Price (HB 46) **Act No. 297**

Existing law provides that the board of trustees of the La. School Employees' Retirement System (LSERS) may recommend to the president of the Senate and the speaker of the House of Representatives that the system be permitted to grant a cost-of-living adjustment (COLA) to retirees and beneficiaries whenever the balance in the LSERS Employee Experience Account is sufficient to fully fund such benefit. Provides that a portion of investment gains are credited to the experience account. Existing law requires legislative approval of a COLA by concurrent resolution adopted by the favorable vote of a majority of the elected members of each house.

Notwithstanding existing statutory law, existing constitution provides that benefit provisions for members of a public retirement system may only be altered by legislative enactment and further requires a 2/3 vote of the legislature to enact any change in benefit provisions that has an actuarial cost. New law authorizes a one-time COLA for certain LSERS retirees and their beneficiaries as further described below.

Existing law provides that a retiree who has received a benefit for at least one year and who is at least 60 is eligible for a COLA; also provides for eligibility of nonretiree beneficiaries. Such qualifications are applicable to the COLA authorized by new law, and new law further requires that to be eligible for such COLA, a retiree shall have retired prior to July 1, 2001, or entered the Deferred Retirement Option Plan prior to July 1, 2001, and retired prior to July 1, 2012. Further provides that such COLA shall take effect July 1, 2013.

Existing law provides that a COLA shall not to exceed the lesser of 3% or the Consumer Price Index (U.S. city average for all urban consumers) (CPI-U). New law authorizes a COLA of up to 3.75%.

New law requires the legislative actuary to review the system actuary's determination regarding funding of the proposed COLA. Prohibits the COLA from being granted unless the legislative actuary and the system actuary agree.

Existing law provides further that any such COLA shall be limited to and shall only be payable based on an amount not to exceed $85,000 of the retiree's annual benefit but provides for increases in this maximum based on the CPI-U. Existing law applies to the COLA authorized by new law. New law provides that other provisions of existing law apply to the COLA authorized by new law unless new law provides otherwise.

Effective upon signature of governor (June 17, 2013).

(Adds R.S. 11:1145.2)