

SENATE BILL NO. 18

BY SENATOR GUILLORY AND REPRESENTATIVE ROBIDEAUX AND SENATORS
ALARIO, ALLAIN, APPEL, BROOME, BROWN, BUFFINGTON,
CHABERT, CORTEZ, CROWE, DONAHUE, DORSEY-COLOMB,
HEITMEIER, JOHNS, KOSTELKA, LAFLEUR, LONG, MARTINY,
MILLS, MURRAY, NEVERS, PEACOCK, PERRY, RISER, GARY
SMITH, JOHN SMITH, TARVER, THOMPSON, WALSWORTH,
WARD AND WHITE AND REPRESENTATIVES ANDERS, ARMES,
BADON, BARROW, BERTHELOT, BILLIOT, STUART BISHOP,
BROADWATER, BROWN, BURFORD, HENRY BURNS, TIM
BURNS, BURRELL, CARMODY, CARTER, CHANEY, COX,
EDWARDS, GAINES, GISCLAIR, GUILLORY, HARRIS, HAVARD,
HAZEL, HILL, HOFFMANN, HOWARD, HUNTER, HUVAL, IVEY,
KATRINA JACKSON, JAMES, JEFFERSON, JONES, KLECKLEY,
NANCY LANDRY, TERRY LANDRY, LEBAS, MACK, MILLER,
MONToucET, JAY MORRIS, JIM MORRIS, NORTON, ORTEGO,
PEARSON, PIERRE, POPE, PRICE, RICHARD, RITCHIE,
SCHEXNAYDER, SEABAUGH, SHADOIN, SIMON, ST. GERMAIN,
STOKES, THIERRY, WHITNEY, PATRICK WILLIAMS, WILLMOTT
AND WOODRUFF

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
18 retired at least one year regardless of age; to beneficiaries of retirees who would have met

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

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

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

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

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

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

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

1 actuary.

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

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

12 Section 8. If any of the instruments which originated as Senate Bill No. 16, Senate
13 Bill No. 19, Senate Bill No. 21, or House Bill No. 1225 of the 2014 Regular Session of the
14 Legislature does not become effective, this Act shall be null and void and of no effect.

15 Section 9. This Act shall become effective on June 30, 2014; if vetoed by the
16 governor and subsequently approved by the legislature, this Act shall become effective on
17 June 30, 2014, or on the day following such approval by the legislature, whichever is later.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____