

SENATE COMMITTEE AMENDMENTS

2024 Regular Session

Amendments proposed by Senate Committee on Retirement to Reengrossed House Bill No. 42 by Representative Firment

1 AMENDMENT NO. 1

2 On page 1, line 2, delete "R.S. 11:2225(A)(2)(a) and 2227(D)(2)," and insert "R.S.
3 11:157(A)(1), 2220(B)(2)(e), 2221(A), 2225(A)(2)(a), and 2227(D)(2), to enact R.S.
4 11:157(A)(3), 2221.1, and 2227(J)(3) and (4), and to repeal R.S. 11:2213(11)(a)(iv),
5 2220(J)(4), and 2221(K)(4)(b),"

6 AMENDMENT NO. 2

7 On page 1, line 4, after "system;" insert "to provide for employer participation in the
8 retirement system;"

9 AMENDMENT NO. 3

10 On page 1, line 10, after "Section 1." delete the remainder of the line and insert "R.S.
11 11:157(A)(1), 2220(B)(2)(e), 2221(A), 2225(A)(2)(a), and 2227(D)(2) are hereby amended
12 and reenacted and R.S. 11:157(A)(3), 2221.1, and 2227(J)(3) and (4) are hereby enacted"

13 AMENDMENT NO. 4

14 On page 1, between lines 11 and 12, insert the following:

15 §157. Firefighters' Retirement System; Municipal Police Employees'
16 Retirement System; optional membership; refund of employee contributions;
17 irrevocable election; reenrollment; membership verification information

18 A.(1) Notwithstanding any other provision of law to the contrary and subject
19 to the provisions of Paragraph (3) of this Subsection, any employee as defined in
20 R.S. 11:2213 or 2252 who is employed by any employer as defined in R.S. 11:2213
21 or 2252 which has its employees covered under the federal Social Security program
22 and which has not previously and specifically excluded its police officers or
23 firefighters from coverage under this federal program may elect not to be or elect not
24 to become a member of the applicable retirement system; however, the employer
25 shall enroll the employee in the applicable retirement system at the time of
26 employment, and the employee shall remain enrolled until he fulfills the
27 requirements set forth in Paragraph (C)(1) of this Section. Any employee who elects
28 not to be a member of the applicable retirement system shall be refunded his
29 employee contributions which have been received by the system, without interest for
30 the period for which he contributed to the system.

31 * * *

32 (3) For any employee eligible to participate in the Municipal Police
33 Employees' Retirement System, the employee shall elect not to be or elect not to
34 become a member within thirty days of becoming eligible to participate in the
35 system. If the employee fulfills the requirements set forth in Paragraph (C)(1) of this
36 Section on the first day that he becomes eligible, then the employer shall not enroll
37 the employee in the system.

38 * * *

39 §2220. Benefits; contribution limit

40 * * *

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

44 * * *

45 (2)

46 * * *

(e) Qualifying survivor's benefits are payable upon application therefor and become effective as of the day following the death of the member if the fully completed application is received by the system by the later of September 20, 2024, or one hundred and twenty days after the date of death. If the system does not receive a fully completed application by this deadline, the benefits become effective on the date the fully completed application is received and become payable not later than the first month following thirty days from the date that the system receives the fully completed application for benefits. If survivor benefits are being paid on behalf of a deceased member at the time a survivor applies for benefits, that survivor's benefits shall become effective and payable on the first day of the next month following sixty days from the date that the system receives the survivor's completed application for benefits.

* * *

§2221. Deferred Retirement Option Plan

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

* * *

§2221.1. Back-Deferred Retirement Option Plan

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

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

B. An active, contributing member of the system shall be 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 oldest positive amortization base existing as of June 30, 2024, is eliminated, as certified by both the system's actuary and director in writing:

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

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

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

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

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

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

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

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

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

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

16 (f) The member's Back-DROP monthly benefit shall be calculated based
 17 upon the member's age and service and the system statutes and other plan provisions
 18 in effect on the last day of creditable service before the Back-DROP period.
 19 However, the member may not elect to receive the initial benefit option under R.S.
 20 11:2224(F).

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

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

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

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

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

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

38 (8) Upon the death of a retiree who selected Option 1 pursuant to R.S.
 39 11:2224(A), the retiree's named beneficiaries or, if none, the retiree's estate shall
 40 receive the deceased retiree's annuity savings fund balance as of the retiree's date of
 41 retirement reduced by that portion of his initial Back-DROP account balance and his
 42 previously paid retirement benefits that were attributable to the member's annuity
 43 payments as provided by the annuity savings fund.

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

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

56 (2) The board shall hire a third-party provider to manage the self-directed
 57 accounts authorized by this Subsection. The third-party provider shall act as an
 58 agent of the system for purposes of investing balances in the self-directed accounts
 59 of the participants as directed by the participants. The participants shall be given
 60 investment options that comply with federal law for self-directed plans; however, the

1 provider shall have as an investment option a stable value fund that preserves the
2 participant's principal.

3 (3) Any participant agrees to all of the following:

4 (a) That he expressly waives his rights protected by the Constitution of
5 Louisiana relative to the interest earned by his Back-DROP account.

6 (b) That he and the provider shall be responsible for complying with all
7 applicable provisions of the Internal Revenue Code and that he and the provider, and
8 not the state or the system, bear the sole responsibility and liability for any violation
9 of the Internal Revenue Code that occurs as a result of his participation in the
10 self-directed portion of the program.

11 (c) That there shall be no liability on the part of and no cause of action of any
12 nature shall arise against the state, the system, or its agents or employees for any
13 action taken by the participant for choices he makes in relation to the investments in
14 which he chooses to place his account balance.

15 (d) That the benefits payable to the participant are not the obligation of the
16 state or the system, and any returns and other rights of the plan are the sole liability
17 and responsibility of the participant and the provider.

18 * * *

19 AMENDMENT NO. 5

20 On page 2, line 10, after "Association." insert "If a municipal police department has an active
21 member and one chief of police on the board at the same time, then no mayor appointed by
22 the Louisiana Municipal Association shall be from the same municipality as those trustees."

23 AMENDMENT NO. 6

24 On page 2, line 12, after "village" insert "having a population not exceeding five thousand
25 according to the latest federal decennial census"

26 AMENDMENT NO. 7

27 On page 3, delete lines 4 through 8, and insert "All actions and claims instituted by the
28 retirement system, its board of trustees, any current or past employee or member, or any
29 other claimant, against any employer or member, to recover delinquent payments, benefits,
30 or damages of any kind, is subject to a liberative prescription of three years and is subject
31 to the provisions of the Louisiana Governmental Claims Act."

32 AMENDMENT NO. 8

33 On page 3, line 13, change "judgement" to "judgment"

34 AMENDMENT NO. 9

35 On page 3, between lines 19 and 20, insert the following:

36 "(i) For municipalities with a population greater than two thousand five
37 hundred as of the last decennial census, the Board of Trustees by two-thirds vote
38 may certify to the state treasurer the amounts attributable to the delinquent employer.
39 Upon presentation of the certification the state treasurer shall deduct the amount of
40 the delinquent contributions from monies then available for distribution to or for the
41 benefit of that municipality and shall transmit said amount directly to the board of
42 trustees for the retirement system.

43 (ii) For municipalities with a population less than two thousand five hundred
44 of the last decennial census, upon presentation of a final judgment from a court of
45 competent jurisdiction the state treasurer shall deduct the amount of the delinquent
46 contributions in the judgment from monies then available for distribution to or for
47 the benefit of that municipality and shall transmit said amount directly to the board
48 of trustees for the retirement system."

49 AMENDMENT NO. 10

50 On page 3, delete line 24, and insert the following

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"J. * * *

(3) For amounts that became delinquent on or before June 30, 2024, the board of trustees may approve a payment plan for a term of up to fifteen years for the delinquent amount together with interest charged at the legal rate from the date the payment was due.

(4) An employer or an employee may pay to the retirement system an amount equal to the actuarial cost of purchase of the service credit for which contributions were not paid calculated by the system's actuary pursuant to R.S. 11:158(C) to purchase service credit for employment prior to June 30, 2021.

Section 2. R.S. 11:2213(11)(a)(iv), 2220(J)(4), and 2221(K)(4)(b) are hereby repealed in their entirety.

Section 3. This Act shall become effective on June 30, 2024; if vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on June 30, 2024, or on the day following such approval by the legislature, whichever is later."