

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

$$\text{benefit} = (\text{accrual rate}) \times (\text{years of service}) \times (\text{average compensation})$$

Existing 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 accrual rate applicable to each year or portion of a year beyond 12 and after age 50 shall be 3-1/3%. If the member continues service beyond 30 years, the accrual rate applicable to each year or portion of a year beyond 12 shall be 3-1/3%.

Prior law provided that average compensation for such calculations was based on the four highest consecutive years of employment. New law provides that it is based on the five highest consecutive years.

Prior law provided that the total benefits of a firefighter could not exceed 100% of the average compensation earned during any three highest average consecutive years of service. New law makes the average compensation during the five highest average consecutive years the maximum benefit.

Existing 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 accrual rate shall be 3% for all years over 12, with a maximum benefit of 80%.

Prior law provided that average salary is based on the highest four consecutive years of employment. New law provides that it is based on the highest five consecutive years.

Existing law provides for a Deferred Retirement Option Plan (DROP) for the system. Prior law provided that a participant would receive an additional benefit based on his post-DROP average compensation if the service rendered after DROP participation ceases is 48 months or more. New law specifies that the period of post-DROP employment 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.

Prior law provided benefit caps for the additional benefit for post-DROP. New law tailors the benefit cap levels to each plan within the system. Further provides that for any member of the new plan whose average compensation period is longer than four years, the additional benefit cannot exceed an amount which, when combined with his original benefit, equals 100% of the average of the highest consecutive months of compensation for any period equal to the average compensation period applicable when the member entered DROP.

New 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.

Effective July 1, 2013.

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