

Regular Session, 2014

HOUSE BILL NO. 23

BY REPRESENTATIVE PEARSON

RETIREMENT/MUNICIPAL EMP: Provides relative to expenses and funds of the Municipal Employees' Retirement System

1 AN ACT

2 To amend and reenact R.S. 11:1789.1(2), 1789.4(1), 1808.4(2), 1841(B), 1842, 1861, and
3 1862(B)(introductory paragraph) and to repeal R.S. 11:1787, 1807, 1862(D), and
4 1863, relative to the Municipal Employees' Retirement System; to provide relative
5 to expenses of the system; to provide relative to funds of the system; to provide
6 relative to employees first hired on or after January 1, 2013; to provide technical
7 changes; and to provide for related matters.

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

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. R.S. 11:1789.1(2), 1789.4(1), 1808.4(2), 1841(B), 1842, 1861, and
13 1862(B)(introductory paragraph) are hereby amended and reenacted to read as follows:

14 §1789.1. Application; definitions

15 Terms not specifically defined in this Section shall have the meanings
16 provided in R.S. 11:1732 unless a different meaning is clearly required by the
17 context. For purposes of Plan A Tier 2:

18 * * *

19 (2) "Member" shall include persons who would be eligible for system
20 membership pursuant to R.S. 11:1751 but whose first employment making them

1 eligible for membership in ~~one of the state systems~~ this system occurred on or after
2 January 1, 2013.

3 * * *

4 §1789.4. Computation of normal retirement allowances; return of accumulated
5 contributions

6 The monthly amount of the retirement allowance for any member of MERS
7 Plan A Tier 2 shall consist of an amount equal to three percent of the member's final
8 compensation multiplied by his years of creditable service. In addition:

9 (1) Any city marshal or deputy city marshal, ~~excluding those members~~
10 ~~-serving as city marshals and deputy city marshals of Bossier City or Ruston on June~~
11 ~~30, 2003,~~ shall receive an additional regular retirement benefit computed as follows:
12 the monthly average of the seventy-two highest consecutive or joined months of
13 supplemental marshals' earnings on which contributions were paid to the retirement
14 system multiplied by the number of years contributions were paid to the retirement
15 system on supplemental marshals' earnings multiplied by three percent for all service
16 as a city marshal or deputy city marshal. Should the period for which contributions
17 are paid to the retirement system for supplemental marshals' earnings be less than
18 seventy-two months, then the actual period on which contributions were paid shall
19 be used to determine average supplemental marshals' earnings used to compute this
20 benefit.

21 * * *

22 §1808.4. Computation of normal retirement allowances; return of accumulated
23 contributions

24 The monthly amount of the retirement allowance for any member of MERS
25 Plan B Tier 2 shall consist of an amount equal to two percent of the member's final
26 compensation multiplied by his years of creditable service. In addition:

27 * * *

28 (2) Any city marshal or deputy city marshal, ~~excluding those members~~
29 ~~-serving as city marshals and deputy city marshals of Bossier City or Ruston on June~~

1 ~~30, 2003~~, shall receive an additional regular retirement benefit computed as follows:
 2 the monthly average of the seventy-two highest consecutive or joined months of
 3 supplemental marshals' earnings on which contributions were paid to the retirement
 4 system multiplied by the number of years contributions were paid to the retirement
 5 system on supplemental marshals' earnings multiplied by two percent for all service
 6 as a city marshal or deputy city marshal. Should the period for which contributions
 7 are paid to the retirement system for supplemental marshals' earnings be less than
 8 seventy-two months, then the actual period on which contributions were paid shall
 9 be used to determine average supplemental marshals' earnings used to compute this
 10 benefit.

* * *

12 §1841. Investment of funds by board of trustees

* * *

14 B. The board of trustees annually shall allow regular interest on the amount
 15 in the fund at the end of the preceding year in each of the funds with the exception
 16 of ~~the expense fund and~~ the annuity savings fund. The amounts so allowed shall be
 17 due and payable to said funds and shall be annually credited thereto by the board of
 18 trustees from interest and other earnings on the ~~moneys~~ monies of the retirement
 19 system. Any additional amount required to meet the interest on the fund of the
 20 system shall be paid from the Pension Accumulation Funds, and any excess of
 21 earnings over such amount required shall be paid to the pension accumulation funds.
 22 Regular interest shall mean such percentage rate to be compounded annually as shall
 23 be determined by the board of trustees on the basis of the interest earnings of the
 24 system for the preceding year and of the probable earnings to be made, in the
 25 judgment of the board, during the immediate future, such rate to be limited to a
 26 maximum of six percent.

27 §1842. Board of trustees as custodian of funds

28 The board of trustees shall be the custodian of the several funds. All expense
 29 vouchers and pension payrolls shall be certified by the administrative director. The

1 administrative director shall furnish the board of trustees a surety bond in a company
2 authorized to do business in Louisiana and in such an amount as shall be required by
3 the board, the premium to be paid from the ~~expense~~ expenses of the fund.

4 * * *

5 §1861. General

6 All of the assets of the retirement system shall be credited according to the
7 purpose for which they are held to one of ~~seven~~ eight funds, namely the annuity
8 savings fund A, the annuity savings fund B, the annuity reserve fund A, the annuity
9 reserve fund B, the pension accumulation fund A, the pension accumulation fund B,
10 ~~and the expense fund~~ the Deferred Retirement Option Plan fund A, and the Deferred
11 Retirement Option Plan Fund B. Expenses for the entire system shall be paid from
12 the pension accumulation fund from Plan A. Annually, a transfer of funds from the
13 pension accumulation fund for Plan B shall be made to reimburse plan A for the pro
14 rata expenses attributable to Plan B.

15 §1862. Funds to which assets credited

16 * * *

17 B. The pension accumulation funds A and B shall be the funds to which shall
18 be credited all payments to the system, exclusive of payments to the annuity savings
19 ~~or expense funds~~ fund and including contributions from employers and taxes from
20 sheriffs and ex officio tax collectors on behalf of members of Plans A and B
21 respectively. From each of these funds shall be paid the amounts required to be
22 transferred to the annuity reserve funds as prescribed by ~~C, below~~ Subsection C of
23 this Section.

24 * * *

25 Section 2. R.S. 11:1787, 1807, 1862(D), and 1863 are hereby repealed in its entirety.

26 Section 3. This Act shall become effective upon signature by the governor or, if not
27 signed by the governor, upon expiration of the time for bills to become law without signature
28 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

- 1 vetoed by the governor and subsequently approved by the legislature, this Act shall become
2 effective on the day following such approval.

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)]

Pearson

HB No. 23

Abstract: Makes various corrections to the Municipal Employees' Retirement System (MERS).

Present law creates two tiers of membership in Plan A of MERS. Proposed law retains present law. Present law (R.S. 11:1789.1) provides that for purposes of Plan A Tier 2, the term "member" shall mean a person whose first employment making him eligible for membership in one of the state systems occurred on or after Jan. 1, 2013. Proposed law changes this definition to mean a person whose first employment making him eligible for membership in MERS occurred on or after Jan. 1, 2013.

Present law provides for how expenses of the system are handled. Presently each fund makes contributions to the "expense fund" in proportion to the number of members in the fund and expenses are paid from this fund. Proposed law changes how the expenses are handled and repeals provisions relating to the "expense fund". Under proposed law, all expenses would be paid from Plan A. At the end of each year, assets would be transferred from Plan B to Plan A to pay (pro rata) its share of the expenses.

Present law (R.S. 11:1861) lists the different accounts within the system to which funds are credited. Proposed law removes the "expense fund" from the list and adds the DROP accounts for Plans A and B.

(Amends R.S. 11:1789.1(2), 1789.4(1), 1808.4(2), 1841(B), 1842, 1861, and 1862(B)(intro. para.); Repeals R.S. 11:1787, 1807, 1862(D), and 1863)