The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Margaret M. Corley.

DIGEST

SB 20 Original

2020 Regular Session

Peacock

<u>Present law</u> defines "average final compensation" (AFC) for a member of the Firefighters' Retirement System (FRS) as the average of the 36 highest-paid joined months of employment. <u>Proposed law</u> retains present law for members hired on or before Dec. 31, 2020.

<u>Proposed law</u> defines "average final compensation" (AFC) for any member hired on or after Jan. 1, 2021, as the average of the 60 highest-paid joined months of employment.

<u>Present law</u> contains restrictions on "spiking" AFC of employees so that, year over year, a member's AFC used to compute benefits cannot increase more than 15% over the prior year's AFC. <u>Proposed law</u> retains present law.

Present law establishes retirement eligibility for FRS members:

- (1) 25 or more years of service at any age.
- (2) 20 or more years of service at age 50.
- (3) 12 or more years of service at age 55.

Proposed law retains present law for members hired on or before Dec. 31, 2020.

Proposed law establishes retirement eligibility for FRS members hired on or after Jan. 1, 2021:

- (1) 20 or more years of service at age 50.
- (2) 12 or more years of service at age 55.

Present law provides that the maximum retirement benefit is calculated as follows:

accrual rate x years of service x average final compensation (AFC)

Proposed law retains present law.

Present law provides a 31/3% accrual rate for all years of service for members in FRS.

Proposed law retains present law for members hired on or before December 31, 2020.

Proposed law generally provides a 3% accrual rate for FRS members hired on or after Jan. 1, 2021;

however, for a member who earns 30 years of service credit, <u>proposed law</u> provides a 31/3% accrual rate for all years.

<u>Present law</u> provides that any member who continues employment following participation in the deferred retirement option plan (DROP) shall receive an additional benefit based on the post-DROP service.

Proposed law retains present law.

<u>Present law</u> provides that the AFC used to calculate the DROP benefit shall also be used to calculate the additional benefit, if the post-DROP service is less than 36 months (the AFC period under <u>present law</u>). Specifies, however, that if the period of service after DROP is 36 months or more, then the AFC used to calculate the additional benefit shall be based on compensation received during the post-DROP employment.

<u>Proposed law</u> for purposes of post-DROP benefits and service, provides the member's AFC period, whether 36 months for members hired on or before Dec. 31, 2020, or 60 months for members hired on or after Jan. 1, 2021, applies to determine the calculations or the AFC for the additional benefit.

Effective June 30, 2020.

(Amends R.S. 11:2252(intro para), 2252(5), 2256(A), and 2257(K)(1)(a) and (b))