

**Louisiana State Employees' Retirement System
Legislative Committee Meeting
December 14, 2017**

The Legislative Committee of the Louisiana State Employees' Retirement System met on Thursday, December 14, 2017 in the fourth floor conference room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Judge William Kleinpeter, Chair of the Committee, called the meeting to order at 2:05 p.m. Roll was called by Abby Partin, recording secretary.

Members Present: Mr. Thomas Bickham, Ms. Virginia Burton, Ms. Beverly Hodges, Judge William Kleinpeter, Senator Barrow Peacock, Representative Kevin Pearson, Ms. Lori Pierce, Mr. James Mack (designee of the Treasurer), Ms. Kathy Singleton, Ms. Shannon Templet, Ms. Lorry Trotter

Members Absent: Ms. Janice Lansing, Commissioner Jay Dardenne

Staff Present: Ms. Cindy Rougeou, Executive Director; Ms. Maris LeBlanc, Deputy Director and Chief Operating Officer; Mr. Trey Boudreaux, Chief Administrative Officer; Ms. Tina Grant, Executive Counsel; Ms. Tricia Gibbons, Retirement Benefits Administrator; Mr. Bobby Beale, Chief Investment Officer; Mr. Steve Stark, Deputy General Counsel; Mr. Trey Roche, Statewide Program Manager and Special Counsel; Ms. Allison LeBlanc, Retirement Benefits Supervisor; Ms. Abby Partin, recording secretary

Also Present: Ms. Shelley Johnson, Foster & Foster, Ms. Margaret Corley, Senate Retirement Committee Attorney; Mr. Frank Jobert, RSEA; Ms. Dana Vicknair, Director and Ms. Katherine Whitney, Deputy Director; Teachers' Retirement System of Louisiana

A quorum was declared present and the meeting opened for business.

Public Comment

Judge Kleinpeter called for public comment. Ms. LeBlanc welcomed and introduced Ms. Dana Vicknair, Director of Teachers' Retirement System and Ms. Katherine Whitney, Deputy Director.

Regular Business

Judge Kleinpeter called for approval of the minutes of the June 22, 2017 Legislative Committee meeting. **Ms. Templet moved, seconded by Mr. Bickham, to approve the minutes. With no objection or discussion, the motion carried.**

New Business

Ms. LeBlanc directed the group to the notices of intent to file retirement legislation in the Board book. She stated she would be covering several throughout the meeting.

Ms. LeBlanc went through the list of possible topics of legislation.

1. Registrar of Voters system (ROVERS) merged into LASERS
 - Currently system is run by a Registrar who is planning to retire.
 - No one has been identified to take over system operations.
 - System has 244 actives, 156 retirees, and ≈\$90 million in assets.
 - Retirement chairs have expressed an interest in LASERS taking over administration of plan.
 - LASERS has noted the importance of identifying any costs that may be associated with a consolidation to ensure that there is a funding source.
 - If LASERS takes over, would suggest that no changes be made to plan provisions of current members and that new hires be treated as LASERS rank-and-file members. (Current members have 3% accrual rate and different retirement eligibilities).
2. Additional disability benefits for hazardous duty plan members injured in line of duty by an intentional act
 - Wildlife & Fisheries representatives have requested this change, recognizing that members in this position will likely be early in their careers. They would sponsor legislation.
 - Request for 100% of FAC, rather than 75% in current plan
 - Also asking for guaranteed COLAs
 - Cost would be added to Employer Contributions of all hazardous duty employers
3. Additional survivor benefits for hazardous duty plan members killed in line of duty by an intentional act
 - Sen. Peacock has indicated his intent to author to provide consistency with benefits previously increased for State Police and Sheriffs retirement systems.
4. Adding firefighters to hazardous duty plan
 - Department of Agriculture representatives have requested change. They would sponsor.
 - Firefighters may also be in other agencies, such as levee boards.
 - Employees and Employers would pay higher contributions.

Ms. Rougeou stated it is probable a hybrid plan will be imposed on LASERS in the future. There is an opportunity now for LASERS to be involved in the development of such a plan to assure that it provides retirement security, has a defined benefit component, and reduces the risk of future unfunded accrued liability for the employer. She indicated that, without objection of the Board, staff will meet with the Governor's office to discuss the dynamics of a hybrid plan and to receive input on introducing legislation this session.

Ms. Johnson provided data which included historical withdrawal assumption rates for rank-and-file employees. The data indicates that a small percentage of members in the current plan will remain in state service long enough to earn a benefit.

Elements being considered for a Hybrid Plan for new hires include:

- Defined Benefit (DB) component with 1.5% accrual rate to mirror Social Security 40% income replacement
- Disability and survivor benefits as part of DB component
- Defined Contribution (DC) component to provide portability and additional benefit
- Employees would manage DC accounts; stable value funds offered as default
- Employee contributions: $\approx 4\%$ for DB + $\approx 4\%$ for DC
- Employer contributions: actuarially required rate for DB + $\approx 3\%$ for DC
- Automatic COLAs to be funded as part of DB component

Ms. LeBlanc stated LASERS would not be the first system to provide a hybrid plan and staff has been speaking with other retirement systems offering this type plan.

After much discussion about the features of the plan, Ms. Rougeou stated staff would proceed with drafting a bill and Ms. Johnson would provide cost information.

Ms. Templett moved, seconded by Ms. Hodges, to recommend that the Board publish the required advertisement in the event legislation for a hybrid retirement plan is introduced. With no objection or discussion, the motion carried.

Other Business

Mr. Jobert inquired about a public notice retirement listing regarding a bill relative to the formula for distribution of retirement benefit increases. Ms. LeBlanc stated she did not know the source of the notice.

Adjournment

The meeting adjourned at 2:59 p.m.