

Regular Session, 2012

HOUSE BILL NO. 60

BY REPRESENTATIVE PEARSON

RETIREMENT/STATE SYSTEMS: Provides relative to merger of the La. School Employees' Retirement System into the Teachers' Retirement System of La.

1 AN ACT

2 To amend and reenact R.S. 11:701(introductory paragraph), (7), and (29), 822(A)(2), 826,
3 831, 832, 833, 834(A)(1) and (2)(introductory paragraph) and (B) through (D),
4 1001(A) and (B), 1002(introductory paragraph), (8), (16), and (26) and 1161, to
5 enact Subpart P of Part II of Chapter 4 of Subtitle I of Title 11 of the Louisiana
6 Revised Statutes of 1950, to be comprised of R.S. 11:331, and R.S. 11:701(22.1) and
7 1001(22.1), and to repeal R.S. 11:831, 1001(C), 1162 through 1165, and 1166
8 through 1171, relative to the merger of the Teachers' Retirement System of
9 Louisiana and the Louisiana School Employees' Retirement System; to provide for
10 consolidation of administration of the two systems; to provide for the maintenance
11 of separate plans, including asset pools, actuarial valuations, contribution rates, and
12 benefit entitlements; to provide for development of a strategy to consolidate the
13 plans; to provide for the redesignation of certain provisions of Title 11 of the
14 Louisiana Revised Statutes of 1950 and to direct the Louisiana State Law Institute
15 with respect to such redesignations; and to provide for related matters.

16 Notice of intention to introduce this Act has been published
17 as provided by Article X, Section 29(C) of the Constitution
18 of Louisiana.

19 Be it enacted by the Legislature of Louisiana:

20 Section 1. R.S. 11:701(introductory paragraph), (7), and (29), 822(A)(2), 826, 831,
21 832, 833, 834(A)(1) and (2)(introductory paragraph) and (B) through (D), 1001(A) and (B),

1 1002(introductory paragraph), (8), (16), and (26), and 1161 are hereby amended and
2 reenacted and Subpart P of Part II of Chapter 4 of Subtitle I of Title 11 of the Louisiana
3 Revised Statutes of 1950, comprised of R.S. 11:331, and R.S. 11:701(22.1) and 1001(22.1)
4 are hereby enacted to read as follows:

5 SUBPART P. LEGISLATIVE INTENT

6 §331. Legislative intent

7 The Legislature of Louisiana hereby declares that the intent of the provisions
8 of this Title that originated as HB No. __ of the 2012 Regular Session of the
9 Legislature is to attain and maintain the actuarial soundness of state and statewide
10 systems as required by the Constitution of Louisiana, Art. X, Section 29.

11 * * *

12 CHAPTER 2. TEACHERS' RETIREMENT SYSTEM

13 OF LOUISIANA

14 PART I. TEACHERS' RETIREMENT PLAN

15 SUBPART A. GENERAL PROVISIONS

16 * * *

17 §701. Definitions

18 As used in this ~~Chapter~~ Part, the following words and phrases have the
19 meanings ascribed to them in this Section unless a different meaning is plainly
20 required by the context:

21 * * *

22 (7) "Board of Trustees" means the board provided for in ~~Part V~~ Subpart E
23 of this Chapter ~~Part~~ to administer the retirement ~~system~~ plans provided for in this
24 Chapter.

25 * * *

26 (22.1) "Plan" means the mechanisms, rule, regulations, and rights relative
27 to retirement established in Part I of this Chapter.

28 * * *

1 (29) "Retirement System" or "System" means the Teachers' Retirement
2 System of Louisiana ~~as defined in R.S. 11:702~~ established in this Chapter, comprised
3 of the Teachers' Retirement Plan and the Louisiana School Employees' Retirement
4 Plan.

5 * * *

6 PART SUBPART V. ADMINISTRATION

7 * * *

8 §822. Members of board of trustees; appointment or election; terms of office;
9 vacancies; compensation

10 A. The board shall consist of such trustees as follows:

11 * * *

12 (2) One voting member representing the school support personnel members
13 and members paid by school food service funds shall be elected by a majority of said
14 members for a four-year term.

15 * * *

16 §826. Rules and regulations

17 Subject to the limitations of this Part Subpart the board of trustees shall, from
18 time to time, establish rules and regulations for the administration of the funds
19 created and maintained by this Part Chapter and for the transaction of its business.
20 The board shall prepare and submit to the Joint Legislative Committee on the Budget
21 an annual budget for estimated costs of operating the system for each succeeding
22 fiscal year. This budget shall be subject to approval by the Joint Legislative
23 Committee on the Budget.

24 * * *

25 §831. Joint administration with other systems

26 The board of trustees shall take such actions as it deems necessary or
27 appropriate to provide for the joint administration of the retirement system and the
28 Louisiana School Employees' Retirement System and the Louisiana State School

1 Lunch Employees' Retirement System; however, no action shall be taken which
2 would impair ~~the integrity of the board of trustees of each of the systems or the~~
3 integrity of the funds and investments of each of the systems. ~~The boards may,~~
4 ~~pursuant to the authority herein, appoint the same secretary-treasurer or secretary~~
5 ~~manager, any other provision of law to the contrary notwithstanding.~~ Funds
6 appropriated for the administration of each system shall be used for such purpose and
7 in the category of expenditures appropriated but otherwise may be transferred to
8 accomplish the purposes of this Section without the necessity of additional approval
9 by the legislature, the Legislative Budget Committee, or its successor, or the division
10 of administration or its commissioner.

11 §832. Records and other information; board's duty to keep

12 A. The board of trustees shall keep in convenient form such data as shall be
13 necessary for actuarial valuation of the various ~~funds~~ plans of the retirement system,
14 and for checking the experience of the system.

15 B. The board of trustees shall keep a record of all of its proceedings which
16 shall be open to public inspection. It shall publish annually a report showing the
17 fiscal transactions of the retirement ~~system~~ plans provided for in this Chapter for the
18 preceding school year, the amount of the accumulated cash and securities of the
19 ~~system~~ plans, and the last balance sheet showing the financial condition of the
20 ~~system~~ plans by means of an actuarial valuation of the assets and liabilities of ~~the~~
21 ~~retirement system~~ each plan.

22 §833. Medical board; appointment; duties and powers

23 The board of trustees shall designate a medical board to be composed of three
24 physicians not eligible to participate in ~~the retirement system~~ any plan administered
25 by the Teachers' Retirement System of Louisiana. If required, other physicians may
26 be employed to report on special cases. The medical board shall arrange for and pass
27 upon all medical examinations required under the provisions of this Chapter, and
28 shall investigate all essential statements and certificates by or on behalf of a member

1 in connection with an application for disability retirement, and shall report in writing
2 to the board of trustees its conclusion and recommendations upon all the matters
3 referred to it.

4 §834. Actuary; appointment; duties and powers; assets; fiduciary responsibility of
5 trustees; portfolio control manager; actuarial assumptions

6 A.(1) The board of trustees shall designate an actuary for each retirement
7 plan provided for in this Chapter. ~~Such actuary or actuaries who~~ shall be the
8 technical adviser of the board of trustees on matters regarding the operation of ~~the~~
9 their respective funds created by the provisions of this Chapter, and shall perform
10 such other duties as are required in connection therewith.

11 (2) In the year ~~nineteen hundred thirty-eight~~ 2012, and at least once in each
12 five-year period thereafter, ~~the each~~ actuary shall make an actuarial investigation into
13 the mortality, service, and compensation experience of the members and
14 beneficiaries of ~~the~~ his respective retirement system, and shall make a valuation of
15 the assets and liabilities of the funds of the system, and taking into account the result
16 of such investigation and valuation, the board of trustees shall:

17 * * *

18 B. The assets of ~~this system~~ each plan shall be held separately in trust by the
19 board of trustees, which board shall have exclusive authority and discretion to
20 manage and control ~~such~~ each pool of assets. The assets of ~~the system~~ each plan
21 shall be held for the exclusive purpose of providing benefits to members of ~~the~~
22 ~~system~~ the respective plan and ~~their~~ its beneficiaries and defraying reasonable
23 expenses of administering ~~the system~~ such plan.

24 C. The board of trustees may employ or appoint a portfolio control ~~manager~~
25 managers as ~~an employee~~ employees, at its own cost and expense without the
26 approval of the governor.

27 D.(1) Unless different actuarial assumptions are formally adopted and
28 disclosed, as provided herein, the following assumptions shall determine the

1 actuarial equivalents as used in ~~this~~ each retirement ~~system~~ plan provided for in this

2 Chapter:

3 (a) Interest shall be compounded annually at the rate of seven percent per
4 annum.

5 (b) Annuity rates shall be determined on the basis of the 1971 Group
6 Annuity Mortality Tables.

7 (2) The board of trustees may authorize the use of interest and mortality rates
8 in determining the actuarial equivalents which are different from the actuarial
9 assumptions used for other purposes hereunder. Any change in such actuarial
10 assumptions shall be considered a part of ~~this~~ the retirement system and shall be
11 considered an amendment to the provisions of this Section. In order to be effective,
12 such change must be formally adopted by the board of trustees and disclosed to
13 members of the retirement system.

14 * * *

15 ~~CHAPTER 3:~~ PART II. LOUISIANA SCHOOL EMPLOYEES'

16 RETIREMENT SYSTEM PLAN

17 ~~PART I~~ SUBPART A. GENERAL PROVISIONS

18 §1001. Name and establishment of retirement system; domicile; nominee name;
19 partnership

20 A. A retirement ~~system~~ plan is established and placed under the management
21 of a board of trustees as established in R.S. 11:821 for the purpose of providing
22 retirement allowances and other benefits for school bus drivers, school janitors,
23 school custodians, school maintenance employees and other school employees
24 employed in the state public school system. The retirement ~~system~~ plan is created
25 as of July 31, 1946, but shall begin full operation as of July 1, 1947.

26 B. It shall be ~~a state agency domiciled in East Baton Rouge Parish and shall~~
27 ~~have the powers and privileges of a corporation and shall be~~ known as the Louisiana
28 School Employees' Retirement ~~System~~ Plan and by such name, or its nominee name

1 which is hereby established as "~~LSERS,~~" "LSERP", all of its business shall be
2 transacted, all of its funds invested, and all of its cash and securities and other
3 property held, except as provided in Subsection C hereof. The secretary-treasurer
4 of the system shall be the agent for service of legal process.

5 * * *

6 §1002. Definitions

7 As used in this ~~Chapter~~ Part, the following words and phrases shall have the
8 meanings ascribed to them in this Section unless a different meaning is plainly
9 required by the context:

10 * * *

11 (8) "Board of Trustees" means the board provided to administer the
12 retirement ~~system plans~~ plans provided for in this Chapter, established in R.S. 11:821.

13 * * *

14 (16) "Medical board" shall mean the ~~State Medical Disability Board~~ board
15 provided for in R.S. 11:833.

16 * * *

17 (22.1) "Plan" means the mechanisms, rule, regulations, and rights relative
18 to retirement established in Part II of this Chapter.

19 * * *

20 (26) "Retirement system" or "system" means ~~the Louisiana School~~
21 ~~Employees Retirement System established and described in R.S. 11:1001~~ the
22 Teachers' Retirement System of Louisiana established in this Chapter, comprised of
23 the Teachers' Retirement Plan and the Louisiana School Employees' Retirement Plan.

24 * * *

25 ~~PART V~~ SUBPART E. ADMINISTRATION

26 §1161. Board of trustees; administrative powers in general

27 The general administration and responsibility for the proper operation of the
28 retirement ~~system~~ plan and for making effective the provisions of this ~~Chapter~~ Part

1 are vested in a board of trustees ~~which shall be organized immediately after a~~
2 ~~majority of the trustees provided for in R.S. 11:1162 shall have qualified and taken~~
3 ~~the oath of office.~~

4 * * *

5 Section 2. R.S. 11:831, 1001(C), 1162 through 1165, and 1166 through 1171 are
6 hereby repealed in their entirety.

7 Section 3. Upon the effective date of this Act, the board member currently
8 representing the members paid by school food service funds shall also be the representative
9 of the school support personnel members of the system. Upon the next election for such
10 board member, the member shall be elected from the constituencies as provided in this Act.

11 Section 4. The terms of office of any member serving on the Louisiana School
12 Employees' Retirement System board of trustees upon the effective date of this Act are
13 terminated upon the effective date of this Act and the board shall be dissolved and its duties
14 and functions assumed by the Teachers' Retirement System of Louisiana as provided in this
15 Act.

16 Section 5.(A) Upon the effective date of this Act, all obligations, property, records,
17 and employees of the Louisiana School Employees' Retirement System shall transfer to the
18 Teachers' Retirement System of Louisiana, as amended by this Act. No provision of this Act
19 shall be construed to impair any contract of the Louisiana School Employees' Retirement
20 System in place on the effective date of this Act. Any such contract shall be honored by the
21 Teachers' Retirement System of Louisiana as though the board of trustees had obligated
22 itself to such contract.

23 (B) The board of trustees for the Teachers' Retirement System of Louisiana, as
24 amended by this Act, shall complete the transfer of all administrative functions from the
25 Louisiana School Employees' Retirement System within one year after the effective date of
26 this Act.

27 Section 6. The board of trustees, as defined in this Act, shall eliminate a total of at
28 least forty administrative positions within one year after the effective date of this Act. At
29 least twenty positions shall be eliminated within six months after the effective date of this

1 Act, and at least an additional twenty positions shall be eliminated by the end of the
2 subsequent six-month period.

3 Section 7. The board of trustees, as defined in this Act, shall present a strategy to the
4 Public Retirement Systems' Actuarial Committee by December 31, 2012, for the
5 consolidation of the plans, assets, experience accounts, and investment policies of both plans
6 within the system and shall include estimates for the savings resulting from such
7 consolidation. Such strategy shall provide for consolidation of the plans within one calendar
8 year. The Public Retirement Systems' Actuarial Committee shall consider the strategy and
9 report its findings to the legislature by February 28, 2013.

10 Section 8. The Public Retirement Systems' Actuarial Committee shall meet as soon
11 as possible after the effective date of this Act to revise evaluations for the plans.

12 Section 9. The Louisiana State Law Institute shall redesignate the Parts of Chapter
13 2 as Subparts of Part I and the Parts of Chapter 3 as Subparts of Part II of Subtitle II of Title
14 11 of the Louisiana Revised Statutes of 1950, and shall make appropriate technical changes
15 to Chapter 2 of Subtitle II of Title 11 of the Louisiana Revised Statutes of 1950, as amended
16 by this Act, as are necessary to accomplish such redesignation including but not limited to
17 redesignating existing Subparts as Sub-Subparts.

18 Section 10. The provisions of this Act shall become effective at midnight on June
19 30, 2012.

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. 60

Abstract: Provides relative to merger of the La. School Employees' Retirement System into the Teachers' Retirement System of La.

Present law creates the Teachers' Retirement System of La. and the La. School Employees' Retirement System as separate state retirement systems.

Proposed law merges the administration of the two systems. The new combined system will retain the name "Teachers' Retirement System of La."

Proposed law treats each former system as a separate plan within the new combined system. All present law applicable to each system shall remain in place, with the exception of provisions relative to the governance of the system. Proposed law abolishes the LSERS board and transfers all property, obligations, employees, and rights of the LSERS system to the TRSL system. Proposed law further provides that the board of trustees for the TRSL system shall govern both plans within the system.

Present law provides that one member of the TRSL board shall be a member representing the food service members of the system. Proposed law provides that upon the effective date of proposed law such member shall also represent the LSERS members merged into the system. Provides that upon the next election of such board member food service employees and school employees will elect such board member.

Proposed law provides that upon the effective date of the Act, the LSERS board shall be abolished and all rights, obligations, property, contracts, and employees of the board shall transfer to the new TRSL board.

Proposed law provides that the TRSL board shall eliminate a total of 40 positions within one year after the effective date of the Act. Requires that 20 positions be eliminated within the first six months and the second 20 positions eliminated within one year after the Act becomes effective.

Provides that the TRSL board, as provided in proposed law, shall complete the transitions required by proposed law within one year after the Act becomes effective. Further requires the board to formulate a strategy to merge the two plans within one calendar year. Requires that the board present such strategy to the Public Retirement Systems' Actuarial Committee (PRSAC) by Dec. 31, 2012, and include an estimate of savings attributable to the merger. PRSAC must evaluate the strategy and report to the legislature by Feb. 28, 2013.

Further provides that the Public Retirement Systems' Actuarial Committee shall meet as soon as possible after the effective date of the Act to revise valuations for the plans.

Effective June 30, 2012.

(Amends R.S. 11:701(intro. para.), (7), and (29), 822(A)(2), 826, 831, 832, 833, 834(A)(1) and (2)(intro. para.), and (B)-(D), 1001(A) and (B), 1002(intro. para.), (8), (16), and (26), and 1161; Adds R.S. 11:331, 701(22.1), and 1001(22.1); Repeals R.S. 11:831, 1001(C), 1162–1165 and 1166–1171)