Louisiana State Employees' Retirement System (LASERS)

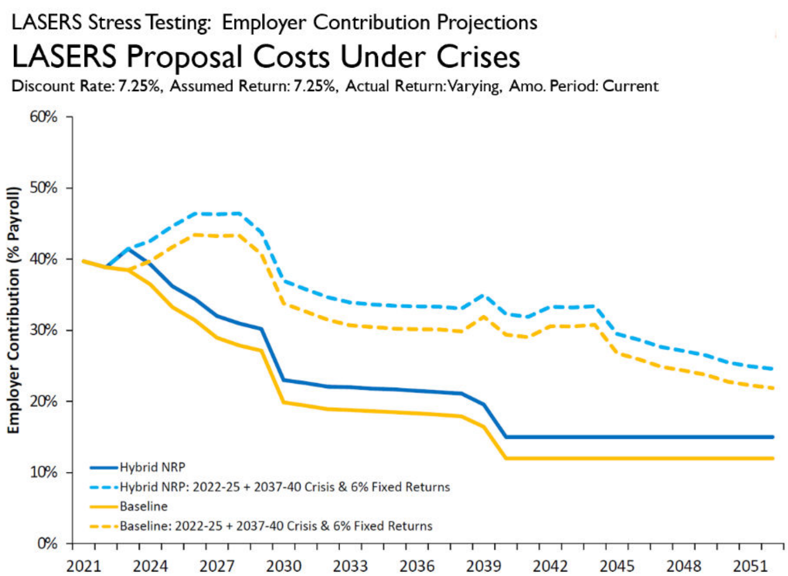
Evaluating the Impacts of Senate Bill 438

The need for lawmakers to modernize retirement benefits for an increasingly mobile public workforce is clear, as only 2.5% of new hires joining LASERS at 35 will receive an unreduced retirement benefit. Unfortunately, while Senate Bill 468 attempts to modernize the plan, it does so at the expense of higher costs and greater risks of growing unfunded liabilities in the future.

Proposed Benefit Guarantee Will Make LASERS an Outlier

Plan	DB Multiplier	DC Employer Rate	DC Employee Rate	Social Security Coverage
Federal Employees	1%	5%	5%	Yes
Washington State	1%	0%	5%	Yes
Tennessee Consolidated	1%	5%	2%	Yes
Georgia Employees	1%	3%	5%	Yes
Michigan School	1.5%	7%	3%	Yes
Ohio Employees	1%	0%	10%	No
Ohio Teachers	1%	0%	12%	No
Senate Bill 438 (2022)	1.80%	4%	4%	No

- ✓ The current hybrid proposal sets a 1.8% multiplier on new pension benefits, which would make LASERS an outliner among all other major federal and state hybrid plans.
- ✓ Most hybrid plans use a 1% accrual rate, with just two plans going as high as 1.5%.
- ✓ The State Teachers Retirement System of Ohio hybrid plan currently offers their non-Social Security participating members a 1% multiplier.



Source: Pension Integrity Project actuarial forecast of LASERS. Values are rounded and adjusted for inflation. State is assumed to make ***actuarial*** contributions. The "All-in Cost" includes all employer contributions over the 30-year timeframe, and the ending unfunded liability accrued by the end of the forecast period.

Higher Costs, More Risks Under SB438

- ✓ Adopting the same optimistic investment assumptions as the currently 66% funded legacy LASERS plan increases the probability of the proposed hybrid plan adding to the current $6.8 billion LASERS debt.
- ✓ The proposed hybrid plan is more expensive than the current pension under all scenarios, including heavy market stress.

Bottom-Line: *The benefit design proposed in SB438 lacks the substantive changes needed to address an antiquated plan design that is out of step with the needs of modern employees, or LASERS' cost and risk challenges.*

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