
DIGEST

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Pearson

HB No. 43

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

Present law (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.

Present law 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%.

Present law (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 from 1988 to 2009. Proposed law retains present law.

Proposed law 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. Proposed law prohibits reamortization of the OAB after application of funds pursuant to proposed law.

Effective June 27, 2014.

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