

2018 Regular Session

HOUSE BILL NO. 32

BY REPRESENTATIVE PEARSON

RETIREMENT/MUNICIPAL EMP: Provides for the Deferred Retirement Option Plan participation period for a member of the Municipal Employees' Retirement System of Louisiana

1 AN ACT

2 To amend and reenact R.S. 11:1763(C)(1) and (E), relative to the Deferred Retirement
3 Option Plan of the Municipal Employees' Retirement System of Louisiana; to
4 provide for suspension of benefit payments and extension of the plan participation
5 period under certain circumstances; and to provide for related matters.

6 Notice of intention to introduce this Act has been published
7 as provided by Article X, Section 29(C) of the Constitution
8 of Louisiana.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 11:1763(C)(1) and (E) are hereby amended and reenacted to read as
11 follows:

12 §1763. Deferred Retirement Option Plan

13 * * *

14 C.(1) The duration of participation in the plan shall be specified and shall not
15 exceed three years, except as provided in Paragraph (E)(2) of this Section.

16 * * *

17 E.(1) Upon the effective date of the commencement of participation in the
18 plan, active membership and participation in the regular retirement plan of the

1 system shall terminate and active membership and participation in the Deferred
 2 Retirement Option Plan of the system shall commence. Employer contributions shall
 3 continue to be payable by the employer during the person's membership and
 4 participation in the plan, but payment of employee contributions shall cease upon the
 5 effective date of the person's commencement of participation in the plan. For
 6 purposes of this Section, compensation and creditable service shall remain as they
 7 existed on the effective date of commencement of participation in the plan. The
 8 monthly retirement benefits that would have been payable, had the person elected to
 9 cease employment and receive a service retirement allowance, shall be paid into a
 10 subaccount within the Deferred Retirement Option Plan, which reflects the credits
 11 attributed to the person in the plan, but the monies shall remain a part of the regular
 12 retirement fund until disbursed to the person in accordance with plan provisions, and
 13 the monies shall not be subject to state income taxation while maintained in the fund
 14 or upon distribution therefrom.

15 (2) If employer contributions on behalf of a participant are suspended during
 16 the participation period as a result of interruption of employment, benefit payments
 17 into the participant's subaccount within the Deferred Retirement Option Plan shall
 18 be suspended until payment of employer contributions is restored, and the member's
 19 participation period shall be extended by the number of months his benefit payments
 20 were suspended. In such a case, the participation period may exceed three calendar
 21 years but shall not exceed thirty-six nonconsecutive months of participation.

22 * * *

23 Section 2. This Act shall become effective on July 1, 2018; if vetoed by the governor
 24 and subsequently approved by the legislature, this Act shall become effective on July 1,
 25 2018, or on the day following such approval by the legislature, whichever is later.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 32 Reengrossed

2018 Regular Session

Pearson

Abstract: Extends a Municipal Employees' Retirement System of La. (MERS) member's Deferred Retirement Option Plan (DROP) participation period and suspends benefit payments if employer contributions are suspended due to an interruption of service.

Present law allows a MERS member eligible for retirement to terminate active membership in MERS, enter into DROP, and have his regular retirement benefit payments paid into an account maintained by MERS. The duration of participation in DROP shall be specified and shall not exceed three years.

Proposed law provides that if employer contributions on behalf of a DROP participant are suspended during the participation period as a result of interruption of employment, benefit payments into the participant's DROP account shall be suspended and the member's participation period shall be extended by the number of months his benefit payments were suspended; however, participation shall not exceed 36 nonconsecutive months.

Effective July 1, 2018.

(Amends R.S. 11:1763(C)(1) and (E))

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Provide that the 36 month participation maximum may be nonconsecutive months.