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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Laura Gail Sullivan.

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## DIGEST

Proposed law provides for permanent post-retirement benefit increases (PBIs) for retirees of the four state retirement systems:

- (1) Louisiana State Employees' Retirement System.
- (2) Teachers' Retirement System of Louisiana.
- (3) Louisiana School Employees' Retirement System.
- (4) Louisiana State Police Retirement System.

Proposed law provides for additional employee contributions of 3% of pay from members of the systems, beginning July 1, 2013.

Proposed law provides for a 60-month final average compensation period for all members of the systems, with transition from the present law 36-month period to begin July 1, 2014, and to continue in one-month increments through June 30, 2016.

Proposed law provides for PBIs for current and future retirees, survivors, and beneficiaries of the systems as follows:

### ELIGIBILITY

Proposed law provides that, to be eligible for a benefit increase pursuant to proposed law:

- (1) A retiree shall have been separated from employment and receiving an annuitized benefit for at least five years and shall have attained at least age 65.
- (2) A nonretiree survivor or beneficiary shall be receiving an annuitized benefit related to service of a person who would have attained at least age 65, and the annuity payments shall have been received by the retiree or the beneficiary or both combined for at least five years.
- (3) Any person receiving disability benefits or receiving benefits based on the death of a disability retiree shall be receiving an annuitized benefit, and the annuity payments shall have been received by the retiree or the beneficiary or both combined for at least five years.

### INCREASE AMOUNT

Proposed law provides that each PBI shall be the greater of:

- (1) One percent.
- (2) The lesser of:
  - (a) Two percent.
  - (b) The percent increase necessary to preserve 80% of the purchasing power of the recipient as of June 30, 2013, or his retirement date if later.

Proposed law specifies that the determination of diminution of purchasing power shall be computed using the increases, if any, provided to persons receiving old age, survivors, and disability insurance benefits from social security for the period beginning on the September 30<sup>th</sup> of the year of retirement and ending on the September 30<sup>th</sup> immediately preceding the PBI.

Proposed law provides that each PBI shall be payable based only on an amount not to exceed \$50,000 of the recipient's annual benefit. Specifies, however, for increases payable July 1, 2019, and thereafter the \$50,000 limit shall be increased in an amount equal to the increases, if any, provided to persons receiving old age, survivors, and disability insurance benefits from social security for the 24 month period ending on the September 30<sup>th</sup> immediately preceding the PBI.

#### CLASSIFICATION; TIMING

Proposed law classifies each PBI as employer-funded, employee-funded, or additive.

Proposed law provides that employer-funded increases are those payable to any recipient whose annuitized benefit is based exclusively on service credited to the person on or before June 30, 2013. Provides that these PBIs shall be paid on July 1<sup>st</sup> of each odd-numbered calendar year beginning July 1, 2013.

Proposed law provides that employee-funded increases are those payable to any recipient whose annuitized benefit is based exclusively on service credited to the person on or after July 1, 2013. Provides that these PBIs shall be paid on July 1<sup>st</sup> of each odd-numbered calendar year beginning July 1, 2019.

Proposed law provides that additive increases are those payable to any recipient whose annuitized benefits are based partially on service credited to the person on or before June 30, 2013, and partially on service credited to the person on or after July 1, 2013. Provides that these PBIs shall be paid on July 1<sup>st</sup> of each odd-numbered calendar year beginning July 1, 2019. Specifies that for each recipient, the portion of each additive increase considered to be an employee-funded accrued benefit shall be equal to the ratio of years of service credited to the system member on or after July 1, 2013, to total years of service credited to him.

Effective June 30, 2013.

(Amends R.S. 11:62, 102(B)(3)(d)(i) and (iv) and (5)(a), 247(A)(1) and (D), 403(5), 416(A)(3)(a), 558(D), 701(5)(a)(intro para) and (b), 766(D), 1002(6), 1143(D), 1150, 1152(J)(3) and (4), and 1310(A)(2); adds R.S. 11:102(B)(3)(e), (C)(4)(e), and (D)(4)(e), 102.1(C)(6), 102.2(C)(6), 249, 446(H), and 783(L); repeals R.S. 11:542, 883.1, 1145.1, and 1332)