

Regular Session, 2010

HOUSE BILL NO. 230

BY REPRESENTATIVE PEARSON

RETIREMENT/STATE SYSTEMS: Relative to La. School Employees' Retirement System (LSERS), makes changes to provisions relating to employee contributions, benefit calculation, and retirement eligibility

1 AN ACT

2 To amend and reenact R.S. 11:62(4), 1141(A), and 1144(B), relative to the Louisiana School
3 Employees' Retirement System; to provide with respect to employee contributions;
4 to provide with respect to calculation of benefits; to provide with respect to
5 retirement eligibility; to provide an effective date; 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. 11:62(4), 1141(A), and 1144(B) are hereby amended and reenacted
11 to read as follows:

12 §62. Employee contribution rates established

13 Employee contributions to state and statewide public retirement systems shall
14 be paid at the following rates:

15 * * *

16 (4) Louisiana School Employees' Retirement System - 7.5% of earnable
17 compensation.

18 * * *

1 §1141. Retirement benefits; application; eligibility requirements; effective date;
2 cancellation

3 A. Any member may retire upon written application to the board of trustees,
4 if the member at the time of application has attained the age of sixty years and has
5 credit for ten years of ~~accredited~~ creditable service or has attained the age of
6 fifty-five years and has credit for twenty-five or more years of ~~accredited~~ creditable
7 service or at any age with thirty or more years of ~~accredited~~ creditable service. An
8 application for retirement shall be officially filed with the board when received in the
9 office of the director. Retirement benefits shall become effective as of the date an
10 application for retirement is filed in the office of the director or the day after the
11 member terminates from service, whichever is later. A member may only cancel his
12 application for retirement prior to negotiating, cashing, or depositing any benefit
13 check including an estimated benefit check.

14 * * *

15 §1144. Retirement allowance; regular, minimum, and supplemental

16 * * *

17 B. Minimum allowance. (1)(a) The provisions of this Paragraph shall apply
18 to any member who retires on or before June 30, 2001.

19 (b) No service retirement allowance for a member shall be less than an
20 amount which provides a total allowance equal to the following:

21 (i) Two and one-half percent multiplied by the first twenty years or less of
22 ~~accredited~~ creditable service plus three percent multiplied by the total years of
23 ~~accredited~~ creditable service in excess of twenty years of ~~accredited~~ creditable
24 service for service earned prior to July 1, 1999.

25 (ii) For all service earned on or after July 1, 1999, all years of ~~accredited~~
26 creditable service shall be multiplied by three percent.

27 (iii) The sum that results from the calculation required by Items (i) and (ii)
28 of this Subparagraph shall be multiplied by the average compensation for any three
29 consecutive years of membership service, at the option of the member.

1 (c) The benefit accrual rate of any member who retired on or before June 30,
2 1999, shall be based on the law in effect on the date the member commenced
3 retirement.

4 (2)(a) The provisions of this Paragraph shall apply to any member who
5 retires on or after July 1, 2001.

6 (b)(i) No service retirement allowance for a member shall be less than an
7 amount which provides a total allowance equal to three and one-third percent
8 multiplied by the total years of ~~accredited~~ creditable service and multiplied by the
9 average compensation for any three consecutive years of membership service, at the
10 option of the member.

11 (ii) All service credited to the account of a member on July 1, 2001, shall be
12 converted to a three and one-third percent accrual rate.

13 (3) In the event that the funded status of this system should fall below one
14 hundred percent, the employee contribution rate shall be increased in an amount
15 sufficient to fund any cost to the system resulting from the application of the benefit
16 accrual rates provided for in this Subsection, with the loss being amortized in
17 accordance with the provisions of R.S. 11:102(B)(3)(d)(i).

18 * * *

19 Section 2. This Act shall become effective on July 1, 2010; if vetoed by the governor
20 and subsequently approved by the legislature, this Act shall become effective on July 1,
21 2010, or on the day following such approval by the legislature, whichever is later.

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)]

Pearson

HB No. 230

Abstract: Relative to the La. School Employees' Retirement System (LSERS), makes various changes to provisions relating to employee contributions of members, retirement eligibility, and calculation of benefits.

Present law requires active LSERS members to contribute 7.5% of salary to the system.

Proposed law clarifies that members shall contribute 7.5% of "earnable compensation" to the system.

Present law provides that a LSERS member may retire at age 60 with 10 years of service credit; at age 55 with 25 years of service credit; or at any age with 30 years of service credit.

Proposed law clarifies that the service credit necessary to meet retirement eligibility shall be "creditable service".

Present law provides that retirement benefits shall be calculated based on the following formula: [(years of service) x (member's accrual rate)] x (average compensation). Provides varying accrual rates for members depending on retirement date, ranging from 2.5% to 3-1/3%.

Proposed law clarifies that the service credit used in calculating benefits shall be "creditable service".

Effective July 1, 2010.

(Amends R.S. 11:62(4), 1141(A), and 1144(B))