SLS 16RS-23

2016 Regular Session

SENATE BILL NO. 2

BY SENATORS PEACOCK, BOUDREAUX, CHABERT, CORTEZ, LONG, MILKOVICH AND MIZELL

RETIREMENT SYSTEMS. Authorizes payments funded by state systems' experience accounts to certain retirees and beneficiaries. (2/3 - CA10s29(F)) (6/30/16)

1	AN ACT
2	To enact R.S. 11:542.2, 883.4, 1145.3, and 1332.1, to authorize payments funded by state
3	retirement system experience accounts to certain retirees and beneficiaries; to
4	provide qualifications for receipt of such payments; to provide relative to the amount
5	of such payments; to provide for an effective date; and to provide for related matters.
6	Notice of intention to introduce this Act has been published.
7	Be it enacted by the Legislature of Louisiana:
8	Section 1. R.S. 11:542.2, 883.4, 1145.3, and 1332.1 are hereby enacted to read as
9	follows:
10	§542.2. Permanent benefit increase; payable July 1, 2016
11	A. Notwithstanding any provision of R.S. 11:542 to the contrary, the
12	board of trustees of the Louisiana State Employees' Retirement System may
13	grant a permanent benefit increase, funded exclusively with money from the
14	experience account and payable July 1, 2016, to the following retirees and
15	beneficiaries:
16	(1) Any retiree, other than a disability retiree, who has attained at least
17	age sixty and who has received a benefit for at least one year.

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1	(2) Any nonretiree beneficiary whose receipt of benefits is not based on
2	the death of a disability retiree, if benefits have been paid to the retiree or the
3	beneficiary or to both combined for at least one year, and if the retiree would
4	have attained age sixty.
5	(3) Any disability retiree or any nonretiree beneficiary who receives
6	benefits based on the death of a disability retiree, if benefits have been paid to
7	the retiree or beneficiary or to both combined for at least one year.
8	B. The increase authorized by this Section shall be payable only on the
9	first sixty thousand dollars of a retiree or beneficiary's benefit and shall be an
10	amount determined by the system's actuary with the agreement of the
11	legislative auditor's actuary that is supported by the experience account balance
12	after any credits or debits to the account pursuant to R.S. 11:542 up to a
13	maximum payment of one and one-half percent of the eligible benefit amount.
14	* * *
15	§883.4. Permanent benefit increase; payable July 1, 2016
16	A. Notwithstanding any provision of R.S. 11:883.1 to the contrary, the
17	board of trustees of the Teachers' Retirement System of Louisiana may grant
18	a permanent benefit increase, funded exclusively with money from the
19	experience account and payable July 1, 2016, to the following retirees and
20	beneficiaries:
21	(1) Any retiree, other than a disability retiree, who has attained at least
22	age sixty and who has received a benefit for at least one year.
23	(2) Any nonretiree beneficiary whose receipt of benefits is not based on
24	the death of a disability retiree, if benefits have been paid to the retiree or the
25	beneficiary or to both combined for at least one year, and if the retiree would
26	have attained age sixty.
27	(3) Any disability retiree or any nonretiree beneficiary who receives
28	benefits based on the death of a disability retiree, if benefits have been paid to
29	the retiree or beneficiary or to both combined for at least one year.

1	B. The increase authorized by this Section shall be payable only on the				
2	first sixty thousand dollars of a retiree or beneficiary's benefit and shall be an				
3	amount determined by the system's actuary with the agreement of the				
4	legislative auditor's actuary that is supported by the experience account balance				
5	after any credits or debits to the account pursuant to R.S. 11:883.1 up to a				
6	maximum payment of one and one-half percent of the eligible benefit amount.				
7	* * *				
8	§1145.3. Cost-of-living adjustment; payable July 1, 2016				
9	A. Notwithstanding any provision of R.S. 11:1145.1 to the contrary, the				
10	board of trustees of the Louisiana School Employees' Retirement System may				
11	grant a cost-of-living adjustment, funded exclusively with money from the				
12	experience account and payable July 1, 2016, to the following retirees and				
13	<u>beneficiaries:</u>				
14	(1) Any retiree, other than a disability retiree, who has attained at least				
15	age sixty and who has received a benefit for at least one year.				
16	(2) Any nonretiree beneficiary whose receipt of benefits is not based on				
17	the death of a disability retiree, if benefits have been paid to the retiree or the				
18	beneficiary or to both combined for at least one year, and if the retiree would				
19	have attained age sixty.				
20	(3) Any disability retiree or any nonretiree beneficiary who receives				
21	benefits based on the death of a disability retiree, if benefits have been paid to				
22	the retiree or beneficiary or to both combined for at least one year.				
23	B. The increase authorized by this Section shall be payable only on the				
24	first sixty thousand dollars of a retiree or beneficiary's benefit and shall be an				
25	amount determined by the system's actuary with the agreement of the				
26	legislative auditor's actuary that is supported by the experience account balance				
27	after any credits or debits to the account pursuant to R.S. 11:1145.1 up to a				
28	maximum payment of two percent of the eligible benefit amount.				
29	* * *				

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1	§1332.1. Cost-of-living adjustment; payable July 1, 2016			
2	A. Notwithstanding any provision of R.S. 11:1332 to the contrary, the			
3	board of trustees of the State Police Retirement System may grant a			
4	cost-of-living adjustment, funded exclusively with money from the experience			
5	account and payable July 1, 2016, to the following retirees and beneficiaries:			
6	(1) Any retiree, other than a disability retiree, who has attained at least			
7	age sixty and who has received a benefit for at least one year.			
8	(2) Any nonretiree beneficiary whose receipt of benefits is not based on			
9	the death of a disability retiree, if benefits have been paid to the retiree or the			
10	beneficiary or to both combined for at least one year and if the retiree would			
11	have attained age sixty.			
12	(3) Any disability retiree or any nonretiree beneficiary who receives			
13	benefits based on the death of a disability retiree, if benefits have been paid to			
14	the retiree or beneficiary or to both combined for at least one year.			
15	B. The increase authorized by this Section shall be payable only on the			
16	first sixty thousand dollars of a retiree or beneficiary's benefit and shall be an			
17	amount determined by the system's actuary with the agreement of the			
18	legislative auditor's actuary that is supported by the experience account balance			
19	after any credits or debits to the account pursuant to R.S. 11:1332 up to a			
20	maximum payment of two percent of the eligible benefit amount.			
21	Section 2. Any cost of this Act not funded by payments made pursuant to the			
22	provisions of Section 1 of this Act shall be funded with additional employer contributions			
23	in compliance with Article X, Section 29(F) of the Constitution of Louisiana.			
24	Section 3. If the instruments which originated as Senate Bill No. 5 and Senate Bill			
25	No. 18 of the 2016 Regular Session of the Legislature do not become effective, this Act shall			
26	be null and void and of no effect.			
27	Section 4. This Act shall become effective on June 30, 2016; if vetoed by the			
28	governor and subsequently approved by the legislature, this Act shall become effective on			
29	June 30, 2016, or on the day following such approval by the legislature, whichever is later.			

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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Margaret M. Corley.

DIGEST SB 2 Engrossed 2016 Regular Session Peac						
<u>Present law</u> designates the following as state retirement systems:						
(1)	La. State Employees' Retirement System (LASERS)					
(2)	Teachers' Retirement System of La. (TRSL or Teachers)					
(3)	La. School Employees' Retirement System (LSERS)					
(4)	State Police Retirement System (SPRS or Troopers)					
<u>Present law</u> , 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 <u>present law</u> :						

- (1) Any regular retiree who has received a benefit for at least one year and who has attained at least age 60.
- (2) Any beneficiary of a regular retiree if the retiree, beneficiary, or both combined have received a benefit for at least one year and 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 by the retiree, beneficiary, or both combined for at least one year.

Proposed law retains present law.

<u>Proposed law</u> authorizes each state system board of trustees to grant a COLA, payable July 1, 2016, to the retirees and beneficiaries who would qualify for a COLA under <u>present law</u>. Uses the funds from the experience account to fund the COLA.

<u>Present law</u> provides the maximum amount of a COLA based on the consumer price index and the systems' funded ratio.

Without regard to the consumer price index, <u>proposed law</u> 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 <u>present law</u>.

<u>Proposed law</u> provides that, in accordance with the funded ratio of each system, the maximum amount payable shall be 1.5% of the benefit subject to the increase for LASERS and Teachers' and shall be 2% of the benefit subject to the increase for LSERS and Troopers'.

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

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

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<u>Proposed law</u> provides that if the instruments which originated as Senate Bill No. 5 and Senate Bill No. 18 of the 2016 Regular Session of the Legislature do not become effective, proposed law shall be null and void and of no effect.

Effective June 30, 2016.

(Adds R.S. 11:542.2, 883.4, 1145.3, and 1332.1)

Summary of Amendments Adopted by Senate

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

- 1. Makes technical changes.
- 2. Provides that if the instruments which originated as Senate Bill No. 5 and Senate Bill No. 18 of the 2016 Regular Session of the Legislature do not become effective, proposed law shall be null and void and of no effect.