

2018 Regular Session

HOUSE BILL NO. 9

BY REPRESENTATIVE IVEY

RETIREMENT/FIREFIGHTERS: Provides for definitions relative to rollovers of sums between the Firefighters' Retirement System and other qualified plans under the provisions of the Internal Revenue Code

1 AN ACT

2 To amend and reenact R.S. 11:2254(D) and to enact R.S. 11:2254(E) and (F), relative to the  
3 Firefighters' Retirement System; to provide relative to direct rollovers of sums from  
4 the system to qualified plans; to provide for definitions; and to provide for related  
5 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. 11:2254(D) is hereby amended and reenacted and R.S. 11:2254(E)  
11 and (F) are hereby enacted to read as follows:

12 §2254. Creditable service

13 \* \* \*

14 D.(1) The system shall permit direct rollovers from other qualified  
15 retirement plans. ~~"Direct rollovers" for purposes of this Section shall mean trustee~~  
16 ~~to trustee transfers of sums from other qualified plans which are permitted to roll~~  
17 ~~over sums to other qualified plans under the provisions of the Internal Revenue Code~~  
18 ~~of 1986, as amended.~~ Amounts so rolled over may be used to purchase service  
19 credits at the accrual rate established by the system actuary using actuarial

1 assumptions consistently applied, subject to the limitations of Section 415(n) of the  
2 Internal Revenue Code of 1986, as amended. Any such service credit may only be  
3 purchased if authorized by statutory authority, other than this Subsection,  
4 specifically identifying the type of credit authorized to be purchased. Amounts may  
5 not be rolled over which are in excess of the amounts which may be used to purchase  
6 creditable service under Section 415(n). No member shall receive a benefit for  
7 purchased creditable service if to do so would cause the member to receive a  
8 retirement benefit for the same service under more than one retirement plan. ~~The~~  
9 ~~system shall also permit members and retirees to make direct trustee to trustee~~  
10 ~~rollovers of those distributions which are eligible for tax-free rollover treatment to~~  
11 ~~other qualified plans as provided in Section 401(a)(31) of the Internal Revenue Code~~  
12 ~~of 1986, as amended.~~

13 E.(1) Notwithstanding any other provision of law to the contrary that would  
14 otherwise limit a distributee's election under this Subsection, a distributee may elect,  
15 at the time and in the manner prescribed by the plan administrator, to have any  
16 portion of an eligible rollover distribution paid directly to an eligible retirement plan  
17 specified by the distributee in a direct rollover.

18 (2) If a mandatory distribution greater than one thousand dollars is made on  
19 or after March 28, 2005, and the distributee does not elect to have such distribution  
20 paid directly to an eligible retirement plan specified by the distributee in a direct  
21 rollover or to receive the distribution directly, then the plan administrator shall pay  
22 the distribution in a direct rollover to an individual retirement plan designated by the  
23 plan administrator. For purposes of determining whether a mandatory distribution  
24 is greater than one thousand dollars, the portion of the distributee's distribution  
25 attributable to any rollover contribution is included.

26 F. For purposes of this Section, the following words and phrases shall have  
27 the following meanings:

1           (1) "Direct rollovers" shall mean trustee to trustee transfers of sums from  
2           other qualified plans which are permitted to roll over sums to other qualified plans  
3           under the provisions of the Internal Revenue Code of 1986, as amended.

4           (2)(a) "Eligible rollover distribution" shall mean any distribution of all or  
5           any portion of the balance to the credit of the distributee. An eligible rollover  
6           distribution shall not include:

7           (i) Any distribution that is one of a series of substantially equal periodic  
8           payments, not less frequently than annually, made for the life or life expectancy of  
9           the distributee, or the joint lives or joint life expectancies of the distributee and the  
10           distributee's designated beneficiary, or for a specified period of ten years or more.

11           (ii) Any distribution to the extent such distribution is required under Section  
12           401(a)(9) of the Internal Revenue Code.

13           (iii) The portion of any distribution that is not includible in gross income,  
14           determined without regard to the exclusion for net unrealized appreciation with  
15           respect to employer securities.

16           (iv) Any other distribution that is reasonably expected to total less than two  
17           hundred dollars during a year.

18           (b) A portion of the distribution shall not fail to be an eligible rollover  
19           distribution merely because the portion consists of after-tax employee contributions  
20           which are not includible in gross income. Such portion may be transferred only to  
21           one of the following:

22           (i) A traditional individual retirement account or annuity described in  
23           Section 408(a) or (b) of the Internal Revenue Code or a Roth IRA or annuity  
24           described in Section 408A of the Internal Revenue Code.

25           (ii) A qualified defined contribution, defined benefit, or annuity plan  
26           described in Section 401(a) or 403(b) of the Internal Revenue Code, or to an annuity  
27           contract described in Section 403(b) of the Internal Revenue Code, if such plan or  
28           contract provides for separate accounting for amounts so transferred, including  
29           interest thereon, including separately accounting for the portion of such distribution

1 which is includible in gross income and the portion of such distribution which is not  
2 so includible.

3 (3) "Eligible retirement plan" shall mean:

4 (a) An eligible plan described in Section 457(b) of the Internal Revenue  
5 Code which is maintained by a state, political subdivision of a state, or any agency  
6 or instrumentality of a state or political subdivision of a state and which agrees to  
7 separately account for amounts transferred into such plan from this system.

8 (b) A traditional individual retirement account.

9 (c) An annuity plan described in Section 403(b) of the Internal Revenue  
10 Code.

11 (d) A qualified defined benefit or defined contribution plan described in  
12 Section 401(a) of the Internal Revenue Code that accepts the distributee's eligible  
13 rollover distribution.

14 (e) A distribution to a surviving spouse or to a spouse or former spouse who  
15 is the alternative payee under a qualified domestic relations order as defined in  
16 Section 414(p) of the Internal Revenue Code.

17 (4)(a) "Distributee" shall mean:

18 (i) A member or former member.

19 (ii) A member's or former member's surviving spouse, or a member's or  
20 former member's spouse or former spouse who is the alternate payee under a  
21 qualified domestic relations order as defined in Section 414(p) of the Internal  
22 Revenue Code are distributees with regard to the interest of the spouse or former  
23 spouse.

24 (iii) For distributions occurring in plan years beginning after December 31,  
25 2009, the member's or former member's nonspouse designated beneficiary if the  
26 direct rollover is made only to a traditional individual retirement account or a Roth  
27 IRA that is established on behalf of the designated beneficiary and is treated as an  
28 inherited individual retirement account pursuant to the provisions of Section  
29 402(c)(11) of the Internal Revenue Code. In this case, the determination of any

