Present law requires the legislature to approve any PBI.

Proposed law retains present law and approves a PBI to be paid July 1, 2014, pursuant to the provisions of present law.

Effective June 30, 2014.