

2025 Regular Session

HOUSE BILL NO. 19

BY REPRESENTATIVES KERNER, CHASSION, DEWITT, HORTON, MIKE  
JOHNSON, MOORE, AND TAYLOR

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

RETIREMENT/FIREFIGHTERS: Provides relative to the administration and participation  
in the Deferred Retirement Option Plan for the Firefighters' Retirement System

1 AN ACT

2 To amend and reenact R.S. 11:221(A)(2) and (C)(2), 2256(E)(1) and (2), and 2257(A), (C),  
3 (E), and (G)(3)(a) and to enact R.S. 11:2257(L), 2257.1, and 2260(A)(9)(b)(v),  
4 relative to the Firefighters' Retirement System; to provide for the administration and  
5 benefits of the system; to provide relative to the exemption of certain disability  
6 retirees from required reports and benefits reduction; to provide for the refund of  
7 employee contributions; to provide relative to the participation period for,  
8 contributions payable during, and investment of account funds after participation in  
9 the Deferred Retirement Option Plan; to provide for recovery of costs associated  
10 with reporting of employee contributions; and to provide for related matters.

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

14 Be it enacted by the Legislature of Louisiana:

15 Section 1. R.S. 11:221(A)(2) and (C)(2), 2256(E)(1) and (2), and 2257(A), (C), (E),  
16 and (G)(3)(a) are hereby amended and reenacted and R.S. 11:2257(L), 2257.1, and  
17 2260(A)(9)(b)(v) are hereby enacted to read as follows:

18 §221. Authority of retirement boards to modify benefits; earnings statements  
19 A.

20 \* \* \*

(2) Notwithstanding the provisions of this Subsection, any disability retiree of the Municipal Police Employees' Retirement System or Firefighters' Retirement System who has attained the age of sixty-two years, or any member of the Municipal Police Employees Retirement System who was a full-time police officer, who is a disability beneficiary, and whose disability was caused while the police officer suffered a bilateral knee injury disability while the police officer was in the discharge of his duties shall not have his benefit reduced as a result of any earned income attributable to gainful employment. Such earned income shall not be considered or included in any calculation otherwise required by Paragraph (1) of this Subsection. No funds derived from the assessments against insurers pursuant to R.S. 22:1476 shall be used to pay any increased costs or increase in liability of the system resulting from inclusion of disability retirees who have attained the age of sixty-two in the provisions of this Paragraph.

\* \* \*

C.

\* \* \*

(2) Every disability retiree of the Municipal Police Employees' Retirement System or Firefighters' Retirement System who has attained the age of sixty-two years shall be exempt from the provisions of this Subsection. No funds derived from the assessments against insurers pursuant to R.S. 22:1476 shall be used to pay any increased costs or increase in liability of the system resulting from the provisions of this Paragraph.

\* \* \*

§2256. Benefits; refund of contributions, application, and payment

\* \* \*

E.(1) Any member who ceases to be an employee, except by death or retirement under the provisions of this Subpart, may apply for and obtain a refund of the amount of the accumulated contributions on deposit in his individual account in the Annuity Savings Fund. No refund shall be payable to any applicant if the

1 applicant becomes employed again as an employee as defined in ~~R.S. 11:2252(9)~~  
2 R.S. 11:2252 prior to the processing of his refund request by the retirement system.

3 (2) In order to obtain a refund, the member must complete and submit ~~an~~ the  
4 refund of accumulated contributions application form furnished by the system. After  
5 receipt of the completed refund of accumulated contributions application form by the  
6 board of trustees, the employee shall be refunded the employee contributions paid  
7 during the time in which he was employed. However, no refund shall be issued  
8 sooner than thirty days after the member's termination or resignation. The refund  
9 shall be without interest. The retirement system shall retain the employer  
10 contributions. The member's ~~application form~~ termination or resignation date must  
11 be certified by the employer ~~but no earlier than thirty days after termination or~~  
12 resignation.

13 \* \* \*

14 §2257. Deferred Retirement Option Plan

15 A. In lieu of terminating employment and accepting a service retirement  
16 allowance under R.S. 11:2256, any member of this system who has not less than  
17 twenty years of creditable service and who is eligible to receive a service retirement  
18 allowance may elect to participate in the ~~deferred retirement option plan~~ Deferred  
19 Retirement Option Plan and defer the receipt of benefits in accordance with the  
20 provisions of this Section.

21 \* \* \*

22 C. The duration of participation in the plan shall be specified and except as  
23 provided in Subsection L of this Section shall not exceed three years.

24 \* \* \*

25 E. Upon the effective date of the commencement of participation in the plan,  
26 membership in the system shall terminate, ~~and neither employee nor employer~~  
27 Employee contributions shall not be payable during participation. No employer  
28 contributions shall be payable for participation through December 31, 2025.  
29 Employer contributions shall be payable by the employer for any participation on or

1 after January 1, 2026. For purposes of this Section, compensation and creditable  
2 service shall remain as they existed on the effective date of commencement of  
3 participation in the plan. The monthly retirement benefits that would have been  
4 payable, had the member elected to cease employment and receive a service  
5 retirement allowance, shall be paid into the Deferred Retirement Option Plan  
6 account. Upon termination of employment, deferred benefits shall be payable as  
7 provided by Subsection H of this Section.

8 \* \* \*

9 G.

10 \* \* \*

11 (3)(a) A member who becomes eligible to participate in the Deferred  
12 Retirement Option Plan on or after January 1, 2019, upon termination of  
13 participation in the plan, may allocate the balance of his individual account into  
14 either or both of the subaccounts provided for in Subparagraph (2)(a) or (b) of this  
15 Subsection or a self-directed investment account as provided for in R.S. 11:2257.1.  
16 Prior to allocating funds to the subaccount provided for in Subparagraph (2)(b) of  
17 this Subsection or his self-directed investment account as provided for in R.S.  
18 2257.1, the member shall comply with the requirements of ~~that~~ Subparagraph (2)(b)  
19 of this Subsection or R.S. 11:2257.1, as applicable.

20 \* \* \*

21 L.(1) Notwithstanding the provisions of Subsection C of this Section, a  
22 member who has earned at least twenty-eight years of service credit and who begins  
23 participation in the plan on or after January 1, 2026, may elect a participation period  
24 of not more than five years.

25 (2)(a) Any person who has earned at least twenty-eight years of service  
26 credit and who began participation in the plan prior to and is participating on  
27 January 1, 2026, may elect to extend his participation period for a total participation  
28 of up to five years.

1           **(b) The participant shall notify, in writing, the board of trustees of his**  
2           **election to extend his participation in the Deferred Retirement Option Plan no later**  
3           **than thirty days before the termination of his participation in the plan or January 1,**  
4           **2026, whichever is earlier.**

5           **§2257.1. Self-directed Deferred Retirement Option Plan investment account**

6           **A. The board of trustees shall select a third-party provider to administer a**  
7           **self-directed investment program for Deferred Retirement Option Plan accounts.**

8           **B. The third-party provider selected shall act as an agent of the system for**  
9           **the purpose of investing the balance in the self-directed account of the participant as**  
10           **directed by the participant. The participant shall be given investment options that**  
11           **comply with federal law for the self-directed plan; however, the provider shall have**  
12           **as an investment option a stable value fund that preserves the participant's principal.**

13           **C. Prior to participation in the self-directed Deferred Retirement Option**  
14           **Plan, the participant shall make an irrevocable, written election of his participation**  
15           **in the plan acknowledging the following:**

16           **(1) All funds in his account or accounts shall be transferred to the third-party**  
17           **provider of the self-directed investment account.**

18           **(2) The participant waives his rights as set forth in Article X, Section 29 of**  
19           **the Constitution of Louisiana as it relates to interest earned by his Deferred**  
20           **Retirement Option Plan account.**

21           **(3) That the participant and the provider shall be responsible for complying**  
22           **with all applicable provisions of the Internal Revenue Code and that he and the**  
23           **provider, not the state or the system, bear the sole responsibility and liability for any**  
24           **violation of the Internal Revenue Code that occurs as a result of his participation in**  
25           **the self-directed investment program.**

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

(5) 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.

4 \* \* \*

5           §2260. Administration

6 A. Board of trustees:

7 \* \* \*

8 (9)

9 \* \* \*

10 (b)

11 \* \*

12                   (v) If an employer fails to properly report employee compensation or pay the  
13                   correct retirement contribution on an employee's pay, the retirement system shall be  
14                   entitled to recover all actuarial costs associated with the transaction.

15 \* \* \*

# DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 19 Reengrossed

2025 Regular Session

Kerner

**Abstract:** Provides relative to the Firefighters' Retirement System (FRS).

## Benefits

Present law, applicable to all state and statewide retirement systems, requires reduction of disability benefits if the recipient earns over a certain amount. Requires disability retirees to provide annual earnings statements.

Present law exempts retirees of the Municipal Police Employees' Retirement System who are age 62 and older.

Proposed law retains present law.

Proposed law adds the FRS disability retirees age 62 and older to the exemption.

Present law requires the member to complete and submit an application in order for employee contributions to be refunded. Requires the application form to be certified by the employer, but no earlier than 30 days after the member either terminates or resigns.

Proposed law retains present law requirements of employer certification but does not require the certification to be on the application form. Provides that no refund will be issued sooner than 30 days after termination.

Proposed law specifies that the refund is without interest and that the system retains all employer contributions.

### **Deferred Retirement Option Plan**

Present law provides for the Deferred Retirement Option Plan (DROP) for members of FRS. Allows a system member with at least 20 years of service credit who is eligible to retire to participate in DROP and defer receipt of retirement benefits in lieu of terminating employment. Provides for the accumulation of the benefits in an account that would have been payable if the person had terminated employment.

Proposed law retains present law.

Present law provides that neither the employer or employee contributions are paid during DROP participation.

Proposed law provides that no employee contributions are payable during participation in DROP. Requires employer contributions to be paid beginning Jan. 1, 2026.

Present law requires the member to specify the DROP participation period. Provides that a member can participate in the plan only once.

Proposed law retains present law.

Present law limits DROP participation to three years.

Proposed law retains present law for members with less than 28 years of service credit at DROP entry.

Proposed law, beginning Jan. 1, 2026, allows a member with at least 28 years of service credit to participate in DROP for a maximum of five years. Allows a member who had at least 28 years of service credit when the member entered into DROP and whose participation began prior to and is participating in DROP on Jan. 1, 2026, the option to extend his specified participation period to not more than five years.

Proposed law requires the participant to notify the board of trustees, in writing, of his intention to extend his DROP participation.

Present law provides for investment of DROP account funds after DROP participation ceases. Allows a member to elect to have the account invested in liquid asset money market investments or to waive the constitutional protections of his DROP interest and earn the market rate of return of the system's portfolio.

Proposed law retains present law.

Proposed law provides upon termination in lieu of present law, a member may elect to transfer all of the funds from his account or accounts to a self-directed investment account managed by a third-party provider.

### **Self-directed Deferred Retirement Option Plan**

Proposed law requires the FRS board of trustees to engage a third-party provider to administer a self-directed investment program for DROP monies. Allows a member to elect to transfer the DROP money to the program.

Proposed law provides that the third-party provider shall act as an agent of the system for the purpose of investing the balance of the participant's account as directed by the participant.

Proposed law requires that the participant be given investment options that comply with federal law for self-directed plans. Further requires the provider to have as an investment option a stable value fund that preserves the participant's principal.

Proposed law requires the participant, prior to participating in the self-directed investment program, to make an irrevocable election in writing agreeing to all of the following:

- (1) All the funds in his account or accounts are transferred to the third-party provider.
- (2) That he waives the state constitution's protections relative to the investment earnings of his DROP account.
- (3) That he and the provider shall be responsible for complying with all applicable provisions of the Internal Revenue Code; that he and the provider, and not the state or system, bear the sole responsibility and liability for any violation of the Internal Revenue Code that occurs as a result of his participation in the self-directed investment account.
- (4) 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 for any action taken by the participant for choices he makes in relation to the investments in which he chooses to place his account balance.
- (5) 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.

### **Administration**

Present law provides the board of trustees may audit any participating employer in order to assure the continued accuracy of data.

Proposed law provides that if an employer fails to properly report employee contributions or pay the correct contributions, the system is entitled to recover all actuarial costs associated with the transaction.

(Amends R.S. 11:221(A)(2) and (C)(2), 2256(E)(1) and (2), and 2257(A), (C), (E), and (G)(3)(a); Adds R.S. 11:2257(L), 2257.1, and 2260(A)(9)(b)(v))

### **Summary of Amendments Adopted by House**

#### **The House Floor Amendments to the engrossed bill:**

1. Change the date an employer begins paying employer contributions on a participant's DROP account from Apr. 1, 2026, to Jan. 1, 2026.
2. Change the date a DROP participant may choose a five-year participation period from Apr. 1, 2026, to Jan. 1, 2026.