

Regular Session, 2014

SENATE BILL NO. 16

BY SENATORS GUILLORY, KOSTELKA, GARY SMITH, JOHN SMITH AND
WALSWORTH AND REPRESENTATIVES HENRY BURNS,
BURRELL, GUILLORY, HAZEL, HILL, PRICE AND RICHARD

STATE POLICE RET FUND. Grants a permanent benefit increase to eligible retirees in
accordance with statutory procedure. (2/3 - CA10s29(F))(6/30/14)

1 AN ACT

2 To grant a permanent benefit increase to retirees and beneficiaries of the Louisiana State
3 Police Retirement System in conformity with the statutory provisions governing the
4 system's experience account.

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

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. The legislature finds that the experience account of the Louisiana State
8 Police Retirement System was created for the purpose of accumulating money sufficient to
9 provide actuarial funding of permanent post-retirement benefit increases for certain retirees
10 and beneficiaries of the system. The legislature further finds that the experience account is
11 credited with a portion of the system's investment gain in excess of certain thresholds and
12 with interest on funds in the account; provided, however, that the amount in the experience
13 account shall in no event exceed the reserve necessary to grant two permanent benefit
14 increases.

15 Section 2. The legislature finds that permanent benefit increases funded by the
16 experience account monies are payable to regular retirees who have been retired for at least
17 one year and who have attained the age of sixty years; to disability retirees who have been

1 retired at least one year regardless of age; to beneficiaries of retirees who would have met
2 the applicable criteria to receive the increase if they had survived; and to nonretiree
3 beneficiaries who have been receiving benefits for at least a year and whose benefits are
4 derived from service of deceased members who would have attained age sixty. The
5 legislature further finds that any increase payable in 2014 shall be calculated on the first
6 ninety-four thousand three hundred thirteen dollars of a retirement benefit only.

7 Section 3. The legislature finds that, in accordance with the provisions of R.S.
8 11:1332, the board of trustees of the Louisiana State Police Retirement System is expected
9 to send a resolution recommending to the president of the Senate and the speaker of the
10 House of Representatives that the legislature grant a permanent benefit increase to the
11 eligible retirees and beneficiaries of the system in accordance with the provisions of R.S.
12 11:1332 and Article X, Section 29(F) of the Constitution of Louisiana.

13 Section 4. The legislature finds that the resolution presented to the presiding officers
14 of this body is expected to contain a recitation of the statutorily-required conditions and
15 specification of the satisfaction of each as follows:

16 (A) For the plan year that ended June 30, 2014, the Louisiana State Police
17 Retirement System earned an actuarial rate of return of sixteen and seventy-seven one-
18 hundredths percent, which exceeded the board-approved actuarial valuation rate of seven
19 percent.

20 (B) For any year in which the system's rate of return is at least seven percent, R.S.
21 11:1332(C) provides that a permanent benefit increase shall not exceed the lesser of three
22 percent or the increase in the consumer price index, U.S. city average for all urban
23 consumers, as prepared by the U.S. Department of Labor, Bureau of Labor Statistics, for the
24 calendar year immediately preceding the increase.

25 (C) The system actuary has determined that the actuarial liability created by
26 providing a permanent base benefit increase of one percent is approximately three million
27 one hundred thirty-one thousand dollars. The system actuary has determined that the
28 actuarial liability created by providing a permanent supplemental benefit increase pursuant
29 to R.S. 11:1332(F) is approximately three million eight hundred sixty-two thousand dollars.

1 The system actuary computed the balance in the experience account to be over eighteen
2 million dollars, an amount sufficient to fund a base benefit increase up to three percent and
3 a supplemental increase pursuant to R.S. 11:1332(F).

4 Section 5. The legislative auditor has confirmed that the legislative auditor's actuary
5 is in the process of determining whether he agrees with the determinations of the system
6 actuary.

7 Section 6. The consumer price index, U.S. city average for all urban consumers, as
8 prepared by the U.S. Department of Labor, Bureau of Labor Statistics, for the 2013 calendar
9 year, released January 16, 2014, was determined to be one and one-half of one percent,
10 which does not exceed three percent.

11 Section 7. Contingent upon satisfaction of all necessary conditions contained in R.S.
12 11:1332, the first ninety-four thousand three hundred thirteen dollars of the current benefit
13 of each retiree and beneficiary of the Louisiana State Police Retirement System who meets
14 the eligibility criteria contained in the statute and recited herein shall be increased by the
15 applicable 2013 consumer price index of one and one-half of one percent effective July 1,
16 2014.

17 Section 8. This Act shall become effective on June 30, 2014; if vetoed by the
18 governor and subsequently approved by the legislature, this Act shall become effective on
19 June 30, 2014, or on the day following such approval by the legislature, whichever is later.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Margaret M. Corley.

DIGEST

Present law, relative to the Louisiana State Police Retirement System (Troopers), provides for the accumulation of certain system funds in an "experience account". Provides for utilization of these funds for benefit increases, commonly called "cost-of-living adjustments" (COLAs), for retirees, survivors, and beneficiaries of the system. Provides for determination of eligibility for and the amount of an increase paid with these funds.

Present law provides for notification of the legislature by the Troopers' board of trustees that the conditions for granting a COLA contained in present law have been met.

Present law requires the legislature to approve any COLA.

Proposed law retains present law and approves a COLA to be paid July 1, 2014, pursuant to the provisions of present law.

Effective June 30, 2014.