

GREEN SHEET REDIGEST

HB 58

2016 Regular Session

Leger

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

RETIREMENT/LOCAL: Provides relative to the Deferred Retirement Option Plan in the Firefighters' Pension and Relief Fund in the city of New Orleans

DIGEST

HB 58 Engrossed

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Present law establishes the Deferred Retirement Option Plan (DROP) in the Firefighters' Pension and Relief Fund in the city of New Orleans (NOFF). Members may select a participation period of up to five years in the plan

Present law allows a member who participates in DROP to also take an initial lump sum benefit. Proposed law prohibits a member who elects to participate in DROP from also exercising an initial lump sum benefit option at retirement.

Present law provides that upon expiration of the member's participation period or termination of employment, whichever occurs first, interest shall be allocated annually to the member's DROP account based on a composite rate of return of the pension fund, less an administrative fee. Further guarantees that the balance of the member's account shall not be diminished or impaired. Proposed law requires the board, upon expiration of DROP participation or termination of employment, to invest DROP account balances in liquid asset money market investments. Provides that interest shall be the actual rate of return earned on the investments.

Proposed law permits a member participating in DROP on or after Jan. 1, 2016, to make a written election to waive the guarantee provisions for DROP account balances provided by present law and to authorize debits to his DROP account in order to have his DROP account balance placed into the fund's investment portfolio to earn interest at a rate based on a five-year rolling average of the actuarially determined composite rate of return of the pension fund, less a two percent administrative fee.

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

(Amends R.S. 11:3385.1(H)(2) and (N))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Retirement to the original bill:

1. Remove proposed law provision that beginning Jan. 1, 2016, administrative fees shall not exceed 2%.
2. Remove discretion for DROP accounts to be placed in liquid asset money market investments after DROP participation.
3. Add provision permitting a member participating in DROP on or after Jan. 1, 2016, to make a written election to place his DROP account into the fund's investment portfolio.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Retirement to the engrossed bill

1. Makes technical changes.
2. Moves provision prohibiting a member who elects to participate in DROP from also exercising an initial lump sum benefit option at retirement.