

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 (E) and to enact R.S. 11:2254(F) and (G),
3 relative to the Firefighters' Retirement System; to provide relative to direct rollovers
4 of sums from the system to qualified plans; to provide for definitions; and to provide
5 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. 11:2254(D) and (E) are hereby amended and reenacted and R.S.
11 11:2254(F) and (G) 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 only 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

1 required minimum distribution under Section 401(a)(9) of the Internal Revenue Code
 2 that is ineligible for rollover shall be made in accordance with Notice 2007-7, Q&A
 3 17 and 18, 2007-5 Internal Revenue Bulletin 395.

4 G. The qualified military service of a member who has been reemployed in
 5 accordance with 26 U.S.C. 414(u) shall be treated for vesting and benefit accrual
 6 purposes as service completed under Subsection A of this Section if the member
 7 timely remits to the system any employee contributions which would have been
 8 required but for the member's leave of absence to perform qualified military service
 9 in accordance with the terms of federal law.

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)]

HB 9 Reengrossed

2018 Regular Session

Ivey

Abstract: Provides for definitions consistent with provisions of the Internal Revenue Code relative to direct rollovers of sums from qualified plans to the Firefighters' Retirement System (the system) and from the system to other qualified plans.

Present law authorizes the system to permit direct rollovers of sums from other qualified plans as provided by the Internal Revenue Code.

Proposed law retains present law and authorizes a recipient of funds from the system to directly rollover such funds into another retirement plan. Defines applicable terms in conformity with the provisions of federal law relative to tax-qualified defined benefit plans.

(Amends R.S. 11:2254(D) and (E); Adds R.S. 11:2254(F) and (G))

Summary of Amendments Adopted by House

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

1. Make technical changes.

The House Floor Amendments to the engrossed bill:

1. Make technical changes.