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## DIGEST

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HB 18 Engrossed

2020 Regular Session

Bacala

**Abstract:** Provides for the reporting of contributions within the Municipal Police Employees' Retirement System (MPERS), for suspension of benefit payments and extension of participation in the Deferred Retirement Option Plan (DROP), establishes interest and penalties for delinquent contributions, and gives the board of directors the authority to promulgate rules.

Present law provides that the duration of participation in the Deferred Retirement Option Plan (DROP) shall not exceed three years. Proposed law retains present law and provides that if employer contributions are suspended during the participation period as a result of interruption of employment, the member's participation period shall be extended by the number of months his benefit payments were suspended.

Present law further provides that upon the effective date of commencement of participation in DROP, neither employee nor employer contributions are payable. Proposed law provides that employee contributions for employees who commence participation in the plan on or after July 1, 2021, shall cease but employer contributions shall continue to be payable.

Present law provides for the payment of unfunded accrued liability by employers participating in the system that fully dissolves its police department and contracts for police services with another entity. Present law further provides that payments are payable beginning July first of the fiscal year following the withdrawal from the system by the participating employer. Proposed law provides that payments are payable following the determination by the system actuary of the amount owed.

Proposed law provides that delinquent payments of employee or employer contributions by an MPERS employer are subject to the following:

- (1) Interest charged at the legal rate from the date the payment became delinquent.
- (2) Payments delinquent in excess of 90 days are subject to a penalty of 25% of the aggregate contributions due.
- (3) Payments delinquent in excess of 180 days are subject to payment of the greater of (1) or (2) above and an amount equal to the actuarial cost of a purchase of the service credit for which contributions were not timely paid.
- (4) Reimbursement of the system for any legal and actuarial fees paid by the system in the

collection of amounts under proposed law.

Present law provides that a member who is receiving worker's compensation and who does not pay the full amount that would be his employee contribution if he were not receiving worker's compensation may receive service credit for purposes of eligibility determination but not for computation of benefits purposes. Proposed law provides that such a member shall not receive service credit for any purpose.

Proposed law authorizes the MPERS board of trustees to make, amend, and promulgate rules and to provide for the establishment and maintenance of the system.

Effective July 1, 2020.

(Amends R.S. 11:2220(G), 2221(C) and (E)(1)(a), 2225(A)(1), 2225.4(B) and (C)(1)(a), and 2227(B)(1)(intro. para.) and (b), (G), and (J); Adds R.S. 11:2225(G))

#### Summary of Amendments Adopted by House

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

1. Change the effective date of certain proposed law provisions relative to employer and employee contributions.