



## 2014 Regular Legislative Session Update No. 14 May 23, 2014

Provided below is a list of bills filed for consideration by the Legislature during the 2014 Regular Session which could have a potential impact on you as a retired educator and/or your retirement system. LRTA will be monitoring them on your behalf throughout the legislative session.

### 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 \$93,755 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.

LRTA will support this legislation.

#### 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 \$93,755 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.

LRTA will support this legislation.

**Deferred by the House Retirement Committee on April 30, 2014.**

#### 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.

LRTA will support this legislation.

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.

LRTA will support this legislation.

**Voluntarily deferred by the author during House Retirement Committee proceedings on March 27, 2014. Deferred by the House Retirement Committee on April 10, 2014.**

House Bill No. 1225 by Representative Joel Robideaux

This bill alters the current funding mechanism for the Experience Accounts held at the four state retirement systems. The bill also alters the payment mechanism and frequency of future PBIs. The bill requires that the state retirement systems increase amounts of excess investment income to payments on the outstanding debts of the retirement systems and restricts the creation of additional system liabilities by limiting the frequency of benefit increases to be provided from the Experience Accounts.

Future allocations of excess investment income to the payment of retirement system debt will be indexed each year by the percentage increase in the actuarial value of the assets of the system. The proposed legislation allows for the funding of future PBIs in the following manner:

A benefit increase funded by the account is limited to the lesser of the following:

1. The CPI-U for the twelve month period ending on the system's valuation date.
2.
  - a. If the system is 85% funded or greater, 3%.
  - b. If the system is at least 75% funded but less than 85% funded and the legislature has not granted a benefit increase in the preceding year, 2.5%.
  - c. If the system is at least 65% funded but less than 75% funded and the legislature has not granted a benefit increase in the preceding year, 2%.
  - d. If the system is at least 55% funded but less than 65% funded and the legislature has not granted a benefit increase in the preceding year, 1.5%.
  - e. If the system is less than 55% funded, no benefit increase shall be granted.

No benefit increase may be granted in any year the retirement system is 80% funded and the system does not meet its actuarially assumed rate of return of 8.0%.

Benefit increases granted after July 1, 2015 shall be calculated on the first \$60,000 of a retiree's annual benefit. Eligible retirees will have to be age 60 and retired for at least one year before the increase is paid, and beneficiaries will be eligible for the increase if the deceased retiree would have met these eligibility requirements. The bill must be enacted into law in order for the PBI legislation (Senate Bill No. 21) to become effective.

LRTA will closely monitor this legislation.

**Passed by the House Retirement Committee with amendments on April 24, 2014. Passed by the House of Representatives with amendments on May 6, 2014. Amendments address changes in the amortization schedule for UAL payments, and allow for the**

**granting of a 3.0% PBI when TRSL is 80% funded. The original bill did not allow a 3.0% PBI until TRSL was 85% funded. Passed by the Senate Retirement Committee on May 12, 2014. Passed by the Senate on May 19, 2014. Enrolled and sent to the governor.**

**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 3.0% increase in the benefit. The supplemental increase will be applied to the first \$93,755 of the annual benefit currently received from TRSL.

This bill was pre-filed by Senator Long at LRTA's request, and LRTA will support this legislation.

**Voluntarily deferred by the author during Senate Retirement Committee proceedings on March 31, 2014.**

**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 \$93,755 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.

LRTA will support this legislation.

**Amended by the Senate Retirement Committee on March 24, 2014 to include language granting the PBI to eligible TRSL retirees and their beneficiaries contingent upon the granting of the PBI to eligible retirees of the Louisiana State Employees' Retirement System, the Louisiana School Employees' Retirement System, and the Louisiana State Police Retirement System. The bills granting the PBI to eligible retirees of the other three state retirement systems were also amended to include similar language. Passed by the Senate Retirement Committee on March 24, 2014.**

**Passed by the Senate Finance Committee on March 31, 2014.**

**Passed by the Senate on April 2, 2014 with an amendment which states the PBI will not be paid unless the provisions of House Bill No. 1225 are enacted into law. A description of House Bill No. 1225 is provided above.**

**Passed by the House Retirement Committee on April 24, 2014.**

**Passed by the House of Representatives on May 13, 2014. Enrolled and sent to the governor.**

Becomes Act No. 104 of 2014.

OFFICE OF GROUP BENEFITS—HEALTH INSURANCE PREMIUMS

Senate Bill No. 221 by Senator Dale Erdy

This bill will provide for the payment of 75% of premiums for health insurance coverage provided through the Office of Group Benefits for retired educators who have 20 years of combined teaching service with multiple school boards, as long as each of those school boards provide health insurance coverage for their active teachers through the Office of Group Benefits. The premium payment will be provided on a pro-rated basis by all school boards with which the retiree was employed while securing the minimum 20 year service requirement.

LRTA will support this legislation.

Passed by the Senate Insurance Committee with amendments on April 23, 2014.

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.

LRTA will support this legislation.

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 returning to work as substitute teachers, to return to work with an annual earnings restriction of 25% of their annual retirement benefit.

LRTA will support this legislation.

Deferred by the House Retirement Committee on March 13, 2014.

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.

LRTA will support this legislation.

Voluntarily deferred by the author during House Retirement Committee proceedings on March 13, 2014.

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. LRTA will support this legislation.

**Voluntarily deferred by the author during Senate Retirement Committee proceedings on March 31, 2014. Voluntarily deferred by the author during Senate Retirement Committee proceedings on April 14, 2014.**

Senate Bill No. 555 by Senator Dan Morrish

This bill will allow retired educators who have celebrated their 65<sup>th</sup> birthday to return to work in a position covered by the Teachers' Retirement System of Louisiana without having an impact on their retirement benefit.

LRTA will support this legislation.

**Voluntarily deferred by the author during proceedings of the Senate Retirement Committee on March 31, 2014. Voluntarily deferred by the author during Senate Retirement Committee proceedings on April 14, 2014.**

<b>RETIREMENT SYSTEM FUNDING</b>
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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.

LRTA has no position on this legislation.

**Deferred by the House Committee on Appropriations on May 12, 2014.**

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.

LRTA will oppose this legislation.

**Voluntarily deferred by the author during House Retirement Committee meeting proceedings held March 20, 2014.**

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. This bill also expressly denies that the Louisiana Constitution requires the state to provide payments to the UAL created after June 30, 1988.

LRTA will oppose this legislation.

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.

LRTA will oppose this legislation.

**Deferred by the House Retirement Committee on March 20, 2014.**

House Bill No. 493 by Representative Joseph Harrison

This constitutional amendment proposes to create the Bet on Louisiana's Future Fund. The fund will receive proceeds from games of chance approved by the Louisiana Lottery Corporation, casino gaming activities, horserace wagering, and other gaming proceeds from activities or operations authorized by the Louisiana Gaming Control Board. Beginning in FY 2015-2016 the deposits into the fund shall be allocated as follows:

- 75% to public elementary and secondary education, and
- 25% to the unfunded accrued liabilities of the state pension plans and for gaming enforcement and regulation.

LRTA will support this legislation.

**Deferred by the House Committee on Appropriations on May 12, 2014.**

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.

LRTA will support this legislation.

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%
Teachers' 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.

LRTA will support this legislation.

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.

LRTA has no position on this legislation.

**Passed by the Senate Retirement Committee on March 31, 2014. Voluntarily deferred by the author during Senate Finance Committee proceedings on April 7, 2014.**

<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.

LRTA will oppose this legislation.

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.

LRTA has no position on this legislation.

**Passed by the Senate Retirement Committee on March 31, 2014. Passed by the Senate April 2, 2014. Passed by the House Retirement Committee on May 19, 2014.**

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.

LRTA will support this legislation.

Passed by the Senate Retirement Committee on March 17, 2014. Passed by the Senate on March 19, 2014. Passed by the House Retirement Committee on May 7, 2014.

<b>RETIREMENT SYSTEM MEMBERSHIP</b>
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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.

LRTA has no position on this legislation.

Passed by the House Retirement Committee on March 20, 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.

LRTA has no position on this legislation.

Voluntarily deferred by the author during House Retirement Committee proceedings on March 20, 2014. Passed by the House Retirement Committee on April 10, 2014. Passed by the House of Representatives on April 21, 2014. Passed by the Senate Retirement Committee on April 28, 2014 with an amendment to implement the legislation on July 1, 2015 rather than on July 1, 2014. Passed by the Senate on May 6, 2014. House concurred in the Senate amendments on May 13, 2014. Enrolled and sent to the governor.

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.

LRTA has no position on this legislation.



**Deferred by the House Retirement Committee on March 20, 2014. Passed by the House Retirement Committee on April 10, 2014. Defeated by the House of Representatives on April 21, 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.

LRTA has no position on this legislation.

**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 to participate in the plan within 72 hours of the initial election of participation. This revocation of DROP participation also revokes the retirement plan option selected at the time of entering DROP.

LRTA opposes this legislation.

**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.

LRTA has no position on this legislation.

**Voluntarily deferred by the author during House Retirement Committee proceedings on March 13, 2014. Amended and passed by the House Retirement Committee on March 27, 2014. Passed by the House of Representatives on April 7, 2014. Passed by the Senate Retirement Committee on April 28, 2014. Voluntarily deferred by the author during Senate Finance Committee proceedings on May 7, 2014. Passed by the Senate Finance Committee on May 12, 2014. Passed by the Senate on May 15, 2014. Senate amendments concurred in by the House of Representatives on May 21, 2014. Enrolled and sent to the governor.**

**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.

LRTA has no position on this legislation.

**Voluntarily deferred by the author during Senate Retirement Committee proceedings on March 17, 2014. Withdrawn from the files of the Senate on March 17, 2014.**

**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.

LRTA has no position on this legislation.

**Deferred by the Senate Retirement Committee on March 31, 2014.**

<b>Social Security Administration Offsets</b>
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**House Concurrent Resolution No. 33 by Representative Henry Burns**

This resolution memorializes the U. S. Congress to consider eliminating the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) Social Security benefit reductions.

LRTA will support this resolution.

**Passed by the House of Representatives on March 25, 2014.**

**Senate Concurrent Resolution No. 5 by Senator Elbert Guillory**

This resolution memorializes the U. S. Congress to reduce or eliminate the reductions mandated by federal law, the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP), applicable to social security benefits for those receiving public retirement system benefits.

LRTA will support this resolution.

**Passed by the Senate Retirement Committee on March 31, 2014. Passed by the Senate on April 1, 2014. Passed by the House Retirement Committee on May 15, 2014.**