

2015 Regular Session

HOUSE BILL NO. 42

BY REPRESENTATIVES JONES, ABRAMSON, ANDERS, ARMES, ARNOLD, BADON, BARRAS, BARROW, BERTHELOT, BILLIOT, WESLEY BISHOP, BOUIE, BROADWATER, BROWN, HENRY BURNS, BURRELL, CARMODY, CARTER, CHANEY, COX, DANAHAY, DOVE, EDWARDS, FOIL, FRANKLIN, GAINES, GISCLAIR, GUILLORY, GUINN, HALL, HARRISON, HAVARD, HAZEL, HENRY, HENSGENS, HILL, HODGES, HOFFMANN, HONORE, HOWARD, HUNTER, HUVAL, JACKSON, JAMES, JEFFERSON, ROBERT JOHNSON, TERRY LANDRY, LEBAS, LEGER, LEOPOLD, MACK, MIGUEZ, MONTOUCET, MORENO, NORTON, ORTEGO, PIERRE, POPE, PRICE, PUGH, PYLANT, REYNOLDS, RICHARD, RITCHIE, SCHEXNAYDER, SCHRODER, SHADOIN, SMITH, ST. GERMAIN, THIBAUT, THIERRY, ALFRED WILLIAMS, PATRICK WILLIAMS, WILLMOTT, AND WOODRUFF

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

RETIREMENT/COLAS: Authorizes payments funded by state retirement system experience accounts to certain retirees and beneficiaries of such systems

1 AN ACT

2 To enact R.S. 11:542.2, 883.4, 1145.3, and 1331.2, to authorize payments funded by state
3 retirement system experience accounts to certain retirees and beneficiaries of such
4 systems; to provide qualifications for receipt of such payments; to provide relative
5 to the amount of such payments; 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. 11:542.2, 883.4, 1145.3, and 1331.2 are hereby enacted to read as
11 follows:

12 §542.2. Permanent benefit increase; payable July 1, 2015

13 A. Notwithstanding any provision of R.S. 11:542 to the contrary, the board
14 of trustees of the Louisiana State Employees' Retirement System may pay a

1 permanent benefit increase, payable July 1, 2015, to the following retirees and
2 beneficiaries:

3 (1) Any retiree, other than a disability retiree, who has attained at least age
4 sixty and who has received a benefit for at least one year.

5 (2) Any nonretiree beneficiary is eligible if benefits had been paid to the
6 retiree or the beneficiary, or both combined, for at least one year and if the retiree
7 would have attained age sixty.

8 (3) Any disability retiree or a person who receives benefits from the system
9 based on the death of a disability retiree is eligible if benefits have been paid to the
10 retiree or the beneficiary, or both combined, for at least one year.

11 B. Any benefit increase paid pursuant to the provisions of this Section shall
12 be paid from the funds in the system experience account.

13 C. The amount of the increase authorized by this Section shall be an amount
14 determined by the system's actuary that is supported by the funds in the experience
15 account after any credits or debits to the account pursuant to R.S. 11:542(A)(2) or
16 (B)(1), as applicable, up to a maximum payment of one and one-half percent of the
17 benefit amount. The funds in the account shall be sufficient to fund such benefit
18 fully on an actuarial basis. If the legislative auditor's actuary disagrees with the
19 determination of the system's actuary, a permanent benefit increase shall not be
20 granted.

21 D. The increase provided for in this Section shall be payable only on the first
22 sixty thousand dollars of a retiree or beneficiary's benefit.

23 * * *

24 §883.4. Permanent benefit increase; payable July 1, 2015

25 A. Notwithstanding any provision of R.S. 11:883.1 to the contrary, the board
26 of trustees of the Teachers' Retirement System of Louisiana may pay a permanent
27 benefit increase, payable July 1, 2015, to the following retirees and beneficiaries:

28 (1) Any retiree, other than a disability retiree, who has attained at least age
29 sixty and who has received a benefit for at least one year.

1 B. Any benefit increase paid pursuant to the provisions of this Section shall
2 be paid from the funds in the system experience account.

3 C. The amount of the increase authorized by this Section shall be an amount
4 determined by the system's actuary that is supported by the funds in the experience
5 account after any credits or debits to the account pursuant to R.S. 11:1332(A)(1) or
6 (B)(1), as applicable, up to a maximum payment of one and one-half percent of the
7 benefit amount. The funds in the account shall be sufficient to fund such benefit
8 fully on an actuarial basis. If the legislative auditor's actuary disagrees with the
9 determination of the system's actuary, a cost of living adjustment shall not be
10 granted.

11 D. The increase provided for in this Section shall be payable only on the first
12 sixty thousand dollars of a retiree or beneficiary's benefit.

13 Section 2. Any cost of this Act not funded by payments made pursuant to the
14 provisions of Section 1 of this Act shall be funded with additional employer contributions
15 in compliance with Article X, Section 29(F) of the Constitution of Louisiana.

16 Section 3. In the case of any conflict between the provisions of this Act and the
17 provisions of any other Act of the 2015 Regular Session of the Legislature, the provisions
18 of this Act shall supercede and control regardless of the order of passage.

19 Section 4. This Act shall become effective on June 30, 2015; if vetoed by the
20 governor and subsequently approved by the legislature, this Act shall become effective on
21 June 30, 2015, 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)]

HB 42 Reengrossed

2015 Regular Session

Jones

Abstract: Authorizes payment of permanent benefit increases, up to a maximum of 1.5%, for certain retirees and beneficiaries of the four state retirement systems—La. State Employees' Retirement System (LASERS), Teachers' Retirement system of La. (TRSL), La. School Employees' Retirement System (LSERS), and State Police Retirement System (STPOL).

Present law, relative to the four state retirement systems, establishes an "experience account" within each system for the accumulation of certain system funds. Provides for utilization of these funds for benefit increases, commonly called "cost-of-living adjustments" (COLAs), for retirees, survivors, and beneficiaries of the system. Provides that the following classes of retirees and beneficiaries are eligible for a COLA paid pursuant to present law:

- (1) Any retiree who has received a benefit for at least one year and who has attained at least age 60.
- (2) Any nonretiree beneficiary who has received a benefit for at least one year (aggregated with any time the deceased member may have received a benefit) if the deceased member would have attained age 60.
- (3) Any disability retiree or any beneficiary who receives benefits based on the death of a disability retiree if benefits have been received for at least one year.

Proposed law retains present law.

Present law provides that a COLA may only be granted every other year. During the 2014 R.S., the legislature authorized payment, payable July 1, 2014, of a COLA for retirees and beneficiaries of each of the four state retirement systems.

Proposed law provides a COLA, payable July 1, 2015, for the retirees and beneficiaries of each of the four state retirement systems. Uses the funds from the system experience accounts to fund such a payment.

Proposed law provides that retirees and beneficiaries who would qualify for a COLA under present law qualify for receipt of the COLA authorized by proposed law.

Proposed law provides that the amount of the COLA shall be an amount supported by the funds in the system's experience account, after all required credits and debits to the account under present law, up to a maximum payment of 1.5% of the retiree or beneficiary's benefit amount.

Proposed law provides that the benefit increase shall only be paid on the first \$60,000 of a retiree or beneficiary's benefit.

Proposed law provides that any cost of this Act not funded by payments made from the system experience account shall be funded with additional employer contributions in compliance with Article X, Section 29(F) of the Constitution of Louisiana.

Proposed law provides that in the case of any conflict between the provisions of proposed law and the provisions of any other Act of the 2015 R.S., the provisions of proposed law shall supercede and control regardless of the order of passage.

Effective June 30, 2015.

(Adds R.S. 11:542.2, 883.4, 1145.3, and 1331.2)