

House Committee on Retirement

Minutes of Meeting
2016 Regular Session
March 17, 2016

I. CALL TO ORDER

Representative J. Kevin Pearson, chairman of the House Committee on Retirement, called the meeting to order at 9:51 a.m. in Room 4, in the State Capitol in Baton Rouge, Louisiana. The secretary called the roll.

II. ROLL CALL

MEMBERS PRESENT:

Representative J. Kevin Pearson, chairman
Representative Mark Abraham
Representative Tony Bacala
Representative Barbara W. Carpenter
Representative Barry Ivey
Representative Gregory A. Miller

MEMBERS ABSENT:

Representative Jack Montoucet, vice chairman
Representative Paul Hollis
Representative Sam Jones

STAFF MEMBERS PRESENT:

Annie Smith, attorney
Linda Hopkins, secretary

ADDITIONAL ATTENDEES PRESENT:

Beverly Hurst, sergeant at arms

II. OPENING REMARKS

J. Kevin Pearson, chairman

Chairman Pearson welcomed new members to the House Committee on Retirement and allowed them to introduce themselves. Representative Carpenter and Representative Abraham identified themselves as first-time legislators. Representative Bacala identified himself as a retiree with a great interest in the retirement system.

III. CONSIDERATION AND ADOPTION OF 2015 REGULAR SESSION COMMITTEE MEETING MINUTES

Representative Abraham offered a motion to adopt committee minutes from 2015 Regular Session meetings held on April 22, April 30, and May 14, 2015. Without objection, the motion passed by a vote of 6 yeas and 0 nays. Representatives Pearson, Abraham, Bacala, Carpenter, Ivey, and Gregory Miller voted yea.

Chairman Pearson read a document from the American Academy of Actuaries which stipulated that actuarial notes in testimony before the committee are considered statements of actuarial opinion. The actuaries of the Legislature of Louisiana auditor may render these opinions based on standards of the American Academy of Actuaries.

Chairman Pearson introduced representatives of the four state retirement systems guaranteed by the Louisiana constitution: Louisiana State Employees' Retirement System (LASERS), Teachers' Retirement System (TRSL), State Police Retirement System, and Louisiana School Employees' Retirement System. He also introduced representatives of Louisiana Assessors' Retirement Fund, Clerks' of Court Retirement Relief Fund, District Attorneys' Retirement System, Firefighters' Retirement System, Municipal Employees' Retirement System, Municipal Police Employees' Retirement System, Parochial Employees' Retirement System, Registrar of Voters' Retirement System, and Sheriffs' Pension and Relief Fund.

IV. CONSIDERATION AND ADOPTION OF COMMITTEE RULES

Chairman Pearson announced that the committee lacked a quorum and would postpone consideration and adoption of committee rules until a quorum was reached.

V. COMMITTEE ORIENTATION

Annie Smith, committee attorney

Ms. Smith introduced herself and described the statutory origin of the four state retirement systems. She said there also are twenty-five local retirement systems, such as the New Orleans Fire Fighters'

and New Orleans Harbor Police. She defined the terms actuarial soundness and unfunded accrued liability (UAL) and detailed for members the notification and actuarial note requirements that must accompany instruments that may be considered by the House Committee on Retirement.

Ms. Smith explained the four funding avenues for retirement systems: employer contributions; employee (member) contributions; taxes such as ad valorem tax, insurance premiums tax fund, and locally imposed funding; and investment income. She said all systems use a defined benefit (DB) plan, which promises a certain level of income to a retiree for his lifetime.

She discussed options within DB plans, including DROP, or the deferred retirement option plan. In lieu of terminating employment when eligible, a member may elect to continue working for up to thirty-six months, but his retirement benefit is fixed at the time he elects to enter the DROP. During the DROP period, retirement benefits are deposited to the DROP account and paid at termination of employment, along with the employee's monthly retirement base benefit established on entrance to the DROP. Chairman Pearson said DROP has been shown to be revenue neutral. He said that for some, DROP worked well, and for others, it did not. He explained that social security is not available to most retired state workers.

Ms. Smith said each board of trustees of retirement systems had a fiduciary duty to the retirement trust and to the members of the system. She outlined the educational requirements for members of the board, which included a specified number of hours of training in investment, actuarial science, laws, rules, and regulations specific to the system they oversee, and fiduciary duty ethics training. The boards may appoint system directors, investment counsel, and actuarial firms.

The committee recessed at 10:31 a.m. The committee reconvened at 10:34 a.m.

V. ANNOUNCEMENTS

Chairman Pearson announced that in the absence of a quorum, consideration and adoption of the committee rules would be rescheduled to the next meeting of the House Committee on Retirement.

VI. ADJOURNMENT

Representative Carpenter offered a motion to adjourn. Without objection, the motion passed by a vote of 4 yeas and 0 nays. Representatives Pearson, Carpenter, Ivey, and Gregory Miller voted yea.

The meeting was adjourned at 10:34 a.m.

Respectfully submitted,

Chairman J. Kevin Pearson
House Committee on Retirement

Date adopted: