
DIGEST

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HB 41 Original

2024 Regular Session

Adams

Abstract: Provides relative to the Firefighters' Retirement System (FRS), including provisions for: payment of the system's UAL; conversion of unused leave; survivor benefits for disabled children; adjustments to final compensation; investment of retirement benefits; participation in DROP; disability retirements; and changes in beneficiaries.

Present law, effective beginning with the 2019 valuation, freezes the outstanding balance of the unfunded accrued liability of FRS and reamortized the liability over 15 years. Provides that subsequent gains and losses are included in the calculation of the normal cost through frozen initial liability funding method.

Proposed law provides for reamortization of the balance of the frozen UAL over 15 years.

Present law provides that survivor payments are payable to a child who has a total physical disability or an intellectual disability and had such disability at the time of death of the member or retiree, and who is dependent upon the surviving spouse or other legal guardian for subsistence.

Proposed law provides that survivor benefits are payable to such a child if the child had the disability at the time of retirement of the retiree, rather than the death of the retiree, and removes the requirement that the child be dependent on the surviving spouse or other legal guardian.

Proposed law provides for a self-directed investment account and authorizes retirees to direct the system to deposit retirement benefits into such accounts. Provides as follows with respect to such accounts:

- (1) Self-directed benefits accounts shall be managed by a third-party provider hired by the board of trustees.
- (2) Requires that participants be given investment options that comply with federal law for self-directed plans including a stable value fund that preserves the participant's principal.
- (3) Requires that a participant agree to the following:
 - (a) That he expressly waives his rights protected by the state constitution relative to the interest earned by his self-directed benefit account.
 - (b) That he and the provider shall be responsible for complying with all applicable

provisions of the Internal Revenue Code.

- (c) That there shall be no liability on the part of and no cause of action of any nature shall arise against the state, the system, or its agents or employees.
- (d) That the benefits payable to the participant are not the obligation of the state or the system, and any returns and other rights of the plan are the sole liability and responsibility of the participant and the provider.

Present law provides for a Deferred Retirement Option Plan (DROP) under which in lieu of terminating employment, a member of this system continues to work and defers receipt of retirement benefits. Provides that to be eligible for participation in DROP, the member shall be eligible for retirement and have not less than 20 years of creditable service.

Proposed law removes the requirement that the member have 20 years of creditable service.

Present law provides for a maximum DROP participation period of three years.

Proposed law increases the maximum DROP participation period to five years.

Present law provides relative to disability retirees who cease to have a disability. Provides for the cessation of retirement benefits and requires reemployment of the retiree if the State Medical Disability Bd. determines that retiree is no longer disabled.

Proposed law provides that an examination pursuant to present law is limited to an evaluation of the condition or injury that qualified the retiree for disability retirement.

Proposed law authorizes a disability retiree who is no longer disabled to return to active service for a trial period of not more than 18 months with no effect other than the suspension of the retirement allowance during the period of reemployment. If he does not work more than 18 months, requires that his retirement allowance be reinstated without the necessity of any reapplication for disability retirement or medical examination or related matters. Further provides that during this temporary period of employment, no changes shall occur with respect to the Office of Group Benefits coverage.

Present law authorizes an employer to allow its employees to convert unused leave to service credit. Provides that a decision to allow such conversion is irrevocable. Requires the employer to decide whether the conversion of leave occurs on the effective date of an employee's entry into the Deferred Retirement Option Plan or upon the effective date of his separation from service.

Proposed law retains present law and provides employers with the following options:

- (1) To establish an annual period during which members may convert any unused leave to service credit.
- (2) To have the option of adjusting its leave conversion table on a schedule determined by the

system.

Present law provides various options regarding how a retiree and another person nominated by the retiree may receive the retiree's retirement benefit. Provides that the nomination of another person is irrevocable on and after the date that the first of any benefit payments becomes due.

Proposed law provides that such nominations are revocable at any time except with regards to a spouse who has a community property interest in the benefit.

Present law provides that a retiree may remove a former spouse as a beneficiary of any benefits provided for by present law if the former spouse consents to such removal.

Proposed law removes the requirement for the former spouse's consent to the removal.

Proposed law authorizes an employer to develop and implement a plan for increasing the average final compensation of its employees subject to the following:

- (1) No such plan shall be implemented unless it has been approved by the board of trustees.
- (2) The employer shall submit a proposed plan to the board of trustees. The plan shall provide:
 - (a) Minimum requirements that an employee would have to meet to be eligible for an increase in average final compensation.
 - (b) A proposal for how the amount of any increase will be determined.
 - (c) A proposal for how the employer will pay for the costs associated with the plan.
 - (d) A statement affirming that the employer is liable for all costs of the plan, including administrative costs incurred by the system.
- (3) The system actuary shall determine the cost of a plan submitted by an employer and shall certify the cost to the board of trustees prior to the board's approval of the plan.

(Amends R.S. 11:42(B)(3), 2252(5), 2256(B)(3)(a), 2256.1(A), 2257(A) and (C), 2258(E), and 2259(A)(2); Adds R.S. 11:2254.1(B)(3) and (4), 2256.3, and 2256.4)