

1 typically based on a percentage of the employee's salary, and the accumulated funds in such
2 account are then invested in various securities with the ultimate goal of achieving investment
3 gains for the purpose of increasing the amount of money in such account for retirement
4 purposes; and

5 WHEREAS, in a defined contribution plan, at retirement, the employee obtains
6 access to the balance of his account; and

7 WHEREAS, the nature of a defined contribution plan is such that the actual dollar
8 amount of the retirement benefit is unknown until retirement and is not guaranteed; and

9 WHEREAS, there are certain benefits and risks associated with the establishment of
10 a portable, defined contribution plan; and

11 WHEREAS, for the Fiscal Year ending June 30, 2008, LASERS' funded ratio was
12 67%, TRSL's funded ratio was 68.5%, LSERS' funded ratio was 76.6%, and STPOL's funded
13 ratio was 68.7%, and the unfunded accrued liability for those four state retirement systems
14 combined equaled \$12,121,747,438; and

15 WHEREAS, in defined contribution plans there is no possibility of incurring a
16 funding deficit or liabilities because each employee has an individual account balance
17 attributable to him, and such balance will dictate the amount of his benefit distributions upon
18 retirement, which creates no future liability for the employer; and

19 WHEREAS, the legislature is interested in exploring a defined contribution plan for
20 LASERS, TRSL, LSERS, and STPOL for all new employees hired on or after July 1, 2010.

21 THEREFORE, the Legislature of Louisiana requests the House Committee on
22 Retirement and the Senate Committee on Retirement to meet and function as a joint
23 committee to study the benefits, risks, and issues involved in and the feasibility of
24 establishing a portable defined contribution plan in the four state public retirement systems:
25 the Louisiana State Employees' Retirement System, the Teachers' Retirement System of
26 Louisiana, the Louisiana School Employees' Retirement System, and the State Police
27 Pension and Retirement System for all new employees hired on or after July 1, 2010, and
28 that the joint committee report its findings to the full legislature prior to the convening of the
29 2010 Regular Session.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Tucker

HCSR No. 1

Requests the House and Senate committees on retirement to study the benefits, risks, and issues involved in and the feasibility of establishing a defined contribution plan in the four state public retirement systems and to report its findings to the legislature prior to the 2010 R.S.