
DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Guillory

SB No. 47

Present law generally provides for a benefit calculation formula for members of each state system including the Louisiana State Employees' Retirement System (LASERS) and the Teachers' Retirement System of Louisiana (TRSL), typically consisting of:

(years of service) x (accrual rate) x (final average compensation (FAC))

Present law (R.S. 11:403(5) and 701(5)), relative to LASERS and TRSL, provides varying periods of FAC for members of those systems of either 36 or 60 months.

Persons with a 36-month FAC period in present law include:

- (1) Rank-and-file members of LASERS hired on or before June 30, 2006.
- (2) Certain elected officials whose state system membership began before Jan. 1, 2011, including:
 - (a) Governor.
 - (b) Lieutenant governor.
 - (c) Legislators.
 - (d) Judges.
 - (e) Treasurer.
- (3) Certain persons in public safety positions whose state system membership began before Jan. 1, 2011, including:
 - (a) Wildlife agents.
 - (b) Corrections officers.
 - (c) Alcohol-Tobacco Control agents.
 - (d) Probation and parole officers.
 - (e) Bridge police.
- (4) All members of TRSL whose state system membership began before Jan. 1, 2011.

Persons with a 60-month FAC period in present law include:

- (1) Rank-and-file members of LASERS hired after June 30, 2006.
- (2) Elected officials whose state system membership began on or after Jan. 1, 2011, including those listed in (2) above.
- (3) Members of the Hazardous Duty Services Plan in LASERS, which includes all persons in (3) above whose state system membership began on or after Jan. 1, 2011.
- (4) All TRSL members whose state system membership began on or after Jan. 1, 2011.

Proposed law retains present law 36-month FAC period for LASERS members who are in "hazardous duty" jobs and for pre-K-12 members of TRSL who have the 36 month FAC currently.

Proposed law further provides that all "non-hazardous duty" employees in LASERS and higher education employees in TRSL shall have a five-year FAC, regardless of the date of hire. With respect to such persons, specifies that a person who retires on or before June 30, 2013, shall have a 36-month FAC, and that a person who retires on or after July 1, 2015, shall have a 60-month FAC. For any person who retires between the two dates, the FAC period shall be 36 plus the number of whole months that have elapsed since July 1, 2013.

Proposed law provides that in order to have the benefit of a revised FAC for the supplemental benefit, a Deferred Retirement Option Plan (DROP) participant must continue working after DROP for a period of months that equals or exceeds the FAC period used to calculate his benefit upon DROP entry.

Proposed law provides for actuarial calculation of required employer contributions that retain any "savings" from proposed law within the system trust.

Proposed law provides for an expedited hearing process if proposed law is subjected to legal challenge. Provides that the implementation of proposed law may be delayed until a final nonappealable judgment is rendered in any such action instituted on or before September 30, 2012, if such delay is required by the duties of the systems' fiduciaries and if it is approved by the Public Retirement Systems' Actuarial Committee. Provides for severability if a court declares any provisions of proposed law to be unconstitutional as applicable to certain members of LASERS and TRSL, retaining application of the Act to the remaining members of the system.

Effective June 30, 2012.

(Amends R.S. 11:102(B)(1) and (3)(a) and (d)(i), (iv), (v), and (vii) and (C)(2), (3), and (4)(a), 403(5)(a)(i) and (b)(i) and (ii), and 701(5)(a)(intro para); Adds R.S. 11:102(D) and 701(5)(f); Repeals R.S. 11:403(5)(b)(iii))

Summary of Amendments Adopted by Senate

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

1. Makes technical corrections.
2. Provides for an expedited hearing process.
3. Expands the agencies which may present actuarial valuations to the Public Retirement Systems' Actuarial Committee for consideration to include the division of administration, for purposes of determining the employer contribution rate to be remitted for the fiscal year beginning July 1, 2012.

Committee Amendments Proposed by Senate Committee on Finance to the engrossed bill

1. Provides for implementation to begin July 1, 2013. Deletes requirement for the Public Retirement Systems' Actuarial Committee to meet for the purpose of adopting a revised valuation, which was made superfluous by the delayed implementation date.
2. Provides for phase-in of the 60-month FAC period in one-month increments beginning July 1, 2013.
3. Specifies that a member's post-DROP supplemental benefit will be calculated with a post-DROP FAC if the member remains employed after DROP for a period that equals or exceeds the number of months used to calculate his pre-DROP FAC.

4. Provides a mechanism for any "savings" produced by proposed law to remain with the system and to be applied to reduce that system's unfunded accrued liability (UAL).
5. Specifies that proposed law applies to elected officials in office on June 30, 2013; provides, however, for such elected officials to opt out of proposed law by filing a written request with his retirement system.

Senate Floor Amendments to engrossed bill

1. Provides that implementation of the proposed law may be delayed until a final nonappealable judgment is rendered in any legal challenge instituted on or before June 30, 2013.
2. Allows a person who had elected to participate in the optional retirement plan before December 31, 2007, to return to the defined benefit plan.
3. Technical changes relative to the actuarial calculation of employer contributions.

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Retirement to the re-engrossed bill.

1. Removes proposed law provision allowing a person who had elected to participate in the optional retirement plan between July 31, 2002 and Dec. 31, 2007, to return to the defined benefit plan.
2. Requires the Public Retirement Systems' Actuarial Committee to approve any delayed implementation of proposed law.
3. Changes the date by which a legal challenge must be filed in order to trigger the provisions in proposed law relative to delayed implementation from June 30, 2013 to Sept. 30, 2012.