

HOUSE SUMMARY OF SENATE AMENDMENTS

House Bill No. 42 by Representative Arnold

RETIREMENT/LOCAL: Provides for a final average compensation for members of the Firefighters' Pension and Relief Fund in the city of New Orleans

Synopsis of Senate Amendments

1. Adds provision changing the benefit cap from the average compensation earned during any three highest average consecutive years to the average compensation earned during any five highest average consecutive years.
2. Adds provision requiring that the period of continued employment after DROP participation necessary for utilizing a new average compensation period for calculation of the post-DROP additional benefit shall be the same as the member's average compensation period upon DROP entry.

Present law provides relative to the computation of benefits for members in the Firefighters' Pension and Relief Fund in the city of New Orleans. Present law provides generally for a formula as follows:

accrual rate x years of service x average compensation

Proposed law retains present law.

Present law provides that if a firefighter has worked one or more hours of service after Dec. 31, 1995, he shall receive a retirement benefit equal to 2.5% of his average compensation multiplied by the number of years of creditable service. If the member remains a member of the system beyond 12 years of service and such member attains the age of 50, the retirement benefit for each year or portion of a year beyond 12 years of service and after age 50 shall be an amount equal to 3-1/3% of the average annual compensation. If the member continues service beyond 30 years, the retirement benefit for each year or portion of a year beyond 12 years of service shall be an amount equal to 3-1/3% of the average annual compensation. Proposed law retains present law.

Present law provides that average compensation for such calculations is based on the four highest consecutive years of employment. Proposed law changes this average from the four highest consecutive years to the five highest consecutive years.

Present law further provides that the total benefits of such firefighter shall not exceed 100% of the average compensation earned during any three highest average consecutive years of service. Proposed law changes this from any three highest average consecutive years to any five highest average consecutive years.

Present law provides that a firefighter who has not worked an hour of service after Dec. 31, 1995, shall receive a retirement allowance equal to 2.5% of his average salary multiplied by the number of years of creditable service, not to exceed 75%. Provides that for employees who remain in service beyond 12 years and who have reached the age of 55 years, the benefit shall be 3% for all years over 12, with a maximum benefit of 80%. Proposed law retains present law.

Present law provides that average salary is based on the highest four consecutive years of employment. Proposed law changes this average from the highest four consecutive years to the highest five consecutive years.

Present law provides for a Deferred Retirement Option Plan (DROP) participant to receive

an additional benefit for service rendered after DROP participation ceases if the period of additional service is 48 months or more.

Proposed law retains present law, and specifies that the period of continued employment after DROP participation necessary for utilizing a new average compensation period for calculation of the post-DROP additional benefit shall be the same as the member's average compensation period upon DROP entry.

Proposed law provides that for members retiring or entering the Deferred Retirement Option Plan or participating in the Deferred Retirement Option Plan on a retroactive basis on or after July 1, 2013, and on or before June 30, 2014, the period used to calculate monthly average compensation shall be 48 months plus the number of whole months since July 1, 2013. Otherwise retains present law.

Effective July 1, 2013.

(Amends R.S. 11:3384(B) and (C) and 3385.1(K)(7)(a) and (g))