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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Margaret M. Corley.

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## DIGEST

Peacock (SB 4)

Present law defines "average final compensation" for members as the average of their 36 highest paid months of employment. Proposed law retains present law for current employees and for employees hired on or before December 31, 2014.

Proposed law defines "average compensation" for persons hired on or after January 1, 2015, as the average of their highest paid 60 months of employment.

Present law contains restrictions on "spiking" salaries of employees so that, year over year, a member's salary cannot increase more than 15% over the prior year's salary. Proposed law retains present law.

Present law establishes retirement eligibility for FRS:

- (1) 25 years of service or more at any age.
- (2) 20 years of service or more at age 50.
- (3) 12 years of service or more at age 55.

Proposed law retains present law for current employees and employees hired on or before December 31, 2014.

Proposed law establishes retirement eligibility for FRS employees hired on or after January 1, 2015:

- (1) 20 years of service or more at age 50.
- (2) 12 years of service or more at age 55.

Present law provides that the maximum retirement benefit is calculated as follows: accrual rate x years of service x average final compensation. Proposed law retains present law.

Present law provides a 3 $\frac{1}{3}$ % accrual rate for members in FRS.

Proposed law retains present law for current employees and for employees hired on or before December 31, 2014.

Proposed law provides a 3% accrual rate for employees in FRS, hired on or after January 1, 2015;

however, for any employee who earns 30 years of service credit, proposed law provides a 3⅓% accrual rate for all years.

Proposed law requires that any additional benefit earned for continued employment after participation in a deferred retirement option plan (DROP) to be calculated using the same period as that member's original average final compensation period.

Effective June 30, 2014.

(Amends R.S. 11:2252(4), 2256(A), and 2257(K)(3)(a) and (b))