

Regular Session, 2010

SENATE BILL NO. 97

BY SENATOR MORRISH

TEACHERS RETIREMENT. Provides for a change in beneficiary under certain circumstances. (7/1/10)

1 AN ACT

2 To enact R.S. 11:783(D)(1)(c), (d) and (e), relative to the Teachers' Retirement System of  
3 Louisiana; to provide for a change in beneficiary under certain circumstances; to  
4 provide for an effective date; and to provide for related matters.

5 Notice of intention to introduce this Act has been published.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 11:783(D)(1)(c), (d) and (e) are hereby enacted to read as follows:

8 §783. Selection of option for method of payment ~~after death of member~~

9 \* \* \*

10 D.(1) \* \* \*

11 **(c) Notwithstanding the provisions of Subparagraphs (a) and (b) of this**  
12 **Paragraph, a retiree may choose not to revoke the elected option but instead to**  
13 **designate his current spouse as beneficiary for the actuarially equivalent**  
14 **reduced retirement allowance option previously elected pursuant to Paragraph**  
15 **(A)(2) of this Section if all of the following are satisfied:**

16 **(i) The retiree selected Option 2, 2A, 3, 3A, 4, or 4A pursuant to**  
17 **Subsection A of this Section.**

1                 (ii) The retiree designated as his beneficiary the person who was the  
2                 retiree's spouse at the time he elected his retirement option.

3                 (iii) A judgment of divorce has been rendered with respect to the retiree  
4                 and the designated beneficiary.

5                 (iv) The retiree has been married to the current spouse for at least ten  
6                 years.

7                 (v) The retiree files with the system a change of beneficiary designation  
8                 authorized pursuant to this Subparagraph on or before August 2, 2010.

9                 (d) No change in beneficiary pursuant to Subparagraph (c) of this  
10                Paragraph, shall create additional liability for the system. The system shall  
11                make any adjustments to payments paid or payable in accordance with the  
12                option selected by the retiree which are actuarially necessitated by a change of  
13                beneficiary pursuant to Subparagraph (c) of this Paragraph. Such changes may  
14                include reduction or suspension of the monthly payments to the retiree or to his  
15                beneficiary named pursuant to Subparagraph (c) and shall not be applied to  
16                reduce any benefit payable to the originally selected beneficiary.

17                (e) A retiree who designates his current spouse as beneficiary pursuant  
18                to Subparagraph (c) of this Paragraph shall agree to hold harmless and  
19                indemnify the system from any and all liability, loss or damages that the system  
20                may sustain as a result of actions, claims, demands and costs, including  
21                reasonable attorney fees, due to such change of designation.

22                                         \*      \*      \*

23                Section 2. This Act shall become effective on July 1, 2010; if vetoed by the governor  
24                and subsequently approved by the legislature, this Act shall become effective on July 1,  
25                2010, or on the day following such approval by the legislature, whichever is later.

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The original instrument was prepared by Lauren Bailey. The following digest, which does not constitute a part of the legislative instrument, was prepared by Linda Nugent.

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#### DIGEST

Morrish (SB 97)

Present law (R.S. 11:783) provides that a member of the Teachers' Retirement System of Louisiana (TRSL) may receive his retirement benefit as an allowance payable throughout his life (the "maximum benefit") or may elect to receive the actuarial equivalent of the maximum in the form of a reduced retirement allowance payable throughout his life plus a lifetime allowance payable to his designated beneficiary after the retiree's death.

Present law (R.S. 11:783(A)(2)) provides for the options of payment of a retirement benefit after death of a member of the TRSL. Present law provides generally that the option and beneficiary selected by the member at the time of retirement are irrevocable.

Present law (R.S. 11:783(D)) provides that under certain circumstances, if the retiree's spouse was designated as the beneficiary, and a judgment of divorce is rendered with respect to the retiree and the spouse, and the spouse irrevocably, by court order, relinquishes the spouse's survivorship rights under the option originally selected by the retiree, the originally selected option shall be considered revoked.

Proposed law retains present law and adds that, rather than revoking the option selected, a retiree may change the designation of beneficiary to his current spouse if after his retirement he marries another and has been married to such person for at least 10 years.

Proposed law provides that such a retiree shall file a change of beneficiary designation with the system on or before August 2, 2010.

Proposed law provides that no change in beneficiary pursuant to proposed law shall create additional liability for the system. Requires the system to make any adjustments to payments that are actuarially necessitated by proposed law and provides that such adjustments may include reduction or suspension of the monthly payments to the retiree or the new beneficiary. Provides that any such adjustments shall not be applied to reduce any benefit payable to the original beneficiary.

Requires that a retiree who designates his current spouse as beneficiary pursuant to proposed law agree to hold harmless and indemnify the system from liability, loss or damages that the system may sustain as a result of actions, claims, demands and costs, including reasonable attorney fees, due to a change of designation.

Effective July 1, 2010.

(Adds R.S. 11:783(D)(1)(c))

#### Summary of Amendments Adopted by Senate

##### Senate Floor Amendments to engrossed bill.

1. Provides that no change in beneficiary shall create additional liability for the system.
2. Requires the system to make any adjustments to payments that are actuarially necessitated by proposed law, which may include reduction or suspension of the monthly payments to the retiree or the new beneficiary.

3. Provides that any such adjustments shall not be applied to reduce any benefit payable to the original beneficiary.
4. Requires that a retiree who designates his current spouse as beneficiary pursuant to proposed law agree to hold harmless and indemnify the system from liability, loss or damages that the system may sustain as a result.