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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Lauren Bailey.

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## DIGEST

Gautreaux (SB 9)

Present law (R.S. 11:429(B)) permits any member of the Louisiana State Employees' Retirement System (LASERS) who has credit in the system for at least five years of service to purchase up to five years of service credit in one-year increments to be used for calculation of benefits only and not for purposes of attaining retirement eligibility. Provides that the member shall apply to the system for such credit and pay to the system the greater of the amount calculated in accordance with the actuarial cost provisions of present law or the employee and employer contributions plus interest based on the member's current salary, which totally offsets the increase in accrued liability of the system resulting from such purchase of service credit. Provides the amount to be paid shall be paid in one lump sum, and no service credit shall be given to the member until or unless the amount is paid in full.

Proposed law retains present law.

New purchase of service credit:

Proposed law provides that any member of LASERS who has credit in the system for at least five years of service shall be eligible to purchase up to five years of service credit in one-year increments for purposes of attaining eligibility for retirement and calculation of benefits.

Upgrade of previously purchased service credit:

Proposed law provides for an upgrade of service credit previously purchased for benefit calculation only pursuant to present law (R.S. 11:429(B)) to service credit applicable to both calculation of benefits and retirement eligibility.

Proposed law provides for application, calculation of purchase price, and lump-sum payment for a new purchase or an upgrade as provided in present law.

Proposed law provides that any member who elects to upgrade previously purchased credit shall receive an offset in cost equal to the amount, if any, by which the employee and employer contributions plus interest based on the member's current salary, exceeded the actuarial cost under R.S. 11:158 at the time of the previous purchase, inclusive of interest on any such excess at the board-approved actuarial rate from the date of the previous purchase to the date of the upgrade.

Proposed law requires any retiree who purchased service credit under proposed law to pay any increase in his Office of Group Benefits health insurance premium to cover any increase in premium that would otherwise be paid by his employer as a result of the retirement only if the

member retires earlier than he would otherwise have been eligible to retire without his purchase of service credit.

Proposed law provides that the increased premium payments shall cease when the retiree attains the age at which his earned creditable service, not including service purchased pursuant to proposed law, would have been sufficient to meet eligibility requirements for regular retirement.

Effective July 1, 2011.

(Amends R.S. 11:429(B))

#### Summary of Amendments Adopted by Senate

##### Committee Amendments Proposed by Senate Committee on Retirement to the original bill.

1. Provides that a member who elects to upgrade previously purchased credit shall receive an offset in cost equal to the amount, if any, by which the employee and employer contributions plus interest based on the member's current salary, exceeded the actuarial cost under R.S. 11:158 at the time of the previous purchase, inclusive of interest on any such excess at the board-approved actuarial rate from the date of the previous purchase to the date of the upgrade.
2. Clarifies that a member must pay any increase in his Office of Group Benefits health insurance premium to cover any increase in premium that would otherwise be paid by his employer as a result of his retirement only if he retires earlier than he would otherwise have been eligible to retire without his purchase of service credit.
3. Provides that the increased premium payments shall cease when the retiree attains the age at which his earned creditable service, not including service purchased pursuant to this Act, would have been sufficient to meet eligibility requirements for regular retirement.