

2020 Regular Session

HOUSE BILL NO. 18

BY REPRESENTATIVE BACALA

RETIREMENT/MUNICIPAL POL: Provides relative to contributions to and the administration of the Municipal Police Employees' Retirement System

1 AN ACT

2 To amend and reenact R.S. 11:2220(G), 2221(C) and (E)(1)(a), 2225(A)(1), 2225.4(B) and
3 (C)(1)(a), and 2227(B)(1)(introductory paragraph) and (b), (G), and (J), relative to
4 the Municipal Police Employees' Retirement System; to provide relative to employer
5 and employee contributions; to provide for suspension of benefit payments and
6 extension of Deferred Retirement Option Plan participation period under certain
7 circumstances; to provide with regard to interest and penalties for delinquent
8 contributions; and to provide for related matters.

9 Notice of intention to introduce this Act has been published
10 as provided by Article X, Section 29(C) of the Constitution
11 of Louisiana.

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. R.S. 11:2220(G), 2221(C) and (E)(1)(a), 2225(A)(1), 2225.4(B) and
14 (C)(1)(a), and 2227(B)(1)(introductory paragraph) and (b), (G), and (J) are hereby amended
15 and reenacted to read as follows:

16 §2220. Benefits; contribution limit

17 * * *

18 G. The retirement benefits provided by this Section shall not annually exceed
19 one hundred percent of average final compensation, and when a member has earned

1 benefits equal to one hundred percent of his average final compensation, no further
 2 contributions shall be required of him. ~~However,~~² the employer shall continue to pay
 3 to the system the employer's contribution. However, if a member earns benefits
 4 equal to or greater than one hundred percent of his average final compensation on or
 5 after July 1, 2021, the employer and employee shall continue to pay their respective
 6 contributions to the system.

7 * * *

8 §2221. Deferred Retirement Option Plan

9 * * *

10 C. The duration of participation in the plan shall be specified and shall not
 11 exceed three years. However, if employer contributions on behalf of a participant
 12 are suspended during the participation period as a result of interruption of
 13 employment, benefit payments into the participant's subaccount within the plan shall
 14 be suspended until payment of employer contributions is restored, and the member's
 15 participation period shall be extended by the number of months his benefit payments
 16 were suspended. In such a case, the participation period may exceed three calendar
 17 years but shall not exceed thirty-six nonconsecutive months of participation.

18 * * *

19 E.(1)(a) Upon the effective date of the commencement of participation in the
 20 plan, membership in the system shall terminate and neither employee nor employer
 21 contributions shall be payable, except that for employees who commence
 22 participation in the plan on or after July 1, 2021, employer contributions shall
 23 continue to be payable.

24 * * *

25 §2225. Administration

26 A.(1) The general administration and responsibility for the proper operation
 27 of the retirement system and for making effective the provisions of this Chapter are
 28 hereby vested in a board of trustees which shall be organized immediately after a
 29 majority of the trustees provided for in this Section shall have qualified and taken the

1 oath of office. The board of trustees may make, amend, and promulgate rules and
2 otherwise provide for the establishment and maintenance of the system as authorized
3 by this Title.

4 * * *

5 §2225.4. Unfunded accrued liability; payment by employer

6 * * *

7 B.(1) Any amount due pursuant to Subsection A of this Section shall be
8 determined by the actuary employed by the system and shall be amortized over
9 fifteen years in equal payments with interest at the system's valuation interest rate.
10 Payments for withdrawals that occur on or after July 1, 2018, shall be payable
11 beginning July first of the second fiscal year following the ~~withdrawal~~ determination
12 by the actuary and in the same manner as regular payroll payments to the system.
13 Beginning July first of the fiscal year following the withdrawal, interest shall accrue
14 at the system's actuarial valuation rate, compounded annually.

15 (2) If the number of participating employees of an employer subject to
16 Paragraph (A)(2) of this Section returns to at least the number of participating
17 employees as of the June thirtieth immediately preceding the withdrawal, the
18 payments required by this Section shall cease on the July first following the
19 determination by the actuary that a sufficient increase in participating employees has
20 occurred, and no further payments shall be due with respect to the withdrawal. Any
21 payments made pursuant to this Section ~~will~~ shall be credited as an offset of any
22 amounts due by the employer attributable to any subsequent withdrawal that occurs
23 within fifteen years of the payments.

24 C.(1) If an employer fails to make a payment timely, the amount due shall
25 be collected in any of the following manners:

26 (a) By action in a court of competent jurisdiction against the delinquent
27 employer. The amount due shall include interest calculated at the system's actuarial
28 valuation rate, compounded annually. The employer shall also be liable for any legal

1 and actuarial fees incurred by the system in the collection of amounts pursuant to this
2 Section.

3 * * *

4 §2227. Method of financing

5 * * *

6 B. Annuity savings fund:

7 The annuity savings fund shall be the fund in which shall be accumulated
8 contributions from the compensation of members to provide for their annuities.
9 Contributions to the annuity savings fund shall be made as follows:

10 (1) Each municipality shall make deductions from any salary or wages
11 excluding overtime paid by them to any member of this system in accordance with
12 the provisions of R.S. 11:62(6) on the earnable compensation paid him in each and
13 every payroll. All employers shall report separately the amount of compensation
14 paid for overtime on their monthly contribution reports.

15 * * *

16 (b) In the event the reduced salary paid by the municipality is not sufficient
17 to cover the deduction of employee contributions equal to that which would have
18 been deducted had the member not begun receiving worker's compensation
19 payments, the member may elect to pay the deficit to make whole the amount due
20 each and every payroll period directly to the municipality to be forwarded to the
21 retirement system. If the member does not elect to pay the deficit to make whole the
22 amount that would have been deducted had he not begun receiving worker's
23 compensation, that member, for such periods, shall receive service credit for
24 eligibility determination purposes only and not for computation of benefits.
25 Beginning on July 1, 2021, if the member does not pay the deficit to make whole the
26 amount that would have been deducted pursuant to this Section for service each and
27 every pay period, the member shall not receive service credit for the period in which
28 the deficit was not paid.

29 * * *

1 G. The deferred retirement option plan shall be the account in which ~~shall~~
2 ~~be accumulated~~ all payments made pursuant to R.S. ~~11:2221~~ 11:2221(E)(3)
3 accumulate. Interest shall be credited to the account as provided by R.S.
4 ~~11:2221(F)(2)~~ 11:2221(G).

5 * * *

6 J.(1) ~~Should~~ If any ~~municipality or other~~ employer ~~refuse~~ fails to transmit
7 either employer's contributions or member's contributions within five days after ~~its~~
8 their due date, the payment shall be delinquent. As used in this Subsection, "due
9 date" means the close of the tenth day after the end of the month for which payment
10 of employer's and member's contributions is applicable or deducted. In addition to
11 the employer and member contributions owed, the employer shall submit an amount
12 determined in accordance with Paragraph (2) of this Subsection.

13 (2)(a) Interest charged at the legal rate shall be due from the date the
14 payment became delinquent.

15 (b) Any employer who becomes delinquent for a period in excess of ninety
16 days in the collection and remittance of the amounts due as monthly contributions
17 is also subject to a penalty of twenty-five percent of the aggregate monthly
18 contributions due.

19 (c) Any employer who becomes delinquent for a period in excess of one
20 hundred and eighty days in the collection and remittance of the amounts due as
21 monthly contributions is liable for the greater of the amounts in Subparagraphs (a)
22 and (b) of this Paragraph and an amount equal to the actuarial cost of a purchase of
23 the service credit for which contributions were not timely paid calculated by the
24 system's actuary pursuant to R.S. 11:158(C).

25 (d) The employer that failed to transmit the required contributions in a timely
26 manner shall also reimburse the system any legal and actuarial fees paid by the
27 system in the collection of amounts pursuant to this Paragraph.

1 Section 2. This Act shall become effective on July 1, 2020; if vetoed by the governor
2 and subsequently approved by the legislature, this Act shall become effective on July 1,
3 2020, or on the day following such approval by the legislature, whichever is later.

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 18 Reengrossed

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.