

## RÉSUMÉ DIGEST

ACT 124 (HB 18)

2020 Regular Session

Bacala

New law amends various provisions of existing law relative to the Municipal Police Employees' Retirement System (MPERS), including provisions for, contributions to the system, the Deferred Retirement Option Plan, system administration, payments made by an employer that dissolves its police department, and delinquent payments from employers.

Existing law provides that if an employee's earned retirement benefit exceeds 100% of his final average compensation, he ceases making contributions to MPERS. New law limits the applicability of existing law to employees whose benefit exceeded his final average compensation prior to July 1, 2021.

Existing law provides for a Deferred Retirement Option Plan (DROP) which allows a member who is eligible to retire to continue employment and have his retirement benefit deposited into an account. Provides that maximum duration of participation in the plan is three years. New law provides that if benefit payments to the DROP account are suspended 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.

Existing law provides that during a member's participation in DROP, neither the employer nor the member shall make contributions to MPERS. New law requires the employer to make contributions to the system on behalf of an employee who commences participation in DROP on or after July 1, 2021.

Existing law requires an employer that dissolves or partially dissolves its police department to remit to the system, beginning the July first immediately following the date of dissolution, that portion of the unfunded accrued liability existing on the June thirtieth immediately prior to the date of dissolution of the police department that is attributable to the employer. Provides that such payments shall include interest at the system's valuation rate. Provides for determination of the amount owed by the system's actuary and the amortization of the amount over 15 years.

New law provides that for withdrawals that occur after July 1, 2018, payments become payable in the second fiscal year after the determination of the amount by the actuary, but interest begins to accrue on July first of the fiscal year following the withdrawal.

Existing law provides for various funds into which the assets of MPERS are credited, including the annuity savings fund to which employee contributions are credited. New law requires employers to report overtime compensation separately on their monthly contribution reports.

Existing law requires that employers continue to deduct employee contributions from an employee's compensation even if that compensation is reduced while the employee is receiving worker's compensation. Authorizes the employee to pay the deficit if the deductions are not sufficient to cover his contributions to the system.

Prior law provided that during any period during which the employee did not pay the deficit, he would have received service credit for eligibility determination purposes but not for benefit computation purposes. New law, which becomes applicable July 1, 2021, provides that the employee will receive no service credit during such a period.

New law provides that delinquent payments of 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 also 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) and (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.

New 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))