

Regular Session, 2014

ACT No. 399

HOUSE BILL NO. 1225

BY REPRESENTATIVE ROBIDEAUX AND SENATORS GUILLORY, APPEL,
CORTEZ, CROWE, LONG, PEACOCK, AND PERRY

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AN ACT

To amend and reenact R.S. 11:102(B)(3)(d)(v) through (viii), 102.1(B)(3)(b), (4), and (5) and (C)(4) and (5), 102.2(B)(3)(b) and (4) and (C)(4) and (5), 542(A)(2) and (3), (C)(1) through (3), and (F)(1), 883.1(A)(2) and (3), (C)(1) through (3), (F), and (G)(1), 1145.1(A), (C)(1) through (3), and (D), and 1332(A), (C)(1) through (3), (D), and (F) and to enact R.S. 11:102.1(B)(6) and (C)(6), 102.2(B)(5) and (C)(6), 102.3, 542(G), 883.1(H), 1145.1(F), and 1332(G), relative to the liabilities of the state retirement systems; to provide for payment of such liabilities; to limit creation of certain additional liabilities through benefit increases; to provide relative to authorization of such benefit increases; to provide for an effective date; and to provide for related matters.

Notice of intention to introduce this Act has been published as provided by Article X, Section 29(C) of the Constitution of Louisiana.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 11:102(B)(3)(d)(v) through (viii), 102.1(B)(3)(b), (4), and (5) and (C)(4) and (5), 102.2(B)(3)(b) and (4) and (C)(4) and (5), 542(A)(2) and (3), (C)(1) through (3), and (F)(1), 883.1(A)(2) and (3), (C)(1) through (3), (F), and (G)(1), 1145.1(A), (C)(1) through (3), and (D), and 1332(A), (C)(1) through (3), (D), and (F) are hereby amended and reenacted and R.S. 11:102.1(B)(6) and (C)(6), 102.2(B)(5) and (C)(6), 102.3, 542(G), 883.1(H), 1145.1(F), and 1332(G) are hereby enacted to read as follows:

§102. Employer contributions; determination; state systems

* * *

1 B.

2 * * *

3 (3) With respect to each state public retirement system, the actuarially
4 required employer contribution for each fiscal year, commencing with Fiscal Year
5 1989-1990, shall be that dollar amount equal to the sum of:

6 * * *

7 (d) That fiscal year's payment, computed as of the first of that fiscal year and
8 projected to the middle of that fiscal year at the actuarially assumed interest rate,
9 necessary to amortize changes in actuarial liability due to:

10 * * *

11 (v)(aa)(I) Effective July 1, 2004, and beginning with Fiscal Year 1998-1999,
12 the amortization period for the changes, gains, or losses of the Louisiana State
13 Employees' Retirement System provided in Items (i) through (iv) of this
14 Subparagraph shall be thirty years, or in accordance with standards promulgated by
15 the Governmental Accounting Standards Board, from the year in which the change,
16 gain, or loss occurred. The outstanding balances of amortization bases established
17 pursuant to Items (i) through (iv) of this Subparagraph before Fiscal Year
18 1998-1999, shall be amortized as a level dollar amount from July 1, 2004, through
19 June 30, 2029. Beginning with Fiscal Year 2003-2004, and for each fiscal year
20 thereafter, the outstanding balances of amortization bases established pursuant to
21 Items (i) through (iv) of this Subparagraph shall be amortized as a level dollar
22 amount. For the Louisiana State Employees' Retirement System, effective for the
23 June 30, 2010, system valuation and beginning with Fiscal Year 2011-2012,
24 amortization payments for changes in actuarial liability shall be determined in
25 accordance with Subsection C of this Section.

26 (II) Notwithstanding the provisions of Subsubitem (I) of this Subitem,
27 effective for the June thirtieth valuation following the fiscal year in which the system
28 first attains a funded percentage of eighty-five or more and for every year thereafter,
29 the amortization period for the changes, gains, or losses of the Louisiana State
30 Employees' Retirement System provided in Items (i) through (iv) of this

1 Subparagraph shall be twenty years from the year in which the change, gain, or loss
2 occurred.

3 (bb)(I) Effective for the June thirtieth valuation for the fiscal year
4 immediately following the year in which the system fully liquidates an amortization
5 base established in R.S. 11:102.1 and for each valuation thereafter, after any
6 remaining payment required pursuant to R.S. 11:102.1, the system shall apply to the
7 oldest outstanding positive amortization base of the system, the system's remaining
8 excess investment experience returns. For the first valuation to which this
9 Subsubitem applies the amount of excess returns to be applied pursuant to the
10 provisions of this Subsubitem shall be the excess returns up to the amount of excess
11 investment experience returns as equals that year's remaining payment pursuant to
12 R.S. 11:102.1. Upon complete liquidation of such amortization base, any remaining
13 funds shall be applied to the next oldest outstanding positive amortization base until
14 no further funds remain or all such bases are completely liquidated. Notwithstanding
15 any provision of this Subitem to the contrary, the maximum amount of excess returns
16 to be applied in any subsequent year pursuant to this Subsubitem shall equal the prior
17 year's maximum amount increased by the percentage increase in the system's
18 actuarial value of assets for the preceding year, if any. For any payment made
19 pursuant to the provisions of this Subsubitem, if the system is eighty-five percent
20 funded or greater prior to the application of the funds, the net remaining liability
21 shall be reamortized over the remaining amortization period with annual payments
22 calculated as provided in this Item; if the system is less than eighty-five percent
23 funded prior to application of the funds, the net remaining liability shall not be
24 reamortized after such application. For the purposes of this Subsubitem, the oldest
25 outstanding positive amortization base shall first mean the Original Amortization
26 Base until it is completely liquidated, then the Experience Account Amortization
27 Base until it is completely liquidated, and then the oldest outstanding debt of the
28 system excluding any amortization base established to amortize a particularized
29 liability established pursuant to Subsection C of this Section or a liability established
30 pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection.

1 (II) Effective for the June thirtieth valuation for the fiscal year immediately
2 following the year in which the system fully liquidates the last remaining
3 amortization base established in R.S. 11:102.1 and for each valuation thereafter, if
4 the system's investment experience for the fiscal year exceeds the system's actuarial
5 assumed rate of return, the system shall apply to the oldest outstanding positive
6 amortization base of the system, excluding any amortization base established to
7 amortize a particularized liability established pursuant to Subsection C of this
8 Section or a liability established pursuant to Subparagraphs (2)(a) and (3)(c) of this
9 Subsection, the system's excess investment experience returns. For the first
10 valuation to which this Subsubitem applies, the amount of excess returns to be
11 applied pursuant to the provisions of this Subsubitem shall be the excess returns up
12 to the amount of excess investment experience returns as equals double the last
13 payment made pursuant to Subsubitem (I) of this Subitem. Upon complete
14 liquidation of such amortization base, any remaining funds shall be applied to the
15 next oldest outstanding positive amortization base until no further funds remain or
16 all such bases are completely liquidated. Notwithstanding any provision of this
17 Subitem to the contrary, the maximum amount of excess returns to be applied in any
18 subsequent year pursuant to this Subsubitem shall equal the prior year's maximum
19 amount increased by the percentage increase in the system's actuarial value of assets
20 for the preceding year, if any. For any payment made pursuant to the provisions of
21 this Subsubitem, if the system is eighty-five percent funded or greater prior to the
22 application of the funds, the net remaining liability shall be reamortized over the
23 remaining amortization period with annual payments calculated as provided in this
24 Item; if the system is less than eighty-five percent funded prior to application of the
25 funds, the net remaining liability shall not be reamortized after such application.

26 (cc) Effective for the June 30, 2019, system valuation and for each valuation
27 thereafter, actuarial gains allocated to the experience account shall be amortized as
28 a loss with level payments over a ten-year period.

29 (dd) Notwithstanding any provision of this Item to the contrary, for the June
30 30, 2014, valuation the amortization period for investment gains not allocated to the

1 Original Amortization Base, the Experience Account Amortization Base, or credited
2 to the experience account shall be five years.

3 (vi)(aa)(I) Effective July 1, 2004, and beginning with Fiscal Year 2000-2001,
4 the amortization period for the changes, gains, or losses of the Louisiana School
5 Employees' Retirement System provided in Items (i) through (iv) of this
6 Subparagraph shall be thirty years, or in accordance with standards promulgated by
7 the Governmental Accounting Standards Board, from the year in which the change,
8 gain, or loss occurred. The outstanding balances of amortization bases established
9 pursuant to Items (i) through (iv) of this Subparagraph before Fiscal Year 2000-
10 2001, shall be amortized as a level dollar amount from July 1, 2004, through June 30,
11 2029. Beginning with Fiscal Year 2003-2004, and for each fiscal year thereafter, the
12 outstanding balances of amortization bases established pursuant to Items (i) through
13 (iv) of this Subparagraph shall be amortized as a level dollar amount.

14 (II) Notwithstanding the provisions of Subsubitem (I) of this Subitem,
15 effective for the June thirtieth valuation following the fiscal year in which the
16 system first attains a funded percentage of eighty-five or more and for every year
17 thereafter, the amortization period for the changes, gains, or losses of the Louisiana
18 School Employees' Retirement System provided in Items (i) through (iv) of this
19 Subparagraph shall be twenty years from the year in which the change, gain, or loss
20 occurred.

21 (bb)(I) Effective for the June 30, 2014, valuation, if the system's investment
22 experience for the fiscal year exceeds the system's actuarial assumed rate of return,
23 the system shall apply the excess investment experience returns, up to the first seven
24 and one-half million dollars, to the oldest outstanding positive amortization base of
25 the system, excluding any amortization base established to amortize a liability
26 established pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection, and
27 without reamortization of such base.

28 (II) Effective for the June 30, 2015, valuation and for each valuation
29 thereafter, if the system's investment experience for the fiscal year exceeds the
30 system's actuarial assumed rate of return, the system shall apply the excess

1 investment experience returns, up to the first fifteen million dollars for the June 30,
2 2015, valuation, to the oldest outstanding positive amortization base of the system,
3 excluding any amortization base established to amortize a liability established
4 pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection. Upon complete
5 liquidation of such amortization base, any remaining funds shall be applied to the
6 next oldest outstanding positive amortization base until no further funds remain or
7 all such bases are completely liquidated. Notwithstanding any provision of this
8 Subsubitem to the contrary, the maximum amount of excess returns to be applied in
9 any subsequent year pursuant to this Subsubitem shall equal the prior year's
10 maximum amount increased by the percentage increase in the system's actuarial
11 value of assets for the preceding year, if any. For any payment made pursuant to the
12 provisions of this Subsubitem, if the system is eighty-five percent funded or greater
13 prior to the application of the funds, the net remaining liability shall be reamortized
14 over the remaining amortization period with annual payments calculated as provided
15 in this Item; if the system is less than eighty-five percent funded prior to application
16 of the funds, the net remaining liability shall not be reamortized after such
17 application.

18 (cc) Effective for the June 30, 2019, system valuation and for each valuation
19 thereafter, actuarial gains allocated to the experience account shall be amortized as
20 a loss with level payments over a ten-year period.

21 (dd) Notwithstanding any provision of this Item to the contrary, for the June
22 30, 2014, valuation the amortization period for investment gains not allocated to the
23 oldest outstanding positive amortization base pursuant to Subitem (bb) of this Item
24 or credited to the experience account shall be five years.

25 (vii)(aa)(I) Effective July 1, 2004, and beginning with Fiscal Year 2000-
26 2001, the amortization period for the changes, gains, or losses of the Teachers'
27 Retirement System of Louisiana provided in Items (i) through (iv) of this
28 Subparagraph shall be thirty years, or in accordance with standards promulgated by
29 the Governmental Accounting Standards Board, from the year in which the change,
30 gain, or loss occurred. The outstanding balances of amortization bases established

1 pursuant to Items (i) through (iv) of this Subparagraph before Fiscal Year 2000-
2 2001, shall be amortized as a level dollar amount from July 1, 2004, through June 30,
3 2029. Beginning with Fiscal Year 2003-2004, and for each fiscal year thereafter, the
4 outstanding balances of amortization bases established pursuant to Items (i) through
5 (iv) of this Subparagraph shall be amortized as a level dollar amount. For the
6 Teachers' Retirement System of Louisiana, effective for the June 30, 2011, system
7 valuation and beginning with Fiscal Year 2012-2013, amortization payments for
8 changes in actuarial liability shall be determined in accordance with Subsection D
9 of this Section.

10 (II) Notwithstanding the provisions of Subsubitem (I) of this Subitem,
11 effective for the June thirtieth valuation following the fiscal year in which the system
12 first attains a funded percentage of eighty-five or more and for every year thereafter,
13 the amortization period for the changes, gains, or losses of the Teachers' Retirement
14 System of Louisiana provided in Items (i) through (iv) of this Subparagraph shall be
15 twenty years from the year in which the change, gain, or loss occurred.

16 (bb)(I) Effective for the June thirtieth valuation for the fiscal year
17 immediately following the year in which the system fully liquidates an amortization
18 base established in R.S. 11:102.2 and for each valuation thereafter, after any
19 remaining payment required pursuant to R.S. 11:102.2, the system shall apply to the
20 oldest outstanding positive amortization base of the system, the system's remaining
21 excess investment experience returns. For the first valuation to which this
22 Subsubitem applies the amount of excess returns to be applied pursuant to the
23 provisions of this Subsubitem shall be the excess returns up to the amount of excess
24 investment experience returns as equals that year's remaining payment pursuant to
25 R.S. 11:102.2. Upon complete liquidation of such amortization base, any remaining
26 funds shall be applied to the next oldest outstanding positive amortization base until
27 no further funds remain or all such bases are completely liquidated. Notwithstanding
28 any provision of this Subitem to the contrary, the maximum amount of excess returns
29 to be applied in any subsequent year pursuant to this Subsubitem shall equal the prior
30 year's maximum amount increased by the percentage increase in the system's

1 actuarial value of assets for the preceding year, if any. For any payment made
2 pursuant to the provisions of this Subsubitem, if the system is eighty-five percent
3 funded or greater prior to the application of the funds, the net remaining liability
4 shall be reamortized over the remaining amortization period with annual payments
5 calculated as provided in this Item; if the system is less than eighty-five percent
6 funded prior to application of the funds, the net remaining liability shall not be
7 reamortized after such application. For the purposes of this Subitem, the oldest
8 outstanding positive amortization base shall first mean the Original Amortization
9 Base until it is completely liquidated, then the Experience Account Amortization
10 Base until it is completely liquidated, and then the oldest outstanding debt of the
11 system excluding any amortization base established to amortize a particularized
12 liability established pursuant to Subsection D of this Section or a liability established
13 pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection.

14 (II) Effective for the June thirtieth valuation for the fiscal year immediately
15 following the year in which the system fully liquidates the last remaining
16 amortization base established in R.S. 11:102.2 and for each valuation thereafter, if
17 the system's investment experience for the fiscal year exceeds the system's actuarial
18 assumed rate of return, the system shall apply to the oldest outstanding positive
19 amortization base of the system, excluding any amortization base established to
20 amortize a particularized liability established pursuant to Subsection D of this
21 Section or a liability established pursuant to Subparagraphs (2)(a) and (3)(c) of this
22 Subsection, the system's excess investment experience returns. For the first
23 valuation to which this Subsubitem applies, the amount of excess returns to be
24 applied pursuant to the provisions of this Subsubitem shall be the excess returns up
25 to the amount of excess investment experience returns as equals double the last
26 payment made pursuant to Subsubitem (I) of this Subitem. Upon complete
27 liquidation of such amortization base, any remaining funds shall be applied to the
28 next oldest outstanding positive amortization base until no further funds remain or
29 all such bases are completely liquidated. Notwithstanding any provision of this
30 Subitem to the contrary, the maximum amount of excess returns to be applied in any

1 subsequent year pursuant to this Subsubitem shall equal the prior year's maximum
2 amount increased by the percentage increase in the system's actuarial value of assets
3 for the preceding year, if any. For any payment made pursuant to the provisions of
4 this Subsubitem, if the system is eighty-five percent funded or greater prior to the
5 application of the funds, the net remaining liability shall be reamortized over the
6 remaining amortization period with annual payments calculated as provided in this
7 Item; if the system is less than eighty-five percent funded prior to application of the
8 funds, the net remaining liability shall not be reamortized after such application.

9 (cc) Effective for the June 30, 2019, system valuation and for each valuation
10 thereafter, actuarial gains allocated to the experience account shall be amortized as
11 a loss with level payments over a ten-year period.

12 (dd) Notwithstanding any provision of this Item to the contrary, for the June
13 30, 2014, valuation the amortization period for investment gains not allocated to the
14 Original Amortization Base, the Experience Account Amortization Base, or credited
15 to the experience account shall be five years.

16 (viii)(aa)(I) Effective July 1, 2009, and beginning with Fiscal Year 1992-
17 1993, the amortization period for the changes, gains, or losses of the Louisiana State
18 Police Retirement System provided in Items (i) through (iv) of this Subparagraph
19 shall be thirty years, or in accordance with standards promulgated by the
20 Governmental Accounting Standards Board, from the year in which the change, gain,
21 or loss occurred. The outstanding balances of amortization bases established
22 pursuant to Items (i) through (iv) of this Subparagraph before Fiscal Year 2008-
23 2009, shall be amortized as a level dollar amount from July 1, 2009, through June 30,
24 2029. Beginning with Fiscal Year 2008-2009, and for each fiscal year thereafter, the
25 outstanding balances of amortization bases established pursuant to Items (i) through
26 (iv) of this Subparagraph shall be amortized as a level dollar amount.

27 (II) Notwithstanding the provisions of Subsubitem (I) of this Subitem,
28 effective for the June thirtieth valuation following the fiscal year in which the
29 system first attains a funded percentage of eighty-five or more and for every year
30 thereafter, the amortization period for the changes, gains, or losses of the Louisiana

1 State Police Retirement System provided in Items (i) through (iv) of this
2 Subparagraph shall be twenty years from the year in which the change, gain, or loss
3 occurred.

4 (bb)(I) Effective for the June 30, 2014, valuation, if the system's investment
5 experience for the fiscal year exceeds the system's actuarial assumed rate of return,
6 the system shall apply the excess investment experience returns, up to the first two
7 and one-half million dollars, to the oldest outstanding positive amortization base of
8 the system, excluding any amortization base established to amortize a liability
9 established pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection, and
10 without reamortization of such base.

11 (II) Effective for the June 30, 2015, valuation and for each valuation
12 thereafter, if the system's investment experience for the fiscal year exceeds the
13 system's actuarial assumed rate of return, the system shall apply the excess
14 investment experience returns, up to the first five million dollars for the June 30,
15 2015, valuation, to the oldest outstanding positive amortization base of the system,
16 excluding any amortization base established to amortize a liability established
17 pursuant to Subparagraphs (2)(a) and (3)(c) of this Subsection. Upon complete
18 liquidation of such amortization base, any remaining funds shall be applied to the
19 next oldest outstanding positive amortization base until no further funds remain or
20 all such bases are completely liquidated. Notwithstanding any provision of this
21 Subsubitem to the contrary, the maximum amount of excess returns to be applied in
22 any subsequent year pursuant to this Subsubitem shall equal the prior year's
23 maximum amount increased by the percentage increase in the system's actuarial
24 value of assets for the preceding year, if any. For any payment made pursuant to the
25 provisions of this Subsubitem, if the system is eighty-five percent funded or greater
26 prior to the application of the funds, the net remaining liability shall be reamortized
27 over the remaining amortization period with annual payments calculated as provided
28 in this Item; if the system is less than eighty-five percent funded prior to application
29 of the funds, the net remaining liability shall not be reamortized after such
30 application.

1 greater prior to the application of the funds, the net remaining liability shall be
 2 reamortized over the remaining amortization period with annual payments calculated
 3 as provided in this Subsection or as otherwise provided by law; if the system is less
 4 than eighty-five percent funded prior to application of the funds, the net remaining
 5 liability shall not be reamortized after such application.

6 (5) Notwithstanding the provisions of R.S. 11:102(B)(3)(c) and (5) or any
 7 other provision of law to the contrary, in any year through Fiscal Year 2016-2017 in
 8 which the system receives an overpayment of employer contributions as determined
 9 pursuant to R.S. 11:102(B)(2) and in any year through Fiscal Year 2016-2017 in
 10 which the system receives additional contributions pursuant to R.S. 11:102(B)(5),
 11 the amount of such overpayment or additional contribution shall be applied to the
 12 remaining balance of the original amortization base established pursuant to this
 13 Subsection. ~~After such application, the net remaining liability shall be reamortized~~
 14 ~~over the remaining amortization period with annual payments calculated as provided~~
 15 ~~in this Subsection or as otherwise provided by law.~~ For any payment made pursuant
 16 to the provisions of this Paragraph, if the system is eighty-five percent funded or
 17 greater prior to the application of the funds, the net remaining liability shall be
 18 reamortized over the remaining amortization period with annual payments calculated
 19 as provided in this Subsection or as otherwise provided by law; if the system is less
 20 than eighty-five percent funded prior to application of the funds, the net remaining
 21 liability shall not be reamortized after such application.

22 (6) For the June 30, 2014, valuation, if the system exceeds its actuarially-
 23 assumed rate of return, the excess returns, up to the first twenty-five million dollars,
 24 shall be applied to the remaining balance of the original amortization base
 25 established in this Subsection, without reamortization of such base.

26 C. Experience account amortization base.

27 * * *

28 (4)(a) ~~In~~ Except as provided in Paragraph (6) of this Subsection, in any year
 29 in which the excess returns of the system exceed the amount in Paragraph applied to
 30 the Original Amortization Base pursuant to Subparagraph (B)(4)(a) of this Section,

1 the remaining excess returns, up to the next fifty million dollars for the June 30,
 2 2015, valuation, of excess returns shall be applied to the experience account
 3 amortization base established in this Subsection. The maximum amount of excess
 4 returns to be applied in any subsequent year pursuant to the provisions of this
 5 Subparagraph shall equal the prior year's maximum amount increased by the
 6 percentage increase in the system's actuarial value of assets for the preceding year,
 7 if any.

8 (b) After such application, the net remaining liability shall be reamortized
 9 over the remaining amortization period with annual payments calculated as provided
 10 in this Subsection or as otherwise provided by law. For any payment made pursuant
 11 to the provisions of this Paragraph, if the system is eighty-five percent funded or
 12 greater prior to the application of the funds, the net remaining liability shall be
 13 reamortized over the remaining amortization period with annual payments calculated
 14 as provided in this Subsection or as otherwise provided by law; if the system is less
 15 than eighty-five percent funded prior to application of the funds, the net remaining
 16 liability shall not be reamortized after such application.

17 (5) Notwithstanding the provisions of R.S. 11:102(B)(3)(c) and (5) or any
 18 other provision of law to the contrary, in any year from Fiscal Year 2017-2018
 19 through Fiscal Year 2039-2040 in which the system receives an overpayment of
 20 employer contributions as determined pursuant to R.S. 11:102(B)(2) and in any year
 21 from Fiscal Year 2017-2018 through Fiscal Year 2039-2040 in which the system
 22 receives additional contributions pursuant to R.S. 11:102(B)(5), the amount of such
 23 overpayment or additional contribution shall be applied to the remaining balance of
 24 the experience account amortization base established pursuant to this Subsection.
 25 ~~After such application, the net remaining liability shall be reamortized over the~~
 26 ~~remaining amortization period with annual payments calculated as provided in this~~
 27 ~~Subsection or as otherwise provided by law. For any payment made pursuant to the~~
 28 ~~provisions of this Paragraph, if the system is eighty-five percent funded or greater~~
 29 ~~prior to the application of the funds, the net remaining liability shall be reamortized~~
 30 ~~over the remaining amortization period with annual payments calculated as provided~~

1 in this Subsection or as otherwise provided by law; if the system is less than eighty-
2 five percent funded prior to application of the funds, the net remaining liability shall
3 not be reamortized after such application.

4 (6) For the June 30, 2014, valuation, if the excess returns of the system
5 exceed the amount applied to the original amortization base pursuant to
6 Subparagraph (B)(6) of this Section, the remaining excess returns, up to the next
7 twenty-five million dollars, shall be applied to the remaining balance of the
8 experience account amortization base established in this Subsection, without
9 reamortization of such base.

10 §102.2. Consolidation of amortization payment schedules; Teachers' Retirement
11 System of Louisiana

12 * * *

13 B. Original amortization base.

14 * * *

15 (3)

16 * * *

17 (b) The first payment shall be made in Fiscal Year 2010-2011 and the final
18 payment ~~in~~ shall be made no later than Fiscal Year 2028-2029.

19 ~~(4)(a) In~~ Except as provided in Paragraph (5) of this Subsection, in any year
20 in which the system exceeds its actuarially-assumed rate of return, the first one
21 hundred million dollars of excess returns, up to the first one hundred million dollars
22 for the June 30, 2015, valuation, shall be applied to the remaining balance of the
23 original amortization base established in this Subsection. The maximum amount of
24 excess returns to be applied in any subsequent year pursuant to the provisions of this
25 Subparagraph shall equal the prior year's maximum amount increased by the
26 percentage increase in the system's actuarial value of assets for the preceding year,
27 if any.

28 ~~(b) After such application, the net remaining liability shall be reamortized~~
29 ~~over the remaining amortization period with annual payments as provided in this~~
30 ~~Subsection or as otherwise provided by law. For any payment made pursuant to the~~

1 provisions of this Paragraph, if the system is eighty-five percent funded or greater
 2 prior to the application of the funds, the net remaining liability shall be reamortized
 3 over the remaining amortization period with annual payments calculated as provided
 4 in this Subsection or as otherwise provided by law; if the system is less than eighty-
 5 five percent funded prior to application of the funds, the net remaining liability shall
 6 not be reamortized after such application.

7 (5) For the June 30, 2014, valuation, if the system exceeds its actuarially-
 8 assumed rate of return, the excess returns, up to the first fifty million dollars, shall
 9 be applied to the remaining balance of the original amortization base established in
 10 this Subsection, without reamortization of such base.

11 C. Experience account amortization base.

12 * * *

13 (4)(a) In Except as provided in Paragraph (6) of this Subsection, in any year
 14 in which the excess returns of the system exceed the amount in Paragraph applied to
 15 the Original Amortization Base pursuant to Subparagraph (B)(4)(a) of this Section,
 16 the remaining excess returns, up to the next one hundred million dollars for the June
 17 30, 2015, valuation, of excess returns shall be applied to the experience account
 18 amortization base established in this Subsection. The maximum amount of excess
 19 returns to be applied in any subsequent year pursuant to the provisions of this
 20 Subparagraph shall equal the prior year's maximum amount increased by the
 21 percentage increase in the system's actuarial value of assets for the preceding year,
 22 if any.

23 (b) After such application, the net remaining liability shall be reamortized
 24 over the remaining amortization period with annual payments calculated as provided
 25 in this Subsection or as otherwise provided by law. For any payment made pursuant
 26 to the provisions of this Paragraph, if the system is eighty-five percent funded or
 27 greater prior to the application of the funds, the net remaining liability shall be
 28 reamortized over the remaining amortization period with annual payments calculated
 29 as provided in this Subsection or as otherwise provided by law; if the system is less

1 than eighty-five percent funded prior to application of the funds, the net remaining
 2 liability shall not be reamortized after such application.

3 (5) Notwithstanding the provisions of R.S. 11:102(B)(3)(c) and (5) or any
 4 other provision of law to the contrary, in any year from Fiscal Year 2009-2010
 5 through Fiscal Year 2039-2040 in which the system receives an overpayment of
 6 employer contributions as determined pursuant to R.S. 11:102(B)(2) and in any year
 7 from Fiscal Year 2009-2010 through Fiscal Year 2039-2040 in which the system
 8 receives additional contributions pursuant to R.S. 11:102(B)(5), the amount of such
 9 overpayment or additional contribution shall be applied to the remaining balance of
 10 the experience account amortization base established pursuant to this Subsection.
 11 ~~After such application, the net remaining liability shall be reamortized over the~~
 12 ~~remaining amortization period with annual payments calculated as provided in this~~
 13 ~~Subsection or as otherwise provided by law. For any payment made pursuant to the~~
 14 ~~provisions of this Paragraph, if the system is eighty-five percent funded or greater~~
 15 ~~prior to the application of the funds, the net remaining liability shall be reamortized~~
 16 ~~over the remaining amortization period with annual payments calculated as provided~~
 17 ~~in this Subsection or as otherwise provided by law; if the system is less than eighty-~~
 18 ~~five percent funded prior to application of the funds, the net remaining liability shall~~
 19 ~~not be reamortized after such application.~~

20 (6) For the June 30, 2014, valuation, if the excess returns of the system
 21 exceed the amount applied to the original amortization base pursuant to
 22 Subparagraph (B)(5) of this Section, the remaining excess returns, up to the next fifty
 23 million dollars, shall be applied to the remaining balance of the experience account
 24 amortization base established in this Subsection, without reamortization of such
 25 base.

26 §102.3. Review of volatility

27 Following the close of Fiscal Year 2018-2019, the future volatility of the
 28 then-existing schedules of each state system shall be reexamined by staff of each
 29 system and of the legislature, including actuaries for both. The results of this
 30 reexamination, which may identify issues to be resolved and include

1 recommendations for plan amendments, shall be reported to the Public Retirement
 2 Systems' Actuarial Committee by November 1, 2019. The committee shall review
 3 the results and determine what changes to the system plan provisions, if any, are
 4 advisable. If appropriate, the committee shall make a recommendation to the
 5 legislature on whether and what type of legislation is warranted.

6 * * *

7 §542. Experience account

8 A.

9 * * *

10 (2) The experience account shall be credited as follows:

11 (a) To the extent permitted by Paragraph (3) of this Subsection and after
 12 allocation to the ~~consolidated~~ amortization bases as provided in ~~R.S. 11:102.1~~ R.S.
 13 11:102(B)(3)(d)(v)(bb) and 102.1, as applicable, an amount not to exceed fifty
 14 percent of the remaining balance of the prior year's net investment experience gain
 15 as determined by the system's actuary.

16 (b) To the extent permitted by Paragraph (3) of this Subsection, an amount
 17 not to exceed that portion of the system's net investment income attributable to the
 18 balance in the experience account during the prior year.

19 (3)(a) In no event shall ~~the amount~~ a credit be made to the account that
 20 would cause the balance in the experience account to exceed the reserve necessary
 21 to grant:

22 (i) Two two permanent benefit increases as provided in determined pursuant
 23 to Subsection C of this Section if the system is eighty percent funded or greater.

24 (ii) One permanent benefit increase as determined pursuant to Subsection C
 25 of this Section if the system is less than eighty percent funded.

26 (b) If the system is less than eighty percent funded and has reserves in excess
 27 of the amounts provided for in Item (a)(ii) of this Paragraph, it shall not apply credits
 28 to the account pursuant to Subparagraph (2)(b) of this Subsection.

29 * * *

1 C.(1) In accordance with the provisions of this Section, the board of trustees
 2 may recommend to the president of the Senate and the speaker of the House of
 3 Representatives that the system be permitted to grant a permanent benefit increase
 4 to retirees, survivors, and beneficiaries whenever the conditions in ~~Subsection F~~ of
 5 this Section are satisfied and the balance in the experience account is sufficient to
 6 fund such benefit fully on an actuarial basis, as determined by the system's actuary.
 7 If the legislative auditor's actuary disagrees with the determination of the system's
 8 actuary, a permanent benefit increase shall not be granted. The board of trustees
 9 shall not grant a permanent benefit increase unless such permanent benefit increase
 10 has been approved by the legislature, ~~by concurrent resolution adopted by the~~
 11 ~~favorable vote of a majority of the elected members of each house.~~ Any such
 12 permanent benefit increase granted on or before June 30, 2015, shall be limited to
 13 and shall only be payable based on an amount not to exceed seventy thousand dollars
 14 of the retiree's annual benefit. Any such permanent benefit increase granted on or
 15 after July 1, 2015, shall be limited to and shall only be payable based on an amount
 16 not to exceed sixty thousand dollars of the retiree's annual benefit. ~~;~~ ~~however,~~
 17 ~~effective~~ Effective for years after July 1, 1999, and on or before June 30, 2015, the
 18 seventy-thousand dollar limit shall be increased each year in an amount equal to any
 19 increase in the consumer price index (U.S. city average for all urban consumers
 20 (CPI-U)) for the preceding year, if any. Effective on or after July 1, 2015, the sixty-
 21 thousand dollar limit shall be increased each year in an amount equal to any increase
 22 in the consumer price index, (U.S. city average for all urban consumers (CPI-U)) for
 23 the twelve-month period ending on the system's valuation date, if any. Any increase
 24 granted pursuant to the provisions of this ~~Subsection~~ Section shall begin on the July
 25 first following legislative approval, shall be payable annually, and shall ~~equal an~~
 26 ~~amount not to exceed~~ be an amount equal to the lesser of:

27 (a) ~~Three percent.~~(b) An amount as determined in Paragraph (2) of this
 28 Subsection.

29 ~~(b)(2) If the~~ The increase in the consumer price index, U.S. city average for
 30 all urban consumers (CPI-U), as prepared by the U.S. Department of Labor, Bureau

1 of Labor Statistics, for the twelve-month period ending on the system's valuation
2 date calendar year immediately preceding the permanent benefit increase is less than
3 three percent, then the permanent benefit increase shall be a sum equal to the CPI-U
4 increase for that prior calendar year, if any. If the balance in the experience account
5 is not sufficient to fund that sum, no increase shall be granted.

6 (2)(a) If the system is eighty percent funded or greater, three percent.

7 (b) If the system is at least seventy-five percent funded but less than eighty
8 percent funded and the legislature has not granted a benefit increase in the preceding
9 fiscal year, two and one-half percent.

10 (c) If the system is at least sixty-five percent funded but less than seventy-
11 five percent funded and the legislature has not granted a benefit increase in the
12 preceding fiscal year, two percent.

13 (d) If the system is at least fifty-five percent funded but less than sixty-five
14 percent funded and the legislature has not granted a benefit increase in the preceding
15 fiscal year, one and one-half percent.

16 (e) If the system is less than fifty-five percent funded or if the system is less
17 than eighty-five percent funded but more than fifty-five percent funded and the
18 legislature granted a benefit increase in the preceding fiscal year, no increase shall
19 be granted.

20 (3) ~~The~~ Subject to the limitations contained in Paragraph (1) of this
21 Subsection, the percentage of each recipient's permanent benefit increase shall be
22 based on the benefit being paid to the recipient on the effective date of the increase.

23 * * *

24 F.(1) The permanent benefit increase which is authorized by Subsection C
25 of this Section shall be limited to the lesser of either two percent or an amount as
26 determined in ~~Paragraph (C)(2)~~ Subsection C of this Section in or for any year in
27 which the system does not earn an actuarial rate of return of at least eight and one-
28 quarter percent interest on the investment of the system's assets.

29 * * *

1 G.(1) Notwithstanding any provision of this Section to the contrary, in a year
 2 in which the experience account balance is insufficient to fund the amount required
 3 pursuant to Paragraph (C)(1) of this Section, the board may make the
 4 recommendation provided in Paragraph (C)(1) of this Section if all of the following
 5 conditions are satisfied:

6 (a) No benefit increase was granted in the preceding fiscal year.

7 (b) The experience account balance established in the system valuation for
 8 the preceding fiscal year reached its maximum reserve permitted pursuant to
 9 Paragraph (A)(3) of this Section applicable to the system valuation for that valuation
 10 year.

11 (c) The experience account balance established in the system valuation for
 12 the current fiscal year is insufficient to fund the maximum increase permitted
 13 pursuant to Paragraph (C)(2) of this Section applicable to the system valuation for
 14 the preceding fiscal year.

15 (d) All of the insufficiency in the account is attributable to the following:

16 (i) The growth of the cost of the increase, but only if that growth was
 17 produced solely by either or both of these events:

18 (aa) Changes in the pool of the eligible recipients.

19 (bb) The growth in the benefit amount to which the increase applies due to
 20 the application of the CPI-U pursuant to the provisions of Paragraph (C)(1) of this
 21 Section.

22 (ii) Credits to the account, if any, are insufficient to cover the growth in the
 23 cost of the increase.

24 (2) The amount of the increase shall be equal to the amount the balance in
 25 the experience account will fully fund rounded to the nearest lower one-tenth of one
 26 percent.

27 * * *

28 §883.1. Experience account

29 A.

30 * * *

1 (2) The experience account shall be credited as follows:

2 (a) To the extent permitted by Paragraph (3) of this Subsection and after
3 allocation to the ~~consolidated~~ amortization bases as provided in ~~R.S. 11:102.2~~ R.S.
4 11:102(B)(3)(d)(vii)(bb) and 102.2, as applicable, an amount not to exceed fifty
5 percent of the remaining balance of the prior year's net investment experience gain
6 as determined by the system's actuary.

7 (b) To the extent permitted by Paragraph (3) of this Subsection, an amount
8 not to exceed that portion of the system's net investment income attributable to the
9 balance in the experience account during the prior year.

10 (3)(a) In no event shall ~~the amount~~ a credit be made to the account that
11 would cause the balance in the experience account to exceed the reserve necessary
12 to grant either of the following:

13 (i) Two two permanent benefit increases as provided in determined pursuant
14 to Subsection C of this Section if the system is eighty percent funded or greater.

15 (ii) One permanent benefit increase as determined pursuant to Subsection C
16 of this Section if the system is less than eighty percent funded.

17 (b) If the system is less than eighty percent funded and has reserves in excess
18 of the amounts provided for in Item (a)(ii) of this Paragraph, it shall not apply credits
19 to the account pursuant to Subparagraph (2)(b) of this Subsection.

20 * * *

21 C.(1) In accordance with the provisions of this Section, the board of trustees
22 may recommend to the president of the Senate and the speaker of the House of
23 Representatives that the system be permitted to grant a permanent benefit increase
24 to retirees and beneficiaries whenever the conditions in ~~Subsection C~~ of this Section
25 are satisfied and the balance in the experience account is sufficient to fund such
26 benefit fully on an actuarial basis, as determined by the system's actuary. If the
27 legislative auditor's actuary disagrees with the determination of the system's actuary,
28 a permanent benefit increase shall not be granted. The board of trustees shall not
29 grant a permanent benefit increase unless such permanent benefit increase has been
30 approved by the legislature, ~~by concurrent resolution adopted by a favorable vote of~~

1 ~~a majority of the elected members of each house.~~ Any increase granted pursuant to
 2 the provisions of this Section shall begin on the July first following legislative
 3 approval, shall be payable annually, and shall ~~equal an amount not to exceed~~ be an
 4 amount equal to the lesser of:

5 (a) ~~Three percent.~~(b) An amount as determined in Paragraph (2) of this
 6 Subsection.

7 ~~(2)(b) If the~~ The increase in the consumer price index, U.S. city average for
 8 all urban consumers (CPI-U), as prepared by the U.S. Department of Labor, Bureau
 9 of Labor Statistics, for the twelve-month period ending on the system's valuation
 10 date calendar year immediately preceding the permanent benefit increase is less than
 11 ~~three percent, then the permanent benefit increase shall be a sum equal to the CPI-U~~
 12 ~~increase for that prior calendar year, if any. If the balance in the experience account~~
 13 ~~is not sufficient to fund that sum, no increase shall be granted.~~

14 (2)(a) If the system is eighty percent funded or greater, three percent.

15 (b) If the system is at least seventy-five percent funded but less than eighty
 16 percent funded and the legislature has not granted a benefit increase in the preceding
 17 fiscal year, two and one-half percent.

18 (c) If the system is at least sixty-five percent funded but less than seventy-
 19 five percent funded and the legislature has not granted a benefit increase in the
 20 preceding fiscal year, two percent.

21 (d) If the system is at least fifty-five percent funded but less than sixty-five
 22 percent funded and the legislature has not granted a benefit increase in the preceding
 23 fiscal year, one and one-half percent.

24 (e) If the system is less than fifty-five percent funded or if the system is less
 25 than eighty-five percent funded but more than fifty-five percent funded and the
 26 legislature granted a benefit increase in the preceding fiscal year, no increase shall
 27 be granted.

1 (3) ~~The Subject to the limitations contained in Subsection F of this Section,~~
2 the percentage of each recipient's permanent benefit increase shall be based on the
3 benefit being paid to the recipient on the effective date of the increase.

4 * * *

5 F.(1) Notwithstanding any other provisions of this Section to the contrary,
6 any permanent benefit increase granted on or before June 30, 2015, shall be
7 calculated only on the first seventy thousand dollars of the retiree's annual retirement
8 benefit. ~~(2) The This~~ seventy-thousand dollar limit provided for in Paragraph (1)
9 ~~of this Subsection~~ shall be increased each year in an amount equal to any increase
10 in the consumer price index, U.S. city average for all urban consumers (CPI-U) for
11 the preceding year, if any.

12 (2) Notwithstanding any other provisions of this Section to the contrary, any
13 permanent benefit increase granted on or after July 1, 2015, shall be calculated only
14 on the first sixty thousand dollars of the retiree's annual retirement benefit. This
15 sixty-thousand dollar limit shall be increased each year in an amount equal to any
16 increase in the consumer price index, U.S. city average for all urban consumers (CPI-
17 U) for the immediately preceding one-year period ending in June, if any.

18 G.(1) The permanent benefit increase which is authorized by Subsection C
19 of this Section shall be limited to the lesser of either two percent or an amount as
20 determined in ~~Paragraph (C)(2)~~ Subsection C of this Section in or for any year in
21 which the system does not earn an actuarial rate of return of at least eight and one-
22 quarter percent interest on the investment of the system's assets.

23 * * *

24 H.(1) Notwithstanding any provision of this Section to the contrary, in a year
25 in which the experience account balance is insufficient to fund the amount required
26 pursuant to Paragraph (C)(1) of this Section, the board may make the
27 recommendation provided in Paragraph (C)(1) of this Section if all of the following
28 conditions are satisfied:

29 (a) No benefit increase was granted in the preceding fiscal year.

1 (b) The experience account balance established in the system valuation for
2 the preceding fiscal year reached its maximum reserve permitted pursuant to
3 Paragraph (A)(3) of this Section applicable to the system valuation for that valuation
4 year.

5 (c) The experience account balance established in the system valuation for
6 the current fiscal year is insufficient to fund the maximum increase permitted
7 pursuant to Paragraph (C)(2) of this Section applicable to the system valuation for
8 the preceding fiscal year.

9 (d) All of the insufficiency in the account is attributable to the following:

10 (i) The growth of the cost of the increase, but only if that growth was
11 produced solely by either or both of these events:

12 (aa) Changes in the pool of the eligible recipients.

13 (bb) The growth in the benefit amount to which the increase applies due to
14 the application of the CPI-U pursuant to the provisions of Paragraph (C)(1) of this
15 Section.

16 (ii) Credits to the account, if any, are insufficient to cover the growth in the
17 cost of the increase.

18 (2) The amount of the increase shall be equal to the amount the balance in
19 the experience account will fully fund rounded to the nearest lower one-tenth of one
20 percent.

21 * * *

22 §1145.1. Employee Experience Account

23 A.(1) The Employee Experience Account shall be credited as follows:

24 (a) To the extent permitted by Paragraph (2) of this Subsection and after
25 allocation as provided in R.S. 11:102(B)(3)(d)(vi)(bb), an amount not to exceed fifty
26 percent of the prior year's net investment experience gain as determined by the
27 system's actuary.

28 (b) To the extent permitted by Paragraph (2) of this Subsection, an amount
29 not to exceed that portion of the system's net investment income attributable to the
30 balance in the Employee Experience Account during the prior year.

1 (2)(a) ~~In no event shall the amount~~ a credit be made to the account that
 2 would cause the balance in the Employee Experience Account to exceed the reserve
 3 necessary to grant;

4 (i) ~~Two two~~ cost-of-living adjustments determined pursuant to Subsection
 5 C of this Section if the system is eighty percent funded or greater.

6 (ii) One permanent benefit increase as determined pursuant to Subsection C
 7 of this Section if the system is less than eighty percent funded.

8 (b) If the system is less than eighty percent funded and has reserves in excess
 9 of the amounts provided for in Item (a)(ii) of this Paragraph, it shall not apply credits
 10 to the account pursuant to Subparagraph (1)(b) of this Subsection.

11 * * *

12 C.(1) In accordance with the provisions of this Section, the board of trustees
 13 may recommend to the president of the Senate and the speaker of the House of
 14 Representatives that the system be permitted to grant a cost-of-living adjustment to
 15 retirees and beneficiaries whenever the conditions in this Section are satisfied and
 16 the balance in the Employee Experience Account is sufficient to fully fund such
 17 benefit on an actuarial basis, as determined by the system's actuary. If the legislative
 18 actuary disagrees with the determination of the system's actuary, a cost-of-living
 19 adjustment shall not be granted. The board of trustees shall not grant a cost-of-living
 20 adjustment ~~as provided in this Subsection~~ unless such cost-of-living adjustment has
 21 been approved by the legislature, ~~by concurrent resolution adopted by the favorable~~
 22 ~~vote of a majority of the elected members of each house.~~ Any such cost-of-living
 23 adjustment granted on or before June 30, 2015, shall be limited to and shall only be
 24 payable based on an amount not to exceed eighty-five thousand dollars of the
 25 retiree's annual benefit. Any such cost-of-living adjustment granted on or after July
 26 1, 2015, shall be limited to and shall only be payable based on an amount not to
 27 exceed sixty thousand dollars of the retiree's annual benefit, ~~however,~~ effective
 28 Effective for years after July 1, 2007, and on or before June 30, 2015, the eighty-five
 29 thousand dollar limit shall be increased each year in an amount equal to the increase
 30 in the Consumer Price Index (United States city average for all urban consumers

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 (CPI-U)), as prepared by the United States Department of Labor, Bureau of Labor
 2 Statistics, for the preceding calendar year, if any. Effective on or after July 1, 2015,
 3 the sixty-thousand dollar limit shall be increased each year in an amount equal to any
 4 increase in the consumer price index (U.S. city average for all urban consumers
 5 (CPI-U)) for the twelve-month period ending on the system's valuation date, if any.

6 Any cost-of-living adjustment granted pursuant to the provisions of this ~~Subsection~~
 7 Section shall begin on July first following legislative approval, shall be payable
 8 annually, and shall ~~equal an amount not to exceed~~ be an amount equal to the lesser
 9 of:

10 (a) ~~Three percent.~~(b) An amount as determined in Paragraph (2) of this
 11 Subsection.

12 ~~(b)(2) If the~~ The increase in the Consumer Price Index (United States city
 13 average for all urban consumers (CPI-U)), as prepared by the United States
 14 Department of Labor, Bureau of Labor Statistics, for the twelve-month period ending
 15 on the system's valuation date ~~calendar year immediately preceding the cost-of-living~~
 16 ~~adjustment is less than three percent, then the cost-of-living adjustment shall be a~~
 17 ~~sum equal to the CPI-U increase for that prior calendar year, if any. If the balance~~
 18 ~~in the experience account is not sufficient to fund that sum, no increase shall be~~
 19 ~~granted.~~

20 (2)(a) If the system is eighty percent funded or greater, three percent.

21 (b) If the system is at least seventy-five percent funded but less than eighty
 22 percent funded and the legislature has not granted a benefit increase in the preceding
 23 fiscal year, two and one-half percent.

24 (c) If the system is at least sixty-five percent funded but less than seventy-
 25 five percent funded and the legislature has not granted a benefit increase in the
 26 preceding fiscal year, two percent.

27 (d) If the system is at least fifty-five percent funded but less than sixty-five
 28 percent funded and the legislature has not granted a benefit increase in the preceding
 29 fiscal year, one and one-half percent.

1 (e) If the system is less than fifty-five percent funded or if the system is less
 2 than eighty-five percent funded but more than fifty-five percent funded and the
 3 legislature granted a benefit increase in the preceding fiscal year, no increase shall
 4 be granted.

5 (3) ~~The~~ Subject to the limitations contained in Paragraph (1) of this
 6 Subsection, the percentage of each recipient's cost-of-living adjustment shall be
 7 based on the benefit being paid to the recipient on the effective date of the increase.

8 * * *

9 D. The cost-of-living increase which is authorized by Subsection C of this
 10 Section shall be limited to the lesser of either two percent or an amount determined
 11 as provided in ~~Paragraph (C)(2)~~ Subsection C of this Section in or for any year in
 12 which the system does not earn ~~the required actuarial rate of return as certified by the~~
 13 ~~system's actuary.~~ an actuarial rate of return of at least seven and one-quarter percent
 14 interest on the investment of the system's assets.

15 * * *

16 F.(1) Notwithstanding any provision of this Section to the contrary, in a year
 17 in which the experience account balance is insufficient to fund the amount required
 18 pursuant to Paragraph (C)(1) of this Section, the board may make the
 19 recommendation provided in Paragraph (C)(1) of this Section if all of the following
 20 conditions are satisfied:

21 (a) No benefit increase was granted in the preceding fiscal year.

22 (b) The experience account balance established in the system valuation for
 23 the preceding fiscal year reached its maximum reserve permitted pursuant to
 24 Paragraph (A)(3) of this Section applicable to the system valuation for that valuation
 25 year.

26 (c) The experience account balance established in the system valuation for
 27 the current fiscal year is insufficient to fund the maximum increase permitted
 28 pursuant to Paragraph (C)(2) of this Section applicable to the system valuation for
 29 the preceding fiscal year.

30 (d) All of the insufficiency in the account is attributable to the following:

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 (i) The growth of the cost of the increase, but only if that growth was
2 produced solely by either or both of these events:

3 (aa) Changes in the pool of the eligible recipients.

4 (bb) The growth in the benefit amount to which the increase applies due to
5 the application of the CPI-U pursuant to the provisions of Paragraph (C)(1) of this
6 Section.

7 (ii) Credits to the account, if any, are insufficient to cover the growth in the
8 cost of the increase.

9 (2) The amount of the increase shall be equal to the amount the balance in
10 the experience account will fully fund rounded to the nearest lower one-tenth of one
11 percent.

12 * * *

13 §1332. Employee Experience Account

14 A.(1) The Employee Experience Account shall be credited as follows:

15 (a) To the extent permitted by Paragraph (2) of this Subsection and after the
16 allocation as provided in R.S. 11:102(B)(3)(d)(viii)(bb), an amount not to exceed
17 fifty percent of the prior year's net investment experience gain as determined by the
18 system's actuary.

19 (b) To the extent permitted by Paragraph (2) of this Subsection, an amount
20 not to exceed that portion of the system's net investment income attributable to the
21 balance in the Employee Experience Account during the prior year.

22 (2)(a) In no event shall ~~the amount~~ a credit be made to the account that
23 would cause the balance in the Employee Experience Account to exceed the reserve
24 necessary to grant;

25 (i) Two ~~two~~ cost-of-living adjustments determined pursuant to Subsection
26 C of this Section if the system is eighty percent funded or greater.

27 (ii) One permanent benefit increase as determined pursuant to Subsection C
28 of this Section if the system is less than eighty percent funded.

1 (b) If the system is less than eighty percent funded and has reserves in excess
2 of the amounts provided for in Item (a)(ii) of this Paragraph, it shall not apply credits
3 to the account pursuant to Subparagraph (1)(b) of this Subsection.

4 * * *

5 C.(1) In accordance with the provisions of this Section, the board of trustees
6 may recommend to the president of the Senate and the speaker of the House of
7 Representatives that the system be permitted to grant a cost-of-living adjustment to
8 retirees and beneficiaries whenever the conditions in this Section are satisfied and
9 the balance in the Employee Experience Account is sufficient to fully fund such
10 benefit on an actuarial basis, as determined by the system's actuary. If the legislative
11 actuary disagrees with the determination of the system's actuary, a cost-of-living
12 adjustment shall not be granted. The board of trustees shall not grant a cost-of-living
13 adjustment as provided in this Subsection unless such cost-of-living adjustment has
14 been approved by the legislature, by concurrent resolution adopted by the favorable
15 vote of a majority of the elected members of each house. Any such cost-of-living
16 adjustment granted on or before June 30, 2015, shall be limited to and shall only be
17 payable based on an amount not to exceed eighty-five thousand dollars of the
18 retiree's annual benefit. Any such cost-of-living adjustment granted on or after July
19 1, 2015, shall be limited to and shall only be payable based on an amount not to
20 exceed sixty thousand dollars of the retiree's annual benefit. ; however, effective
21 Effective for years after July 1, 2007, and on or before June 30, 2015, the eighty-five
22 thousand dollar limit shall be increased each year in an amount equal to the increase
23 in the Consumer Price Index consumer price index (United States city average for
24 all urban consumers (CPI-U)), as prepared by the United States Department of
25 Labor, Bureau of Labor Statistics, for the preceding calendar year, if any. Effective
26 on or after July 1, 2015, the sixty-thousand dollar limit shall be increased each year
27 in an amount equal to any increase in the consumer price index (U.S. city average
28 for all urban consumers (CPI-U)) for the twelve-month period ending on the system's
29 valuation date, if any. Any adjustment granted pursuant to the provisions of this
30 Subsection Section shall begin on July first following legislative approval, shall be

1 payable annually, and shall ~~equal an amount not to exceed~~ be an amount equal to the
2 lesser of:

3 (a) ~~Three percent.~~(b) An amount as determined in Paragraph (2) of this
4 Subsection.

5 (b)(2) If the The increase in the Consumer Price Index consumer price index
6 (United States city average for all urban consumers (CPI-U)), as prepared by the
7 United States Department of Labor, Bureau of Labor Statistics, for the twelve-month
8 period ending on the system's valuation date calendar year immediately preceding
9 the cost-of-living adjustment is less than three percent, then the cost-of-living
10 adjustment shall be a sum equal to the CPI-U increase for that prior calendar year,
11 if any. If the balance in the experience account is not sufficient to fund that sum, no
12 increase shall be granted.

13 (2)(a) If the system is eighty percent funded or greater, three percent.

14 (b) If the system is at least seventy-five percent funded but less than eighty
15 percent funded and the legislature has not granted a benefit increase in the preceding
16 fiscal year, two and one-half percent.

17 (c) If the system is at least sixty-five percent funded but less than seventy-
18 five percent funded and the legislature has not granted a benefit increase in the
19 preceding fiscal year, two percent.

20 (d) If the system is at least fifty-five percent funded but less than sixty-five
21 percent funded and the legislature has not granted a benefit increase in the preceding
22 fiscal year, one and one-half percent.

23 (e) If the system is less than fifty-five percent funded or if the system is less
24 than eighty-five percent funded but more than fifty-five percent funded and the
25 legislature granted a benefit increase in the preceding fiscal year, no increase shall
26 be granted.

27 (3) The Subject to the limitations contained in Paragraph (1) of this
28 Subsection, the percentage of each recipient's cost-of-living adjustment shall be
29 based on the benefit being paid to the recipient on the effective date of the increase.

30 * * *

1 D. The cost-of-living increase which is authorized by Subsection C of this
2 Section shall be limited to the lesser of either two percent or an amount determined
3 as provided in ~~Paragraph (C)(2)~~ Subsection C of this Section in or for any year in
4 which the system does not earn ~~the required actuarial rate of return as certified by the~~
5 ~~system's actuary.~~ an actuarial rate of return of at least seven percent interest on the
6 investment of the system's assets.

7 * * *

8 F. In addition to the cost-of-living adjustment authorized by Subsection C
9 of this Section, the board of trustees may grant a supplemental cost-of-living
10 adjustment to all retirees and beneficiaries who are at least age sixty-five, which
11 shall consist of an amount equal to two percent of the benefit being received on the
12 date of the adjustment. In order to grant such supplemental cost-of-living
13 adjustment, the board of trustees shall recommend to the president of the Senate and
14 the speaker of the House of Representatives that the system be permitted to grant
15 such supplemental cost-of-living adjustment to retirees and beneficiaries whenever
16 the balance in the Employee Experience Account is sufficient to fully fund such
17 benefit on an actuarial basis, as determined by the system's actuary. If the legislative
18 actuary disagrees with the determination of the system's actuary, such supplemental
19 cost-of-living adjustment shall not be granted. The board of trustees shall not grant
20 such supplemental cost-of-living adjustment ~~as provided in this Subsection~~ unless
21 such supplemental cost-of-living adjustment has been approved by the legislature,
22 ~~by concurrent resolution adopted by the favorable vote of a majority of the elected~~
23 ~~members of each house.~~ Any such supplemental cost-of-living adjustment paid on
24 or before June 30, 2015, shall be limited to and shall only be payable based on an
25 amount not to exceed eighty-five thousand dollars of the retiree's annual benefit,
26 Any such supplemental cost-of-living adjustment paid on or after July 1, 2015, shall
27 be limited to and shall only be payable based on an amount not to exceed sixty
28 thousand dollars of the retiree's annual benefit. ; however, effective Effective on and
29 ~~for years~~ after July 1, 2007, and on or before June 30, 2015, the eighty-five thousand
30 dollar limit shall be increased each year in an amount equal to the increase in the

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1 ~~Consumer Price Index~~ consumer price index (United States city average for all urban
 2 consumers (CPI-U)), as prepared by the United States Department of Labor, Bureau
 3 of Labor Statistics, for the preceding calendar year, if any. Effective on and after
 4 July 1, 2015, the sixty-thousand dollar limit shall be increased each year in an
 5 amount equal to the increase in the consumer price index (United States city average
 6 for all urban consumers (CPI-U)), as prepared by the United States Department of
 7 Labor, Bureau of Labor Statistics, for the twelve-month period ending on the
 8 system's valuation date, if any. Any cost-of-living adjustment granted pursuant to the
 9 provisions of this Subsection shall begin on July first following legislative approval
 10 and shall be payable annually.

11 G.(1) Notwithstanding any provision of this Section to the contrary, in a year
 12 in which the experience account balance is insufficient to fund the amount required
 13 pursuant to Paragraph (C)(1) of this Section, the board may make the
 14 recommendation provided in Paragraph (C)(1) of this Section if all of the following
 15 conditions are satisfied:

16 (a) No benefit increase was granted in the preceding fiscal year.

17 (b) The experience account balance established in the system valuation for
 18 the preceding fiscal year reached its maximum reserve permitted pursuant to
 19 Paragraph (A)(3) of this Section applicable to the system valuation for that valuation
 20 year.

21 (c) The experience account balance established in the system valuation for
 22 the current fiscal year is insufficient to fund the maximum increase permitted
 23 pursuant to Paragraph (C)(2) of this Section applicable to the system valuation for
 24 the preceding fiscal year.

25 (d) All of the insufficiency in the account is attributable to the following:

26 (i) The growth of the cost of the increase, but only if that growth was
 27 produced solely by either or both of these events:

28 (aa) Changes in the pool of the eligible recipients.

1 (bb) The growth in the benefit amount to which the increase applies due to
 2 the application of the CPI-U pursuant to the provisions of Paragraph (C)(1) of this
 3 Section.

4 (ii) Credits to the account, if any, are insufficient to cover the growth in the
 5 cost of the increase.

6 (2) The amount of the increase shall be equal to the amount the balance in
 7 the experience account will fully fund rounded to the nearest lower one-tenth of one
 8 percent.

9 Section 2.(A) Notwithstanding any provision to the contrary of R.S. 11:542(A)(2)(a),
 10 883.1(A)(2)(a), 1145.1(A)(1)(a), or 1332(A)(1)(a), as amended by this Act, for the June 30,
 11 2014, valuation, for the purposes of determining excess returns to be credited to the
 12 experience account, each system shall exclude only the following sum from its calculation
 13 of net investment experience gain:

14 (1) Louisiana State Employees' Retirement System: the first one hundred million
 15 dollars of excess investment experience returns.

16 (2) Teachers' Retirement System of Louisiana: the first two hundred million dollars
 17 of excess investment experience returns.

18 (3) Louisiana School Employees' Retirement System: the first fifteen million dollars
 19 of excess investment experience returns.

20 (4) State Police Retirement System: the first five million dollars of excess
 21 investment experience returns.

22 (B) Any restriction in such provisions of law, as amended by this Act, on the total
 23 amount of assets authorized to be credited to the account is hereby expressly retained.

24 Section 3. The systems shall each prepare and present to the House and Senate
 25 committees on retirement a report on the administrative and actuarial processes that will be
 26 applied in the implementation of this Act. The reports shall be submitted to the committees
 27 no later than November 14, 2014.

28 Section 4. The provisions of Sections 1, 2, and 3 of this Act shall become effective
 29 if and when the Acts which originated as Senate Bill Nos. 16, 18, 19, and 21 of the 2014
 30 Regular Session of the Legislature of Louisiana become effective.

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1 Section 5. The provisions of this Section and Section 4 of this Act shall become
 2 effective on June 30, 2014; if this Act is vetoed by the governor and subsequently approved
 3 by the legislature, the provisions of this Section and Section 4 of this Act shall become
 4 effective on June 30, 2014, or on the day following such approval by the legislature,
 5 whichever is later.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____