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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Nancy Vicknair.

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## DIGEST

Present law provides for transfer of service credit between La. public retirement systems. Specifies application procedures, calculations, and payment deadlines. Provides for "reverse" transfers, but only coincident with retirement.

Proposed law retains present law and allows for certain in-service reverse transfers. Requires that application for an in-service reverse transfer be submitted to the receiving system on or before Dec. 31, 2013.

Present law generally applicable to transfers specifies that the retirement benefit based on the transferred time shall be calculated using the "percentage factor", commonly called the "accrual rate", of the transferring system.

Present law relative to certain transfers to the Sheriffs' Pension and Relief Fund and the secondary component and Hazardous Duty Services Plan of the La. State Employees' Retirement System allows the member to purchase the (higher) accrual rate of the receiving system's plan provisions. Provides for the calculation of the purchase price pursuant to present law.

Proposed law retains present law and allows any person using the transfers authorized in proposed law to purchase the accrual rate of the receiving system at a price calculated pursuant to present law.

Proposed law, relative to members of the Firefighters' Retirement System (FRS), allows employees of the St. George Fire Dept. who transferred service credit from the New Orleans Fire Firefighters' Pension and Relief Fund (NOFF) into FRS on or after Aug. 26, 1999, and on or before Sept. 26, 2005, to have the benefit accrual rate purchase permitted pursuant to proposed law funded by their employer. Specifies that proposed law is applicable only to that service credit transferred from NOFF during the designated time frame. Provides that the Dept. shall pay an amount calculated pursuant to proposed law which, on an actuarial basis, totally offsets the increase in accrued liability of FRS resulting from the accrual rate adjustment.

Requires the adjusted accrual rate to be effective on the June 30<sup>th</sup> following the execution of the agreement required in proposed law. Mandates that the increase in benefit shall not be an accrued benefit subject to the protection of Article X, Section 29(E) of the Constitution until FRS has received full payment.

Specifies that the transaction permitted by proposed law shall be treated as a merger of service credit. Further requires the governing authorities of the Dept. and FRS to execute a merger note to memorialize their respective obligations and requires the payments to be amortized over the period of time applicable to mergers. Further requires the Dept. to make annual level payments

to FRS and requires the annual interest rate applicable to the note to be fixed at 7.5%.

Requires that no funds derived from the assessments against insurers shall be used to pay any increased costs or increase in liability of FRS resulting from the provisions of proposed law.

Further requires that the provisions of proposed law shall not be construed to authorize an increase in payments to any person receiving benefits before the effective date of proposed law.

Effective June 30, 2013.

(Amends R.S. 11:143)