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## DIGEST

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HB 36 Original

2024 Regular Session

Bacala

**Abstract:** Provides relative to the Municipal Police Employees' Retirement System (MPERS), including provisions relative to: the creation of a Back-DROP plan; participation in the traditional DROP plan; application for benefits by beneficiaries and survivors; and the reemployment of retirees.

Present law authorizes an employee who would be a member of MPERS to choose not to be a member of MPERS if the employees of the municipality that employs him are covered by Social Security.

Proposed law removes present law after Dec. 31, 2024.

Present law provides that various classes of employees are members of the retirement system. Provides that a person who is not a police officer but who is employed on a full-time basis by a police department and under the direction of a chief of police is an "employee". Proposed law provides that a person who was employed in such a position and a member of another municipal retirement system on March 5, 2023, is *not* an "employee".

Present law provides that if a retiree of the system returns to service in a position covered by the system, payment of retirement benefits is suspended and the employee and employer contribute to the system toward creditable service.

Proposed law provides an exception to present law. Provides that benefits shall not be suspended for a retiree who meets the following criteria:

- (1) He retired as a police chief after June 30, 2024.
- (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))