



## 2014 Regular Legislative Session Update No. 1 January 27, 2014

The deadline to pre-file bills dealing with retirement issues was 5:00 p.m., Friday, January 24. Provided below is a list of bills that were pre-filed for consideration by the Legislature during the upcoming Regular Session which could have a potential impact on you as a retired educator and/or your retirement system.

The legislative session begins at noon on Monday, March 10, and the legislature must complete its work by 6:00 p.m. on Monday, June 2. Members of the legislature will have another opportunity to introduce retirement legislation after the session begins, as long as the intention to introduce that legislation was advertised as required by the Louisiana Constitution.

It is anticipated that other bills, and perhaps some resolutions, will be added to this list of legislation to be monitored by LRTA once the session begins. Future issues of LRTA's Regular Legislative Session Update will provide the LRTA Executive Board's official position on each item included on the list, and legislative actions taken on each item will be added as the session progresses.

The format of the list has been changed this year. House bills and Senate bills are grouped under the specific topic addressed by the legislation.

### PERMANENT BENEFIT INCREASES

#### House Bill No. 4 by Representative Patrick Williams and Representative Herbert Dixon

This bill provides for the payment of a 1.5% permanent benefit increase out of the balance on deposit in the Experience Account to eligible members of the Teachers' Retirement System of Louisiana to begin on July 1, 2014. The benefit increase will be provided to those individuals receiving a benefit from TRSL who have been retired for at least 12 months, and who are at least age 60, on June 30, 2014. The benefit increase will be applied to the first \$92,368 of the annual benefit currently received from TRSL. The benefit increase will also be paid to disability retirees and to the beneficiaries of retirees and disability retirees who would have met the above stated eligibility requirements.

#### House Bill No. 31 by Representative Sam Jones and Representative Kenny Havard

This bill provides for the payment of a 1.5% permanent benefit increase out of the balance on deposit in the Experience Account to eligible members of the Teachers' Retirement System of Louisiana to begin on July 1, 2014. The benefit increase will be provided to those individuals receiving a benefit from TRSL who have been retired for at least 12 months, and who are at least age 60, on June 30, 2014. The benefit increase will be applied to the first \$92,368 of the annual benefit currently received from TRSL. The benefit increase will also be paid to disability retirees and to the beneficiaries of retirees and disability retirees who would have met the above stated eligibility requirements.

**House Bill No. 88 by Representative Regina Barrow**

This bill is a constitutional amendment which establishes the Seniors' Supplement Fund to be funded by 10% of excess revenue each year over what is required to fund current constitutional provisions. The bill authorizes payments from the newly created fund when the fund balance reaches a sufficient amount to provide for a supplemental payment to eligible retirees and beneficiaries of the four state retirement systems.

**House Bill No. 90 by Representative Regina Barrow**

This bill implements the provision of House Bill No. 88, and establishes a minimum payment of \$300 to eligible retirees plus any administrative costs for making the payment. Minimum payments must be approved by the Public Retirement Systems Actuarial Committee. The committee may also adopt findings relative to the feasibility of providing a supplemental benefit payment in an amount greater than the minimum.

**Senate Bill No. 17 by Senator Gerald Long**

This bill provides for a supplemental permanent benefit increase to eligible TRSL retirees in addition to the 1.5%. The supplemental permanent benefit increase is payable out of the experience account and will be based upon the remaining balance in the account after the payment of the 1.5% increase. The regular increase and the supplemental increase cannot cumulatively exceed a 2.0% increase in the benefit. The supplemental increase will be applied to the first \$92,368 of the annual benefit currently received from TRSL.

**Senate Bill No. 21 by Senator Elbert Guillory and others**

This bill provides for the payment of a 1.5% permanent benefit increase out of the balance on deposit in the Experience Account to eligible members of the Teachers' Retirement System of Louisiana to begin on July 1, 2014. The benefit increase will be provided to those individuals receiving a benefit from TRSL who have been retired for at least 12 months, and who are at least age 60, on June 30, 2014. The benefit increase will be applied to the first \$92,368 of the annual benefit currently received from TRSL. The benefit increase will also be paid to disability retirees and to the beneficiaries of retirees and disability retirees who would have met the above stated eligibility requirements.

**RETURN-TO-WORK RETIREES**

**House Bill No. 21 by Representative Bob Hensgens**

This bill will allow a retired member of the Teachers' Retirement System of Louisiana, including those retirees who do not possess a valid teaching certificate, to return to work as a substitute classroom instructor and continue to receive full retirement benefits.

**House Bill No. 29 by Representative Kenny Cox**

This bill allows retired members of the Teachers' Retirement System of Louisiana to return to work in areas covered by the system, and who are not substitute teachers, to return to work and have a 25% cap on their earnings.

**House Bill No. 82 by Representative Sam Jones**

This bill will allow a retired member of the Teachers' Retirement System of Louisiana, including those retirees who do not possess a valid teaching certificate, to return to work as a substitute classroom instructor and continue to receive full retirement benefits.

Senate Bill No. 29 by Senator Walsworth

This bill allows a retired educational diagnostician or reading specialist to return to work in TRSL covered employment and continue to receive full retirement benefits.

**RETIREMENT SYSTEM FUNDING**

House Bill No. 37 by Representative J. Kevin Pearson

This bill requires certain amounts of the Minimum Foundation Formula funds received by local school board to be dedicated to the payment of the initial unfunded accrued liability (IUAL) of the Teachers' Retirement System of Louisiana. The bill mandates the Department of Education to transfer these funds directly to the retirement system prior to transfer of the remaining balance to local school boards.

House Bill No. 43 by Representative J. Kevin Pearson

This bill transfers the Experience Account balance remaining after the payment of the 1.5% Permanent Benefit Increase to be provided eligible retirees and beneficiaries on July 1, 2014 to the TRSL trust fund for payment of the unfunded accrued liability of the retirement system.

House Bill No. 44 by Representative J. Kevin Pearson

This bill requires certain amounts of the Minimum Foundation Formula funds received by local school board to be dedicated to the payment of the unfunded accrued liability of the Teachers' Retirement System of Louisiana. The bill mandates the Department of Education to transfer these funds directly to the retirement system prior to transfer of the remaining balance to local school boards.

House Bill No. 86 by Representative Barry Ivey

This bill alters the funding mechanism of the Experience Account by adjusting the 8.25% actuarial rate of return threshold for determining account allocations up to 10.0%. Savings realized from this adjustment will be applied to the system's unfunded accrued liabilities.

Senate Bill No. 3 by Senator Elbert Guillory

This bill dedicates an assessment of \$0.03 per game on each game authorized by the Louisiana Gaming Control Law, the proceeds of which are to be deposited in the State Retirement Fund. Monies deposited into the fund shall be allocated to the four state retirement systems as follows:

Louisiana State Employees' Retirement System	33.9%
Teacher's Retirement System of Louisiana	59.7%
Louisiana School Employees' Retirement System	4.7%
Louisiana State Police Retirement System	1.7%

Of the funds allocated to each of the retirement systems, 80% shall be applied to the liquidation of the retirement system's unfunded accrued liability and 20% shall be credited to the retirement system's experience account.

**Senate Bill No. 22 by Senator Elbert Guillory**

This bill dedicates 5% of the amount of each tax, assessment or fee related to legalization of marijuana, the proceeds of which are to be deposited in the State Retirement Fund. Monies deposited into the fund shall be allocated to the four state retirement systems as follows:

Louisiana State Employees' Retirement System	37.0%
Teacher's Retirement System of Louisiana	56.7%
Louisiana School Employees' Retirement System	4.5%
Louisiana State Police Retirement System	1.8%

Of the funds allocated to each of the retirement systems, 80% shall be applied to the liquidation of the retirement system's unfunded accrued liability and 20% shall be credited to the retirement system's experience account.

**Senate Bill No. 26 by Senator Elbert Guillory**

This bill allows for the assessment of employer contributions to include funds necessary for the payment of noninvestment related expenses of the retirement system for each fiscal year.

<b>RETIREMENT SYSTEM ADMINISTRATION</b>
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**House Bill No. 80 by Representative Gregory Miller**

This bill amends current statutory provisions on the investment of assets of the state and statewide retirement systems. The bill places limitations on percentages of the portfolio that can be allocated to certain asset classes and prohibits new direct ownership of real estate. The bill also requires boards of trustees to adopt a code of ethics for the consideration of, investment in, and disposition of alternative investments.

**Senate Bill No. 13 by Senator Barrow Peacock**

This bill provides for the use of the entry age normal actuarial valuation method for the Louisiana State Employees' Retirement System and for the Teachers' Retirement System of the Louisiana. The current valuation method utilized by both systems is the projected unit credit method.

**Senate Bill No. 20 by Senator Elbert Guillory**

This bill provides for necessary technical corrections to existing statutory provisions to allow the Teachers' Retirement System of Louisiana to maintain compliance with regulations regarding tax-qualified defined benefit public pension plans that are promulgated by the Internal Revenue Service.

## RETIREMENT SYSTEM MEMBERSHIP

### House Bill No. 25 by Representative M. "Kirk" Talbot

This bill will prohibit membership in the Teachers' Retirement System of Louisiana for the presidents and the employees of the Louisiana Federation of Teachers, the Louisiana Association of Educators, the Associated Professional Educators of Louisiana, and the Louisiana Resource Center for Educators who are hired on or after September 1, 2014.

### House Bill No. 38 by Representative J. Kevin Pearson

This bill increases the eligible age for retiring from the Teachers' Retirement System of Louisiana from age 60 to age 62. The new age eligibility requirement will be applied to members joining the system on or after July 1, 2014.

### House Bill No. 45 by Representative Alan Seabaugh

This bill will prohibit membership in the Teachers' Retirement System of Louisiana for employees of the Louisiana Federation of Teachers, the Louisiana Association of Educators, the Associated Professional Educators of Louisiana, and the Louisiana Resource Center for Educators who are hired on or after September 1, 2014.

### House Bill No. 81 by Representative Nancy Landry

This bill will prohibit membership in the Teachers' Retirement System of Louisiana for employees of the Louisiana Federation of Teachers, the Louisiana Association of Educators, the Associated Professional Educators of Louisiana, and the Louisiana Resource Center for Educators who are hired on or after September 1, 2014.

## DEFERRED RETIREMENT OPTION PLAN

### House Bill No. 28 by Representative Jared Brossett

This bill provides an opportunity for a member of TRSL to revoke membership in the Deferred Retirement Option Plan when the member provides written notification of the intention to revoke the election within 72 hours of the initial to participate in the plan. This revocation of DROP participation also revokes the retirement plan option selected at the time of entering DROP.

## OPTIONAL RETIREMENT PLAN FOR HIGHER EDUCATION EMPLOYEES

### House Bill No. 6 by Representative J. Kevin Pearson

This bill establishes a minimum employer contribution rate for the Optional Retirement Plan offered by the Teachers' Retirement System of Louisiana to certain employees of the state's institutions of higher education. The rate is set at the greater of the regular plan normal cost or 6.25% of pay.

**Senate Bill No. 5 by Senator Elbert Guillory**

This bill allows a current participant in the Optional Retirement Plan to transfer into the defined benefit plan offered by the Teachers' Retirement System. The transfer must be on an actuarially equivalent basis in accordance with current laws governing transfers from one public retirement system to another.

**Senate Bill No. 23 by Senator Elbert Guillory**

This bill allows a current participant in the Optional Retirement Plan to transfer into the defined benefit plan offered by the Teachers' Retirement System. The transfer must be on an actuarially equivalent basis in accordance with current laws governing transfers from one public retirement system to another. Benefit calculations and retirement eligibility will be based on the date of the transferee's first employment date making him or her eligible for membership in TRSL. The provisions of this bill, should it become law, will remain in effect through June 30, 2020.