

# STATE ISSUES

## Maintaining the current Defined Benefit (DB) plan

- » In the past, several state lawmakers have filed legislation that proposed changing the current DB plan to a Defined Contribution (DC) or hybrid plan.
- » Several studies have shown that switching retirement plans are actually costly to retirement systems and increases the debt. Changing the current DB plan compromises the financial trust of the retirement system and could result in reduced or lost benefits to retirees statewide.
- » There is no DC or hybrid plan currently implemented that provides benefits greater than or equal to the current DB plan or Social Security benefits (note: teachers in Louisiana do not pay into Social Security).

## Cost-of-living adjustments (COLAs)

- » COLAs are granted on an ad hoc basis for Louisiana's retired teachers. If all requirements are met, funding is available AND the Louisiana legislature approves the retirement system granting a COLA, then eligible retired teachers may receive an adjustment in benefits. The amount of the increase is tied to the funded status of the system and is set by state law.
- » Currently, COLAs are funded solely through excess investment earnings realized by the retirement system AFTER it has paid all obligations and debt. As a result, COLAs have been awarded on a sporadic basis.
- » LRTA will continue to advocate for COLAs for retired teachers and for exploring direct methods of funding that will provide for consistent future COLAs for retirees.

## Other Issues

LRTA may monitor and/or take positions on bills regarding the following topics:

- » Investments - restricting the retirement system's ability to invest in certain companies could negatively affect the system's revenue stream.
- » Constitutional Conventions - the Louisiana Constitution guarantees lifetime retirement benefits to TRSL retirees. A constitutional convention has the potential to remove this guarantee. Therefore, the state would no longer be required to pay retired teachers pensions (that they EARNED).



**LOUISIANA RETIRED  
TEACHERS ASSOCIATION**