

First Extraordinary Session, 2005

HOUSE BILL NO. 18

BY REPRESENTATIVE HUTTER

RETIREMENT BENEFITS: Provides for public employees on involuntary furlough or leave without pay due to a disaster to continue to earn service credit in their retirement systems by making employee and employer contributions (Item #65)

1 AN ACT

2 To amend and reenact R.S. 11:163(A) and (C), relative to retirement service and salary  
3 credit for public employees on involuntary furlough or leave without pay; to allow  
4 certain employees to continue to earn service and salary credit while on such  
5 furlough or leave; to provide for payment therefor; to provide limitations; to provide  
6 for implementation; to provide for an effective date; and to provide for related  
7 matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 11:163(A) and (C) are hereby amended and reenacted to read as  
10 follows:

11 §163. Credit for involuntary furlough; credit for leave without pay

12 A.(1) Any member of a state or statewide public retirement system who is  
13 involuntarily furloughed without pay due to the temporary closure of his employer  
14 or involuntarily furloughed or placed on leave without pay due to a gubernatorially  
15 declared disaster or emergency shall be entitled to purchase service and salary credit  
16 for each day of service that he was furloughed or on such leave if such service was  
17 not credited to his account. There shall be no duplication of credit under the  
18 provisions of this Section.

1           (2) Any member of a state or statewide public retirement system who is  
2           involuntarily furloughed without pay or placed on leave without pay on or after  
3           August 29, 2005, due to a gubernatorially declared disaster or emergency shall be  
4           entitled to purchase service and salary credit for each day of service during the  
5           period beginning on August 29, 2005, and ending on June 30, 2006, that he was  
6           furloughed or on such leave if such service was not credited to his account. There  
7           shall be no duplication of credit under the provisions of this Section. The board of  
8           trustees of each state and statewide retirement system may adopt rules to implement  
9           the provisions of this Paragraph and Paragraph (C)(2) of this Section.

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11           C. (1) Any Except as provided in Paragraph (2) of this Subsection, any  
12           purchase of credit under made pursuant to this Section shall be made by paying to  
13           the system an amount sufficient to offset any liability to the system, calculated on an  
14           actuarial basis in accordance with R.S. 11:158.

15           (2) Notwithstanding the provisions of Paragraph (1) of this Subsection, a  
16           member who purchases service and salary credit pursuant to Paragraph (A)(2) of this  
17           Section shall pay to the system the employee and employer contributions which  
18           would be remitted to the system by his employer if not for the involuntary furlough  
19           or leave without pay. Such contributions shall be remitted by the member to his  
20           employer who shall remit them to the system. The member shall remit the  
21           contributions in either of the following ways:

22           (a) At the same time and in the same amount as such contributions would be  
23           due to the system if paid by the employer. Should the employee be delinquent in  
24           remitting such contributions, his delinquent payment shall be treated in the same  
25           manner as a delinquent payment from the employer pursuant to the provisions of  
26           R.S. 11:281; however, any such contributions from a member which would have  
27           been due before the effective date of this Paragraph shall be considered to have been  
28           made timely if received by the system on or before the date on which contributions  
29           for service and salary credit for December 2005 are due.

1                   **(b) In a lump sum payment upon the member's return to work. A delinquent**  
2                   **payment shall be treated in the same manner as a delinquent payment from the**  
3                   **employer pursuant to the provisions of R.S. 11:281.**

4                   Section 2. This Act is declared to be remedial, curative, and procedural and therefore  
5 is to be applied retroactively as well as prospectively.

6                   Section 3. This Act shall become effective upon signature by the governor or, if not  
7 signed by the governor, upon expiration of the time for bills to become law without signature  
8 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
9 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
10 effective on the day following such approval.

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#### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

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Hutter

HB No. 18

**Abstract:** Allows a member of any state or statewide public retirement system on involuntary furlough or leave without pay due to a gubernatorially declared disaster or emergency to purchase credit for the period of furlough or such leave by paying the required employer and employee contributions to the system, subject to certain limitations.

Present law (R.S. 11:163(A)(1)) provides that any member of a state or statewide public retirement system who is involuntarily furloughed without pay due to the temporary closure of his employer shall be entitled to purchase service and salary credit for each day of service that he was furloughed if such service was not credited to his account. Specifies that there shall be no duplication of credit under the provisions of present law.

Proposed law retains present law and additionally includes in such provisions any member who is involuntarily furloughed without pay or placed on leave without pay due to a gubernatorially declared disaster or emergency.

Present law (R.S. 11:163(C)(1)) provides that any purchase of credit pursuant to present law shall be made by paying to the system an amount sufficient to offset any liability to the system, calculated on an actuarial basis in accordance with other provisions of present law (R.S. 11:158).

Proposed law retains present law for members included in present law and proposed law (members involuntarily furloughed or on leave without pay due to a gubernatorially declared disaster or emergency) who purchase credit pursuant to present law.

Proposed law (R.S. 11:163(A)(2)) additionally entitles any member of a state or statewide public retirement system who is involuntarily furloughed without pay or on leave without pay on or after August 29, 2005, due to a gubernatorially declared disaster or emergency to purchase service and salary credit for each day of service during the period beginning on August 29, 2005, and ending on June 30, 2006, that he was furloughed or on such leave if

such service was not credited to his account. Prohibits any duplication of credit under the provisions of present law and proposed law.

Proposed law (R.S. 11:163(C)(2)) additionally requires that any member who is involuntarily furloughed without pay or on leave without pay on or after August 29, 2005, as a result of a gubernatorially declared disaster or emergency, who purchases credit pursuant to proposed law (R.S. 11:163(A)(2)) to pay to the system the employee and employer contributions which would be remitted to the system by his employer if not for the involuntary furlough or leave without pay. Requires that such payments be made by the member to the employer who shall remit them to the system. Requires that such payments be made either:

- (1) At the same time as such contributions would be due to the system if paid by the employer. Provides that any such contributions which would have been due before the effective date of proposed law shall be considered timely if received by the system by the date on which contributions for service and salary credit for December 2005 are due.
- (2) In a lump sum payment upon a member's return to work.

Proposed law further provides that, if the member's contributions are delinquent, his delinquent payment shall be treated as though it were a delinquent payment from the employer pursuant to present law (R.S. 11:281), which requires payment of interest on such delinquent contributions.

Proposed law authorizes the board of trustees of each state and statewide retirement system to adopt rules to implement proposed law relative to purchase of credit by payment of employer and employee contributions.

Provides that the provisions of proposed law are remedial, curative, and procedural and are to be applied retroactively as well as prospectively.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 11:163(A) and (C))

#### Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Retirement to the original bill.

1. Changes the last day of the period for which service may be purchased from December 31, 2006 to June 30, 2006.

#### House Floor Amendments to the engrossed bill.

1. Requires employee make payments to his employer who in turn remits them to the system.
2. Provides for the option of a lump sum payment upon employee's return to work and provides that delinquent payment be treated in the same manner as an employer's delinquent payment.