

NOTE: NEW COLA MECHANISM APPROVED IN 2023

The Experience Account method used for funding COLAs did not result in dependable, meaningful COLAs for LASERS retirees. Under Act 184 of the 2023 Louisiana Legislative Session, the gainsharing funding model ends, the Experience Account will be phased out, and employers will directly fund COLAs. Funding will be a component of the annual employer contribution rate and will be deposited directly into a new COLA account. Under the new model, a COLA will be granted when enough funding is available and upon legislative approval. Go to the LASERS website for details about the new COLA mechanism. The information below is applicable until the new mechanism is fully enacted, which is anticipated to be in 2030.

WHAT IS THE LASERS EXPERIENCE ACCOUNT?

as of June 30, 2016

A statutory mechanism (R.S. 11:542), created in 1992 to provide a cost-of-living adjustment (COLA) for retirees of the Louisiana State Employees' Retirement System (LASERS).

Act 399 of the 2014 Session made a number of changes to the Experience Account such as:

- Indexed the hurdles for excess investment returns allocated to the Original Amortization Base (OAB) and Experience Account Amortization Base (EAAB) to the percentage increase in the system's actuarial value of assets.
- Caps the maximum balance in the Experience Account to one or two COLAs based on the funded level of the System.
- The size of a COLA is tied to the funded level of the System.
- COLAs may only be granted every other year until the System is 85% funded.

A COLA MAY BE GRANTED WHEN SUFFICIENT FUNDS ARE AVAILABLE:

System Funding	System earns at least 8.25%	System earns ARR ¹ , but not 8.25%	System does not earn ARR
Less than 55%	None	None	None
At least 55% but less than 65%	Lesser of 1.5% or CPI-U ²	Lesser of 1.5% or CPI-U	None
At least 65% but less than 75%	Lesser of 2.0% or CPI-U	Lesser of 2.0% or CPI-U	None
At least 75% but less than 80%	Lesser of 2.5% or CPI-U	Lesser of 2.0% or CPI-U	None
At least 80%	Lesser of 3.0% or CPI-U	Lesser of 2.0% or CPI-U	Lesser of 2.0% or CPI-U

¹ARR is the Assumed Rate of Return for the system, currently at the 7.65% for the 12 month period ending on June 30 of the previous year. ²CPI-U is the Consumer Price Index - Urban.

COLA ELIGIBILITY

Retirees

- Received a benefit for at least one year prior to July 1; and
- Have attained at least age 60 prior to July 1

Non-retiree beneficiary

- Benefits paid to retiree, beneficiary or both combined for at least one year; and
- Retiree would have attained age 60 prior to July 1

Disability retiree or benefits based on death of disability retiree

- Age restriction does not apply

THE EXPERIENCE ACCOUNT & COLAS *continued*

HISTORY OF COLAS SINCE THE CREATION OF THE EXPERIENCE ACCOUNT

Year	The Amount of the COLA Granted	Year	The Amount of the COLA Granted
1996	\$1 for each year of service credit; \$1 for each year of service credit over 30; \$1 for every year retired	2007	3.0% of gross benefit
1998	\$1 for each year of service credit; \$1 for each year of service credit over 30; \$1 for every year retired; \$1 for every year retired over 10	2008	3.0% of gross benefit
1999	1.6% of gross benefit	2009	Minimum Benefit Increase to \$1,200/month subject to \$300/month max increase
2000	2.0% of gross benefit	2014	1.5% of gross benefit
2001	2.0% of gross benefit	2016	1.5% of gross benefit
2002	1.6% of gross benefit	2021	Minimum Benefit Increase to \$1,450/month subject to \$300/month max increase
2006	2.4% of gross benefit	2022	One-time supplemental payment equal to the lesser of monthly benefit or \$2,000

DETAILS OF RECENT COLAS

- 2014** ▶ LASERS paid \$109 million to fund a 1.5% COLA to over 37,000 eligible members.
- 2016** ▶ LASERS paid \$121 million to fund a 1.5% COLA to over 40,000 eligible members.
- 2021** ▶ LASERS paid a minimum benefit increase for retirees, beneficiaries, and survivors receiving less than a \$1,450 monthly benefit. Benefits were increased by \$300/month, or the difference between the current benefit and \$1,450, whichever was less. If the beneficiary was receiving the benefit, it was prorated. LASERS paid \$109 million to fund a 1.5% COLA to over 37,000 eligible members.
- The following criteria had to be met:
- 30 or more years of service credit, excluding unused leave;
 - Retired for 15 or more years;
 - Monthly benefit is less than \$1,450;
 - At least 60 years of age;
 - Did not participate in DROP or IBO.
- 2022** ▶ LASERS paid a one-time supplemental payment to over 45,000 eligible LASERS retirees and beneficiaries.