



Trim benefits of state plans

Major reforms in the management and operations of Louisiana's public retirement systems are long overdue. It's good news that lawmakers actually have put on the table meaningful proposals that trim future liabilities for the taxpayer.

In both Senate and House, committees overseeing retirement issues have advanced bills to scale back some benefits for future employees. It is a way to slowly move to a more reasonable system, without harming the interests of today's retirement-system members.

Under current state law, members of major retirement systems covering state workers can retire with full benefits at any age after 30 years on the job, or at age 55 once they've completed 25 years of service. This is extraordinarily generous, given that people can retire at the height of their careers and collect from the system for decades in some cases.

While some provisions differ in bills by Rep. Pete Schneider, R-Slidell, and Sen. Walter Boasso, R-Arabi, they tend to reflect the modest reforms in existing systems that are needed. The Schneider bill, for example, says that new state employees would not be allowed to collect retirement benefits until age 60. It would lower the rate at which new hires build up benefits, and would require state workers to spend at least 10 years on the job before becoming eligible for a normal pension. Currently, any member of the system with one year of service can buy up to five years of work credit.

Boasso's bill covers both state employees and teachers, increasing contributions for retirement benefits modestly. It also would put into place a proposal from the Public Affairs Research Council's study of retirement systems, a governing board for the major systems that would add members from private companies who have experience with pension funds. Currently, the systems have separate oversight boards dominated by retirees already receiving benefits and active employees in the retirement systems.

The change in retirement-system management would put more emphasis on the impact of generous benefits on the taxpayer. That's a welcome change, as the major state systems are about \$11 billion short of the money to pay for their obligations to future retirees.

Allowing people to retire at any age not only puts a strain on the costs of the systems, it also gives workers an incentive to leave state government during their most productive years and receive close to full salary for the rest of their lives. Some retirees are rehired by the state, putting more strain on the pension system.

"We have people who are retiring as early as age 48," said Charles Hall, an actuary for LASERS and other retirement systems, who testified to the House Retirement Committee.

These bills are efforts to correct problems, but it would be unfair to demonize the retirement systems. A few of them have problems with investment returns, and with the ethical transgressions of members getting gifts and junkets from companies doing business with the systems. But many of the financial problems were caused by decades of legislative malpractice.

Bob Borden, executive director of the state employees' retirement system, said the systems are in crisis because of legislators granting additional benefits for special-interest groups without paying for those extras, not because of the governing boards.

That's a fair statement, but it doesn't mean that significant problems should be ignored today. The Schneider and Boasso bills provide a real step toward savings without harming the interests of today's retirees. The House recognized the urgency of the problem by adopting the Schneider bill Tuesday on a 67-37 vote.

In principle, the sooner the Legislature adopts some meaningful reforms, the better.

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