

RÉSUMÉ DIGEST

ACT 114 (HB 40)

2018 Regular Session

Ivey

Existing law allows a member of Firefighters' Retirement System (FRS) who has at least 20 years of service and who is eligible for retirement to elect to participate in DROP. Upon entering DROP, the participant's membership in the system terminates and employer and employee contributions are no longer paid. The monthly retirement benefits that would have been payable had the participant retired are paid into a DROP account.

For a member who was eligible to participate in DROP on or after Jan. 1, 2004, existing law provides that after leaving DROP, his account balance shall be placed in money market investments (a money market account) chosen by the FRS board, to be credited with interest at the actual rate of return earned by the account less 1/4%, *unless* the participant irrevocably elects for his account balance to earn the same interest rate as the system's investment portfolio (a system rate account), less certain costs, and waives the protection afforded by existing law prohibiting the diminishment or impairment of retirement benefits.

Prior law authorized the FRS board to place the DROP funds in a self-directed account. New law removes this option.

New law, applicable to members eligible to participate in DROP on or after Jan. 1, 2019, authorizes the participant, after termination of participation, to allocate the balance of his DROP account between a system rate account and a money market account, pursuant to all other conditions of existing law. Provides that such allocation shall be a one-time, irrevocable choice.

New law provides that a member eligible to participate in DROP between Jan. 1, 2004, and Dec. 31, 2018, who has a balance in his DROP account may elect to allocate the balance of his DROP account as provided by new law if such election is made as specified by new law.

New law provides that a member with a balance in his DROP account as of Dec. 31, 2018, may convert the balance to a true annuity as provided by existing law within six months of the effective date of new law.

Effective July 1, 2018.

(Amends R.S. 11:2257(E)-(K); Adds R.S. 11:2257(G))