A History of the Teachers' Retirement System of Louisiana.

Florent Hardy Jr
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A HISTORY OF THE TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

A DISSERTATION

Submitted to the Graduate Faculty of the Louisiana State University and Agricultural and Mechanical College in partial fulfillment of the requirements for the degree of Doctor of Philosophy in The Department of Education

by

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ABSTRACT

The Teachers' Retirement System of Louisiana is the largest of the retirement systems in Louisiana in membership and financial assets. The System has total securities of approximately $900,000,000. Annual contributions from both members' contributions and state funds are approximately $60,000,000. There are over sixty thousand members in the Teachers' Retirement System of Louisiana with over twelve thousand persons receiving benefits. Because of the financial stature of the System and the number of Louisiana teachers affiliated with the System, information pertaining to its origins, its administrative organization, and its legislative development is provided in this study.

A history of the Teachers' Retirement System of Louisiana provides the Louisiana teacher who is eligible to retire with a better understanding of the origins of the benefits he is to receive and the process by which these benefits have been increased. This study is the first comprehensive investigation of the System, in the sense that the study makes an historical survey of the System from its inception to the present with attendant rationale for the provisions of benefits to the retired Louisiana public school teacher.
Efforts to create a retirement system for Louisiana's public school teachers date back to 1906 when Nathaniel P. Moss attempted to establish a pension fund for the public school teachers of Lafayette Parish.

The Louisiana Teachers' Association was a vital force in the organizational attempts to provide Louisiana public school teachers with financial benefits upon retirement. The endeavors of the Louisiana Teachers' Association were overshadowed during the period from 1910 to 1918 when the Orleans Parish Teachers' Retirement System was established by the Louisiana Legislature. However, the Louisiana Teachers' Association, through its committees on retirement, continued its attempts during the twenties and early thirties to provide a funded retirement system for Louisiana's public school teachers.

With the creation of the Teachers' Retirement System of Louisiana in 1936 by the Louisiana Legislature, provisions were made for financial benefits to be provided to retired teachers based originally on fifty percent of the average final ten-year annual salary. The law which established the System required mandatory membership of all Louisiana teachers who began teaching after August 1, 1936. The functions of the System have been administered by a Board of Trustees.

Throughout the thirty-eight-year history of the System many changes have occurred. Membership has steadily
increased, financial growth has been evident, minimum age requirements have been removed, minimum service retirement has decreased, more lenient requirements for disability retirement have been provided, provisions have been made to include unused accumulated sick leave in computing retirement benefits, a more liberal benefit formula has been provided, and employer and employee contributions have changed. Also, the System was merged with the Orleans Parish Teachers' Retirement System in 1971.

The present formula for computing retirement benefits is two percent times the number of years of service including unused accumulated sick leave, times the average salary for three consecutive years plus $300. Presently the Board of Trustees is also attempting to provide an increase of 2.5 percent in the retirement formula.
Chapter 1

THE PROBLEM

INTRODUCTION

Retirement increases in significance as one grows older. Retirement benefits will supply the income necessary for millions of Americans upon retirement from their occupational status. As a result of the need for financial security, retirement benefits have become vital to modern man. This has not always been so, primarily because population aging is a product of the late nineteenth century and was limited to a few industrialized countries. Prior to the twentieth century life expectancy at birth was not much more than thirty. By the late nineteenth century life expectancy gradually reached the upper forties or the lower fifties, while the decline in mortality rates became significant at the turn of the century (Kreps, 1963:33).

In 1875 the American Express Company began what is probably the first formal plan for retirement benefits in the United States. Essentially, it provided benefits to local employees who were incapacitated after age sixty with twenty years of service credit. It was the responsibility of the general manager to recommend to the Board of Directors
of the Company an employee eligible to receive retirement benefits (Geist, 1968:8). Thus, an initial step toward a formal plan for retirement pensions provided for a base age of sixty, and a minimum of twenty years of experience.

The provision of retirement benefits for the retired teacher has an interesting history. Pensions for the retired teacher originated in 1809 and began essentially as mutual aid societies\(^1\) which were administered locally. By the late nineteenth century a major nation-wide growth in teacher retirement systems had begun. Schmid (1970:7) states that the teachers' pension plan of New Jersey established in 1896 is probably the "oldest statewide contributory retirement plan for all government employees."

The California Legislature created a county based, non-contributory annuity and retirement fund for retired teachers in 1895 which provided $50 per month after twenty-five years of service. The California State Teachers' Retirement System was subsequently created in 1913 (Schmid, 1970:7). Through the years teacher retirement systems have been established in all fifty states, and today approximately eighty percent of all school employees are a responsibility of the state and local retirement programs which provide benefits usually based on the retirant's service, age, or a combination of the two (Geist, 1968:10-11).

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\(^1\)Mutual aid societies were private, contributory retirement systems where teachers who wanted to participate contributed voluntarily and pensions were provided according to a formula suitable to its members.
Louisiana legislative acts in 1910, 1914, and 1918 to create a teacher retirement system for Orleans Parish represent the initial legislative proceedings toward teacher-retirement benefits in Louisiana (Lafleur, 1938:10). The Teachers' Retirement System of Louisiana, created in 1936, was a result of efforts to provide all retired public school teachers of Louisiana with monthly financial benefits.

In 1968, in comparing the fifty states and the percentages of the population composed of retirants from each state, Vermont ranked highest with 11.6 percent and Alaska ranked lowest with 4.1 percent. In 1968, Louisiana's total population consisted of 6.9 percent retired residents (Geist, 1968:3-4). In 1972, over six and a half million Americans made up the "Retirement, Old Age Group" as classified by the Department of Labor (U. S. Department of Labor, 1973:45). In 1974, a total of over twelve thousand retirants and survivor beneficiaries are receiving benefits from the Teachers' Retirement System of Louisiana. By 1980, it is estimated that there will be sixty-six million Americans forty-five and over, and twenty-four million Americans sixty-five and over. Many of these Americans will be eligible for retirement benefits in compensation for their years of service in the labor force. By observing the statistics pertaining to the population trends and the increasing number of Americans who will become a part of the retired group, one can readily see the importance of retirement. In essence, then, retirement has become of vital
concern to an increasing percentage of all Americans.

The Teachers' Retirement System of Louisiana is the largest of the retirement systems in Louisiana in membership and financial assets. The System has total securities of approximately $900,000,000. Annual contributions from both members' contributions and state funds are approximately $60,000,000. There are over sixty thousand members in the Teachers' Retirement System of Louisiana with over twelve thousand persons receiving benefits. Because of the financial stature of the System and the number of Louisiana teachers affiliated with the System information pertaining to its origins, its administrative organization, and its development as a result of legislation is dealt with in this study. The present study is the first comprehensive investigation of the Teachers' Retirement System of Louisiana from its inception. It informs the reader about the most current benefits available to the retiring teacher as well as the historic derivation of the benefits provided during the thirty-eight year history of the System.

DELIMITATIONS OF THE STUDY

The study deals with the Teachers' Retirement System of Louisiana and does not include the private and parochial
school teachers of Louisiana.\textsuperscript{2} The largest portion of this study will provide information from Circulars and Reports presented by the Teachers' Retirement System of Louisiana, Louisiana Schools,\textsuperscript{3} the official journal of the Louisiana Teachers' Association, and the Louisiana Revised Statutes Title 17 concerned specifically with education including teacher retirement.

This study is basically an historical account of the Teachers' Retirement System of Louisiana with focus on its origins, its administrative organization, and its development as a result of legislation.

DEFINITION OF TERMS

A. Pensions. This term shall mean "payment for life derived from money provided by the State of Louisiana. All pensions shall be payable in equal monthly payments" (Teachers' Retirement System of Louisiana, 1936:3).

B. Public School. This term shall refer to "any day school conducted within the State under the authority and supervision of a duly elected or appointed parish or city School Board and any educational institution supported by and under the control of the State" (Teachers' Retirement System of Louisiana, 1936:3).

C. Retired Teacher. This term shall refer to "a teacher who has left the educational field permanently after having taught a specified number of years or upon having reached a certain age" (Good, 1963:499).

D. Retirement System. This term shall refer to a system "by which persons, either because of disability or

\textsuperscript{2}private and parochial school teachers receive Social Security benefits upon retirement.

\textsuperscript{3}Louisiana Schools has an approximate circulation of 28,000 in 1974.
age or having rendered a specified number of years of service as required by law, are obliged or permitted to leave their positions of employment, usually with a guarantee of an income for the duration of life" (Good, 1963:499).

E. Retirement Systems, statewide. This term shall refer to "a retirement plan, typically established by state statute, that enables all teachers in public schools of the state to participate in a plan for providing retirement allowance for those released from active service because of age" (Good, 1963:500).

F. Retirement, teacher. This term shall refer to "the permanent withdrawal of a teacher from active participation in educational activities by reason of age or of length of service" (Good, 1963:500).

G. Teacher. This term shall refer to "any teacher, helping teacher, librarian, secretary, clerk, principal, supervisor, parish or city superintendent or assistant superintendent of public schools; president, vice president, dean, teacher or guidance counselor at any state college or university or any vocational-technical school or institution or special school under the control of the State Board of Education, or any educational institution supported by and under the control of the state or any parish school board; the secretary and staff of the Louisiana Teachers' Association; the president and staff of the Louisiana Federation of Teachers, the Louisiana Education Association; employees of the Teachers' Retirement System; and the secretary and staff of the Louisiana High School Athletic Association. In all cases of doubt the board of trustees shall determine whether any person is a teacher within the scope of the definition herein set forth" (Louisiana Revised Statutes, 1972:315).

VALUE OF THE STUDY

Because of the increasing emphasis on retirement benefits, a history of the Teachers' Retirement System of Louisiana provides the Louisiana teacher who is eligible to retire with a better understanding of the origins of the benefits he is to receive and the process by which these benefits have been increased. There has been only one
previous study of the Teachers' Retirement System of Louisiana and it dealt primarily with the origins of state-teacher retirement systems with special reference to Louisiana. This study is the first comprehensive investigation, in the sense that the study makes an historical survey of the Teachers' Retirement System of Louisiana from its inception to the present with attendant rationale for the provisions of benefits to the retired Louisiana public school teacher.

PROCEDURE

Most of the research for this study was conducted in the Louisiana State University Library's Louisiana Room and the Teachers' Retirement System of Louisiana Office in Baton Rouge. The Annual Reports and Circulars published by the Teachers' Retirement System of Louisiana were researched to show economic, organizational, and sociological growth since 1936. Louisiana Schools was researched thoroughly through the use of the accumulated index up to 1963 (Johnson, 1963), and through research of each individual volume subsequent to May, 1963. Louisiana Schools, since 1923, has continually published information pertinent to the Teachers' Retirement System of Louisiana. The Louisiana Revised Statutes (1950, 1962 Supplement, and 1972 Pocket Volume) were surveyed to relate the legal bearings of Title 17 on education and its

subsections which were specifically concerned with the legal structure of the System, and with the amendments which have affected the Teachers' Retirement System of Louisiana since its establishment.

Legislative acts were investigated to show background, provisions, and impact. These research findings were arranged chronologically to show the development of the System through the organizational leadership of the Louisiana Teachers' Association, and the administrative leadership of the Board of Trustees of the System. The laws of the Louisiana Legislature which created the System and directed its functions were studied individually to present a chronological development of the legislative impact on the System.

Research sources also included court decisions, books pertaining to retirement, National Education Association publications, Public Affairs Research Council publications, periodical articles pertaining to teacher retirement, unpublished theses and dissertations on retirement, and personal interviews.

When all research was completed, a chronological organization of the study of the System's development included: Prelude, Formative Years (1937-1948), Years of Development and Growth (1949-1969), and the Seventies.
Teacher retirement has been the result of continued efforts by interested teachers and their organizations in providing benefits to the teacher who served as a member of the profession for a certain pre-determined number of years. From the early teacher-retirement programs provided mainly through mutual aid societies to the present, teachers have had to work increasingly through organizational methods to provide adequate financial security for themselves and their dependents (Schmid, 1971:7).

EFFORTS BY THE LOUISIANA TEACHERS' ASSOCIATION

Early Organizational Attempts for Retirement Benefits

Louisiana's teacher retirement program is a twentieth-century product. The original teacher retirement benefits in Louisiana were largely a result of dedicated work by the Louisiana Teachers' Association.

The first record of an attempt to receive retirement benefits for Louisiana's public school teachers came in January, 1906. Nathaniel P. Moss, then President of the
Lafayette Parish School Board and member of the Louisiana Teachers' Association, made an attempt to secure a Lafayette Parish Teachers' Pension Fund, and also made an attempt to unite several parishes to form a "State Teachers' Pension Fund" \(^1\) (Louisiana School Review, 1906:87). In April, 1906, Warren Easton of New Orleans introduced a resolution at the annual convention of the Louisiana Teachers' Association giving each parish the authority to create a pension fund from the state appropriated funds, and supporting an amendment to the Louisiana Constitution which would specifically provide for a retirement fund (The Daily Picayune, April 20, 1906:8). At its 1906 convention, the Louisiana Teachers' Association resolved to "recommend the creation of a superannuated fund" (Sullivan, 1968:100-101). Through the leadership of Moss, Easton and other educators interested in the establishment of a retirement fund, the Louisiana Teachers' Association made an initial attempt to allow the Louisiana public school teacher to retire on a pension because of age or infirmity.

**Legislative Efforts**

Although action by the Louisiana Teachers' Association was important, it was only a beginning. Legislation to provide retirement benefits was sought to initiate a desirable and suitable state-funded program. In 1906, New York City adopted the first sound retirement system for teachers in this country in 1917 (Louisiana Schools, May, 1954:6 and Schmid, 1971:7).
efforts for teacher retirement benefits by the Louisiana Teachers' Association had begun. It was not until legislation concerned specifically with the creation of a teacher retirement system for the teachers of Orleans Parish in 1910, 1914, and 1918 that the Louisiana Legislature actually initiated legislation which led finally to teacher retirement benefits in Louisiana. The initial action of the Louisiana Teachers' Association in 1906 was largely overshadowed during the period from 1906 to 1921 by legislation regarding the retirement program for Orleans Parish.

THE ORLEANS PARISH TEACHERS' RETIREMENT SYSTEM

Establishment in 1910

The Orleans Parish Teachers' Retirement System began in 1910 when the Louisiana Legislature enacted legislation to create a seven-member Board of Trustees. The Orleans teachers got the legislature to set up a retirement system before the state teachers got involved (Avants, 1974). Briefly, the Orleans System originally provided for mandatory membership and mandatory retirement with forty years of service. Monthly member contribution assessments were based on the number of years of service of the individual teacher. For example, a teacher with over ten years of

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2In 1906 Louisiana had 5,615 teachers. Orleans Parish had 850. Calcasieu was second with 239 and St. Bernard last with 9 (Biennial Report of the State Superintendent of Public Education, 1908:146-47).
experience was assessed 1.5 percent, while a teacher with over twenty years of experience was assessed two percent. Disability retirement was provided for teachers with ten years of service. The benefits of the Orleans System provided for one-half of the final five-year average salary with a minimum of $300 and a maximum of $600 allowance (Acts Passed by the General Assembly, 1910:181-87).

In 1910, the average monthly salary for Orleans Parish was $140 for white males, $69.50 for white females, $90 for Negro males and $51.50 for Negro females. This compared to the state salary of $75.56 for white males, $51.55 for white females, $33.29 for Negro males and $28.72 for Negro females. The Orleans Parish salary scale was substantially greater with white males in Orleans receiving almost double the average white male's salary in other Louisiana parishes (Biennial Report of the Louisiana State Department of Education, 1909-1910, 1910-1911).

Amendments in 1914 and 1916

The Board of Trustees of the Orleans System was increased in 1914 to seven members and provisions for retirement with thirty years of service were made. Eligibility for disability retirement was decreased from ten to five years of minimum service (Acts Passed by the General Assembly, 1914:511). Again, in 1916, the act creating the Orleans System was amended by the legislature. The "Teachers' Retirement Fund" was created and became the complete responsibility of the Board of Trustees (Acts Passed by the
Impetus for a State System

The creation of the Orleans Parish Teachers' Retirement System caused the Louisiana teachers to become increasingly aware of the need for a retirement system. Robertson (1952:151) emphasized the effect of the Orleans' System on the efforts to provide retirement benefits to Louisiana teachers who were not teachers in Orleans Parish. He stated, "From the beginning of a retirement program in New Orleans, progressive educators in Louisiana began to think of the possibility of a retirement program on a statewide basis."

THE TWENTIES

The Constitution of 1921

The Louisiana Constitution of 1921 stated in Article XII, Section 23 that "the Legislature shall provide a retirement fund for aged and incapacitated teachers in the State public schools" (Constitution of the State of Louisiana, 1921:97). This clause provided the needed impetus for further action by the Louisiana Teachers' Association in seeking retirement benefits for the retired public school teacher of Louisiana.

Louisiana Teachers' Association, Committee on Teacher Pensions

In 1923, following a study by the Committee on Teacher Pensions, Chairman Patterson C. Rogers reported at
the Association's annual convention that following a preliminary study the Committee had been seeking a suitable retirement program for Louisiana (Sullivan, 1968:182). The major concern, however, was not the program of the proposed system, but the legislature's responsibility to provide a "reasonable retirement fund for teachers during their old age" (Sullivan, 1968:183).

Efforts by the Louisiana Teachers' Association

In its public relations campaign to encourage the Louisiana Legislature to provide the necessary retirement fund, the Louisiana Teachers' Association published a two-part article in Louisiana Schools, presenting six concrete reasons favoring the enactment of a sound teacher retirement law.

1. A sound teacher retirement law protects children from teachers rendered incompetent by advanced age.

2. A sound teacher retirement law tends to attract capable young people in the teaching profession.

3. A sound teacher retirement system tends to keep capable teachers in the classroom.

4. A sound teacher retirement system increases the efficiency of the teacher in the classroom.

5. A sound teacher retirement system in the long run means a substantial saving to the general public.

6. The adoption of a sound teacher retirement system is in accord with the best thought of the day (Louisiana Schools, February, 1925:46-48, March, 1925:45-48).

The Louisiana Teachers' Association did not only present logic for the enactment of a sound teacher retirement
system, it also presented informative statistics regarding the status of teacher retirement systems throughout the United States in 1928. Twenty-four states and the District of Columbia had state teachers' retirement systems by December, 1928, with four states having laws applying only to some cities (Louisiana Schools, December, 1928:42-43). This information gave the Louisiana Teachers' Association a convincing argument in presenting its case to the legislature. In 1929, the Association, through the leadership of Willis B. Prescott, Superintendent of St. Landry Parish; State Superintendent Thomas H. Harris; and Preston H. Griffith, Secretary of the Louisiana Teachers' Association and with the backing of its members provided $2,500 to employ an actuary\(^3\) and to prepare the groundwork for a teacher retirement plan. Two hundred fifty dollars were provided for the expenses of Gilbert O. Houston, Chairman of the Committee on Retirement, for a tour of eastern cities in an attempt to find a reputable actuary for establishing a financially sound retirement system in Louisiana. George B. Buck, an actuary with offices in New York City, was employed by the Association in 1931 (Louisiana Schools, March, 1951: 23, and Sullivan, 1968:183-85).

While determined efforts evolved from the Louisiana Teachers' Association for the enactment of a funded

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\(^3\)An actuary is one trained in mathematics and statistics whose business it is to calculate insurance and annuity premiums, reserves, and dividends.
retirement system, not all Louisiana teachers were informed of the benefits which they would be eligible to receive. In 1929, Preston H. Griffith, editor of *Louisiana Schools*, criticized these poorly informed teachers who, as he stated, knew "too little about the system to be able to assist in creating sentiment for teacher retirement legislation" (*Louisiana Schools*, March, 1929:25). In the next issue of *Louisiana Schools*, information regarding the teacher retirement fund clearly explained it as

... an organization which administers moneys contributed by teachers and the public for the purpose of providing annuities for disabled and superannuated teachers in a school system (*Louisiana Schools*, April, 1929:9).

**FINAL MOVES TOWARD RETIREMENT BENEFITS**

*Louisiana Teachers' Association, Committee on Teacher Retirement*

The efforts of the Louisiana Teachers' Association in providing teacher retirement benefits during the late twenties and early thirties were encouraged by the poor economic state of most Americans. Economic security during the Great Depression became an even greater concern. As a result of the nation-wide economic disaster during this period, it became increasingly difficult to overcome the financial dangers of unemployment, disability, and old age (Schmid, 1970:7). By 1931, "due chiefly to the interest and untiring efforts of Mr. G[ilbert] O. Houston, Chairman of the Teacher Retirement Committee, and to the action of the Executive Council ..." plans began to materialize in the
final phase in the establishment of a teacher retirement system for Louisiana. Sentiment favoring a retirement system was especially strong in certain areas of the state. Caddo Parish organized its own parish-wide committee to study the problems and the steps in organizing a sound retirement system. This involvement is representative of the interest which some of the Louisiana teachers felt toward organizing a state retirement system (Louisiana Schools, April, 1931:30).

The Committee on Teacher Retirement began the initial and vital step in organizing a retirement system in Louisiana in 1931 with the gathering of necessary data from all Louisiana teachers. This included:

1. Name of each teacher in the state
2. The school in which the teacher was employed
3. The parish in which the school is located
4. The date of birth in months, days, and years
5. Date of first appointment to a school in Louisiana
6. Public school teaching service outside the State of Louisiana
7. Public school teaching service in the State of Louisiana to the end of the present school year
8. Total public school teaching service
9. Annual contract salary for the years 1930-31, 1929-30, 1928-29
10. Color

From this point it was the actuary's responsibility to
collect the data, prepare all basic tables, and recommend various types of retirement systems to the Committee on Retirement for further study. A total of 10,275 of the 10,917 teachers in Louisiana, both Negro and white, responded to the actuary's questionnaire. This high percentage is evidence that the teachers of Louisiana showed interest in the proposed retirement program. In fact, interesting information resulted from the survey. There were three women teachers with fifty-two years of experience, and there were three men with at least forty-five years of experience (Louisiana Schools, September, 1931:39). With this information, the Committee on Teacher Retirement focused its efforts on a suitable program.

By December, 1931, the Committee on Teacher Retirement presented the following eleven-point plan of the proposed teacher retirement system to Louisiana teachers in Louisiana Schools.

1. State organization with the exception of Orleans Parish

2. Allow teachers a voice in its administration

3. Place the burden of its support upon both teacher and public

4. Make special provisions for paying retirement allowances to those teachers already in service

5. Assess, upon the basis of actuarial investigation and computation, such a percentage of the teacher's salary and collect such an amount from the State as will provide an adequate annuity . . .

6. Require membership of all new teachers, but make membership optional for those already in service

7. Safeguard the teachers' deposits
8. Create an adequate and actuarially sound reserve fund to guarantee the payment of promised benefits

9. Provide for the making of periodic actuarial investigations to determine the financial soundness of the system

10. Provide for the return of teachers’ accumulated deposits in case the teacher withdraws from the teaching profession

11. In case of death, provide that the contributions of the teachers, with interest accumulations, be paid to the teachers' estate or beneficiary (Louisiana Schools, December, 1931:32-33).

Expense of a Retirement System

The slow process in the thirties in the efforts for the establishment of a teacher retirement system might be attributed mainly to the expense of such a system. A majority of the teachers of Louisiana responded to the questionnaire sent by the actuary. The desire for a retirement system was present, but the expense was its major drawback. The teachers of Louisiana were informed of the financial barrier regarding the introduction of the proposed retirement law in Louisiana Schools.

This material [proposed retirement law] has been ready to present to the Legislature for four years now. It has not seemed wise to present it, due to the unusual financial condition and the distress that existed among the schools of the State in the lack of funds for the actual payment of salaries (Louisiana Schools, November, 1934:40-41).

Furthermore, because of the economic slump during the early thirties the Louisiana Teachers' Association thought it "unwise to present a teacher retirement law on the basis of reduced salary schedules . . ." which would cause
"technical difficulties that would be hard to overcome" (Louisiana Schools, November, 1934:40-41).

The Committee on Teacher Retirement continued to work within the Association for a retirement system for Louisiana. Through the Committee's influence the Louisiana Teachers' Association introduced two resolutions concerning teacher retirement at the Association's annual convention in Alexandria.

That in order to promote efficiency in public education this state should establish a reasonable and actuarially sound retirement system to the support of which the state and/or locality and the teachers contribute.

and

That the Committee on Teacher Retirement be given the cooperation and support of the L.T.A. to the end that it may continue in its work, present the bill and secure its proper legislation during 1936 (Louisiana Schools, December, 1935-January, 1936:19).

THE RETIREMENT SYSTEM BECOMES A REALITY

Act 83, House Bill No. 127

Legislation providing Louisiana with a teacher retirement fund was passed during the 1936 legislative session when Governor Richard W. Leche signed Act 83, House Bill No. 127 which was co-authored by Representatives Lether E. Frazar and Charles A. Riddle. The Senate voted unanimously in favor of the Retirement System and the House

4See Appendix A for the complete text of Act 83, House Bill No. 127, which was signed on July 1, 1936.
had only four dissenting votes. In essence, the act was

... to provide a retirement fund for aged and incapacitated teachers in the State public schools; to establish a Teachers' Retirement System; to determine membership and conditions of membership in said system; to provide for a Board of Trustees of said system and for the administration of its affairs; to provide for officers and a Medical Board and to define their duties; to provide for the adoption of actuarially-made mortality, service and other tables as may be deemed necessary; to provide for the management of funds of the said system; and to provide a method of financing said system (Teachers' Retirement System of Louisiana, Circular 111, 1948:1).

Determined efforts produced the Teachers' Retirement System in 1936, although the Constitution of 1921 had clearly established a retirement system which provided no financial appropriations. The "first rate law" of 1936 culminated over thirty years of work by educators interested in receiving retirement benefits through the leadership of the Louisiana Teachers' Association, Committee on Teacher Retirement (Robinson, 1967 and Sullivan, 1968:238).

ADMINISTRATIVE ORGANIZATION OF THE SYSTEM

The First Board of Trustees

The establishment of the Teachers' Retirement System of Louisiana in 1936 was a milestone in the provision of teacher retirement benefits. In order for the System to be

5Lether E. Frazar was a school principal, member of the Executive Council of the State Teachers' Association, and Vice-Chairman of the Education Committee of the House of Representatives. He later was president of the University of Southwestern Louisiana in Lafayette, 1938-1941, and served as Lieutenant Governor of Louisiana 1956-1960. Charles A. Riddle was an Avoyelles Parish attorney and politician.
effective, proper and careful administration was necessary. Patterson C. Rogers, Principal, Homer High School, the "moving force in establishing a retirement system" (Castille, 1974) was the first Secretary-Treasurer, and the original Board of Trustees consisted of State Superintendent of Public Education Thomas H. Harris, ex officio; Secretary of State Eugene A. Conway, ex officio; State Treasurer Andrew P. Tugwell, ex officio; Executive Secretary of the Louisiana Teachers' Association Gilbert O. Houston, ex officio; Principal Joseph D. Lafleur, Ville Platte High School; Principal Lionel J. Bourgeois, Warren Easton High School, New Orleans; and Superintendent E. Weldon Jones, Caddo Parish (Sullivan, 1968:238-39). Houston served as the first President of the Retirement System (Teachers' Retirement System of Louisiana, Circular 111, 1948:1).

The Function of the Board

The Board of Trustees was organized as the administrative unit which was to provide for the operation of the System and the interpretation of the new laws which affected the members of the System. Its major responsibilities were focused on the legal aspects of the operation of the System

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6Homer, Louisiana, is located in Claiborne Parish.

7The State Superintendent of Education, Secretary of State, and the State Treasurer of Louisiana are automatically members of the Board. The Executive Secretary of the Louisiana Teachers' Association was an ex officio member of the Board until 1971.
and financial investments⁸ (Avants, 1974). Louisiana possesses the reputation of having a unique political system, and many activities within the public agencies of Louisiana are largely a reflection of political compromises. The Board of Trustees of the Teachers' Retirement System of Louisiana is a political body, but there were no major political differences in the history of the System that would have caused any adverse effect on its function. Moreover, many of the changes of the System did not have the endorsement of the Board. Laws were enacted by the legislature without the knowledge of the Board, and then, the administering of these laws became a responsibility of the Board (Avants, 1974). Also, the Board has sometimes opposed increases in benefits because of its ultra-conservative views (Fulmer, 1974). Responsibility fell on each member of the Board to provide for an administrative organization which would continually work for the welfare of the retired teacher of Louisiana. The actions of the Board of Trustees provided the guidelines upon which the System has operated. The Board originally consisted of several persons who would later become eligible to receive retirement benefits. The membership in the Teachers' Retirement System of Louisiana by some of its Board members undoubtedly encouraged these members to provide the maximum retirement benefits possible.

⁸Originally, investments were limited to municipal and state bonds, later up to ten percent of the System's assets could be invested in stocks and bonds in other areas (Robert, 1974).
Regulations of the System

The Teachers' Retirement System of Louisiana provided benefits to retired teachers of the public school system of Louisiana; however, there were certain regulations which changed pre-existing standards. First, it became compulsory for all new teachers to become members of the System. This compulsory membership of all Louisiana public school teachers since 1936 is one of the strengths of the System because a large membership guaranteed substantial employee contributions while it required that all teachers contribute uniform percentages of their salaries into the retirement fund (Gremillion, 1974). Secondly, the System set the age of seventy as the compulsory retirement age. In fact, the Retirement System gave benefits, but not without establishing certain mandatory guidelines. The end result seemed to be a favorable attitude toward the System because of the retirement benefits which retired teachers became eligible to receive.

Summary of the Establishment of the System

The Teachers' Retirement System of Louisiana became a reality when Louisiana's population was just over two million, with over six hundred thousand educables and

9Combined employee and employer contributions for 1936-37 amounted to $841,437.97 (Annual Reports).
thirteen thousand teachers\textsuperscript{10} (Landry, 1949:382). Therefore, the Retirement System was a program which during its history would affect millions of Louisiana taxpayers, and in turn help Louisiana's educational program through the provision of retirement benefits to Louisiana's teachers. From the initial action seeking retirement benefits in 1906 to the 1921 Constitution's non-funded provision for teacher retirement benefits little progress was made by the Louisiana Teachers' Association except for informing educators, legislators, and the public of the need for a retirement system for Louisiana's public school teachers. In 1936, the legislative efforts of Lether E. Frazar, an educator, and Charles A. Riddle, an attorney interested in providing retirement benefits to Louisiana teachers, finally resulted in the establishment of the Teachers' Retirement System of Louisiana.

The establishment of a retirement system\textsuperscript{11} for Louisiana's retired public school teachers was the initial step toward the provision of financial benefits. The legislative establishment of the System was only the beginning for the years which followed in the System's


\textsuperscript{11}The Teachers' Retirement System of Louisiana was originally housed in the State Capitol. The office was moved to the Triad-Taylor Building on Third Street, and today it is located in the old Louisiana National Bank Building on Third Street, Riverside Mall (Robert, 1974).
history required administrative skill and legislative decisions which would direct the System through its early years. The organizational phase of regulations for membership, provisions for retirement benefits, and interpretation of teacher-retirement legislation were basic to the initial growth and development of the System's formative years.
The years 1937-1948 of the Teachers' Retirement System of Louisiana might properly be called "the formative years." This is so because during the first ten years of the System interpretation of the law and installation of its regulations began. Just as the establishment of the System had required continued efforts by interested educators and legislators, the formative years required fundamental administrative organization and careful legal interpretation of the System's function. Mandatory retirement age regulations, retirement benefits, administration of the System, membership requirements and amendments to the System were the major issues during the formative years of the System. As with most laws, the law creating the Teachers' Retirement System of Louisiana also provided certain guidelines which controlled the actions of the System and its members.

The Teacher Retirement Act

Just as the Louisiana Teachers' Association had provided leadership in its efforts to have the Louisiana
Legislature enact a retirement law, the Association also publicized the provisions of the law creating the Retirement System. In 1936, the Association briefly explained the proposed Teachers' Retirement Act in *Louisiana Schools* stating that the Act

... makes provisions for the teachers of the State of Louisiana who are not located in the Parish of Orleans. It includes both colored and white teachers, the employees of the state public school system, the employees of the state colleges and the State University. It includes the State Superintendent of Education and employees of his department, the staff of the Louisiana Teachers' Association, the staff of the Louisiana Athletic Association; in fact, it is all inclusive (*Louisiana Schools*, May, 1936:10).

The System provided benefits to both white and Negro teachers at its inception. During this time all Louisiana schools were racially segregated, and it was not until the 1948\(^1\) minimum salary scale that all Louisiana teachers were paid the same salaries based on experience, regardless of race.

**AGE REQUIREMENTS IN THE EARLY FORMATIVE YEARS**

The System was all-inclusive during its early years. All individuals employed by the public school system were members of the System until the establishment of the Louisiana School Employees' Retirement System in 1947. The Louisiana State University Retirement Plan also provided for benefits to the employees of the State University who chose to participate.\(^2\)

\(^1\)See AMENDMENTS TO THE SYSTEM IN 1948 in this Chapter.

\(^2\)The School Employees' Retirement System began on July 1, 1947, and includes bus drivers, maintenance personnel,
Certain guidelines were instituted by the System to set an age limit for its members which consequently set retirement age. Originally, service retirement could be attained at sixty but the act provided:

Any member in service who has attained the age of seventy years shall be retired forthwith provided that with the approval of his employer he may remain in service until the end of the school year following the date on which he attains the age of seventy years, provided that with the approval of the Board of Trustees and on the request of a member and his employer, any member who has attained or shall attain the age of seventy years may be continued in service for a period of two years following each such request [Act 83 of 1936, Sec. 5 1(b)].

This was ambiguous because in one phrase the compulsory retirement age was seventy, and in the next the Board of Trustees had the ability to extend a teacher's retirement age. Because of this ambiguity in the legal terminology, interpretation of the law has been vital to its application.

EARLY RETIREMENT BENEFITS

The Allowance for Service Retirement was the primary feature of the System and it was of interest to many of the teachers of the state.

Upon retirement from service a member shall receive a service retirement allowance which shall consist of:

An annuity which shall be the actuarial equivalent

janitors, and maids. See definition of Teacher, Chapter 1. The funded Louisiana State University Retirement System began in 1971, prior to this LSU had the Louisiana State University Retirement Plan which was non-funded and personnel retiring at age sixty-five with twenty-five years of service would receive a retirement stipend equal to one-third of his highest five-year average salary.
of his accumulated contributions at the time of his retirement; and

A pension equal to the annuity allowable at age of sixty years computed on the basis of contributions made prior to the attainment of age sixty; and

If he has a prior service certificate in full force and effect, an additional pension which shall be equal to the annuity which would have been provided at the age of sixty years by twice the contributions which he would have made during such prior service had the system been in operation and he contributed thereunder [Act 83 of 1936, Sec. 5(a)].

The System originally provided that

. . . at the age of retirement a teacher will receive approximately [fifty percent] . . . of her average annual salary over the last [ten] . . . year period, or if she is totally or permanently disabled before she reaches the age of [sixty] . . . , she receives an annuity and a pension equal to [seventy-five percent] . . . of the pension that she would have received had she remained in service until she reached the retirement age (Louisiana Schools, May, 1936:10).

In 1936, the average annual salary for the Louisiana teacher was $867 for white teachers and $298 for Negro teachers (Eighty-Seventh Annual Report, Bulletin No. 335, 1935-36).

Employee Contributions

Retirement benefits have always been of primary interest to the retired teacher. Often some of the retired teachers have been unaware of the sources of the revenue which all teachers have been required to contribute while they were employed as a full-time employee. In an effort to make active teachers aware of their contribution responsibilities, in 1936 Louisiana Schools published the contributions to be required by the proposed legislation.

To provide these benefits the teacher is to pay into the fund [four percent] . . . of her salary each year, the state is to match this amount, plus the amount necessary to pay for the accrued liability that will be due the older teachers of the system (Louisiana Schools, May, 1936:10).
Also,

... the collection of members' contributions was fixed as follows: The Treasurer of each employer, on the authority from the employer, shall make deductions from the salaries of teachers. ... (Teachers' Retirement System of Louisiana, Minutes, September 30, 1936).

The active teacher would contribute four percent of his annual salary while the state would provide for the amount necessary to maintain financial soundness [Act 83 of 1936, Sec. 8(b)]. There was a provision which would return all contributions, plus interest accrued, at the time a membership ceased as a result of a member leaving the profession or survivor benefits if a teacher died while in service [Act 83 of 1936, Sec. 5(6)].

EARLY YEARS OF ADMINISTRATION BY THE BOARD OF TRUSTEES

The Teachers' Retirement System of Louisiana has always been responsible for the welfare of its members. The Board of Trustees of the System was to act in an administrative capacity. Because of the importance of the Board's responsibilities, policies were set up which regulated the Board's activities. Members were elected by secret ballot for three-year terms on the second day of the Louisiana Teachers' Association's annual convention. A candidate for the Board was required to be a member of the System and was required to qualify with the Secretary-Treasurer of the System no later than thirty days prior to the election.  

3The Board meetings were to be held on a quarterly basis on the second Thursday of the months of January, April, July, and October unless that day was a holiday in which case the meeting was to be held on the third Thursday of the month (Teachers' Retirement System of Louisiana, Policies, n.d.). Board members are now voted on by members through the mail.
The First Secretary-Treasurer of the System

Patterson C. Rogers was the first Secretary-Treasurer appointed by the Board of Trustees of the System. He was a leader in the efforts to obtain a funded retirement system, and had served as Chairman of the Committee on Teacher Pensions in 1923. He was lauded by Gilbert O. Houston, editor of the Louisiana Schools, as an educational leader as well as a leader in the Louisiana Teachers' Association's move to obtain a sound retirement system for Louisiana.

Prior to his selection as the first Secretary-Treasurer of the System, Rogers had been a classroom teacher and a principal. In 1936, he left his principalship at Homer High School to assume his duties in Baton Rouge. His selection was noted by Houston in Louisiana Schools.

We doubt if there has been a selection of any position of importance in the field of education in recent years that has met with such universal approval (Louisiana Schools, September, 1936:6).

MEMBERSHIP REQUIREMENTS DURING THE FORMATIVE YEARS

One of the primary concerns of the System during the early years was eligibility for membership. The Board of Trustees made decisions regarding an individual's eligibility for membership. In 1936, the Board made decisions regarding whether a person employed as a teacher by the Works Progress Administration Education Program of the State Department of Education could become a member of the Teachers' Retirement System of Louisiana. The Board decided that any teacher

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4Originally, the Emergency Relief Appropriation Act (1935), the Works Progress Administration was a "pump priming" scheme of Franklin D. Roosevelt's New Deal to spend money on health, education, and recreational facilities (Leuchtenburg, 1963:124-26).
holding a valid Louisiana teachers' certificate and any person employed as a teacher during the time of transfer to the Works Progress Administration or serving as a teacher the preceding year became eligible to become a member of the System (Teachers' Retirement System of Louisiana, Minutes, September 30, 1936). In addition, the Board subsequently decided that the faculties of Delgado Trade School, New Orleans; the Sullivan Memorial Trade School, Bogalusa; and the Shreveport Trade School, Shreveport, also became eligible for membership in the System (Teachers' Retirement System of Louisiana, Minutes, September 30, 1936).

BENEFIT PLANS FOR RETIREMENT

Retirement benefits seem to have been the primary issue in the establishment of a retirement system. There were several "plans" for receiving retirement benefits which depended upon the financial needs of the retirant. Patterson C. Rogers, Secretary-Treasurer of the System published "Plans Under Which a Member May Retire," a pamphlet describing the options for receiving retirement benefits. A retired teacher may choose upon retirement the Regular Plan or one of the Optional Plans which provides for a retirant to take out insurance to be paid to a named beneficiary upon the death of the retirant.

Regular Plan. Provides the largest maximum payments possible to the retirant with all payments ceasing at his death. This is a basic plan and the one usually selected,

Option One provides that should the retirant (annuitant or retiring member) die before he has received in annuity payments a total amount as large as the amount of his accumulated contributions at the time of his retirement, then the difference (accumulated
contributions less total of annuity payments) shall be paid in a lump sum payment to the designated beneficiary.

Option Two provides for a monthly payment to the beneficiary after the death of the retirant in the same amount as paid to the retirant.

Option Three provides a benefit half as large to the beneficiary as to the retirant.

Option Four provides for some other ratio as the retirant may elect excepting that the monthly payment to the beneficiary cannot exceed the monthly payment to the retirant (Teachers' Retirement System of Louisiana, Minutes, September 30, 1936).

A retiring teacher had five choices as to the manner in which he was to receive retirement benefits. The options were described by J. Berton Gremillion, former member of the Board of Trustees of the System, as "excellent" in providing a member with a choice of benefit payments (Gremillion, 1974). Once a choice is made regarding any one of the five plans a person is not allowed to change (Teachers' Retirement System of Louisiana, 1950:3-6).

THE SYSTEM'S REPUTATION DURING THE FORMATIVE YEARS

Alabama's Study of the Louisiana System

The Teachers' Retirement System of Louisiana was studied carefully by several agencies interested in organizing their own retirement system. Alabama's response following their study of the organization of Louisiana's System was especially flattering. In 1941, Louisiana Schools published the results of the study of the Teachers' Retirement System of Louisiana by educators from Alabama.
After a committee of teachers from that state had visited the office of our system, as well as those in other systems, they decided to pattern their retirement law after that of Louisiana, and their law was so drawn up and enacted (Louisiana Schools, September, 1941:17-18).

**Financial Investment**

Wise financial investments have always been vital to the soundness of the System. The Board of Trustees has the responsibility to make final recommendations and approve financial decisions. The quality of investments, the rate of interest yield, and the purchase price constituted the three vital factors in helping to maintain financial soundness.\(^5\) The Board made the final decisions, but until 1973 the Secretary-Treasurer was the sole money manager\(^6\) and it was his responsibility to present financial proposals to the Board (Hackett, 1974).

**CHANGES IN REQUIREMENT FOR RETIREMENT**

**Service Retirement**

In 1944, the first move to amend the original act creating the Teachers' Retirement System of Louisiana was made and the Board recommended a change from the mandatory seventy-year retirement policy by stating

\(^5\)The Board has attempted to invest in the most secure bonds possible. A, AA, and AAA Bonds were the major investment bonds since the sixties (Hackett, 1974).

\(^6\)The System is presently considering three money managers to be employed by the Board of Trustees to study the financial investments of the funds. These money managers will work with the Board of Trustees (Pevey, 1974).
... that a member who is credited with thirty years of service and who in addition has attained the age of fifty-five (55) years, shall be eligible for service retirement (Teachers' Retirement System of Louisiana, Minutes, September 25, 1944).

An unsuccessful move was made regarding the age for service retirement. Soon thereafter the System publicized its policy toward withdrawal from the System in Louisiana Schools stating that a member could withdraw contributions and accumulated interest, but in so doing canceled "his membership and all of his credits" (Louisiana Schools, May, 1945:4, 30).

In computing years of service with incomplete years credit the Board decided that six consecutive months be counted as a year of service even if these months succeeded from one year to the next (Teachers' Retirement System of Louisiana, Minutes, July 12, 1945). Furthermore, the Board agreed that there could be no withdrawal benefits nor survivor benefits for "prior service credit" by those teachers who were teaching before the Retirement System became effective on August 1, 1936 (Louisiana Schools, May, 1945:22).

Disability Retirement

Most of the issues confronting the Board during the formative years regarded service retirement. Disability retirement was also provided for in the System. No provisions were made for temporary disability benefits [Act 83 of 1936, Sec. 5(3)]. In applying for disability retirement the System provided that

... the applicant must be checked by the Medical Board of the system or other approved physicians and found that the applicant "is mentally or physically incapacitated for the further performance of duty, that such incapacity is likely to be permanent, and that such member should be retired" [Act No. 83 of 1936, Sec. 5(3)]. The applicant must be in service at the time the application is made,
and also he must have credit for ten years of service (Louisiana Schools, May, 1946:11).

Minimum Age Requirements for Retirement and Employee Contributions

In 1946, two significant changes occurred regarding the Retirement System. The first pertained to retirement age. Whereas, the original minimum retirement age was sixty in 1936; and after thirty-five years of service in 1940; [Act 316 of 1940, Sec. 1(a)] followed in 1944 by age sixty, or after thirty years of service provided the member was fifty-five; [Act 202 of 1944, Sec. 1(a)] to 1946 when a person could retire on or after age sixty, on or after thirty-five years of service provided the member was fifty-five, or on or after thirty-five years of service regardless of age [Act 44 of 1946, Sec. 1(a)]. The second significant change of 1946 pertained to teacher contributions. In that year member contributions were augmented from four to five percent (Teachers' Retirement System of Louisiana, Annual Reports, September 30, 1936). This increase was made to provide funds to meet the increasing costs of the operation of the System.

AMENDMENTS TO THE SYSTEM IN 1948

Changes in the Benefit Formula

In 1948, the first Louisiana minimum salary schedule provided Louisiana teachers with a bachelor's degree a minimum of $2,400 and a maximum of $3,200 (Public Affairs Research Council, 1957:3). This minimum salary schedule encouraged the Board of Trustees to present a new formula for figuring retirement benefits.
The regular formula for benefit at age [sixty] . . . or more is: average salary (best average for any five consecutive years, but no annual salary to exceed $7500) times 1-1/2 [percent] . . . times number of years of accredited service. To the product thus obtained, add:

a. Nothing if product is $2400 or more
b. $150 if product does not exceed $2250
c. If the product is within the range of $2250 to $2400, the benefit is $2400 per annum. For example, if the figure obtained is $2300, add $100; or if $2350, add $50.

If the member is under age [sixty] . . ., reduce the benefit by [three percent] . . . for each year the member's age is under [sixty]7 (Teachers' Retirement System of Louisiana, Circular 111, 1948:4).

Requirements of the System in 1948

The formula for the computation of retirement benefits was not the only change in the Retirement System in 1948 (Act 496 of 1948). According to Circular 111 of the Teachers' Retirement System of Louisiana a member acquired the prerogative of remaining out of active service for up to five consecutive years. Furthermore, a member who had accumulated ten or more years credit could receive benefits at age sixty if he transferred to a public school or state supported college in another state. Requirements for disability retirement provided that a member who served for five years instead of the previous ten-year stipulation, and any member as of May 1, 1948, who had at no time canceled his prior service credit through withdrawal became entitled to receive credit for service prior to August 1, 1936. Also

7House Bill No. 177, Act 68 of 1948. The $7,500 ceiling is an example which reflects the attitude in 1948 that the average salary would remain below this sum.
administrative changes in 1948 included the addition of two new members to the Board, increasing the membership to nine which included three classroom teachers, one principal, and one parish superintendent.

Increase in Employee Contributions

Based on the actuary's valuation the member contributions again went up one percent in 1948\(^8\) becoming six percent of the teachers' annual salary. Credit was not given to teachers who had taught in another state system, and no person who was fifty could join the System. Retirement age also changed. By September, 1950, the compulsory retirement age of seventy decreased one year on each anniversary until the mandatory retirement age of sixty-five\(^9\) (Teachers' Retirement System of Louisiana, Circular III, 1948:1-3).

\(^8\)In 1936 each member was to pay four percent of his salary into a savings account. This money was accumulated at interest and upon retirement the state was to match the annuity at age sixty which the member's accumulated contributions would provide.

In 1948 the benefit provisions changed. A fixed benefit plan was based on the average of the highest five years' salary, which in most cases was the final five years of service. The total allowance was set at 1.5 percent of such average salary for each year of service including past membership service and prior service. If the member received a total allowance of less than $2,400, an additional flat benefit of $150 was payable, but not more than enough to bring it up to $2,400 (Louisiana Schools, May, 1954:6-7).

\(^9\)Act 496 of 1948, Sec. 5 l(d). For complete amendments of 1948, see Louisiana Teachers' Retirement System Law, Act No. 83 of 1936 as amended through 1948, compiled by Wade O. Martin, Jr., 1948.
The formative years are characterized by interpretation of the 1936 law, and changes in regulations and benefits regarding the retired teacher. While mandatory retirement age decreased, and service requirements became more lenient, teacher contributions were simultaneously increased from four to six percent to provide the funds for these more lenient benefits. Employer contributions also increased from 5.1 percent to 11.3 percent by 1948-49. The benefits were becoming more lenient for the retirant while the active members were contributing a larger percent of their annual salary to provide for these increases in retirement benefits. The formative years, then, might be described as a period of adjustment in which the active member was responsible for contributing a greater percent-contribution to increase his potential retirement benefits. During the late forties the state also increased its contributions to the System.¹⁰

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1936-1947</td>
<td>5.1</td>
</tr>
<tr>
<td>1947-1948</td>
<td>6.5</td>
</tr>
<tr>
<td>1948-1949</td>
<td>11.3</td>
</tr>
<tr>
<td>1957-1960</td>
<td>12.3</td>
</tr>
<tr>
<td>1973-1974</td>
<td>7.5</td>
</tr>
<tr>
<td>1974-1975</td>
<td>8.0</td>
</tr>
</tbody>
</table>

¹⁰Employer Contribution Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1936-1946</td>
<td>4.0</td>
</tr>
<tr>
<td>1946-1948</td>
<td>5.0</td>
</tr>
<tr>
<td>1949-1966</td>
<td>6.0</td>
</tr>
<tr>
<td>1966-1974</td>
<td>7.0</td>
</tr>
</tbody>
</table>

(Teachers' Retirement System of Louisiana, Annual Reports).
Issues as mandatory retirement age regulations, retirement benefits, administration of the System, and membership requirements were acted upon by 1948 and the System had experienced its first ten years of operation with continuous change in growth and development in its future. Finally, during the initial ten years of the Retirement System the cost of the operation of the System increased for teachers as well as all state taxpayers. To the retired teacher, however, more lenient retirement benefits were of major interest. By 1948, the flexibility of the System in providing benefits to both active and retired teachers was barely tested. The next twenty years in the System's history would result in increased changes in benefits, employer and employee contributions, legislation and expansion in membership.
Chapter 4

DEVELOPMENT AND GROWTH, 1949-1969

THE SYSTEM BY 1949

By 1949, the Teachers' Retirement System of Louisiana had been interpreted, amended, and expanded. It had been transformed from a money-purchase plan to a formula-base plan in 1948.\(^1\) Development and growth were evident during the next twenty years of service to the teachers of Louisiana; however, just as any other legal institution the Retirement System continued to experience

\(^1\)The Straight or Unfunded Pension Plan. The employer makes no attempt to pay any money into a retirement fund to meet his future retirement obligations to his employees while the employees are actually working. . . . He simply provides the money for retirement benefits annually, out of his current income, for retired employees after they retire.

The Terminal Funding Plan. The employer . . . makes no attempt to set aside any money to provide for the retirement of his employees during the years they are working. However, when each employee retires, the employer puts into a retirement fund, on interest, a sufficient amount of money to guarantee that employee a fixed annual benefit for life. In effect, the employer simply "funds" or "buys," an annuity for each retiring employee he retires.

The Accrual Actuarial-Reserve Plan. The employer seeks to make maximum use of interest income, and at the same time to avoid the necessity of having to fund the total cost of any employee's retirement benefits in any one year. . . . The employer in effect accumulates the money required at retirement to fund an employee's benefits on the installment plan. Instead of paying for the annuity in one year, he pays for it over many years (Robinson, n.d.:1-2).
interpretation, amendment, and expansion by the Louisiana Legislature and the Board of Trustees. The period from 1949 to 1969 was characterized by a continuation of a change in regulations pertaining to retirement benefits, contribution rate of employer and employee, criticism of the System and comparison of the Teachers' Retirement System of Louisiana to the State Employees' Retirement System which was established in 1947. By 1969, the System provided better benefits at a greater cost to both teachers and state taxpayers.

REGULATIONS SET BY THE SYSTEM

Mandatory Retirement

Interest in the mandatory retirement age by Louisiana public school teachers seems to increase as retirement age approaches. Interpretation of the statute became increasingly necessary, and in certain cases requirements for retirement benefits became more lenient. For example, in 1949 a member whose years of service was insufficient for service retirement but who had reached retirement age received a "retirement allowance" which depended on his previous salary and experience (Teachers' Retirement System of Louisiana, Minutes, April 14, 1949). Moreover, a teacher who had decided not to join the System did not have to retire at the mandatory retirement age required of members of the System unless this was in violation of the tenure law (Teachers' Retirement System of Louisiana, Minutes, October 12, 1950). Therefore, the System focused its efforts on the provision of retirement benefits to those members who had joined, while those teachers who had chosen
not to join the System avoided such regulations as the System required pertaining to mandatory retirement.

**Legal Leave of Absence Regulations**

As of 1952 the policy regarding legal leaves of absences as provided by the Board of Trustees stated . . . that a member of the system on a leave of absence not to exceed twelve months, may, at the option of the member, pay and receive credit for the amount of the contributions ordinarily deductible, and also receive credit for the period of the leave as though he were in actual service (Teachers' Retirement System of Louisiana, Correspondence, Noel B. Hackett to George B. Benton, Jr., March 9, 1972).

**Provisions for New Membership**

When the Teachers' Retirement System of Louisiana began in 1936, the teachers of Louisiana who were not new teachers had the opportunity to decide whether or not they chose to become members. In 1952, the teachers who had not joined the System in 1936, and the teachers who had withdrawn from the System during these sixteen years received the option to join or to pay back withdrawals plus interest and become active members of the System. The only stipulation to this change in policy was that the eligible and interested teacher make an application by July 1, 1953, and that full payment be made before credit became official. Also, official credit became available to those teachers who had withdrawn from the System after five years of service
within the System. Legislation of 1952 made it possible for those who had not joined the System in 1936 to do so, and it also made it possible for those who withdrew from the System to re-enter the System by repaying the amount withdrawn plus interest.²

REACTION TO LEGISLATIVE PROPOSAL FAVORING A DECREASE IN STATE CONTRIBUTIONS

In 1953, concern over the legislature's proposed effort to reduce the employer's contribution and the results from this move produced an immediate reaction from the Board, which realized that decreasing state contributions would cause a financial burden on active members through an increase in the percent of employee contributions.

Deprived of the full amount of the Employer's Contribution as provided for by the Retirement Law, the Teachers' Retirement System will have liabilities greater than its assets and therefore will be unable to continue to pay the benefits to members which the law provides to them (Teachers' Retirement System of Louisiana, 1953:1).

A decrease in state contributions without an increase in the percentage of employee contributions would weaken the financial soundness of the System. Teacher contributions supplement employer contributions from the state, then these funds are invested to provide interest income which helps to pay retirement benefits. If employer contributions decrease, teacher or employee contributions will need to be increased

²Act No. 3 of 1954, Act No. 29 of 1948, and Act No. 68 of 1963 provided for basically the same provisions as Act 236 of 1952.
to maintain financial soundness. The percent of contributions necessary to maintain a financially sound system represent the job of the actuary who evaluates both the assets and liabilities of the System. Accrued liability, the interest rate, member benefits, and the number of teachers who do not reach retirement age comprise the four basic factors upon which the actuary bases the employer's contribution. By 1953, there was one retired teacher receiving benefits for every eight active members (Teachers' Retirement System of Louisiana, 1953:1-5) and a decrease in employer contributions would affect the System, as well as each active member's rate of contribution.

Effects of the Minimum Salary Schedule of 1948 on the System

The minimum salary schedule in 1948 increased the salaries of white and Negro teachers of Louisiana. It also resulted in a change of the retirement benefit formula for retired teachers. It increased benefits considerably because of the best five-consecutive-year average salary stipulation (Act 496 of 1948, Sec. 5 2(b). Because of the increase in retirement benefits of 1948 and the subsequent consideration of the legislature to decrease the employer's contribution, concern over the financial soundness of the System resulted. Noel B. Hackett,

3The actuary also uses the rate of separation, mortality, salary scales, and annuity factors in making an annual valuation (Pevey, 1974).
Secretary-Treasurer of the System, 1967-1974, explained in late 1953 that

... it must be borne in mind that the State of Louisiana is not legally responsible for the payment of the employer's contribution. Under the provisions of the law authorizing and directing the retirement system's operations, the public bodies which employ retirement system members are obliged for the employers' contributions (Louisiana Schools, December, 1953:2).

The legislature originally had no legal obligation for any contribution. It was the employer's obligation to make the contribution to the System. In 1948, with the minimum salary schedule the legislature continued to make employer contributions to the Retirement Fund (Robinson, 1974).

CRITICISM OF THE SYSTEM

Public Affairs Research Criticism of the System

Public Affairs Research Council of Louisiana criticized the high cost of maintaining a Teachers' Retirement System pointing out that the cost was greater in state

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4 The Constitution of 1975 guarantees funds for retirement in Article X, Section 29A.

5 Established in 1950, the Public Affairs Research Council (PAR) is a private, non-profit research organization devoted to improving Louisiana government and to correcting the state's basic political weaknesses through public enlightenment with public alignment. PAR is supported by membership contributions. Membership is open to the public and the minimum contribution is $35 (Directory of Social Welfare and Related Services, 1970:164-65).
contributions to the System in 1952 than to "all the state mental hospitals and the Department of Health." In essence, Public Affairs Research questioned "whether the present high cost to both state and teachers is necessary for maintenance of a thoroughly sound system" (Public Affairs Research Council, 1953:1, 6).

Defense of the System

The only publicized defense was that the increase in cost to the System was a result of the legislature's 1948 legislation which increased retirement benefits, and also increased the operating expenses of the System (Louisiana Schools, January, 1954:3). Furthermore, Charles E. Barham, then Lieutenant Governor of Louisiana, defended the System by stating that

"... the members keep their bargain by contributing the required percentage of their salaries to the retirement fund. The State, to keep its bargain, must contribute a sum equal to an amount that when added to the members' contributions, will keep the retirement fund actuarially sound, which simply stated means that the total of the two contributions will be equal to the amount that will be necessary to pay the debts of the retirement system (Louisiana Schools, February, 1954:5).

The System maintained its existing organization and the criticisms and counter-criticisms produced little change. Regarding a possible surplus in the System, Horace C. Robinson stated that the only surplus connected with the System was "a surplus of misinformation, misunderstanding, and fanciful imagination" (Louisiana Schools, May, 1957:5). This seems to have been the case during most of the history
of the System. One of the System's greatest drawbacks has always been the "lack of knowledge of people about the System, particularly teachers" (Fulmer, 1974).

GROWTH AND DEVELOPMENT IN 1956

Survivor Benefits and Substitute Teaching Allowances

The 1956 legislative session provided several acts pertaining to the Teachers' Retirement System. Increasing concern about survivor benefits resulted in legislation which provided for benefits to surviving spouses. The requirements limited participation to members with thirty or more years of service, a minimum age of fifty-five, and a minimum of ten years of marriage at the time of death with the stipulation that the couple was living together at the time of death. The surviving spouse would receive Option 2 benefits under the new law. These provisions seem limited; however, they were a well-deserved benefit for those who met these requirements. Prior to this act member contributions plus interest was the only survivor benefit. Another provision of the 1956 legislative session gave retired teachers who were not yet seventy the opportunity to substitute teach without any loss in retirement pay for up to forty-five days

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6 Act No. 5 of 1956. See Chapter 2, BENEFIT PLANS FOR RETIREMENT.
per school year. These supplementary benefits further pro-
vided the retired teacher with financial security previously
unobtainable.

Mandatory Retirement Age

By 1956, the Teachers' Retirement System of Louisi-
ana provided for mandatory retirement at the age of sixty-
five. A member became eligible to retire at a minimum age
of fifty-five with thirty years of accredited service [Act
496 of 1948, Sec. 5 1(d)]. The regular formula for retire-
ment benefit at this time was the best average salary of any
five consecutive years times 1.5 percent times the years of
accredited service. A stipulation provided for $150 for
those receiving less than $2,250, and any amount between
$2,250 and $2,400 to be supplemented to attain a minimum sum
of $2,400 (Act 68 of 1948). Anyone retiring before age
sixty was to receive a three percent decrease for every year
that person was younger than sixty. The withdrawal of
contributions plus interest was acceptable, but there was no
stipulation providing the issuance of loans to any member
(Hunter, 1956:23-29). Also the minimum salary schedule of
1956 made essentially the same basic changes in benefits as
the 1948 schedule; however, the change in the amount of

7A member shall have deducted from his retirement
pay any amount received in excess of the amount received for
the forty-five days. Act 140 of 1956 was amended by Act 96
of 1970 which provided for retired teachers to substitute
teach a maximum of ninety days in any period of two con-
secutive school years.
benefits was not as great because the same formula was applicable in computing benefits, and both white and Negro teachers received the same salary based on the same schedule according to years of experience (Louisiana Schools, February, 1957:19).

THE SYSTEM COMPARED TO THE STATE EMPLOYEES' SYSTEM, 1959

By 1958, all teachers in the public school system of Louisiana became eligible for mandatory retirement at age sixty-five. Because of this legislation, more teachers became eligible for retirement. As a result of the greater number of persons retiring and the increasing importance of retirement, a Joint Legislative Committee to Study Retirement Systems was organized under the Chairmanship of Representative Vail M. Delony. The Committee studied all proposed legislation pertaining to retirement, and met with the approval of the System (Louisiana Schools, March, 1959:10 and April, 1959:5). Growing interest in retirement systems during the late fifties is also evident in the comparison of the Teachers' Retirement System of Louisiana and the State Employees' Retirement System of Louisiana in 1959. The Teachers' System had over twenty-six thousand members contributing six percent with retirants receiving an average monthly benefit of over $124. The State

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8 Act 54 of 1959 freezes member accounts during the year of their sixty-fifth birthday with compulsory retirement July 1 following a member's sixty-eighth birthday.
Employees' System had almost twenty-eight thousand members contributing five percent with retirants receiving an average monthly benefit of over $71. The state contributed six percent to the State Employees' System and 12.33 percent to the Teachers' System *(Louisiana Schools, March, 1959:16)*. This information enabled teachers to compare their System and its function to a system of similar size.\(^9\) It also showed the differences in employee and employer contributions, as well as the differences in the average monthly benefit. By 1959, the retired teachers of Louisiana were receiving more liberal benefits than the retired state employees. To provide for this difference the state was contributing more than twice the percentage rate to retired teachers than it contributed to retired state employees. Active teachers, however, contributed six percent of their annual salary while state employees contributed five percent. Benefits to the retired teacher were greater, but the cost to the active teachers was also greater.

<table>
<thead>
<tr>
<th>Year</th>
<th>Teachers' System</th>
<th>State Employees'</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947-1948</td>
<td>400</td>
<td>116</td>
</tr>
<tr>
<td>1957-1958</td>
<td>1,852</td>
<td>1,192</td>
</tr>
<tr>
<td>1967-1968</td>
<td>5,293</td>
<td>4,706</td>
</tr>
<tr>
<td>1972-1973</td>
<td>10,845</td>
<td>8,048</td>
</tr>
</tbody>
</table>

Average Monthly Benefits

<table>
<thead>
<tr>
<th>Year</th>
<th>Teachers' System</th>
<th>State Employees'</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947-1948</td>
<td>$47.13</td>
<td>$32.85</td>
</tr>
<tr>
<td>1957-1958</td>
<td>151.76</td>
<td>74.24</td>
</tr>
<tr>
<td>1967-1968</td>
<td>267.68</td>
<td>139.83</td>
</tr>
<tr>
<td>1972-1973</td>
<td>389.60</td>
<td>214.23</td>
</tr>
</tbody>
</table>

*(Holgerson, 1974 and Sistrunk, 1974).*
Decrease in Percent Penalization for Early Retirement

An attempt to attain early retirement seems to have been the trend among the members of the Teachers' Retirement System of Louisiana. Prior to 1962, a teacher fifty-five years or older with thirty years of credit could retire; however, the recipient would be penalized three percent for each year that he was younger than sixty. In 1962, a decrease in penalization to 1.5 percent made it easier for a teacher to retire before age sixty. Also, in 1962 the maximum salary considered for retirement became $16,000 rather than the previous maximum of $7,500. The member could choose whether he wanted to participate at this increased ceiling or not. If he chose to participate he had to pay six percent of compensation received over $7,500.¹⁰ Again, this represents the System's provision for more lenient and increased benefits to its members. In 1964, the decrease in percentage penalization became "retroactive to all retirees who retired prior to the removal of the [three percent] ... reduction (Act 322 of 1964).

¹⁰Act 390 of 1962. Act No. 186 of 1962, Section 696 set a $16,000 ceiling in computing retirement benefits. The Sheriffs of the various parishes were authorized to withhold one-half of one percent of tax shown to be collective by the tax rolls of each parish except Orleans in order to make up for the employers' contributions on earnable compensation in excess of $7,500 and to pay said amount to the Teachers' Retirement System (Teachers' Retirement System of Louisiana, Minutes, October 11, 1962).
THE SYSTEM COMPARED TO THE STATE EMPLOYEES' SYSTEM, 1963

In an effort to show the benefits of the System, a comparison of benefits to the State Employees' Retirement System of Louisiana was made by Horace G. Robinson, Secretary-Treasurer of the Teachers' Retirement System of Louisiana in 1963. The comparison showed

... the average annual rate of payments to 2,856 teachers retired from the Teachers' Retirement System was nearly twice the average annual rate of payments to the 2,400 retired state employees (Louisiana Schools, March, 1963:14).

Furthermore, reports on the National Education Association's release pertaining to "Statistics on Retirement Systems to Which Teachers Belong" for the fiscal year ending in 1960 "ranked Louisiana eighth from the top" in provision of retirement benefits (Louisiana Schools, March, 1963:14).

LEGISLATION IN THE LATE SIXTIES

Increase in Percentage in the Benefit Formula

Throughout the years of the System's history, increased benefits resulted through organizational and legislative endeavors. In 1968, the legislature provided that teachers who retired prior to January 1, 1965, became entitled to a biennial adjustment in benefits on each
even-numbered year as reflected by the increase of the consumer price index. The legislature also enacted legislation which restructured the benefit formula. This legislation pertained only to the teachers who had retired prior to January 1, 1965. The retirement allowance for these retirants became two percent of the average earnable compensation for the five consecutive years average upon which the benefits were then based, multiplied by the number of years of accredited service (Acts 3 and 4 of 1968). The only stipulation which limited the benefits was that the allowance could not exceed seventy-five percent of the average compensation. Also, in 1969 the legislature removed the 37.5 years maximum accredited service in computing retirement benefits (Teachers' Retirement System of Louisiana, Correspondence, Noel B. Hackett to "Teachers Who Retired Prior to January 1, 1965," December 30, 1968 and December 5, 1969). Both of the legislative acts of 1965 and 1969 provided for increased benefits for the Louisiana teacher based on the formula for computing retirement benefits.¹¹ This legislation culminated twenty years of growth and development of the Teachers' Retirement System of Louisiana.

¹¹ Act No. 104 of 1969. Act 51 of 1966 provided that retirement benefits be limited in years of service credit to 37.5 years.
THE SYSTEM BY 1969

The twenty-year period of the System from 1949-1969 is characterized by interpretation, legislation, and expansion. During this time, however, the System provided increased benefits to the retired teacher of Louisiana at a greater cost to the state and active members of the System. From the minimum salary schedule to the increase in percentage benefits, the Teachers' Retirement System gradually increased its benefits to the retired teacher. Many of the legislative acts during the years of growth and development became retroactive, thus providing for benefits to the retired teacher to help in overcoming the simultaneous increase in the cost of living during these years. The criticisms of the expenses of the System by Public Affairs Research Council pointing out that the System cost more for the state to operate in 1952 than the state mental hospitals and the State Department of Health might be termed a valuable experience in showing the System that its responsibilities to its members were public concern. Also, the published comparison between it and the State Employees' Retirement System proved its members were receiving nearly twice the benefits received by members of a similar system. By providing increased benefits through the years of growth and development and by maintaining its financial soundness, the Teachers' Retirement System of Louisiana entered the seventies with the impetus of a growing and healthy System, continually challenged to maintain growth and development,
and to provide maximum retirement benefits to its members.
By 1974, the Teachers' Retirement System of Louisiana is a product of organizational change and legislative interpretation. This chapter recounts the last five years of the System's development. By 1970, the System had been in existence for over thirty years and it had experienced a formative period, and a period of growth and development. Certain factors are representative of the System during its history. The efforts of the Louisiana Teachers' Association in achieving the passage of legislation which established the System, membership requirements, mandatory retirement age change, fluctuating employer contribution rates, rising employee contribution rates, and the changes in the benefit formula are all part of the System's history. The seventies witnessed a merger with the Orleans Parish Teachers' Retirement System, a new minimum retirement regulation, and a more lenient benefit formula including unused accumulated sick leave.
Costs have increased; increasing salaries have increased retirement benefits, while state contribution rates have increased as well as the cost to active members who have had to pay increasing percentage rates into the System. On the other hand, the financial growth of the Teachers' Retirement System continued to increase.¹ Finally, the formative years and the years of growth and development are still fundamental to the System's history, while continued change and expansion² within the System also seems to be characteristic of the early seventies.

1970

Unused Accumulated Sick Leave

Prior to 1970 there was no provision for unused

¹Financial Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1938</td>
<td>$1,973,852</td>
</tr>
<tr>
<td>1948</td>
<td>21,829,084</td>
</tr>
<tr>
<td>1958</td>
<td>45,288,445</td>
</tr>
<tr>
<td>1968</td>
<td>476,733,300</td>
</tr>
</tbody>
</table>
| 1974 | 872,393,593| (Teachers' Retirement System of Louisiana, Annual Reports).

²Active Membership

<table>
<thead>
<tr>
<th>Year</th>
<th>Active Membership</th>
<th>Retirees Receiving Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>1937</td>
<td>11,358</td>
<td>1938</td>
</tr>
<tr>
<td>1947</td>
<td>20,138</td>
<td>1938 561</td>
</tr>
<tr>
<td>1957</td>
<td>25,270</td>
<td>1957 2,340</td>
</tr>
<tr>
<td>1967</td>
<td>37,961</td>
<td>1967 4,833</td>
</tr>
<tr>
<td>1974</td>
<td>61,257</td>
<td>1974 12,345</td>
</tr>
</tbody>
</table>

(Teachers' Retirement System of Louisiana, Annual Reports).
accumulated sick leave. The legislative session of 1970 provided for the conversion of a member's unused accumulated sick leave into years of experience in computing retirement benefits (Act 28 of 1970, sec. 623.1). The legislature also enacted a law which added $300 to each retirant's allowance, and removed the previous stipulation that a member pay contributions on salaries over $7,500 [Act 28 of 1970, Sec. 692 1(a)]. This act made the System more lenient in retirement benefits, and it also made the active members realize that their seven percent contributions to the System were an investment which would provide improved retirement benefits for themselves when they retired (Teachers' Retirement System of Louisiana, Correspondence, "To All Parish and City Superintendents and Chief Accountants," February 2, 1971).

<table>
<thead>
<tr>
<th>Days</th>
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<tbody>
<tr>
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<td></td>
</tr>
<tr>
<td>46-90</td>
<td>.50</td>
<td></td>
</tr>
<tr>
<td>91-135</td>
<td>.75</td>
<td></td>
</tr>
<tr>
<td>136-180</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>181-225</td>
<td>1.25</td>
<td></td>
</tr>
<tr>
<td>226-270</td>
<td>1.50</td>
<td></td>
</tr>
<tr>
<td>271-315</td>
<td>1.75</td>
<td></td>
</tr>
<tr>
<td>316-360</td>
<td>2.00</td>
<td></td>
</tr>
</tbody>
</table>

3 Act 28 of 1970, Sec. 635 (2). This $300 was added to make the Teachers' Retirement benefits like the State Employee benefits (Avants, 1974).
**Twenty Year Retirement**

In 1971, a teacher became eligible for retirement after twenty years of service credit without any minimum age limit. This provision was one of the most liberalizing benefits of the System, and ironically instead of the Board attempting to achieve this liberal benefit, it originated with members of the legislature who were seeking to provide a safety valve for teachers who did not wish to serve in integrated schools and yet were not eligible to retire because of the then legislative requirements for the program (Gremillion, 1974).

Moreover, the action was a surprise to the Board, then attempting to have members with thirty-five years of experience retire before they were fifty-five. Jeanne Castille, former long-time member of the Board of Trustees, speaks of this sudden and unexpected change in requirements for early retirement reflecting that she was "flabbergasted" to learn of the very lenient twenty-year retirement stipulation (Castille, 1974).

**Withdrawals from the System and Change in Benefit Formula**

Another of the laws of 1971 dealt specifically with withdrawal from the System and provided that as of June 30, 1971, a member who withdraws from the System receives no interest earnings on his contributions other than the amount

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5Act No. 5 of 1971.
credited to him as of that date. Therefore, as of July, 1971, any member who withdraws from the System receives his contributions with no interest accumulated. Of greater importance to the retirant was the change in the benefit formula which applied a salary base of the three best consecutive years instead of the previously applied five-year base. This was applicable to all persons retiring on or after April 1, 1970 [Act 5 of 1971, Sec. 571(5)]. Also, unused accumulated sick leave, previously applicable to persons retiring after July 1, 1969, became retroactive and became applicable to all retirants (Teachers' Retirement System of Louisiana, Minutes, August 6, 1971).

Merger with the Orleans Parish Teachers' Retirement System

In 1971, the Teachers' Retirement System of Louisiana merged with the Orleans Parish Teachers' Retirement System (Act 3 of 1971). By this time the State System had greatly liberalized its benefits and it had also provided for a twenty-year retirement. The merger was led by Senator Olaf J. Fink of New Orleans. Senator Fink was also an educator and his move represented the desire of the teachers of Orleans Parish to receive the same benefits as other teachers of Louisiana (Avants, 1974). The law stated

To merge and consolidate the Orleans Parish Teachers' Retirement System into the State Teachers' Retirement System, effective July 1, 1971; to provide for transfer

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6 Act No. 5 of 1971, Sec. 640.
of records, assets, liabilities, obligations and service credits; to provide rights, privileges and benefits of former members of the Orleans Parish Teachers' Retirement System in the State Teachers' Retirement System shall be the same as all other members of the latter system; to provide for effectuation of the consolidation by the boards of trustees of the two systems, and otherwise to provide with respect to said merger and consolidation (Act 3 of 1971).

1972

Reconstitution of the Board of Trustees

The Board of Trustees of the Teachers' Retirement System of Louisiana is the administrative body of the organization. A move initiated by Horace C. Robinson, a member of the Board, to reconstitute the Board began in May, 1972. The Louisiana Teachers' Association again took the opportunity to express itself as a proponent of the move to increase membership of the Board (Louisiana Schools, May, 1972:16). The legislative session restructured the Board of Trustees and allowed for a fourteen-member board for more equal representation. Prior to 1971 the Board consisted of a majority of administrators (Avants, 1974). The newly restructured Board consists of a member from each of the eight Congressional Districts elected by members of the Districts, a school superintendent elected by the state's school superintendents, a retired teacher elected by the retired teachers, a representative of the state colleges and universities, and three ex officio members representing the

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7 Act 144 of 1972. See Chapter 2 for the original Board.
Secretary of State, the State Superintendent of Education, and the State Treasurer. The reconstituted Board removed the Executive Secretary of the Louisiana Teachers' Association as ex officio member and it made the election of a member of the Louisiana State University faculty and staff virtually impossible (Louisiana Schools, September, 1972:2, 3, and Gremillion, 1974). An increase in membership enables better representation of members throughout the state as an increasing number of teachers receive retirement benefits.

Reciprocity with other Retirement Systems

Reciprocity with other state retirement systems became an active issue in 1972. As teachers prepare to retire they become increasingly interested in receiving maximum retirement benefits. Provisions resulting from the legislative session enabled a member of the System with ten years credit to obtain up to three years credit for "service rendered in any non-public college or university and/or state approved elementary or secondary non-public or parochial school in Louisiana" (Act 525 of 1972). Also, a member with ten years of service credit who was a member of the System on January 1, 1972, became "eligible to obtain credit up to five years of teaching service rendered in the public school systems of any other state" (Act 620 of 1972).

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8 Act 496 of 1948, Section 7 gives the Teachers' Retirement System of Louisiana the ability to "provide for reciprocity of credits between this system and any other state, parish or city retirement system of Louisiana supported partly or wholly by public funds."
Furthermore, young men who served in the military service and received an honorable discharge, upon acquiring ten years of service credit became eligible for "credit in the retirement system for time served in the armed forces of the United States not to exceed four years . . ."\(^9\) (Act 526 of 1972). These increases in benefits might well be referred to in Louisiana as "lagniappe" by its recipients.

1973

The Effect of the Twenty Year Retirement on the System

By 1971, the legislature had enacted legislation making a member eligible to retire after accumulating twenty years of service credit. This was done to eliminate certain teachers from teaching in integrated schools and enabled many members who were previously ineligible to retire, and the System felt that the early retirement imposed a large financial burden on the members. Following a study completed in 1973, it became obvious that there was only a slight increase in the number of retirants. In 1971, one hundred forty of the 1,116 retirants had twenty to twenty-four years of service while in 1973, 217 out of the 1,530 retirants had twenty to twenty-four years of service (Teachers' Retirement System of Louisiana, "Number Retired Since July, 1971," 1973). This provision made it possible to retire at an earlier age, yet it prevented retired teachers from getting increased retirement benefits resulting from salary increases to active members.

\(^9\)This did not apply to members of the Louisiana National Guard.
The Roscoe H. White Case

The legality of the System's actions have been carefully supervised. Roscoe H. White, President of the Louisiana Retired Teachers' Association, et al. began action against the Board of Trustees of the Retirement System in 1973 to make retirement benefits specified by Act 8 of 1971 for retired teachers uniform for all retirants. In fact, in 1971, recomputation of retirement benefits had been made applicable only to those teachers who had retired prior to July, 1969. The issue was whether or not the provisions of Act 8 of 1971 would become retroactive to July 1, 1969. The First Circuit Court of Appeal, Baton Rouge, Louisiana, ruled that the System must provide "benefits uniform for all retirees, regardless of when they retired" (Southern Reporter, 1973:714). The court decision cost the System over $5,000,000 to make retroactive retirement adjustments from July, 1969 to July, 1971 (Teachers' Retirement System of Louisiana, Minutes, March 28, 1973).

Social Security Numbers Used for More Efficient Office Operation

Growth and complexity were simultaneous within the System during the seventies. Because of the increasing membership, supplemented by the merger with the Orleans Parish System, the Teachers' Retirement Office began filing retirement information by Social Security number in 1973 (Teachers' Retirement System of Louisiana, Correspondence, Noel B. Hackett to [Retirees], January 1, 1973). This
facilitated quicker access to retirement information and provided for more efficient office management.

First Cost-of-Living Payment

As a result of the rapid rise in the cost-of-living during the early seventies, Senator Kenneth E. Osterberger introduced a special cost-of-living payment for the retired teachers of Louisiana. Only retired members with twenty-five years of credit who were fifty-five years of age and who were presently receiving $4,000 or less annually could receive this $400 payment. Members meeting the same requirements but who were receiving more than $4,000 but less than $8,000 annually were to receive three percent of their base retirement.\footnote{Act 107 of 1973. For example, a retirant receiving annual benefits of $5,000 would receive a $150 cost-of-living payment.} Also, in 1973 all retirants became entitled to a recomputation of their retirement allowances. At this time the formula for retirement benefit was two percent times the number of years of service including unused sick leave, times the average salary for three consecutive years plus $300\footnote{This is the same formula as of October, 1974.} (Teachers' Retirement System of Louisiana, Correspondence, Noel B. Hackett to [Retired Teacher] 1973-74). Changes in benefit allowances during the seventies seem to reflect increasing cost-of-living expenses. Aware of the high cost of living the Board made a motion in 1973 to amend the retirement benefit formula to provide 2.5
percent times the number of years of service instead of two percent (Teachers' Retirement System of Louisiana, Minutes, October 12, 1973).

1974

**Effort to Increase Percentage in Benefit Formula**

Legislative programs for 1974 focused on the maintenance of a financially sound System and an increase in the percentage in the computation of retirement benefits. These represent the outstanding needs of the System presented by the Louisiana Teachers' Association in *Louisiana Schools*.

That funds be appropriated for the maintenance and operation of the Teachers' Retirement System on a sound actuarial accrual reserve basis, and that actuarial costs be ascertained and adequacy of financing be established as recommended by the Actuary of the Teachers' Retirement System of Louisiana prior to the passage of any retirement legislation (*Louisiana Schools*, April, 1974:11).

*Louisiana Schools* also published the Louisiana Teachers' Association's interest in an increase in percentage payments within the benefit formula. The Association also stated that state appropriations should provide for the increase in benefits.

That the percentage factor in the formula for computing benefits at retirement in the laws governing the Teachers' Retirement System of Louisiana be increased from [two to 2.5 percent], . . . that the added actuarial costs be funded by annual legislative appropriations, and that the present requirements for retirement remain unchanged (*Louisiana Schools*, April, 1974:11).

Acts of the 1974 legislative session which produced
increased benefits did not provide for an increase in the percentage factor in computing retirement benefits. Provisions of the legislature provided for a teacher with ten years of service at age sixty-five to become eligible for membership. Also any person who had served as a substitute teacher for one hundred eighty days prior to membership would receive one year of credit in the System. In addition, legislation introduced by Representative Shady R. Wall and eighty-one co-authors provided that retirants receive another cost-of-living allowance as previously provided in 1973 with the same limitations as to the amount of the allowance as the 1973 payment (Act 351 of 1974). Possibly, this cost-of-living payment will result in a permanent cost-of-living increase to maintain retirement benefits relative to existing economic trends. By October, 1974, Mrs. R. M. Delaney born on November 30, 1871, is the oldest retirant who was an actual contributing member. Her retirement benefits in 1943 when she first retired with twenty-nine years of service credit were $12.39 monthly. Today she receives approximately $300. This seems to be a great amount in comparison, but it barely meets the cost-of-living increase during this thirty-year period (Sistrunk, 1974).

The Board of Trustees, June 30, 1974

The Board of Trustees of the Teachers' Retirement System of Louisiana on June 30, 1974, consisted of Ellis A. Brown, Superintendent Joseph J. Davies, Jr., Cheryl Epling, Dr. David A. Lutenbacher, Superintendent John L. McConathy,
The Benefit Formula and Constitutional Guarantees for a Retirement Fund

The early seventies provided the System with a more lenient formula for computing retirement benefits. The three best years are now used in computing retirement benefits. A cost-of-living payment provided for extra retirement benefits in 1973 and 1974. Presently, the members of the System are seeking to receive cost-of-living increases and an increase to 2.5 percent in the retirement-benefit formula.

The new Louisiana Constitution of 1975 now provides a "guarantee" to the retired teachers of Louisiana to provide secure retirement benefits. Article X, Section 29A states that

... the legislature shall provide for retirement of teachers and other employees of the public educational system through establishment of one or more retirement systems. Membership in such a retirement system shall be a contractual relationship between employee and employer, and the state shall guarantee benefits payable to a member or retiree or to his lawful beneficiary upon his death (Constitution of the State of Louisiana, 1975, Article X, Section 29A).

Consequently, through the provision of the Constitution of 1975, the "System can not go broke" (Fulmer, 1974).
ADMINISTRATION OF THE SYSTEM

By June 30, 1974, the Teachers' Retirement System of Louisiana had been directed by four Secretary-Treasurers. Patterson C. Rogers served from 1937 to 1954, Horace G. Robinson served from 1954 to 1965, Lonnie A. Campbell served from 1965 to 1967, and Noel B. Hackett served from 1967 to June 30, 1974. The efforts of these men and other interested persons as Joseph J. Davies of St. Bernard Parish, Jeanne Castille of St. Martin Parish, Mack Avants who represented William J. Dodd during Dodd's term as Louisiana's Superintendent of Education, Horace C. Robinson of the Louisiana Teachers' Association, Andrew P. Tugwell who served as an ex officio member in his capacity as State Treasurer, and Wade O. Martin, Jr., who also serves as ex officio member in his capacity as Secretary of State have helped to build the System to its present status (Gremillion, 1974). These leaders were not alone in their efforts to provide a retirement system for Louisiana's teachers. Indirectly, all teachers who became members of the System share in the accomplishments of their Retirement System.

SUMMARY

The first real effort to create a pension for the retired teachers in Louisiana was made in 1906 when

12Carleton C. Page became Secretary-Treasurer of the Teachers' Retirement System of Louisiana on July 1, 1974.
Nathaniel P. Moss, President of the Lafayette Parish School Board, attempted unsuccessfully to provide retirement benefits for the retired teachers of Lafayette Parish. Early organizational attempts to provide retirement benefits to all Louisiana public school teachers were not successful during the early nineteen hundreds; however, the determined leadership and concerted political efforts by the more progressive teachers of Orleans Parish resulted in the creation of the Orleans Parish Teachers' Retirement System in 1910, twenty-six years before all other Louisiana public school teachers received retirement benefits. This indicates the political strength of the Orleans Parish legislative delegation at the time, as well as the organizational strength of the teachers of Orleans Parish. The Orleans System served as an impetus for continued attempts during a lengthy organizational effort by the teachers of Louisiana to establish a retirement system on a statewide basis.

The Louisiana Constitution of 1921 provided for a retirement fund for retired and incapacitated teachers. However, the appropriations to create this retirement fund were never made. The Committee of Teachers' Pensions of the Louisiana Teachers' Association was organized to push for legislation to provide for a funded retirement system. Little progress was made by this Committee, however, because of a lack of legislative reaction toward the provision of retirement funds. In 1931, a new Louisiana Teachers' Association Committee on Teacher Retirement began making more
definite plans for a retirement system by sending a question-naire to all public school teachers of Louisiana to gather data necessary for the actuary to organize the basis for a financially sound retirement system. The Committee on Teacher Retirement realized the disadvantageous financial condition of the state for the passage of retirement legis­lation because of the economic depression of the late twenties and early thirties. However, plans were being made for the appropriate economic and political moment.

By 1936 the economic slump had ended and legislative leadership was politically capable of providing the State teachers with a sound retirement system. The legislative act creating the Teachers' Retirement System of Louisiana (Act 83 of 1936) was co-authored by Representatives Lether E. Frazar, an educator who later served as Lieutenant Governor of the State of Louisiana, possibly gaining political strength from the introduction of retirement legislation; and Charles A. Riddle, an attorney. Through the legislative leadership of these two men the public school teachers of Louisiana received retirement benefits which had been an objective of the Louisiana Teachers' Association since the early nineteen hundreds.

Subsequent to August 1, 1936, all new public school teachers of Louisiana were required to join the System and to make contributions into the System as specified by the legislature. The original employee contribution was four percent of the Teacher's annual salary. Mandatory membership
of all new teachers provided finances necessary for the operation of the System.

The formative years of the System were directed through administrative organization and legal interpretation. One of the stipulations of the Teachers' Retirement Act specified mandatory retirement age as seventy, unless otherwise extended by the Board of Trustees. Initial retirement allowance provided to retirants was fifty percent of the last ten-year average salary. These funds were provided for by employer and employee contributions plus interest accumulated on money invested by the Board of Trustees. Contributions were to be made by active teachers while the state provided the contributions necessary to maintain a financially sound System.

Membership requirement was stated in the Act creating the Retirement System. Soon after the establishment of the System, the Board accepted the membership of teachers in the Works Progress Administration Education Program, as well as the members of the faculties of Delgado Trade School, New Orleans; Sullivan Memorial Trade School, Bogalusa; and Shreveport Trade School, Shreveport. The System provided these educators with retirement benefits which they would not have been eligible to receive unless they were members of the System. Their desire for membership is possibly indicative of the advantages provided to retired members.

In 1936, service retirement benefits were explained by Patterson C. Rogers, who had served as the Chairman of
the Committee on Teacher Pensions and who later became the first Secretary-Treasurer of the System. He pointed out that a retirant could receive retirement benefits through any one of five different Plans: the Regular Plan or one of the four Optional Plans. Whereas, the Regular Plan provided for maximum benefits to the retirant; the Optional Plans provided smaller benefits to the retirant, but provided for benefits to a named beneficiary upon the death of the retirant.

Regulations regarding withdrawal, disability, and minimum service credit for retirement were established by the System. Withdrawal originally meant an end to membership and all of the service credit earned at the time of withdrawal. Disability retirement, as specified in the original Act, could be received only after ten years of service credit had been accumulated. This ten-year minimum requirement prevented persons physically or mentally incapable of receiving retirement benefits without having at least ten years of service credit, and without having contributed employee contributions into the System during this period.

In 1946, legislation provided that a member could retire with thirty-five years of experience regardless of age; prior to this, fifty-five years was the minimum age for retirement. In 1948, legislation changed disability service credit requirements to a minimum of five years, and provided for withdrawal for up to five years without an end to
membership. These amendments provided for benefits for disabil-
ity retirement in case of accidental physical injury, and temporary withdrawal for mothers with young children.

A change in the membership of the Board of Trustees was made in 1948. Two members were added to the Board providing for two more classroom teachers which gave this group better representation. This was a wise move by the Board, for classroom teachers represent the largest percentage of retirants and should receive fair representation on the Board.

Legal interpretation and amendment of the existing laws governing the organization continued from 1949 to 1969. In 1952, teachers who were teaching prior to August 1, 1936, and who had not joined the System in 1936 were allowed to join. Provisions were also made for teachers who had withdrawn during this period to rejoin by paying back withdrawals plus interest.

Criticism of the System by the Public Affairs Research Council of Louisiana in 1953 stating that the State contributed more to teacher retirement than to the state mental hospitals and to the Louisiana Department of Health produced little reaction. Possibly, the criticism should have been more appropriately focused on the State's insufficient appropriations to these health-oriented agencies.

Legislation in 1950 provided for Option 2 benefits to surviving spouses, while previously the only benefit received by surviving spouses was member contributions plus
interest. This latter amount was insufficient for a surviving spouse to meet any nominal expenses for an extended period of time. Option 2 benefits would provide for continual benefits which would be much longer lasting than the lump sum payment previously provided. Also, the ability to substitute teach by retired teachers was brought up in 1956, and provisions were made to provide for a retired teacher to substitute teach for up to, but not more than, forty-five days per school year. If this provision had not been made, many retired teachers could equal or surpass their retirement benefits by substitute teaching.

A comparison of the Teachers' Retirement System of Louisiana and the State Employees' Retirement System of Louisiana was made in 1959. At this time the teachers were receiving better benefits; however, the teachers contributed six percent of their annual salary while the State employees contributed five percent. The state contributed 12.33 percent to the Teachers' Retirement System and six percent to the State Employees' Retirement System. The System's provision of benefits was again compared to the State Employees' Retirement System in 1963. At this time the retired teachers were receiving nearly twice the average annual rate of payments, as compared to the retired State employees.

Legislation in the late sixties provided for a biennial adjustment in benefits to those teachers who had retired prior to January 1, 1965. This was done to help
meet the increase in the cost-of-living during the sixties. In 1968, the benefit formula was changed from 1.5 to two percent times five consecutive years average salary times the number of years of accredited service. This further increased retirement benefits.

Legislation in the seventies has provided for increased benefits in an attempt to meet the increased cost-of-living. Unused accumulated sick leave was added to years of experience in computing retirement benefits. Prior to this provision a teacher was not credited with any extra computation regardless of unused accumulated sick leave. This new provision rewarded those teachers who were seldom absent from their duties. An additional $300 was added to the annual retirement benefits of a retirant. This addition was provided by the legislature simply because it was provided in the State Employees' Retirement Formula. This represents the influence of the retired teachers on the legislature. In 1971, a teacher became eligible to retire with twenty years of experience regardless of age. The legislature passed this act to eliminate certain teachers from teaching in integrated schools with little regard for cost, and with no previous knowledge by the Board of Trustees. In that same year benefits were computed using a three consecutive year salary base. This liberalizing benefit formula was to help make retirement benefits provide for the simultaneous increase in cost-of-living during the seventies.
A merger with the Orleans Parish Teachers' Retirement System was made in 1971. The Orleans teachers wanted to receive the same benefits as the other public school teachers of Louisiana. This merger increased membership, and it also increased financial resources through increased employee contributions. Subsequently, in 1972 the Board of Trustees was reconstituted expanding its membership to fourteen for more equal representation. Each of the eight Congressional Districts of Louisiana is now represented by a member elected to the Board of Trustees.

In 1973, the Roscoe H. White et al. case provided that all retired teachers were to receive uniform benefits, regardless of the date of retirement. Prior to this, certain acts specified benefits to teachers who had retired by a certain date. The court decision provides for more uniform benefits regardless of the date of retirement. Also, in the first cost-of-living payment of $400 was given to retirants earning $4,000 or less annually in 1973. Retirants receiving more than $4,000 but less than $8,000 were to receive three percent of their base retirement. Again, these "payments" represent a response by the legislature to provide retirement benefits sufficient to meet the rapidly increasing cost-of-living.

The legislature provided for another cost-of-living payment in 1974. Also, during this year the Board of Trustees has begun a lobby to have the legislature enact legislation which would increase retirement benefits through
the use of 2.5 percent instead of the present two percent in the computation of retirement benefits.

The Teachers' Retirement System of Louisiana is the product of approximately thirty years of organizational efforts by the Louisiana Teachers' Association. The precedence in the legislative establishment of the Orleans Parish Teachers' Retirement System in 1910, the lack of appropriations for a retirement fund as stated in the Constitution of 1921, and the economic depression of the late twenties and early thirties all helped to delay the establishment of the System. Since its establishment in 1936 the System has experienced a period of administrative and legislative interpretation of regulations as specified in the Retirement Act. Legislative amendments by the Louisiana Legislature have changed the System's original regulations throughout its thirty-eight year history. This study has provided an historical account of the Teachers' Retirement System of Louisiana with focus on its origins, its administrative organization, and its development as a result of legislation.
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REFERENCES


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APPENDIX

ACT NO. 83

House Bill No. 127,
By Messrs. Frazar and Riddle

AN ACT

To carry into effect Section 23 of Article XII of the Constitution; to provide a retirement fund for aged and incapacitated teachers in the State public schools; to establish a Teachers' Retirement System; to determine membership and conditions of membership in said system; to provide for a Board of Trustees of said system and for the administration of its affairs; to provide for officers and a Medical Board and to define their duties; to provide for the adoption of actuarially-made mortality, service and other tables as may be deemed necessary; to provide for the management of funds of the said system; and to provide a method of financing said system.

Section 1. Be it enacted by the Legislature of Louisiana, That the following words and phrases as used in this Act, unless a different meaning is plainly required by the context, shall have the following meanings:

(1) "Retirement System" shall mean the Teachers' Retirement System of Louisiana as defined in Section 2 of this Act.

(2) "Public School" shall mean any day school conducted within the State under the authority and supervision of a duly elected or appointed parish or city School Board and any educational institution supported by and under the control of the State.

(3) "Teacher" shall mean any teacher, helping teacher, librarian, secretary, clerk, principal, supervisor, superintendent of public schools, state superintendent, member of the State Department of Education, President, dean and teacher in any educational institution supported by and
under the control of the State, the secretary and staff of
the Louisiana Teachers' Association, the secretary and staff
of the Louisiana High School Athletic Association. In all
cases of doubt the Board of Trustees hereinafter defined,
shall determine whether any person is a teacher as defined
in this Act.

(4) "Employer" shall mean the State of Louisiana, the
parish school board, the city school board, the State Board
of Education, the board of supervisors of the Louisiana
State University or any other agency of and within the State
by which a teacher is paid.

(5) "Member" shall mean any teacher included in the
membership of the system as provided in Section 3 of this
Act.

(6) "Board of Trustees" shall mean the Board provided
for in Section 6 of this Act to administer the retirement
system.

(7) "Medical Board" shall mean the board of physicians
provided for in Section 6 of this Act.

(8) "Service" shall mean service as a teacher as
described in Sub-section (3) of this section.

(9) "Prior Service" shall mean service rendered prior
to the date of establishment of the retirement system for
which credit is allowable under Section 4 of this Act.

(10) "Membership Service" shall mean service as a
teacher rendered while a member of the retirement system.

(11) "Creditable Service" shall mean "Prior Service"
plus "Membership Service" for which credit is allowable as
provided in Section 4 of this Act.

(12) "Beneficiary" shall mean any person in receipt of a
pension, an annuity, a retirement allowance or other benefit
as provided by this Act.

(13) "Regular Interest" shall mean interest compounded
annually at such a rate as shall be determined by the Board
of Trustees in accordance with Section 7, Sub-section (2).

(14) "Accumulated Contributions" shall mean the sum of
all the amounts deducted from the compensation of a member
and credited to his individual account in the Annuity
Savings Fund together with regular interest thereon as pro-
vided in Section 8 of this Act.

(15) "Earnable Compensation" shall mean the full rate of
the compensation that would be payable to a teacher if he worked the full normal working time. In cases where compensation includes maintenance, the Board of Trustees shall fix the value of that part of the compensation not paid in money.

(16) "Average Final Compensation" shall mean the average annual earnable compensation of a teacher during his last ten years of service as a teacher, or if he had less than ten years of service, then his average earnable compensation for his total service.

(17) "Annuity" shall mean payments for life derived from the "accumulated contributions" of a member. All annuities shall be payable in equal monthly installments.

(18) "Pensions" shall mean payments for life derived from money provided by the State of Louisiana. All pensions shall be payable in equal monthly installments.

(19) "Retirement Allowance" shall mean the sum of the "annuity" and the "pension," or any optional benefit payable in lieu thereof.

(20) "Retirement" shall mean withdrawal from active service with a retirement allowance granted under the provisions of this Act.

(21) "Annuity Reserve" shall mean the present value of all payments to be made on account of any annuity or benefit in lieu of any annuity computed upon the basis of such mortality tables as shall be adopted by the Board of Trustees, and regular interest.

(22) "Pension Reserve" shall mean the present value of all payments to be made on account of any pension or benefit in lieu of any pension computed upon the basis of such mortality tables as shall be adopted by the Board of Trustees, and regular interest.

(23) "Actuarial Equivalent" shall mean a benefit of equal value when computed upon the basis of such mortality tables as shall be adopted by the Board of Trustees, and regular interest.

Section 2. Name and Date of Establishment. A retirement system is hereby established and placed under the management of the Board of Trustees for the purpose of providing retirement allowances and other benefits under the provisions of this Act for teachers of the State of Louisiana. The retirement system so created shall be established as of the first day of August nineteen hundred and thirty-six.
It shall have the power and privileges of a corporation and shall be known as the "Teachers' Retirement System of Louisiana," and by such name all of its business shall be transacted, all of its funds invested and all of its cash and securities and other property held.

Section 3. Membership. The membership of this retirement system shall be composed as follows:

(1) All persons who shall become teachers after the date as of which the retirement system is established, except those specifically excluded under Subsection (3) of this Section, shall become members of the retirement system as a condition of their employment.

(2) All persons who are teachers on the date as of which the retirement system is established, except those specifically excluded under Subsection (3) of this section, shall become members as of that date unless within a period of ninety days next following, any such teacher shall file with the Board of Trustees on a form prescribed by such Board a notice of his election not to be covered in the membership of the system and a duly executed waiver of all present and prospective benefits which would otherwise inure to him on account of his participation in the retirement system.

(3) a. Teachers who are members of any fund operated for the retirement of teachers by a city, parish, or other political subdivision of the State of Louisiana shall not be entitled to membership in this retirement system unless on or before a date not more than one year next following the establishment of this retirement system any such teacher shall indicate by a notice filed with the Board of Trustees on a form prescribed by the Board his individual election and choice to participate in this retirement system. Those who become members of this system shall be entitled to a refund of their contributions from the local fund on leaving active service, but to no other benefits under such local fund, but they shall be entitled to full benefits under this system. Those who do not become members of this system shall continue as members of the local fund. All new teachers in said city or parish shall become members of the local system as a condition of their employment unless they are members of the State Retirement System at the time of their appointment in which case they shall remain members of the State System.

(b) Teachers who under existing law are or were at any time entitled to become members of any fund operated for the retirement of teachers by a city, parish or other political subdivision of the State of Louisiana shall not be entitled to membership in this retirement system unless on or before a date not more than one year next following the establishment of this retirement system any such teacher shall
indicate by a notice filed with the Board of Trustees on a form prescribed by the Board their individual election and choice to participate in this retirement system.

(4) A teacher whose membership in the retirement system is contingent on his own election and who elects not to become a member, may thereafter apply for and be admitted to membership; but no such teacher shall receive prior service credit unless he becomes a member within the first year following the establishment of the retirement system.

(5) The Board of Trustees may, in its discretion, deny the right to become members to any class of teachers whose compensation is only partly paid by the State or who are serving on a temporary or other than per annum basis, and it may also in its discretion, make optional with members in any such class their individual entrance into system.

(6) Should any member in any period of six consecutive years after becoming a member be absent from service more than five years, or should he withdraw his accumulated contributions, or should he become a beneficiary or die, he shall thereupon cease to be a member.

Section 4. Creditable Service. (1) Under such rules and regulations as the Board of Trustees shall adopt each member who was a teacher at any time during the year immediately preceding the establishment of the system and who becomes a member during the first year of operation of the retirement system, shall file a detailed statement of all Louisiana service as a teacher rendered by him prior to the date of establishment for which he claims credit.

(2) The Board of Trustees shall fix and determine by appropriate rules and regulations how much service in any year is equivalent to one year of service, but in no case shall more than one year of service be creditable for all service in one calendar year. Service rendered for the regular school year in any district shall be equivalent to one year's service.

(3) Subject to the above restrictions and to such other rules and regulations as the Board of Trustees may adopt, the Board of Trustees shall verify, as soon as practicable after the filing of such statements of service, the service therein claimed.

In lieu of a determination of the actual compensation of the members that was received during such period of prior service the Board of Trustees may use for the purpose of this Act the compensation rates which if they had progressed with the rates of salary increase shown in the tables as prescribed in Subsection (14) of Section 6 of this Act would
have resulted in a same average salary of the member for the five years immediately preceding the date this system became operative as the records show the member actually received.

(4) Upon verification of the statements of service the Board of Trustees shall issue prior service certificates certifying to each members [sic] that was received during such period of prior service the establishment of the retirement system, with which he is credited on the basis of his statement of service. So long as membership continues a prior service certificate shall be final and conclusive for retirement purposes as to such service, provided, however, that any member may, within one year from the date of issuance or modification of such certificate, request the Board of Trustees to modify or correct his prior service certificate.

When membership ceases such prior service certificate shall become void. Should the teacher again become a member, such teacher shall enter the system as a teacher not entitled to prior service credit except as provided in Section 5, Subsection (5) Paragraph (b) of this Act.

(5) Creditable service at retirement on which the retirement allowance of a member shall be based shall consist of the membership service rendered by him since he last became a member, and also if he has a prior service certificate which is in full force and effect, the amount of the service certified on his prior service certificates.

Section 5. Benefits.

SERVICE RETIREMENT BENEFIT

(1) (a) Any member in service may retire upon written application to the Board of Trustees setting forth at what time, not less than thirty days nor more than ninety days subsequent to the execution and filing thereof, he desires to be retired, provided, that the said member at the time so specified for his retirement shall have attained the age of sixty years, and notwithstanding that, during such period of notification, he may have separated from service.

(b) Any member in service who has attained the age of seventy years shall be retired forthwith provided that with the approval of his employer he may remain in service until the end of the school year following the date on which he attains the age of seventy years, provided that with the approval of the Board of Trustees and on the request of a member and his employer, any member who has attained or shall attain the age of seventy years may be continued in service for a period of two years following each such request.
ALLOWANCE FOR SERVICE RETIREMENT

(2) Upon retirement from service a member shall receive a service retirement allowance which shall consist of:

(a) An annuity which shall be the actuarial equivalent of his accumulated contributions at the time of his retirement; and

(b) A pension equal to the annuity allowable at age of sixty years computed on the basis of contributions made prior to the attainment of age sixty; and

(c) If he has a prior service certificate in full force and effect, an additional pension which shall be equal to the annuity which would have been provided at the age of sixty years by twice the contributions which he would have made during such prior service had the system been in operation and he contributed thereunder.

DISABILITY RETIREMENT BENEFITS

(3) Upon the application of a member in service or of his employer, any member who has had ten or more years of creditable service may be retired by the Board of Trustees, not less than thirty and not more than ninety days next following the date of filing such application, on a disability retirement allowance, provided, that the Medical Board, after a medical examination of such member, shall certify that such member is mentally or physically incapacitated for the further performance of duty, that such incapacity is likely to be permanent, and that such member should be retired.

ALLOWANCE ON DISABILITY RETIREMENT

(4) Upon retirement for disability a member shall receive a service retirement allowance if he has attained the age of sixty years, otherwise he shall receive a disability retirement allowance which shall consist of:

(a) an annuity which shall be the actuarial equivalent of his accumulated contributions at the time of retirement, and

(b) A pension equal to seventy-five per centum of the pension that would have been payable upon service retirement at the age of sixty years had the member continued in service to the age of sixty years without further change in compensation.
(5). Once each year during the first five years following retirement of a member on a disability retirement allowance, and once in every three-year period thereafter, the Board of Trustees may, and upon his application shall, require any disability beneficiary who has not yet attained the age of sixty years to undergo a medical examination, such examination to be made at the place of residence of said beneficiary or other place mutually agreed upon, by a physician or physicians designated by the Board of Trustees. Should any disability beneficiary who has not yet attained the age of sixty years refuse to submit to at least one medical examination in any such year by a physician or physicians designated by the Board of Trustees, his allowance may be discontinued until his withdrawal of such refusal, and should his refusal continue for one year all his rights in and to his pension may be revoked by the Board of Trustees.

(a) Should the Medical Board report and certify to the Board of Trustees that such disability beneficiary is engaged in or is able to engage in a gainful occupation paying more than the difference between his retirement allowance and the average final compensation, and should the Board of Trustees concur in such report then the amount of his pension shall be reduced to an amount, which, together with his annuity and the amount earnable by him, shall equal the amount of his average final compensation. Should his earning capacity be later changed, the amount of his pension may be further modified; provided, that the new pension shall not exceed the amount of the pension originally granted nor an amount, which, when added to the amount earnable by the beneficiary together with his annuity, equals the amount of his average final compensation. A beneficiary restored to active service at a salary less than the average final compensation shall not become a member of the retirement system.

(b) Should a disability beneficiary under the age of sixty years be restored to active service at a compensation not less than his average final compensation, his retirement allowance shall cease, he shall again become a member of the retirement system, and he shall contribute thereafter at the same rate he paid prior to disability. Any such prior service certificate on the basis of which his service was computed at the time of his retirement shall be restored to full force and effect, and in addition, upon his subsequent retirement he shall be credited with all his service as a member, but should he be restored to active service on or after the attainment of the age of fifty years his pension upon subsequent retirement shall not exceed the sum of the pension which he was receiving immediately prior to his last
restoration and the pension that he would have received on account of his service since his last restoration had he entered service at that time as a new entrant.

RETURN OF ACCUMULATED CONTRIBUTIONS

(6) Should a member cease to be a teacher except by death or retirement under the provisions of this Act, he shall be paid such part of the amount of the accumulated contributions standing to the credit of his individual account in the Annuity Savings Fund as he shall demand. Should a member die before retirement the amount of his accumulated contributions standing to the credit of his individual account shall be paid to his estate or to such person as he shall have nominated by written designation, duly executed and filed with the Board of Trustees.

OPTIONAL ALLOWANCES

(7) With the provision that no optional selection shall be effective in case a beneficiary dies within thirty days after retirement, and that such a beneficiary shall be considered as an active member at the time of death; until the first payment on account of any benefit becomes normally due, any member may elect to receive his benefit in a retirement allowance payable throughout life, or he may elect to receive the actuarial equivalent at that time, of his retirement allowance in a reduced retirement allowance payable throughout life with the provision that:

Option 1. If he dies before he has received in annuity payments the present value of his annuity as it was at the time of his retirement, the balance shall be paid to his legal representatives or to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees; or

Option 2. Upon his death, his reduced retirement allowance shall be continued throughout the life of and paid to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees at the time of his retirement; or

Option 3. Upon his death, one-half of his reduced retirement allowance shall be continued throughout the life of, and paid to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees at the time of his retirement; or

Option 4. Some other benefit or benefits shall be paid either to the member or to such person or persons as he shall nominate provided, such other benefit or benefits, together with the reduced retirement allowance, shall be
certified by the actuary to be of equivalent actuarial value to his retirement allowance, and approved by the Board of Trustees.

Section 6. Administration

BOARD OF TRUSTEES

(1) The general administration and responsibility for the proper operation of the retirement system and for making effective the provisions of the Act are hereby vested in a Board of Trustees which shall be organized immediately after a majority of the trustees provided for in this section shall have qualified and taken the oath of office.

(2) The Board shall consist of seven trustees as follows:

(a) The State Superintendent of Public Education, Ex-Officio.

(b) The Secretary of State, Ex-Officio.

(c) The State Treasurer, Ex-Officio.

(d) The Secretary of the Louisiana Teachers' Association, Ex-Officio.

(e) Three teachers, one of whom shall be a parish superintendent, one of whom shall be a principal, and one of whom shall be a classroom teacher, who shall be elected by the members of the retirement system for a term of three years each according to such rules and regulations as the Board of Trustees shall adopt to govern such elections, provided, that the first three teachers to serve as members of the Board of Trustees shall be appointed by the State Superintendent of Public Education. He shall appoint one to serve for a term of one year, one to serve for a term of two years, and one to serve for a term of three years. The terms of office of the three members appointed by the State Superintendent of Public Education shall begin immediately after they have qualified and taken the oath of office.

(3) If a vacancy occurs in the office of a trustee, the vacancy shall be filled for the unexpired term in the same manner as the office was previously filled.

(4) The trustees shall serve without compensation but they shall be reimbursed from the Expense Fund for all necessary expenses that they may incur through service on the Board.

(5) Each trustee shall, within ten days after his
appointment or election, take an oath of office that, so far as it devolves upon him he will diligently and honestly administer the affairs of the said Board, and that he will not knowingly violate or willingly permit to be violated any of the provisions of law applicable to the retirement system. Such oath shall be subscribed to by the member making it, and certified by the officer before whom it is taken, and immediately filed in the office of the Secretary of State.

(6) Each trustee shall be entitled to one vote in the Board. Four votes shall be necessary for a decision by the trustees at any meeting of said Board after it has seven members.

(7) Subject to the limitations of this Act the Board of Trustees shall, from time to time, establish rules and regulations for the administration of the funds created by this Act and for the transaction of its business.

(8) The Board of Trustees shall elect from its membership a Chairman and shall by a majority vote of all its members appoint a Secretary-Treasurer, who may be, but need not be, one of its members. The Board of Trustees shall engage such actuarial and other service as shall be required to transact the business of the retirement system. The compensation of all persons engaged by the Board of Trustees, and all other expenses of the Board necessary for the operation of the retirement system shall be paid at such rates and in such amounts as the Board of Trustees shall approve.

(9) The Board of Trustees shall keep in convenient form such data as shall be necessary for actuarial valuation of the various funds of the retirement system, and for checking the experience of the system.

(10) The Board of Trustees shall keep a record of all of its proceedings which shall be open to public inspection. It shall publish annually a report showing the fiscal transactions of the retirement system for the preceding school year, the amount of the accumulated cash and securities of the system, and the last balance sheet showing the financial condition of the system by means of an actuarial valuation of the assets and liabilities of the retirement system.

LEGAL ADVISER

(11) The attorney General shall be the legal adviser of the Board of Trustees.
MEDICAL BOARD

(12) The Board of Trustees shall designate a Medical Board to be composed of three physicians not eligible to participate in the retirement system. If required, other physicians may be employed to report on special cases. The Medical Board shall arrange for and pass upon all medical examinations required under the provisions of this Act, and shall investigate all essential statements and certificates by or on behalf of a member in connection with an application for disability retirement, and shall report in writing to the Board of Trustees its conclusion and recommendations upon all the matters referred to it.

DUTIES OF ACTUARY

(13) The Board of Trustees shall designate an actuary who shall be the technical adviser of the Board of Trustees on matters regarding the operation of the funds created by the provisions of this Act, and shall perform such other duties as are required in connection therewith.

(14) Immediately after the establishment of the retirement system the actuary shall make such investigation of the mortality, service and compensation experience of the members of the system as he shall recommend and the Board of Trustees shall authorize, and on the basis of such investigation he shall recommend for adoption by the Board of Trustees such tables and such rates as are required in Subsection (15), Paragraphs (a) and (b) of this section. The Board of Trustees shall adopt tables and certify rates, and as soon as practicable thereafter the actuary shall make a valuation based on such tables and rates, of the assets and liabilities of the funds created by this Act.

(15) In the year nineteen hundred thirty-eight, and at least once in each five-year period thereafter, the actuary shall make an actuarial investigation into the mortality, service and compensation experience of the members and beneficiaries of the retirement system, and shall make a valuation of the assets and liabilities of the funds of the system, and taking into account the result of such investigation and valuation, the Board of Trustees shall:

(a) Adopt for the retirement system such mortality, service and other tables as shall be deemed necessary; and

(b) Certify the rates of contribution payable by the State of Louisiana on account of new entrants at various ages.

(16) On the basis of such tables as the Board of Trustees shall adopt, the actuary shall make an annual
valuation of the assets and liabilities of the funds of the system created by this Act.

MANAGEMENT OF FUNDS

Section 7. (1) The Board of Trustees shall be the trustees of the several funds created by this Act as provided in Section 8, and shall have full power to invest and reinvest such funds, subject to all the terms, conditions, limitations and restrictions imposed by the laws of Louisiana upon domestic life insurance companies in the making and disposing of their investment; and subject to like terms, conditions, limitations and restrictions, said trustees shall have full power to hold, purchase, sell, assign, transfer and dispose of any of the securities and investments in which any of the funds created herein shall have been invested, as well as the proceeds of said investments and any moneys belonging to said funds.

(2) The Board of Trustees annually shall allow regular interest on the mean amount for the preceding year in each of the funds with the exception of the Expense Fund. The amounts so allowed shall be due and payable to said funds, and shall be annually credited thereto by the Board of Trustees from interest and other earnings on the moneys of the retirement system. Any additional amount required to meet the interest on the funds of the retirement system shall be paid from the Pension Accumulation Fund, and any excess of earnings over such amount required shall be paid to the Pension Accumulation Fund. Regular interest shall mean such per centum rate to be compounded annually as shall be determined by the Board of Trustees on the basis of the interest earnings of the system for the preceding year and of the probable earnings to be made, in the judgment of the board, during the immediate future, such rate to be limited to a minimum of three per centum and a maximum of four per centum with the latter rate applicable during the first year of operation of the retirement system.

(3) The Secretary-Treasurer of the Board of Trustees shall be the custodian of the several funds. All payments from said funds shall be made by him only upon vouchers signed by two persons designated by the Board of Trustees. The Secretary-Treasurer of the Board of Trustees shall furnish said board a surety bond in a company authorized to do business in Louisiana in such an amount as shall be required by the board, the premium to be paid from the Expense Fund.

(4) For the purpose of meeting disbursements for pensions, annuities, and other payments there may be kept available cash, not exceeding ten per centum of the total amount in the several funds of the retirement system, on
deposit in one or more banks or trust companies of the State of Louisiana organized under the laws of the State of Louisiana or of the United States, provided, that the sum on deposit in any one bank or trust company shall not exceed twenty-five per centum of the paid up capital and surplus of such bank or trust company.

(5) The Board of Trustees shall select Fiscal Agency bank or banks for the deposit of the funds and securities of the Teachers' Retirement System in the same manner as Fiscal Agent Banks are selected by the Board of Liquidation of the State Debt of Louisiana. Such banks selected shall be required to conform to the law governing Fiscal Agent Banks selected by the State. The funds and properties of the Teachers' Retirement System held in any bank of the State shall be safe-guarded by a fidelity and surety bond, the amount to be determined by the Board of Trustees.

(6) Except as otherwise herein provided, no trustee and no employee of the Board of Trustees shall have any direct interest in the gains or profits of any investment made by the Board of Trustees, nor as such receive any pay or emolument for his service. No trustee or employee of the Board shall, directly or indirectly, for himself or as an agent in any manner use the same, except to make such current and necessary payments as are authorized by the Board of Trustees; nor shall any trustee or employee of the Board of Trustees become an endorser or surety or in any manner an obligor for moneys loaned or borrowed from the Board of Trustees.

**METHOD OF FINANCING**

Section 8. All of the assets of the Retirement System shall be credited according to the purpose for which they are held to one of five funds, namely, the Annuity Savings Fund, the Annuity Reserve Fund, the Pension Accumulation Fund, the Pension Reserve Fund and the Expense Fund.

(1) **ANNUITY SAVINGS FUND**

(a) The Annuity Savings Fund shall be a fund in which shall be accumulated contributions from the compensation of members to provide for their annuities. Contributions to and payments from the Annuity Savings Fund shall be made as follows:

(b) Each employer shall cause to be deducted from the salary of each member on each and every payroll of such employer for each and every payroll period four per centum of his earnable compensation. But the employer shall not have any deduction made for annuity purposes from the compensation of a member who elects not to contribute if he
has attained the age of sixty years and has completed thirty-five years of service. In determining the amount earnable by a member in a payroll period, the Board of Trustees may consider the rate of annual compensation payable to such member on the first day of the payroll period as continuing throughout such payroll period, and it may omit deduction from compensation for any period less than a full payroll period if a teacher was not a member on the first day of the payroll period, and to facilitate the making of deductions it may modify the deduction required of any member by such an amount as shall not exceed one-tenth of one per centum of the annual compensation upon the basis of which such deduction is to be made.

(c) The deductions provided for herein shall be made notwithstanding that the minimum compensation provided for by law for any member shall be reduced thereby. Every member shall be deemed to consent and agree to the deductions made and provided for herein and shall receipt for his full salary or compensation, and payment of salary or compensation less said deduction shall be a full and complete discharge and acquittance of all claims and demands whatsoever for the services rendered by such person during the period covered by such payment, except as to the benefits provided under this Act. The employer shall certify to the Board of Trustees on each and every payroll or in such other manner as the Board of Trustees may prescribe, the amounts to be deducted; and each of said amounts shall be deducted, and when deducted shall be paid into said Annuity Savings Fund, and shall be credited, together with regular interest thereon to the individual account of the member from whose compensation said deduction was made. Provided, that for the purpose of enabling the collection of four per centum of the salaries of the members of the retirement system to be made as simple as possible, the Board of Trustees may, at its option, use the following method of collecting the money:

It shall require each parish or city superintendent of the State, the Secretary of the State Board of Education, the secretary of the Board of Supervisors of the Louisiana State University, and any other teacher employment agency of the State, within thirty days after the beginning of each school year, to make up a list of all teachers in the employment of each parish or city school board, the State Board of Education, the board of supervisors of the Louisiana State University, or other teacher employment agency of the State, who are members of the retirement system, set out their salaries by the month and by the year, make an affidavit to the correctness of this statement, file the same with the State Superintendent of Public Education, and file a copy of same with the Board of Trustees of the Teachers' Retirement System. If additions to or deductions from this
list should be made during the year, such additions or
deductions shall likewise be certified under oath to the
State Superintendent of Public Education and to the Board of
Trustees of the retirement system.

The State Superintendent of Public Education shall cause
four per centum of each member's annual salary to be ascer­
tained and shall determine the total amount to be deducted
for that school year from the salaries of all members in the
employ of each parish or city school board, the State Board
of Education, the board of supervisors of the Louisiana
State University, or other teacher employment agency of the
State; and the State Superintendent of Public Education
shall, during the month of January of each year, cause to be
deducted from the amount of money that is to be distributed
to each parish or city school board from the State Public
School Fund, the total amount to be deducted from the
salaries of all members of the retirement system in the
employ of that board for the entire year. He shall also
cause to be deducted from the amounts appropriated by the
State for the support of the Louisiana State University, for
the support of institutions under the control of the State
Board of Education, for the maintenance and support of the
State Department of Education, and for the support of any
other teacher-employment agency of the State the total
amount to be deducted for the entire year from the salaries
of all members of the retirement system whose salaries are
paid from these several funds.

After these amounts have been determined, and during the
month of January of each year, the Auditor of the State of
Louisiana shall issue his warrant to the Treasurer of the
State of Louisiana directing the Treasurer to pay these sums to
the Teachers' Retirement System of Louisiana as follows:
From the State Public School Fund, for the use and benefit
of members who are State public school teachers; from the
amount appropriated for the support of the Louisiana State
University, for the use and benefit of members who are
teachers of the Louisiana State University; from the appro­
priation made for the support and maintenance of each of the
colleges under the control of the State Board of Education,
for the use and benefit of members who are teachers of each
of these colleges; from the appropriation for the support
and maintenance of the State Department of Education, for
the use and benefit of members who are its employees; and
from the amount appropriated for any other teacher employ­
ment agency of the State, for the use and benefit of members
who are employed by such agency.

The Treasurer of the State of Louisiana shall forthwith
and during the month of January of each year, draw warrants
on these various funds made payable to the Teachers' Retire­
ment System of Louisiana, and deliver these warrants to the
Secretary-Treasurer of the Board of Trustees of the Teachers' Retirement System of Louisiana. The Secretary-Treasurer of the Board of Trustees shall, after verifying the correctness of each item and making a record of all such receipts, deposit the receipts in a bank or banks selected by the Board of Trustees for use according to the provisions of this Act.

The State Superintendent of Public Education of Louisiana shall send to the treasurer of the school funds of the City of Monroe the amounts to be deducted, both for the teacher and for the employer, at the same time he furnishes the amounts to the Auditor of the State. The treasurer of the school funds of the City of Monroe shall forthwith, and during the month of January of each year, make the deductions from the school funds of the City of Monroe to cover the amounts due the Board of Trustees of the Teachers' Retirement System of Louisiana. The money that is sent to the Board of Trustees by the treasurer of the school funds of the City of Monroe shall be handled and deposited the same as if it came from the funds of the State of Louisiana.

(d) In addition to the contributions deducted from compensation as hereinbefore provided, subject to the approval of the Board of Trustees, any member may redeposit in the Annuity Savings Fund by a single payment or by an increased rate of contribution an amount equal to the total amount which he previously withdrew therefrom as provided in this Act, or any part thereof; or any member may deposit therein by a single payment or by an increased rate of contribution an amount computed to be sufficient to purchase an additional annuity, which, together with his prospective retirement allowance, will provide for him a total retirement allowance of not to exceed one-half of his average final compensation at age sixty. Such additional amounts so deposited shall become a part of his accumulated contributions except in the case of retirement, when they shall be treated as excess contributions returnable to the member in cash or as an annuity of equivalent actuarial value and shall not be considered in computing his pension. The accumulated contributions of a member withdrawn by him, or paid to his estate or to his designated beneficiary in event of his death as provided in the Act, shall be paid from the Annuity Savings Fund. Upon the retirement of a member his accumulated contributions shall be transferred from the Annuity Savings Fund to the Annuity Reserve Fund.

(2) **ANNUITY RESERVE FUND**

The Annuity Reserve Fund shall be the fund in which shall be held the reserves on all annuities in force and from which shall be paid all annuities and all benefits in lieu of annuities, payable as provided in this Act. Should a beneficiary retired on account of disability be restored to active service with a compensation not less than his
average final compensation at the time of his last retire-
ment his annuity reserve shall be transferred from the
Annuity Reserve Fund to the Annuity Savings Fund and
credited to his individual account therein.

(3) PENSION ACCUMULATION FUND

(a) The Pension Accumulation Fund shall be the fund in
which shall be accumulated all reserves for the payment of
all pensions and other benefits payable from contributions
made by employers and from which shall be paid all pensions
and other benefits on account of members with prior service
credit. Contributions to and payments from the Pension
Accumulation Fund shall be made as follows:

(b) On account of each member there shall be paid
annually into the Pension Accumulation Fund by employers for
the preceding fiscal year an amount equal to a certain per-
centage of the earnable compensation of each member to be
known as the "normal contribution," and an additional amount
equal to a percentage of his earnable compensation to be
known as the "accrued liability contribution." The rate per
centum of such contributions shall be fixed on the basis of
the liabilities of the retirement system as shown by
actuarial valuation. Until the first valuation the normal
contribution shall be two and forty-five hundredths per
centum and the accrued liability contribution shall be two
and sixty-five hundredths per centum of the annual compensa-
tion of all members.

(c) On the basis of regular interest and of such
mortality and other tables as shall be adopted by the Board
of Trustees, the actuary engaged by the Board to make each
valuation required by this Act during the period over which
the accrued liability contribution is payable, immediately
after making such valuation, shall determine the uniform and
constant percentage of the earnable compensation of the
average new entrant, which if contributed on the basis of
compensation of such new entrant throughout his entire
period of active service would be sufficient to provide for
the payment of any pension payable on his account. The rate
per centum so determined shall be known as the "normal
contribution" rate. After the accrued liability contribu-
tion has ceased to be payable, the normal contribution rate
shall be the rate per centum of the earnable salary of all
members obtained by deducting from the total liabilities of
the Pension Accumulation Fund the amount of the funds in
hand to the credit of that fund and dividing the remainder
by one per centum of the present value of the prospective
future salaries of all members as computed on the basis of
the mortality and service tables adopted by the Board of
Trustees and regular interest. The normal rate of contribu-
tion shall be determined by the actuary after each valuation.
(d) Immediately succeeding the first valuation the actuary engaged by the Board of Trustees shall compute the rate per centum of the total annual compensation of all members which is equivalent to four per centum of the amount of the total pension liability on account of all members and beneficiaries which is not dischargeable by the aforesaid normal contribution made on account of such members during the remainder of their active service. The rate per centum originally so determined shall be known as the "accrued liability contribution" rate.

(e) The total amount payable in each year to the Pension Accumulation Fund shall be not less than the sum of the rate per centum known as the normal contribution rate and the accrued liability contribution rate of the total compensation earnable by all members during the preceding year; provided, however, that the amount of each annual accrued liability contribution shall be at least three per centum greater than the preceding annual accrued liability payment, and that the aggregate payment by employers shall be sufficient, when combined with the amount in the fund to provide the pensions and other benefits payable out of the fund during the year then current.

(f) The accrued liability contribution shall be discontinued as soon as the accumulated reserve in the Pension Accumulation Fund shall equal the present value, as actuarially computed and approved by the Board of Trustees, of the total liability of such fund less the present value, computed on the basis of the normal contribution rate then in force, of the prospective normal contributions to be received on account of all persons who are at that time members.

(g) All pensions, and benefits in lieu thereof, with the exception of those payable on account of members who receive no prior service allowance, payable from contributions of employees, shall be paid from the Pension Accumulation Fund.

(h) Upon the retirement of a member not entitled to credit for prior service, an amount equal to his pension reserve shall be transferred from the Pension Accumulation Fund to the Pension Reserve Fund.

(4) PENSION RESERVE FUND

The Pension Reserve Fund shall be the fund in which shall be held the reserves on all pensions granted to members not entitled to credit for prior service and from which such pensions and benefits in lieu thereof shall be paid. Should such a beneficiary retired on account of disability be restored to active service with a compensation not less than his average final compensation at the time of his last
retirement the pension reserve thereon shall be transferred from the Pension Reserve Fund to the Pension Accumulation Fund. Should the pension of such disability beneficiary be reduced as a result of an increase in his earning capacity, the amount of the annual reduction in his pension shall be paid annually into the Pension Accumulation Fund during the period of such reduction.

(5) EXPENSE FUND

The Expense Fund shall be the fund from which the expenses of the administration of the retirement system shall be paid, exclusive of amounts payable as retirement allowances and as other benefits provided herein. Contribution shall be made to the Expense Fund as follows:

(a) The Board of Trustees shall determine annually the amount required to defray such expenses for the ensuing fiscal year and shall certify such amount to the State Board of Education. The State Board of Education by proper resolution shall authorize the Auditor of the State of Louisiana to deduct this sum from the avails of the State Public School Fund of the State. The Auditor of the State of Louisiana shall issue a voucher to the Treasurer of the State authorizing him to pay this sum to the Board of Trustees of the Teachers' Retirement System of Louisiana.

(b) The sum of fifteen thousand dollars is hereby appropriated from the State Public School Fund for the purpose of organizing the retirement system and establishing an office. This sum shall be credited to the Expense Fund.

(6) COLLECTIONS OF CONTRIBUTIONS

(1) The collection of members' contributions shall be as follows:

(a) Each employer shall cause to be deducted on each and every payroll of a member for each and every payroll period subsequent to the date of establishment of the retirement system the contributions payable by such member, as provided in this Act. Each employer shall certify to the Treasurer of said employer on each and every payroll a statement as vouchers for the amount so deducted.

(b) The Treasurer of each employer on the authority from the employer shall make deductions from salaries of teachers as provided in this Act and shall transmit monthly, or at such time as the Board of Trustees shall designate, the amount specified to be deducted, to the Secretary-Treasurer of the Board of Trustees. The Secretary-Treasurer of the Board of Trustees after making a record of all such receipts shall deposit them in a bank or banks selected by said Board of Trustees for use according to the provisions
of this Act, but nothing in this Section shall prevent the Board of Trustees from modifying the method of collecting the contributions of members so that employers may retain the amount so deducted and have a corresponding amount deducted from the appropriation for the support of common schools otherwise payable to them, provided, that any college or university or other educational institution operated by or under the control of the State shall have the amount retained or deducted from the funds regularly appropriated for the current maintenance for these colleges and institutions.

(2) The collection of employers' contributions shall be made as follows:

(a) Upon the basis of each actuarial valuation provided herein the Board of Trustees shall annually prepare and certify to the State Superintendent of Public Education a statement of the total amount necessary for the ensuing fiscal year to the Pension Accumulation and Expense Funds, as provided under Subsections (3) and (5) of this section.

(b) The State Superintendent of Public Education shall include in the certificate he files with the State Auditor showing the amount of State funds apportioned to each employer for the support of public schools, a statement showing the amount to be contributed by each employer as required under this Act.

The amount to be contributed by each employer shall be such percentage of the total compensations or salaries of all teachers in his employ not included in a local pension fund as the aggregate amount of the normal and accrued liability contributions and Expense Fund contributions for the year shall bear to the total compensation or salaries of all teachers or all employers, except those who are included in local pension funds.

Until the first valuation has been made and the rates computed as provided in Subsection (3) of this Section the amount payable by employers on account of the normal and accrued liability contributions shall be five and ten hundredths per centum of the payroll of all teachers.

(c) The Auditor shall issue his warrant to the State Treasurer directing the State Treasurer to pay this sum to the Board of Trustees, from the appropriations for the support of public schools, State supported colleges and the support of the State Department of Education the amounts required to be made as contributions to such funds by the employers as shown by the certificate of the State Superintendent of Public Education filed with him as directed in Paragraph (b) of this subsection.
(d) The Auditor in issuing his warrant to the State Treasurer for payment to each employer of that portion of the moneys apportioned for the support of public schools and State supported colleges and payable on or before the first day of each year shall deduct therefrom an amount shown by the certificate of the State Superintendent of Public Education filed with the Auditor as required in Paragraph (b) of this subsection.

(e) In order to meet the financial requirements of this Act, employers shall cause to be deducted from the State Public School Fund, the income of the Louisiana State University, the income of the colleges under the control of the State Board of Education, the income of the State Department of Education and the income of any other teacher employment agency employing public school teachers of the State, the amount necessary from these respective funds to meet the contribution that the employers shall make.

Section 9. Exemptions from Execution

The right of a person to a pension, an annuity, or a retirement allowance, to the return of contributions, the pension, annuity or retirement allowance itself, any optional benefit or any other right accrued or accruing to any person under the provisions of this Act, and the moneys in the various funds created by this Act, are hereby exempt from any state or municipal tax, and exempt from levy and sale, garnishment, attachment, or any other process whatsoever, and shall be unassignable except as in this Act specifically otherwise provided.

Section 10. Protection Against Fraud

Any person who shall knowingly make any false statement or shall falsify or permit to be falsified any record or records of this retirement system in any attempt to defraud such system as a result of such act shall be guilty of a misdemeanor, and on conviction thereof by any court of competent jurisdiction, shall be punished by a fine not exceeding five hundred dollars ($500.00), or imprisonment in the parish jail not exceeding twelve months, or both such fine and imprisonment at the discretion of the court. Should any change or error in the records result in any member or beneficiary receiving from the retirement system more or less than he would have been entitled to receive had the records been correct, the Board of Trustees shall correct such error, and as far as practicable, shall adjust the payment in such a manner that the actuarial equivalent of the benefit to which such member or beneficiary was correctly entitled shall be paid.
Section 11. Limitation on Membership

No other provision of law in any other statute which provides wholly or partly at the expense of the State of Louisiana for pensions or retirement benefits for teachers of the said State, their widows, or other dependents, shall apply to members or beneficiaries of the retirement system established by this Act, their widows or other dependents.

Section 12. Guaranty

The maintenance of annuity reserves and pension reserves as provided for, and regular interest creditable to the various funds as provided in Section 8 of this Act, and the payment of all pensions, annuities, retirement allowances, refunds and other benefits granted under the provisions of this Act, are hereby made obligations of the Pension Accumulation Fund. All income, interest and dividends derived from deposits and investments authorized by this Act shall be used for the payment of the said obligations of the said fund.

Section 13. Other Retirement Funds

The Board of Trustees or the governing board of any retirement fund operated for the retirement of teachers by a city, parish, or other political subdivision of the State of Louisiana is hereby authorized to adopt rules and regulations to provide for members of any such retirement fund who do not join this system and for new members of any such fund retirement benefits comparable with those to be granted by this retirement system.

Section 14.

If any section or part of any section of this Act is declared to be unconstitutional, the remainder of this Act shall not thereby be invalidated. All provisions of the law inconsistent with the provisions of this Act are hereby repealed to the extent of such inconsistency. No payment on account of any benefit granted under the provisions of Section 5, Subsection (1) to (4) inclusive, shall become effective or begin to accrue until the end of one year following the date the system is established nor shall any compulsory retirement be made during such period.

Approved by the Governor July 1, 1936.

A True Copy:

E. A. CONWAY,

Secretary of State.
VITA

Florent Hardy, Jr., son of Florent Hardy, Sr. and the former Agnes Angelle, was born in Lafayette, Louisiana, on February 18, 1944.

Hardy graduated from Cecilia High School, Cecilia, Louisiana. He has received a Bachelor of Arts in History (1966), Master of Arts in History (1969), and a Bachelor of Arts in Social Studies Education (1972) from the University of Southwestern Louisiana, Lafayette, Louisiana.

Hardy has been employed by St. Martin Parish School Board since 1968.
Candidate: Florent Hardy, Jr.

Major Field: Education

Title of Thesis: A HISTORY OF THE TEACHERS' RETIREMENT SYSTEM OF LOUISIANA

Approved:

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Date of Examination:
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