



# Legislative News Release



Louisiana  State Senate

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## SENATOR PEACOCK RELEASES RESPONSE FOR CLARIFICATION OF SENATE BILL 22, RETIREMENT REFORM BILL TO STRENGTHEN RETIREMENT SYSTEMS FOR NEW HIRES ONLY

### FOR IMMEDIATE RELEASE



Senator Barrow Peacock has introduced Senate Bill 22 to strengthen Louisiana's retirement systems.

"Senate Bill 22 has attracted a lot of attention and concerns from the current stakeholders of active employees and retirees. I appreciate their engagement and attention to improving our retirement systems.

SB22 does not affect any current employees or former employees of any of our retirement systems. SB22 is for **new hires only** and will strengthen the retirement systems over time.

The driving force for this bill is that we are all living longer as a society and you will see that on the **attached two documents**. In order to make changes to our retirement systems, you have to make proactive changes as new employees join the retirement systems. You cannot make changes – and I would never propose changes – that diminish the benefits of any current or former employee. They have earned these benefits and they should always be secure.

This bill mirrors the retirement age of Social Security for new hires at age 67. Through the discussions in committee and from the number of emails and phone calls that I have received to my office, there are questions whether making changes to the retirement systems will have a detrimental effect on attracting anyone to work for the State of Louisiana as a state employee, school employee or teacher. With a reduction in costs of our retirement system over time, more financial resources will be freed up from the retirement systems' demands and will allow our state and our local school boards to reallocate those financial resources to needed areas such as paying our state employees, school employees and teachers more.

The current dollar amount being allocated to the retirement systems for our school employees and teachers is in excess of \$1.6 billion. The amount for state employees is in excess of \$950 million, resulting in over \$2.5 billion of our state's general fund resources going to pay for retirement costs.

The goal is to strengthen our retirement systems by modifying the benefits for new hires which will result in freeing up financial resources for needed areas such as increased pay for not only new hires but also current employees. I am proposing increasing the age of retirement because we are living longer as a society.

Per the actuarial reports, the employer contribution rate is 39.5 percent for the Louisiana State Employees' Retirement System (LASERS), 25.1 percent for the Teachers' Retirement System of Louisiana (TRSL), and 28.7 percent for the Louisiana School Employees' Retirement System (LSERS). The goal is to bring down these contribution rates to allow the state and school boards to redirect those funds to needed pay increases over time.

The funding level (percentage of funds available to pay retirement obligations with current assumptions) of LASERS is 64.1 percent, TRSL is 67.9 percent and LSERS is 74.14 percent as of June 30, 2020.

My goal with SB22 is to strengthen the retirement systems and help the state over the long term as I have been advocating for the past 10 years as a member of the Senate Retirement Committee. My record will show that I have fought to make sure that our state and our schools are putting the proper amount of funding to our retirement systems.

I have served on the Senate Retirement Committee since election to the Senate in 2012, four years as chairman. I have visited all 40 public schools in my district in my first term and have the utmost respect for our teachers, school employees, and state employees who work day in and day out for our Great State.

The bill in its current posture can be found [here](#).

I intend to offer amendments to this bill, which will be more generous than in its current form. It will allow for full retirement at age 62 with 30 years of service. In addition, the effective date of this bill will be extended one year longer, to July 1, 2022, which will allow these three retirement

systems the opportunity to come back with a more comprehensive set of reforms which may be even better for our retirement systems and our state. I am always willing to work together as I have done in the past.”

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