

Regular Session, 2014

HOUSE BILL NO. 67

BY REPRESENTATIVE MONTOUCET

RETIREMENT/FIREFIGHTERS: Provides relative to the accrual rate and Deferred Retirement Option Plan participation in the Firefighters' Retirement System

1 AN ACT

2 To amend and reenact R.S. 11:2256(A)(1), (2), and (4) and 2257(C), relative to the
3 Firefighters' Retirement System; to provide relative to benefit accrual rates for new
4 hires; to provide relative to the Deferred Retirement Option Plan; to provide
5 technical changes; to provide an effective date; and to provide for related matters.

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

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 11:2256(A)(1), (2), and (4) and 2257(C) are hereby amended and
11 reenacted to read as follows:

12 §2256. Benefits; refund of contributions, application, and payment

13 A.(1) Any member of this system who has been a member for at least one
14 year and who meets any of the following shall be entitled to retire from service:

15 (a) ~~who~~ The member has completed at least twenty-five years of creditable
16 service; ~~who has been a member of this system for at least one year,~~ regardless of
17 age; ~~or,~~

18 (b) ~~any~~ The member ~~who~~ has completed at least twenty years of creditable
19 service; ~~who has been a member of this system for at least one year,~~ and ~~who~~ has
20 attained the age of fifty years; ~~;~~

1 (c) ~~or any~~ The member ~~who~~ has completed at least twelve years of service;
2 ~~who has been a member of this system for at least one year, and who~~ has attained the
3 age of fifty-five ~~shall be entitled to retire from service.~~

4 (2) Deferred retirement. Any member who has been a member for at least
5 one year and who meets one of the following shall be entitled to a deferred
6 retirement benefit as indicated:

7 (a) Any member who has completed twenty or more years of creditable
8 service, ~~and at least one year of which shall be as a member of this system, and who~~
9 leaves employment covered by this system before attaining age fifty shall be entitled
10 to a retirement benefit beginning at age fifty.

11 (b) Any member who has completed twelve years of creditable service, ~~and~~
12 ~~at least one year of which shall be as a member of this system, and who~~ leaves
13 employment covered by this system before attaining age fifty-five shall be entitled
14 to a retirement benefit beginning at age fifty-five.

15 * * *

16 (4) Upon such retirement, the member shall be paid an annual retirement
17 allowance, as follows:

18 (a) For any member whose first date of employment occurred on or before
19 June 30, 2014, the retirement allowance shall equal to three and one-third percent of
20 his average final compensation multiplied by his total years of creditable service.

21 (b) For any member whose first date of employment occurred on or after
22 July 1, 2014, the retirement allowance shall equal the following:

23 (i) Three percent of the member's average final compensation multiplied by
24 his total years of creditable service if the member has less than thirty years of
25 creditable service on the effective date of retirement.

26 (ii) Three and one-third percent of the member's average final compensation
27 multiplied by his total years of creditable service if the member has thirty or more
28 years of creditable service on the effective date of retirement.

1 (c) However, the annual retirement allowance shall not exceed one hundred
 2 percent of ~~his~~ the member's average final compensation. The member shall not be
 3 paid any amount in excess of the maximum amount permitted under Section 415 of
 4 the Internal Revenue Code of 1986, as amended. The foregoing sentence shall not
 5 prohibit payments to a member from an excess benefit plan established pursuant to
 6 Section 415(m) of the Internal Revenue Code of 1986, as amended, as provided in
 7 Section 2272 of this Chapter.

* * *

9 §2257. Deferred Retirement Option Plan

10 * * *

11 C. The duration of participation in the plan shall be specified and shall not
 12 exceed ~~three years~~; the following:

13 (1) Three years for any member who has less than thirty years of creditable
 14 service.

15 (2) Five years for any member who has at least thirty years of creditable
 16 service.

17 * * *

18 Section 2. Any person who has at least thirty years of creditable service and who is
 19 participating in the Deferred Retirement Option Plan on the effective date of this Act shall
 20 be allowed to extend his participation in the plan up to the five-year period provided for in
 21 this Act.

22 Section 3. This Act shall become effective upon signature by the governor or, if not
 23 signed by the governor, upon expiration of the time for bills to become law without signature
 24 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 25 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 26 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)]

Montoucet

HB No. 67

Abstract: Provides that the benefit accrual rate for members of the Firefighters Retirement System (FRS) first hired on or after July 1, 2014, is based on length of service and extends maximum DROP participation from three to five years for members with 30 or more years of service.

ACCRUAL RATE

Present law provides that any person who has been a member of FRS for at least one year shall be entitled to retire if he has attained the following age and service criteria:

<u>Years of Service</u>	<u>Age</u>
12	55
20	50
25	Any

Proposed law retains present law.

Present law provides that, upon retirement, the member shall be paid an annual retirement allowance equal to 3a % of his average final compensation multiplied by his total years of creditable service. Proposed law retains present law for all members hired on or before June 30, 2014.

Proposed law changes the accrual rate for members whose first employment occurred on or after July 1, 2014; ties the accrual rate for such members to length of service, as follows:

- (1) 3% for any member whose total years of creditable service is less than 30 years.
- (2) 3a % for any member whose total years of creditable service is equal to or greater than 30 years.

Present law provides that a member's annual retirement allowance shall not exceed 100% of his average final compensation. Proposed law retains present law.

DROP

Present law provides that, in lieu of terminating employment and accepting retirement benefits, any FRS member who has at least 20 years of creditable service and who is eligible to receive retirement benefits may elect to participate in the Deferred Retirement Option Plan (DROP) and defer the receipt of benefits.

Present law provides that, upon commencement of DROP participation, membership in FRS ceases and neither employee nor employer contributions are payable to FRS.

Proposed law retains present law.

Present law provides that a member's duration of participation in the DROP plan may not exceed three years. Proposed law retains present law for members with less than 30 years of service. Proposed law further provides that for members with 30 or more years of service, the period of DROP participation may not exceed five years.

Proposed law authorizes any person who has 30 or more years of creditable service and who is participating in the DROP plan on the effective date of the Act to extend his period of participation to the five years provided for in proposed law.

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

(Amends R.S. 11:2256(A)(1), (2), and (4) and 2257(C))