

Regular Session, 2014

SENATE BILL NO. 18

BY SENATOR GUILLORY AND REPRESENTATIVE ROBIDEAUX AND SENATORS  
ALARIO, ALLAIN, APPEL, BROOME, BROWN, BUFFINGTON,  
CHABERT, CORTEZ, CROWE, DONAHUE, DORSEY-COLOMB,  
HEITMEIER, JOHNS, KOSTELKA, LAFLEUR, LONG, MARTINY,  
MILLS, MURRAY, NEVERS, PEACOCK, PERRY, RISER, GARY  
SMITH, JOHN SMITH, TARVER, THOMPSON, WALSWORTH,  
WARD AND WHITE AND REPRESENTATIVES HENRY BURNS,  
BURRELL, GUILLORY, HAZEL, HILL, HOFFMANN, PRICE AND  
RICHARD

STATE EMPLOYEE RET. Grants a permanent benefit increase to eligible retirees in  
accordance with statutory procedure. (2/3 - CA10s29(F)) (6/30/14)

AN ACT

To grant a permanent benefit increase to retirees and beneficiaries of the Louisiana State  
Employees' Retirement System in conformity with the statutory provisions governing  
the system's experience account.

Notice of intention to introduce this Act has been published.

Be it enacted by the Legislature of Louisiana:

Section 1. The legislature finds that the experience account of the Louisiana State  
Employees' Retirement System was created for the purpose of accumulating money  
sufficient to provide actuarial funding of permanent post-retirement benefit increases for  
retirees and the beneficiaries of the system. The legislature further finds that the experience  
account is credited with a portion of the system's investment gain in excess of certain  
thresholds and with interest on funds in the account; provided, however, that the amount in  
the experience account shall in no event exceed the reserve necessary to grant two permanent  
benefit increases.

Section 2. The legislature finds that permanent benefit increases funded by the  
experience account monies are payable to regular retirees who have been retired for at least  
one year and who have attained the age of sixty years; to disability retirees who have been

1 retired at least one year regardless of age; to beneficiaries of retirees who would have met  
2 the applicable criteria to receive the increase if they had survived; and to nonretiree  
3 beneficiaries who have received a benefit for at least one year and whose benefits originate  
4 from service of deceased members who would have attained the age of sixty. The legislature  
5 further finds that any increase payable in 2014 shall be calculated on the first ninety-six  
6 thousand nine hundred thirty-one dollars of a retirement benefit only.

7 Section 3. The legislature finds that, in accordance with the provisions of R.S.  
8 11:542, the board of trustees of the Louisiana State Employees' Retirement System has  
9 adopted a resolution recommending to the president of the Senate and the speaker of the  
10 House of Representatives that the legislature grant a permanent benefit increase to the  
11 eligible retirees and beneficiaries of the system in accordance with the provisions of R.S.  
12 11:542 and Article X, Section 29(F) of the Constitution of Louisiana.

13 Section 4. The legislature finds that the resolution presented to the presiding officers  
14 of this body contained a recitation of the statutorily-required conditions and specification of  
15 the satisfaction of each as follows:

16 (A) For the plan year that ended June 30, 2013, the Louisiana State Employees'  
17 Retirement System earned an actuarial rate of return of fourteen and five one-hundredths of  
18 one percent, which exceeded the board-approved actuarial valuation rate of eight percent.

19 (B) For any year in which the system's rate of return is at least eight and one-quarter  
20 percent, R.S. 11:542 provides that a permanent benefit increase shall not exceed the lesser  
21 of three percent or the increase in the consumer price index, U.S. city average for all urban  
22 consumers, as prepared by the U.S. Department of Labor, Bureau of Labor Statistics, for the  
23 calendar year immediately preceding the increase.

24 (C) The system actuary has determined that the actuarial liability created by  
25 providing a permanent benefit increase of two and seven-tenths of one percent is  
26 approximately one hundred eighty-nine million dollars. The system actuary computed the  
27 balance in the experience account to be over one hundred ninety-five million dollars, an  
28 amount sufficient to fund a benefit increase up to two and seven-tenths of one percent on an  
29 actuarial basis.

1           Section 5. The legislative auditor has confirmed that the legislative auditor's actuary  
2 is in the process of determining whether he agrees with the determinations of the system  
3 actuary.

4           Section 6. The consumer price index, U.S. city average for all urban consumers, as  
5 prepared by the U.S. Department of Labor, Bureau of Labor Statistics, for the 2013 calendar  
6 year, released January 16, 2014, was determined to be one and one-half of one percent,  
7 which does not exceed two and seven-tenths of one percent.

8           Section 7. Contingent upon satisfaction of all necessary conditions contained in R.S.  
9 11:542, the first ninety-six thousand nine hundred thirty-one dollars of the current benefit  
10 of each retiree and beneficiary of the Louisiana State Employees' Retirement System who  
11 meets the eligibility criteria contained in the statute and recited in this Act shall be increased  
12 by the applicable 2013 consumer price index of one and one-half of one percent effective  
13 July 1, 2014.

14           Section 8. If any of the instruments which originated as Senate Bill No. 16, Senate  
15 Bill No. 19, Senate Bill No. 21, or House Bill No. 1225 of the 2014 Regular Session of the  
16 Legislature does not become effective, this Act shall be null and void and of no effect.

17           Section 9. This Act shall become effective on June 30, 2014; if vetoed by the  
18 governor and subsequently approved by the legislature, this Act shall become effective on  
19 June 30, 2014, or on the day following such approval by the legislature, whichever is later.

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The original instrument was prepared by Laura Gail Sullivan. The following  
digest, which does not constitute a part of the legislative instrument, was  
prepared by Ann S. Brown.

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#### DIGEST

Guillory (SB 18)

Present law, relative to the Louisiana State Employees' Retirement System (LASERS), provides for the accumulation of certain system funds in an "experience account". Provides for utilization of these funds for permanent benefit increases (PBIs), sometimes called cost-of-living adjustments or COLAs, for retirees, survivors, and beneficiaries of the system. Provides for determination of eligibility for and the amount of an increase paid with these funds.

Present law provides for notification of the legislature by the LASERS board of trustees that the conditions for granting a PBI contained in present law have been met.

Present law requires the legislature to approve any PBI.

Proposed law retains present law and approves a PBI to be paid July 1, 2014, pursuant to the provisions of present law.

Proposed law states that if any of the instruments which originated as Senate Bill No. 16, Senate Bill No. 19, Senate Bill No. 21 or House Bill No. 1225 of the 2014 Regular Session of the Legislature does not become effective, then proposed law shall be null and void and of no effect. These bills are for the retirees of State Police Retirement System, Louisiana School Employees' Retirement System, and Teachers' Retirement System of Louisiana.

Effective June 30, 2014.

Summary of Amendments Adopted by Senate

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

1. Makes the COLA for LASERS effective only if the COLA for the other three state retirement systems are effective. The three other state retirement systems are State Police Retirement System, Teachers' Retirement System of Louisiana, and School Employees' Retirement System of Louisiana.

Senate Floor Amendments to engrossed bill

1. Adds passage of HB1225 as a condition for proposed law to become effective.
2. Makes technical change.