HLS 14RS-386 ORIGINAL

Regular Session, 2014

HOUSE BILL NO. 43

1

BY REPRESENTATIVE PEARSON

RETIREMENT/TEACHERS: Provides for application of remaining funds in the Teachers' Retirement System of La.'s experience account, after payment of a permanent benefit increase to eligible retirees and beneficiaries, to specified debt of the system

AN ACT

2 To enact R.S. 11:102.2(B)(5), relative to liabilities of the Teachers' Retirement System of 3 Louisiana; to provide for application of funds from certain accounts to certain such 4 liabilities; to provide restrictions relative to the financing of such debt; to provide an 5 effective date; and to provide for related matters. 6 Notice of intention to introduce this Act has been published 7 as provided by Article X, Section 29(C) of the Constitution 8 of Louisiana. 9 Be it enacted by the Legislature of Louisiana: 10 Section 1. R.S. 11:102.2(B)(5) is hereby enacted to read as follows: 11 §102.2. Consolidation of amortization payment schedules; Teachers' Retirement 12 System of Louisiana 13 14 B. 15 (5) Effective for the June 30, 2014, valuation, to this base shall be applied 16 17 any funds remaining in the experience account from the July 1, 2013, account

- 1 balance after payment of a permanent benefit increase pursuant to the provisions of
- 2 R.S. 11:883.1, without reamortization of the base.

* * *

- 4 Section 2. This Act shall become effective on June 27, 2014; if vetoed by the
- 5 governor and subsequently approved by the legislature, this Act shall become effective on
- 6 June 27, 2014, or on the day following such approval by the legislature, whichever is later.

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)]

Pearson HB No. 43

Abstract: Provides for application of remaining experience account funds to the initial unfounded accrued liability (IUAL) of the Teachers' Retirement System of La. (TRSL), after the system pays a permanent benefit increase to eligible retires and beneficiaries pursuant to <u>present law</u>.

<u>Present law</u> (R.S. 11:883.1) provides for TRSL system funds to be deposited into the experience account at the end of each fiscal year if the system attains certain funding targets.

<u>Present law</u> authorizes a permanent benefit increase to be granted to certain retirees and beneficiaries of TRSL if there is sufficient money in the experience account. Authorizes such an increase at the rate of the lesser of:

- (1) 3%.
- (2) The CPI-U for the last year.

The CPI-U, as calculated by the U.S. Dept. of Labor, Bureau of Labor Statistics, for the last year was 1.5%.

<u>Present law</u> (R.S. 11:102.2) provides for the Original Amortization Base (OAB) and the Experience Account Amortization Base (EAAB) for debts of TRSL. Generally, the OAB is the consolidated amortization base for the initial unfunded accrued liability of the system that existed as of June 30, 1988. Generally, the EAAB is the consolidated amortization base for the actuarial losses of the system <u>from</u> 1988 to 2009. <u>Proposed law</u> retains <u>present law</u>.

<u>Proposed law</u> applies to the TRSL OAB any remaining funds in the TRSL experience account after payment of a permanent benefit increase to eligible retirees and beneficiaries effective July 1, 2014. <u>Proposed law</u> prohibits reamortization of the OAB after application of funds pursuant to <u>proposed law</u>.

Effective June 27, 2014.

(Adds R.S. 11:102.2(B)(5))

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.