HOUSE SUMMARY OF SENATE AMENDMENTS

HB 58 2016 Regular Session Leger

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

Synopsis of Senate Amendments

1. Changes the statute being amended to prohibit a member who elects to participate in DROP from also exercising an initial lump sum benefit option at retirement.

Digest of Bill as Finally Passed by Senate

<u>Present law</u> 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

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

<u>Present law</u> 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. <u>Proposed law</u> 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.

<u>Proposed law</u> 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 <u>present law</u> 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))