

Regular Session, 2013

HOUSE BILL NO. 63

BY REPRESENTATIVE ROBIDEAUX

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

RETIREMENT/COLAS: Approves a cost-of-living adjustment for retirees of each state retirement system

1 AN ACT

2 To enact R.S. 11:542.2, 883.4, 1145.2, and 1332.1, relative to benefit adjustments for
3 retirees of state retirement systems; to authorize a cost-of-living benefit adjustment
4 for retirees of such systems and their beneficiaries; to provide for eligibility for,
5 funding of, and limitations on the adjustment; 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, 1145.2, and 1332.1 are hereby enacted to read as
11 follows:

12 §542.2. Cost-of-living adjustment authorized

13 A. The Legislature of Louisiana does hereby authorize a cost-of-living
14 adjustment for retirees and beneficiaries who are eligible for such an adjustment
15 pursuant to R.S. 11:542.

16 B. The cost-of-living adjustment authorized by this Section shall not exceed
17 one percent of the benefit being paid to the recipient on the effective date of the
18 adjustment.

1 Section 3. This Act shall become effective upon signature by the governor or, if not
 2 signed by the governor, upon expiration of the time for bills to become law without signature
 3 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 4 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 5 effective on the day following such approval.

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)]

Robideaux

HB No. 63

Abstract: Authorizes a cost-of-living benefit increase for retirees and beneficiaries of state retirement systems

Present law establishes 4 state retirement systems: the Louisiana State Employees' Retirement System, the Teachers' Retirement System of Louisiana, the Louisiana School Employees' Retirement System, and the Louisiana State Police Retirement System.

Present law provides that the board of trustees of a state retirement system may recommend to the president of the Senate and the speaker of the House of Representatives that the system be permitted to grant a cost-of-living adjustment (COLA) to retirees and beneficiaries whenever the balance in a state retirement system's Experience Account is sufficient to fund such benefit. Typically, the experience accounts are funded by excess investment returns above the system's actuarially assumed rate of return.

Present law provides the board of trustees shall not grant a COLA unless such COLA has been approved by the legislature by concurrent resolution adopted by the favorable vote of a majority of the elected members of each house.

Notwithstanding present statutory law providing for legislative approval by resolution, present constitution provides that benefits from public retirement systems may only be altered by legislative enactment. Present constitution further requires a 2/3 vote of the legislature to pass any such change in benefits that has an actuarial cost.

Present law provides that a non-disability retiree who has received a benefit for at least one year and who is at least 60 is eligible for a COLA; also provides for eligibility of beneficiaries of such persons. Present law also provides for COLAs to be paid to disability retirees who have been retired for at least one year, regardless of age. Proposed law authorizes a COLA for all retirees of LASERS, TRSL, LSERS, and STPOL and their beneficiaries who meet the requirements of present law.

Present law provides for a COLA not to exceed the lesser of 3% or the Consumer Price Index (U.S. city average for all urban consumers (CPI-U)). Proposed law authorizes a COLA of up to 1% for those retirees and their beneficiaries who meet the requirements of present law.

Present law provides further that any such COLA shall be limited to and shall only be payable based on an amount not to exceed \$85,000 of the retiree's annual benefit but provides for increases in this maximum based on the CPI-U. Provides that a COLA begins

on July 1 following legislative approval and is payable annually. Proposed law provides that the COLA shall be paid on the first \$20,000 of the retiree's benefit.

Proposed law provides that the cost of such COLA shall be funded by state funds statutorily dedicated for such purpose.

Proposed law provides that except as provided by proposed law, the COLA authorized by proposed law shall be granted as provided by present law.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 11:542.2, 883.4, 1145.2, and 1332.1)