

2024 Regular Session

HOUSE BILL NO. 36

BY REPRESENTATIVE BACALA

RETIREMENT/MUNICIPAL POL: Provides relative to membership and benefits of the  
Municipal Police Employees' Retirement System

1 AN ACT

2 To amend and reenact R.S. 11:2213(11)(a)(iii), 2220(A)(2)(a), (B)(2)(e), and (J)(1),  
3 2221(A), (C), and (I)(1)(introductory paragraph), 2241.4(A)(3), and 2242.4(3); to  
4 enact R.S. 11:157(C)(3), 2213(11)(i), 2221.1, and 2224(I); and to repeal R.S.  
5 11:2213(11)(a)(iv), 2220(J)(4), and 2221(K)(4)(b), relative to the Municipal Police  
6 Employees' Retirement System; to establish a Back-Deferred Retirement Option Plan  
7 retirement benefit program and to provide relative to participation in the traditional  
8 Deferred Retirement Option Plan; to provide relative to application for survivor and  
9 beneficiary benefits; to provide relative to the option, available to some employees,  
10 of not participating in the retirement system; to provide relative to reemployment of  
11 retirees in positions covered by the system; to provide for an effective date; and to  
12 provide for related matters.

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

16 Be it enacted by the Legislature of Louisiana:

17 Section 1. R.S. 11:2213(11)(a)(iii), 2220(A)(2)(a), (B)(2)(e), and (J)(1), 2221(A),  
18 (C), and (I)(1)(introductory paragraph), 2241.4(A)(3), and 2242.4(3) are hereby amended  
19 and reenacted and R.S. 11:157(C)(3), 2213(11)(i), 2221.1, and 2224(I) are hereby enacted  
20 to read as follows:

1 §157. Firefighters' Retirement System; Municipal Police Employees' Retirement  
2 System; optional membership; refund of employee contributions; irrevocable  
3 election; reenrollment; membership verification information

4 \* \* \*

5 C.

6 \* \* \*

7 (3) Any employee as defined in R.S. 11:2213 who wishes to file an affidavit  
8 pursuant to Paragraph (1) of this Subsection shall do so on or before December 31,  
9 2024.

10 \* \* \*

11 §2213. Definitions

12 The following words and phrases, as used in this Chapter, unless a different  
13 meaning is plainly required by context, shall have the following meanings:

14 \* \* \*

15 (11) "Employee" shall mean any of the following classifications:

16 (a)

17 \* \* \*

18 ~~(iii) Any person in a position as defined in the municipal fire and police civil~~  
19 ~~service system~~ who is employed on a full-time basis by a police department of any  
20 municipality of this state; and who is under the direction of a chief of police, ~~and~~  
21 ~~who is paid from the budget of the applicable police department.~~

22 \* \* \*

23 (i) Any person who is not a full-time police officer and who on March 5,  
24 2023, met this definition of employee only under Item (a)(iii) of this Paragraph and  
25 was enrolled in another municipal retirement system is not an employee.

26 \* \* \*

27 §2220. Benefits; contribution limit

28 A. Eligibility for normal retirement, early retirement, and limitations.

29 \* \* \*

1 (2)(a)(i) ~~Regardless~~ Except as provided by Item (ii) of this Subparagraph,  
2 regardless of age, if a retiree of this system becomes an employee as defined in R.S.  
3 11:2213, payment of retirement benefits shall be suspended and the employee and  
4 employer shall contribute to the system toward creditable service.

5 (ii) The benefits of a retiree of this system who retired as a chief of police  
6 after June 30, 2024, with at least twenty-five years of service credit and who, after  
7 sixty days following the date of his retirement, is employed as a chief of police by  
8 an employer other than the employer from which he retired as a chief of police shall  
9 not be suspended if the retiree irrevocably elects not to receive additional service  
10 credit or accrue any additional retirement benefit in the retirement system. Such  
11 election shall be in writing and filed with the board of trustees within thirty days  
12 after the effective date of the retiree's employment. During such employment, the  
13 retiree and his employer shall make contributions to the retirement system as  
14 provided by this Chapter. Upon termination of employment as a chief of police,  
15 employee contributions paid since reemployment shall, upon application, be  
16 refunded, without interest, to the retiree. The retirement system shall retain the  
17 employer contributions and interest on the contributions.

18 \* \* \*

19 B. Benefits shall be payable to any survivor of an active contributing  
20 member who dies before retirement or a disability retiree who dies after retirement  
21 as specified in the following:

22 \* \* \*

23 (2)

24 \* \* \*

25 (e) Qualifying survivor's benefits are payable upon application therefor and  
26 become effective as of the day following the death of the member if the fully  
27 completed application is received by the system by the later of September 20, 2024,  
28 or one hundred and twenty days after the date of death. If the system does not  
29 receive a fully completed application by this deadline, the benefits become effective

1 on the date the fully completed application is received and become payable not later  
2 than the first month following thirty days from the date that the system receives the  
3 fully completed application for benefits. If survivor benefits are being paid on behalf  
4 of a deceased member at the time a survivor applies for benefits, that survivor’s  
5 benefits shall become effective and payable on the first day of the next month  
6 following sixty days from the date that the system receives the survivor’s completed  
7 application for benefits.

8 \* \* \*

9 ~~J.(1)(a) Except as provided in Paragraph (4) of this Subsection, the~~ The  
10 benefits of any retiree of this system who ~~retires on or after July 1, 2021, and~~  
11 becomes employed by an employer but does not meet the definition of an employee  
12 within the ~~twelve-month~~ sixty-day period immediately following the effective date  
13 of his retirement shall be suspended for the duration of such employment or the lapse  
14 of ~~twelve months~~ sixty days from the effective date of retirement, whichever occurs  
15 first, even if such service is part-time, based on employment by contract, or in a  
16 nonqualifying position.

17 ~~(b) Notwithstanding any provisions of this Subsection that authorize~~  
18 ~~payment of retirement benefits to a retiree of this system who is reemployed under~~  
19 ~~the conditions specified in Subparagraph (a) of this Paragraph, no such reemployed~~  
20 ~~retiree shall receive a retirement benefit during the sixty-day period following the~~  
21 ~~effective date of his retirement.~~

22 \* \* \*

23 §2221. Deferred Retirement Option Plan

24 A. In lieu of terminating employment and accepting a service retirement  
25 allowance under R.S. 11:2220, any member of this system who has at least twelve  
26 years of creditable service and has attained at least age fifty-five or at least twenty  
27 years of creditable service and who is eligible to receive a service retirement  
28 allowance but is not eligible to participate in the Back-Deferred Retirement Option  
29 Plan pursuant to R.S. 11:2221.1 may elect to participate in the Deferred Retirement

1 Option Plan and defer the receipt of benefits in accordance with the provisions of this  
2 Section.

3 \* \* \*

4 C. The duration of participation in the plan shall be specified and shall not  
5 exceed ~~three~~ five years. However, if employer contributions on behalf of a  
6 participant are suspended during the participation period as a result of interruption  
7 of employment, benefit payments into the participant's subaccount within the plan  
8 shall be suspended until payment of employer contributions is restored, and the  
9 member's participation period shall be extended by the number of months his benefit  
10 payments were suspended. In such a case, the participation period may exceed ~~three~~  
11 five calendar years but shall not exceed ~~thirty-six~~ sixty nonconsecutive months of  
12 participation.

13 \* \* \*

14 I.(1) If a participant dies ~~during the period of participation in the plan~~, the  
15 following shall apply:

16 \* \* \*

17 §2221.1. Back-Deferred Retirement Option Plan

18 A.(1) There is hereby created an optional plan for members of the system  
19 called the "Back-Deferred Retirement Option Plan" which shall be referred to in this  
20 Chapter as "Back-DROP".

21 (2) In lieu of receiving a service retirement allowance under this Chapter, a  
22 member of the system who is eligible for Back-DROP may irrevocably elect to retire  
23 and have his benefits structured, calculated, and paid as provided in this Section.

24 B. An active, contributing member of the system shall be eligible for  
25 Back-DROP only if both of the following are first satisfied during or after the first  
26 fiscal year following the fiscal year in which the oldest positive amortization base  
27 existing as of June 30, 2024, is eliminated, as certified by both the system's actuary  
28 and director in writing:

1           (1) The member has accrued more service credit than the minimum required  
2           for eligibility for a normal retirement benefit. However, the member may not use  
3           time that was eligible to be transferred to the system under R.S. 11:143 prior to the  
4           first fiscal year following the fiscal year in which the oldest positive amortization  
5           base existing as of June 30, 2024, is eliminated, as certified by both the system's  
6           actuary and director in writing, to make himself eligible for Back-DROP.

7           (2) The member has attained an age that is greater than the minimum  
8           required for eligibility for a normal retirement benefit, if applicable.

9           C. At the time of retirement, a member who elects to receive a Back-DROP  
10          benefit shall select a Back-DROP period to be specified in whole months. The  
11          duration of the Back-DROP period shall not exceed the lesser of thirty-six months  
12          or the number of months of creditable service accrued after the member first attained  
13          eligibility for normal retirement. However, a member who has earned a benefit  
14          equal to a maximum benefit equal to one hundred percent of his average final  
15          compensation may select a Back-DROP period not to exceed the lesser of forty-eight  
16          months or the number of months of creditable service accrued after the member first  
17          became eligible for regular retirement. The Back-DROP period shall be comprised  
18          of the most recent calendar days corresponding to the member's employment for  
19          which service credit in the system accrued.

20          D.(1) The Back-DROP benefit shall have two portions: a monthly benefit  
21          portion and a lump-sum portion.

22          (2) The member's Back-DROP monthly benefit shall be calculated pursuant  
23          to the provisions applicable for a service retirement allowance under this Chapter,  
24          subject to the following conditions:

25                (a) For purposes of this Paragraph, creditable service shall not include  
26                service credit reciprocally recognized pursuant to R.S. 11:142.

27                (b) Accrued service credit at retirement utilized for the purpose of  
28                calculating the Back-DROP monthly benefit shall be reduced by the Back-DROP  
29                period.

1           (c) Average final compensation utilized for the purpose of calculating the  
2           Back-DROP monthly benefit shall be calculated by excluding all earnings during the  
3           Back-DROP period.

4           (d) Employer contributions received by the retirement system during the  
5           Back-DROP period and any interest that has accrued on employer and employee  
6           contributions received during the period shall be retained by the system and shall not  
7           be refunded to the member or to the employer.

8           (e) Upon separation from service, employee contributions received by the  
9           retirement system during the Back-DROP period shall, without interest, be deposited  
10           directly into the member's Back-DROP account.

11           (f) The member's Back-DROP monthly benefit shall be calculated based  
12           upon the member's age and service and the system statutes and other plan provisions  
13           in effect on the last day of creditable service before the Back-DROP period.  
14           However, the member may not elect to receive the initial benefit option under R.S.  
15           11:2224(F).

16           (g) At retirement, the member's maximum monthly retirement benefit  
17           payable as a life annuity shall be equal to the Back-DROP monthly benefit.

18           (3) In addition to the monthly benefit received pursuant to Paragraph (2) of  
19           this Subsection, the member shall be paid a lump-sum benefit equal to the  
20           Back-DROP maximum monthly retirement benefit multiplied by the number of  
21           months selected as the Back-DROP period.

22           (4) The Back-DROP lump sum shall be transferred to an individual account  
23           for self-directed investments as further provided in Subsection E of this Section.

24           (5) Cost-of-living adjustments shall not be payable on the member's  
25           Back-DROP lump sum.

26           (6) Upon the retiree's death, any remaining unpaid balance in the  
27           Back-DROP account shall be paid to the retiree's named beneficiaries or, if none, to  
28           his estate.

1           (7) Upon the death of a retiree who selected the maximum option pursuant  
2           to R.S. 11:2224(A), the retiree's named beneficiaries or, if none, the retiree's estate  
3           shall receive the deceased retiree's remaining contributions, less the Back-DROP  
4           benefit amount.

5           (8) Upon the death of a retiree who selected Option 1 pursuant to R.S.  
6           11:2224(A), the retiree's named beneficiaries or, if none, the retiree's estate shall  
7           receive the deceased retiree's annuity savings fund balance as of the retiree's date of  
8           retirement reduced by that portion of his initial Back-DROP account balance and his  
9           previously paid retirement benefits that were attributable to the member's annuity  
10          payments as provided by the annuity savings fund.

11          (9) For the purpose of determining compliance with the maximum income  
12          provisions of Section 415(b) of the Internal Revenue Code or any successor  
13          provision, a Back-DROP benefit calculation shall be performed by the board actuary  
14          to determine the value of the Back-DROP benefit if calculated as an annuity for the  
15          life expectancy of the member or member and beneficiary if a joint and survivor  
16          benefit option has been selected. This sum, on an annual basis, shall be added to the  
17          normal monthly benefit payable to determine if the total monthly benefit received  
18          from the system is in compliance with the maximum benefit limits contained in  
19          Section 415(b) of the Internal Revenue Code or any successor provision.

20          E.(1) Upon the member's separation from employment, the system shall  
21          transfer the lump-sum payment into a self-directed account managed by a third-party  
22          provider.

23          (2) The board shall hire a third-party provider to manage the self-directed  
24          accounts authorized by this Subsection. The third-party provider shall act as an  
25          agent of the system for purposes of investing balances in the self-directed accounts  
26          of the participants as directed by the participants. The participants shall be given  
27          investment options that comply with federal law for self-directed plans; however, the  
28          provider shall have as an investment option a stable value fund that preserves the  
29          participant's principal.



- 1           (3) Any participant agrees to all of the following:
- 2           (a) That he expressly waives his rights protected by the Constitution of
- 3           Louisiana relative to the interest earned by his Back-DROP account.
- 4           (b) That he and the provider shall be responsible for complying with all
- 5           applicable provisions of the Internal Revenue Code and that he and the provider, and
- 6           not the state or the system, bear the sole responsibility and liability for any violation
- 7           of the Internal Revenue Code that occurs as a result of his participation in the
- 8           self-directed portion of the program.
- 9           (c) That there shall be no liability on the part of and no cause of action of any
- 10           nature shall arise against the state, the system, or its agents or employees for any
- 11           action taken by the participant for choices he makes in relation to the investments in
- 12           which he chooses to place his account balance.
- 13           (d) That the benefits payable to the participant are not the obligation of the
- 14           state or the system, and any returns and other rights of the plan are the sole liability
- 15           and responsibility of the participant and the provider.

\* \* \*

§2224. Optional allowances

\* \* \*

I.(1) The optional benefits offered to the survivor of a retiree in this Section  
are payable upon application and become effective as of the day following the death  
of the retiree. However, if the system does not receive a fully completed application  
before September 20, 2024, or one hundred and twenty days after the death of the  
retiree, whichever is later, the benefits become effective on the date the fully  
complete application is received and become payable no later than the first month  
following thirty days from the date that the system receives the fully completed  
application for benefits.

(2) Any pop-up benefit offered under this Section are payable upon  
application and become effective as of the day following the death of the optional  
beneficiary. However, if the system does not receive a death certificate before





- (2) He retired with at least 25 years of service credit.
- (3) He returns to work as a police chief in a municipality other than the municipality from which he retired.
- (4) He irrevocably elects not to receive additional benefits.

Proposed law provides for a refund of retiree contributions made during the reemployment of such a retired police chief.

Present law provides for the payment of benefits to a survivor of a contributing member who dies before retirement or a survivor of a disability retiree who dies. Provides survivor benefits are payable upon application to MPERS and become effective on the day following the member's death.

Proposed law retains present law if the application for survivor benefits is received by Sept. 30, 2024, or 120 days following the member's death, whichever is later. If this deadline is not met, the benefits become effective when a complete application is received and payable no later than the first month following 30 days from the date that a complete application is received.

Present law provides a retiree with various benefit options, some of which provide for the payment of the benefit to a designated survivor of the retiree after the death of the retiree.

Proposed law provides that benefits paid to the designated survivor are payable upon application and become effective as of the day following the death of the retiree. However, if the system does not receive a complete application before Sept. 20, 2024, or 120 days after the death of the retiree, whichever is later, the benefits become effective on the date the application is complete and payable no later than the first month following 30 days from the date that the application is complete. Provides similarly with regard to certain benefit increases upon the death of a designated survivor.

Present law provides relative to retirees who return to work covered by the system on a part-time, contract, or other non-full-time basis. Requires suspension of the retiree's retirement benefit during any such employment within 12 months of retirement.

Proposed law reduces the period of suspension to 60 days.

Present law provides for the Deferred Retirement Option Plan (DROP) under which a retiree continues to be employed, for a period of not more than three years, during which he defers receipt of his retirement benefit.

Proposed law increases maximum DROP participation to five years.

Proposed law provides for an optional retirement benefit program called the Back-Deferred Retirement Option Plan (Back-DROP) for the system. Provides that in lieu of receiving a normal retirement benefit pursuant to present law, an eligible member of the system may elect to retire and have his benefits structured, calculated, and paid as provided in proposed law.

Proposed law provides that members who meet the following criteria are eligible to participate in Back-DROP and members who do not are eligible to participate in traditional DROP:

An active, contributing member of the system is eligible for Back-DROP only if both of the following are first satisfied during or after the first fiscal year following the fiscal year in which the system's oldest positive amortization base existing as of June 30, 2024, is eliminated:

- (1) The member has accrued more service credit than the minimum required for eligibility for a normal retirement benefit.
- (2) The member has attained an age that is greater than the minimum required for eligibility for a normal retirement benefit, if applicable.

Proposed law provides that at the time of retirement, a member who elects to receive a Back-DROP benefit shall select a Back-DROP period, not to exceed the lesser of 36 months or the number of months of creditable service accrued after the member first attained eligibility for normal retirement. Provides that the Back-DROP period *precedes* the retirement date.

Proposed law provides that the Back-DROP benefit shall have two portions: a lump-sum portion and a monthly benefit portion. Provides as follows with respect to participation:

- (1) Accrued service at retirement is reduced by the Back-DROP period.
- (2) The sum of the Back-DROP period and the accrued service credit used to calculate the member's monthly benefit shall not exceed the number of years required for the member to earn a benefit of 100% of his average final compensation.
- (3) Average compensation is calculated by excluding all earnings during the Back-DROP period.
- (4) Employee contributions received by the retirement system during the Back-DROP period shall be deposited directly into the member's Back-DROP account.
- (5) The member's Back-DROP monthly benefit shall be calculated based upon the member's age and service and the system provisions in effect on the last day of creditable service before the Back-DROP period.
- (6) The member shall also be paid a lump-sum benefit equal to the Back-DROP maximum monthly retirement benefit multiplied by the number of months selected as the Back-DROP period. The payment is deposited into the member's Back-DROP account.

Effective July 1, 2024.

(Amends R.S. 11:2213(11)(a)(iii), 2220(A)(2)(a), (B)(2)(e), and (J)(1), 2221(A), (C), and (I)(1)(intro. para.), 2241.4(A)(3), and 2242.4(3); Adds R.S. 11:157(C)(3), 2213(11)(i), 2221.1, and 2224(I); Repeals R.S. 11:2213(11)(a)(iv), 2220(J)(4), and 2221(K)(4)(b))