



Public Affairs Research Council of Louisiana, Inc.

COMMENTARY

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SUPPORT TO END EARLY RETIREMENT INTENSIFIES

Early retirement remains a viable option for legislators, teachers and state employees in spite of numerous research findings by PAR that benefits are excessive and out of line with the rest of the country. However, it appears that recent efforts by SECURE (Select Council on Revenues and Expenditures in Louisiana's Future) and reform-minded legislators may finally bring an end to these excesses.

Legislators can retire earlier with higher benefits than full-time state employees. For example, with 16 years of part-time elected service they can retire at any age, drawing 56 percent of their highest three-year average compensation, or at age 55 with 12 years of service at 42 percent. A short stint in an appointive executive branch office can increase the retired legislator's benefits substantially.

State employees also can retire early and with generous benefits. They can retire at any age with 30 years of service and collect 75 percent of the average compensation for their three highest years--or at age 55 with 25 years of service and collect 62.5 percent.

(MORE)

Support to End Early Retirement Intensifies--Add One

Teachers have an even better retirement plan. They have clung tenaciously to a unique 20-year service retirement provision that allows them to begin drawing 40 percent of their highest three-year average compensation at any age--often well before reaching age 50. With 25 years of service, teachers can draw 62.5 percent at age 55. The 20-year retirement, initiated in 1970 to give teachers an option to avoid working in integrated schools, has long outlived its questionable purpose. At present it is a strong incentive for teachers to shorten their public school careers and for college professors to seek out-of-state jobs while still in their prime.

Early retirement provisions are costly to the state not only in money but in shortened careers and the loss of valuable experience and expertise. Part-time elected officials, such as legislators, should not be included in the retirement plans at all, much less with more liberal benefits than regular employees. Both House and Senate committees have approved legislation in the early days of this legislative session that would keep future legislators out of state retirement programs.

SECURE, as part of its mission to find ways to improve the financial future of the state, has recommended massive changes in retirement programs including the development of a defined contribution program for all new employees with a normal retirement age of 65. Properly designed, this approach will solve many problems over the long haul.

These retirement reforms should be enacted--the sooner the better!