



# Louisiana Retired Teachers Association

## 2010 Regular Legislative Session LRTA Legislative Update No. 5 May 18, 2010

Provided below is a listing of bills that are being monitored by LRTA during the 2010 Regular Legislative Session. The LRTA positions on the bills will be based upon LRTA's 2010 Legislative Priorities, and on the positions adopted by the Executive Board at the board meeting held April 13, 2010.

### House Bill No. 49 by Representative Hutter

This bill provides an appropriation of State General Funds in the amount of \$6,000,000 to the St. Bernard Parish School Board for the payment of Office of Group Benefits insurance premiums for retirees for the 2010-2011 fiscal year.

LRTA will support this legislation in accordance with Item No. 6 of the 2010 LRTA Legislative Priorities which supports the payment of insurance costs for retirees.

**HB 49 was deferred by the Appropriations Committee on May 4, 2010**

### House Bill No. 226 by Representative Hardy

This bill prohibits retirees from receiving retirement benefits from the Teachers' Retirement System of Louisiana (TRSL) during a period of reemployment in a TRSL covered position unless the retiree is reemployed as a classroom teacher, or was a classroom teacher for three years prior to retirement. A grandfather provision allows those retirees who were reemployed for at least twelve months as of July 1, 2010 to continue their reemployment under the present retiree return-to-work provisions.

LRTA will monitor this legislation.

**HB 226 was voluntarily deferred by Representative Hardy on April 15, 2010.**

### House Bill No. 227 by Representative Pearson

This bill prohibits a retiree from receiving retirement benefits from TRSL during a period of reemployment in a TRSL covered position unless the retiree is reemployed as a classroom teacher in grades K-12, or if the retiree was reemployed for at least twelve months as of July 1, 2010. The retiree must occupy a position which requires a valid Louisiana teaching certificate and be assigned the professional activities of instructing pupils in courses in classrooms.

LRTA will monitor this legislation.

**HB 227 was voluntarily deferred by Representative Pearson on April 15, 2010.**

**House Bill No. 229 by Representative Pearson**

This bill is a constitutional amendment which provides that any benefit provision for members of public employee retirement systems which have an actuarial cost to the system shall not be approved except by a 2/3 vote of each house of the legislature.

LRTA will monitor this legislation.

**HB 229 was passed by the House of Representatives on May 11, 2010 and awaits consideration by the Senate and Governmental Affairs Committee.**

**House Bill No. 331 by Representative Foil**

This bill allows a member of TRSL's Optional Retirement Plan (currently available to unclassified faculty and administrative personnel working at Louisiana's institutions of higher education) to make a one-time irrevocable election to join TRSL's defined benefit retirement plan.

LRTA will monitor this legislation.

**HB 331 was deferred by the House Retirement Committee on May 13, 2010.**

**House Bill No. 392 by Representative Hardy**

This bill provides for the suspension of the retirement benefit of a retiree when that retiree is reemployed on or after July 1, 2010 in any position covered by the state and state-wide retirement systems.

LRTA will monitor this legislation.

**HB 392 was voluntarily deferred by Representative Hardy on April 15, 2010.**

**House Bill No. 420 by Representative Leger**

This bill provides relative to charter school funding, and has a direct relationship to revenue collected and the funds utilized by the Orleans Parish School board for payment of health insurance premiums.

LRTA will support this legislation in accordance with Item No. 6 of the 2010 LRTA Legislative Priorities which supports the payment of insurance costs for retirees.

**HB 420 was passed by the House of Representatives on May 12, 2010 and awaits consideration by the Senate Education Committee.**

**House Bill No. 516 by Representative Arnold**

This bill removes the sunset provision of June 30, 2010 and permanently continues the requirement that the four state retirement systems (including TRSL) direct 10% of commissions of certain domestic equity trades and 10% of certain fixed income trades through certain Louisiana domiciled and incorporated broker-dealers.

LRTA will oppose this legislation in accordance with Item No. 7 of the 2010 LRTA Legislative Priorities. The bill has an actuarial cost to TRSL.

**House Bill No. 519 by Representative Cortez**

This bill prohibits a retiree from receiving retirement benefits during a period of re-employment unless the retiree is re-employed in a certified shortage area. A grandfather provision allows those retirees who were re-employed for at least 12 months as of July 1, 2010 to continue reemployment under the present retiree return-to-work provisions.

LRTA will monitor this legislation.

**HB 519 was passed by the House of Representatives on April 26, 2010. With amendments that were adopted to the bill in committee and on the House floor, certain categories of administrative personnel will now be allowed to return to work and continue receiving retirement benefits when they return in a certified shortage area. Individuals who have been retired for at least 36 months will also be allowed to return to work and to continue receiving their retirement benefit during their period of re-employment. Those retirees who were re-employed prior to June 30, 2010 will be governed by the current return-to-work provisions. The bill will next be heard by the Senate Retirement Committee.**

**House Bill No. 739 by Representative Hoffman**

This bill provides for the salaries to be paid by local school boards to reemployed retirees who return to work in a TRSL covered position on or after July 1, 2010. The bill also provides for employment contracts for the reemployed retirees.

LRTA will support this legislation.

**HB 739 was passed by the House of Representatives on April 29, 2010. The bill will next be heard in the Senate Education Committee.**

**House Bill No. 909 by Representative Badon**

This bill requires the Orleans Parish School Board to pay 75% of premium costs for health insurance for retirees and their dependents who choose to participate in the board's group insurance plan.

LRTA will support this legislation in accordance with Item No. 6 of the 2010 LRTA Legislative Priorities which supports the payment of insurance costs for retirees.

**House Bill No. 930 by Representative Tucker**

This bill creates a defined contribution retirement plan for all workers employed or reemployed by the four state retirement systems on or after January 1, 2011. These systems are: Teachers' Retirement System of Louisiana, Louisiana School Employees' Retirement System, Louisiana State Employees' Retirement System, and State Police Pension & Retirement System.

The employer contribution rate for the new plan will be 10% of salary, and the employee contribution will be 5.25% of salary. The defined contribution plans will be governed by the existing boards of trustees, and the boards shall provide members no more than three defined contribution plan providers.

LRTA will oppose this legislation in accordance with Item No. 10 of the 2010 LRTA Legislative Priorities.

**HB 930 was voluntarily deferred by Speaker Tucker on May 13, 2010.**

**House Bill No. 931 by Representative Tucker**

This bill is a constitutional amendment authorizing the legislature to create a defined contribution plan for new and reemployed members of the four state retirement systems. All current constitutional provisions regarding retirement remain in place.

LRTA will oppose this legislation in accordance with Item No. 10 of the 2010 LRTA Legislative Priorities.

**HB 931 was voluntarily deferred by Speaker Tucker on May 13, 2010.**

**House Bill No. 958 by Representative Ligi and Senator Appel**

This bill provides for the calculation of final average compensation for members who join a public employee retirement system on or after July 1, 2010. For employees hired on or after that date, final average compensation shall be based upon the average of earned compensation for the highest 120 successive months of employment.

LRTA will oppose this legislation.

**HB 958 was voluntarily deferred on May 13, 2010.**

**House Bill No. 1103 by Representative Tucker**

This bill alters the benefit structures and the employee contribution rates of the four state retirement systems. The changes apply to members hired on or after July 1, 2010. Under the provisions of the bill, for TRSL, the final average compensation used to determine a retirement benefit will be based on the highest 60 consecutive months of earnings. The bill also raises the retirement eligibility age to 60.

LRTA will oppose this legislation.

**House Bill No. 1229 by Representative Tucker**

This bill creates the State Retirement System Investment Commission. The commission will consist of the following members:

1. The state treasurer, ex officio, or his designee,
2. One member appointed by the governor,
3. One member of the House of Representatives appointed by the Speaker of the House,
4. One member of the Senate appointed by the President of the Senate,
5. The legislative auditor, ex officio, or his designee,
6. Four members, one appointed by each of the boards of trustees of the state retirement systems.

Each member shall serve a four-year term, except for the designee of ex officio members, if any, whose terms shall be coterminous with the terms, of the ex officio members themselves.

A person appointed to the commission by the boards of trustees must possess at least one of the following:

1. the Chartered Financial Analyst credential of the CFA Institute,
2. the Certified Financial Planner credential of the Certified Financial Planner Board of Standards,
3. at least ten years of professional securities broker experience,
4. at least ten years of professional actuary experience,
5. at least ten years of professional teaching experience in economics or finance,
6. an earned Ph.D. in economics or finance, or
7. at least ten years of accounting or auditing experience.

All members of the commission shall be considered trustees of the state retirement systems.

The commission will be placed in the Department of the Treasury and shall have the exclusive authority to invest available funds held in trust by the state retirement systems. All of the powers and duties of the boards of trustees of the state retirement systems relative to system investments are transferred to the commission.

LRTA will oppose this legislation in accordance with Items No. 8 and 9 of the LRTA Legislative Priorities.

**HB 1229 was voluntarily deferred by Speaker Tucker on May 13, 2010.**

**House Bill No. 1337 by Representative Robideaux and Representative Tucker**

House Bill No. 1337 by Representative Joel C. Robideaux and Representative James W. Tucker changes the method by which retirement benefits are computed by the four state retirement systems using uniform benefit accrual rates set at 2.5% for most covered employees, minimum service and age eligibilities set at 10 years of service at age 60, and final average compensation periods set at 60 months with a limit of 15% of salary increases in any given year to be used in computing the average salary. Survivor benefits and disability retirement provisions are also addressed. These changes would go into effect and govern new employees hired on or after January 1, 2011. The employee contribution rate for the new employees would be one-half of the normal cost of operating the retirement system. In the case of TRSL, the employee contributions would decrease.

LRTA will support this legislation in its amended version.

**HB 1337 was passed with amendments by the House Retirement Committee on May 13, 2010. Many of the amendments that were adopted to the bill were proposed and supported by LRTA, and include the continuation of five year vesting for teachers and the option to retire at any age with twenty years of service. Those opting to take the early retirement will have an actuarial reduction applied to their benefit as is currently done under existing law.**

**Senate Bill No. 97 by Senator Morrish**

This bill allows a retiree to change the designation of beneficiary to the retiree's current spouse if, after retirement, the retiree remarries and has been married to the new spouse for at least ten years.

LRTA will monitor this legislation.

**SB 97 was passed by the Senate on April 26, 2010. The bill will next be considered by the House Retirement Committee.**

**Senate Bill No. 134 by Senator D. A. “Butch” Gautreaux**

This bill transfers the Public Retirement Systems Actuarial Committee from the Department of the Treasury to the Louisiana Legislature and makes the legislative auditor a voting member of the committee, replacing the legislative actuary.

LRTA will monitor this legislation.

**SB 134 passed by the Senate on April 26, 2010. The bill will next be considered by the House Retirement Committee.**

**Senate Bill No. 191 by Senator D. A. “Butch” Gautreaux**

This bill provides relative to compliance with applicable IRS tax qualification requirements for the Teachers’ Retirement System of Louisiana, the Louisiana School Employees’ Retirement System and the State Police Pension & Retirement System.

LRTA will support this legislation.

**SB 191 was passed by the Senate on April 14, 2010 and awaits consideration by the House Retirement Committee.**

**Senate Bill No. 240 by Senator Murray**

This bill allows the Orleans Parish School Board to exclude certain costs, including the employee and employer portions of health insurance benefits for retired employees, from the amount of local funds the board would be required to transfer to the Recovery School District. The total amount excluded from transfer cannot exceed \$9 million annually.

LRTA will support this legislation in accordance with Item No. 6 of the 2010 LRTA Legislative Priorities which supports the payment of insurance costs for retirees.

**SB 240 was passed by the full Senate on May 5, 2010 and awaits consideration by the House Education Committee.**

**Senate Bill No. 258 by Senator Murray and Senator Duplessis**

This bill provides for the eligibility of employees and retirees of the Orleans Parish School Board to participate in programs offered by the Office of Group Benefits.

LRTA will support this legislation in accordance with Item No. 6 of the 2010 LRTA Legislative Priorities, which supports the payment of insurance costs for retirees.

**Senate Bill No. 602 by Senator D. A. “Butch” Gautreaux**

This bill provides for the elimination of the Deferred Retirement Option Plan (DROP) for those members of TRSL who did not have ten years of service credit in the retirement system by July 1, 2010.

**SB 602 was passed by the Senate on April 20, 2010 and awaits consideration by the House Retirement Committee.**



**Senate Bill No. 632 by Senator Gautreaux, Senator Nevers and Representative Robideaux**

This bill provides for future Permanent Benefit Increases (PBIs) for three distinct groups of members of the four state retirement systems: retirees, current active members, and future members.

**Retirees:** A two percent PBI will be paid to each eligible retiree or beneficiary on January 1, 2017, and on January 1 in each odd numbered year thereafter. To be eligible to receive the PBI, a retiree must have been retired for at least twelve months and shall have attained the age of 62.

The PBI will be based on an amount not to exceed the first \$50,000 of the recipient's annual benefit. However, for PBIs paid on or after January 1, 2019, the \$50,000 limit shall be increased by the increase in the CPI-U for the twenty-four month period ending on the June 30 immediately preceding the PBI.

**Current Active Members:** Members whose benefit is based partially on service credit earned before June 30, 2010 and partially on service credit earned after July 1, 2010 shall receive a two percent PBI on January 1, 2021 and on January 1 in each odd numbered year thereafter when the member has been retired for at least twelve months and is at least age 65.

**New Members:** Members whose benefit is based on service credit earned on or after July 1, 2010 shall receive a two percent PBI on January 1, 2021 and on January 1 in each odd numbered year thereafter when the member has been retired for at least twelve months and is at least age 65.

Beginning January 1, 2011, current members belonging to TRSL and new members joining TRSL will begin paying an additional two percent of salary for their future PBIs. Employers will fully fund the PBIs for those members who are retired on or before June 30, 2010. Employers will partially fund the PBIs for those current active members who have service credit earned prior to July 1, 2010. The other portion of the active members' PBIs will be financed by the additional employee contributions. The new members will finance the full amount of their future PBIs from the additional employee contributions.

The authority to credit the Employee Experience Account shall cease on June 29, 2010.

LRTA will monitor this legislation in accordance with Item No. 3 of the 2010 LRTA Legislative Priorities, which supports a stable PBI provision for retirees as part of the permanent benefit structure of TRSL.

**SB 632 was voluntarily deferred by Senator Gautreaux on May 17, 2010. Senator Gautreaux agreed to offer a study resolution to look into mechanisms that might provide future PBIs. The study will be conducted during the interim.**

**Senate Bill No. 729 by Senator Shaw**

This bill repeals the provisions of Act 497 of 2009 relative to the Employee Experience Account and future COLAs, and restores the account and its funding.

LRTA will support this legislation in conjunction with action taken on SB 632.

**SB 729 was deferred by the Senate Retirement Committee on May 17, 2010.**

**SCR No. 6 by Senator D. A. “Butch” Gautreaux**

**This resolution memorializes Congress to eliminate or reduce the Social Security reductions known as the Government Pension Offset and the Windfall Elimination Provision.**

**LRTA will support this legislation in accordance with Item No. 12 of the 2010 LRTA Legislative Priorities which supports the repeal of the Government Pension Offset and the Windfall Elimination Provisions of the Social Security Administration.**

**SCR 6 has passed both houses of the legislature and is enrolled.**

**Note: Other bills have been pre-filed dealing with the continued payment of retirement benefits to convicted felons. These bills are not moving through the legislative process. LRTA will monitor the legislation but is taking no position on the bills. Senate Bill No. 13 by Senator Gautreaux which offered an alternative to the many bills dealing with the suspension of retirement benefits paid to convicted felons was passed by the Senate Retirement Committee on May 17, 2010. This bill provides for the garnishment of retirement benefits of convicted felons to pay certain fines and restitution.**

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**This listing will be updated as additional information becomes available. Further information on these and other legislative instruments being considered can be found at, [www.legis.state.la.us](http://www.legis.state.la.us), the website of the Louisiana legislature.**

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