

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,.

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

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

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

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

\* \* \*

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

(a) For any member whose first date of employment occurred on or before June 30, 2014, the retirement allowance shall equal to three and one-third percent of his average final compensation multiplied by his total years of creditable service. The provisions of this Subparagraph shall also apply to any member whose first date of employment occurred on or after July 1, 2014, if such member is approved for disability benefits for an injury sustained in the line of duty or if such member is killed in the line of duty, and if the applicable law provides for the calculation of disability or survivor benefits based on a benefit accrual rate.

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

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

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

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

\* \* \*

## §2257. Deferred Retirement Option Plan

\* \* \*

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

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

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

\* \* \*

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

(B) Notwithstanding any provision of law to the contrary, any person who has at least thirty years of creditable service, who has completed participation in the Deferred

1 Retirement Option Plan prior to the effective date of this Act, and who has maintained

2 employment after completing participation in such plan shall be allowed to re-enter the

3 Deferred Retirement Option Plan for an additional period of up to two years. The board of

4 trustees shall promulgate rules and procedures for implementation of this Paragraph.

5       Section 3. This Act shall become effective upon signature by the governor or, if not

6 signed by the governor, upon expiration of the time for bills to become law without signature

7 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

8 vetoed by the governor and subsequently approved by the legislature, this Act shall become

9 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 3-1/3% 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) 3-1/3% for any member whose total years of creditable service is equal to or greater than 30 years.

Proposed law applies the 3-1/3% accrual rate to new hires regardless of years of service if present law requires a calculation of the applicable benefit based on a benefit accrual rate and either of the following circumstances are met:

- (1) The member is approved for in-the-line of duty disability benefits
- (2) The member is killed in the line of duty.

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 this Act to extend his period of participation to the five years provided for in proposed law. Further authorizes any person who has 30 or more years of creditable service and who has completed participation in DROP but has maintained employment to re-enter DROP for an additional period of up to two years.

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))

#### Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Retirement to the original bill.

1. Adds provision making 3-1/3% accrual rate applicable to certain disability and survivor benefits for new hires with less than 30 years of service.

#### House Floor Amendments to the engrossed bill.

1. Adds provision authorizing certain plan members to re-enter the DROP plan.