HLS 16RS-162 ORIGINAL

2016 Regular Session

HOUSE BILL NO. 45

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BY REPRESENTATIVE IVEY

RETIREMENT BENEFITS: (Constitutional Amendment) Removes the guarantee of retirement benefits for state employees in certain circumstances

A JOINT RESOLUTION

Proposing to amend Article X, Section 29(A), (B), and (E)(5) and to add Article X, Section 2 3 29(E)(6) of the Constitution of Louisiana, to provide with respect to benefits paid by 4 state retirement systems; to provide relative to the guarantee of such benefits; to 5 provide with respect to the diminution or impairment of such benefits; to provide for submission of the proposed amendment to the electors; and to provide for related 7 matters. 8 Notice of intention to introduce this Act has been published 9 as provided by Article X, Section 29(C) of the Constitution 10 of Louisiana. 11 Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members 12 elected to each house concurring, that there shall be submitted to the electors of the state of 13 Louisiana, for their approval or rejection in the manner provided by law, a proposal to 14 amend Article X, Section 29(A), (B), and (E)(5) and add Article X, Section 29(E)(6) of the 15 Constitution of Louisiana, to read as follows: 16 §29. Retirement and Survivor's Benefits 17 Section 29.(A) Public School Employees. The legislature shall provide for 18 retirement of teachers and other employees of the public educational system through 19 establishment of one or more retirement systems. Membership in such a retirement 20 system shall be a contractual relationship between employee and employer, and the

Page 1 of 3

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2	to a member or retiree or to his lawful beneficiary upon his death.
3	(B) Other Officials and Employees. The legislature shall enact laws
4	providing for retirement of officials and employees of the state, its agencies, and its
5	political subdivisions, including persons employed jointly by state and federal
6	agencies other than those in military service, through the establishment of one or
7	more retirement systems. Membership in any retirement system of the state or of a
8	political subdivision thereof shall be a contractual relationship between employee
9	and employer, and the state shall guarantee benefits annuitized by a state retirement
10	system and payable to a member of a state retirement system or retiree or to his
11	lawful beneficiary upon his death.
12	* * *
13	(E) Actuarial Soundness.
14	* * *
15	(5) All assets, proceeds, or income of the state and statewide public
16	retirement systems, and all contributions and payments made to the system to
17	provide for retirement and related benefits shall be held, invested as authorized by
18	law, or disbursed as in trust for the exclusive purpose of providing such benefits,
19	refunds, and administrative expenses under the management of the boards of trustees
20	and shall not be encumbered for or diverted to any other purpose.
21	(6)(a) The accrued benefits of members of any state or statewide public
22	retirement system shall not be diminished or impaired.
23	(b) The accrued benefits of a member of a state retirement system that are
24	annuitized by a state retirement system and that are based on membership in a plan
25	or tier that calculates normal retirement benefits using an accrual rate and an average
26	of the member's compensation or salary shall not be diminished or impaired.
27	* * *

state shall guarantee any benefits <u>annuitized by such a retirement system and</u> payable

1 Section 2. Be it further resolved that this proposed amendment shall be submitted to the electors of the state of Louisiana at the statewide election to be held on November 8, 2 3 2016. 4 Section 3. Be it further resolved that on the official ballot to be used at the election, 5 there shall be printed a proposition, upon which the electors of the state shall be permitted 6 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as 7 follows: 8 Do you support an amendment to provide that the constitutional guarantee 9 of accrued retirement benefits for state employees applies only to benefits 10 that are paid by a state retirement system and not to benefits paid by other 11 retirement service providers? (Amends Article X, Section 29(A), (B), and 12 (E)(5); Adds Article X, Section 29(E)(6))

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 45 Original

2016 Regular Session

Ivey

Abstract: Eliminates certain protections for benefits of state retirement system members if such benefits are paid by a third-party provider and not by a state retirement system.

<u>Present constitution</u> (Art. X, Sec. 29(A) and (B)) guarantees benefits payable to a member or retiree of a state retirement system, or payable to a lawful beneficiary of a member or retiree of a state retirement system. <u>Proposed constitutional amendment</u> provides that such benefits are guaranteed only if they have been annuitized by a state retirement system.

<u>Present constitution</u> (Art. X., Sec. 29(E)(5)) prohibits the accrued benefits of state and statewide retirement system members from being diminished or impaired. <u>Proposed constitutional amendment</u> retains <u>present constitution</u> for statewide retirement system members. Prohibits diminishment or impairment of state retirement system benefits if both of the following conditions are met:

- (1) The benefits are annuitized by a state retirement system.
- (2) The benefits are based on service in a plan or tier of a state retirement system that calculates normal retirement benefits using an accrual rate and an average of the member's compensation or salary.

Provides for submission of the proposed amendment to the voters at the statewide election to be held November 8, 2016.

(Amends Art. X, §29(A), (B), and (E)(5); Adds Art. X, §29(E)(6))

Page 3 of 3

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