

1 (5)(a) ~~"Average~~ Except as provided in Subparagraph (b) of this Paragraph,
2 "average final compensation" shall mean the average annual earned compensation
3 of an employee for any period of thirty-six successive or joined months of service
4 as an employee during which the ~~said~~ earned compensation was the highest. In case
5 of interruption of employment, the thirty-six month period shall be computed by
6 joining employment periods immediately preceding and succeeding the interruption.
7 The earnings to be considered for the thirteenth through the twenty-fourth months
8 shall not exceed one hundred fifteen percent of the earnings for the first through the
9 twelfth months. The earnings to be considered for the final twelve months shall not
10 exceed one hundred fifteen percent of the earnings of the thirteenth through the
11 twenty-fourth months.

12 (b) For any member who elects to participate in the Deferred Retirement
13 Option Plan for longer than thirty-six months pursuant to R.S. 11:2257(C)(2),
14 "average final compensation" shall mean the average annual earned compensation
15 of an employee for any period of sixty successive or joined months of service as an
16 employee during which the earned compensation was the highest. In case of
17 interruption of employment, the sixty month period shall be computed by joining
18 employment periods immediately preceding and succeeding the interruption. The
19 earning to be considered for the thirteenth through the twenty-fourth months shall
20 not exceed one hundred fifteen percent of the earnings for the first through the
21 twelfth months. The earnings to be considered for the twenty-fifth through the
22 thirty-sixth months shall not exceed one hundred fifteen percent of the earnings for
23 the thirteenth through the twenty-fourth months. The earnings to be considered for
24 the thirty-seventh through the forty-eighth months shall not exceed one hundred
25 fifteen percent of the earnings for the twenty-fifth through the thirty-sixth months.
26 The earnings to be considered for the final twelve months shall not exceed one
27 hundred fifteen percent of the earnings of the thirty-seventh through the forty-eighth
28 months.

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1 §2257. Deferred Retirement Option Plan

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3 C. The duration of participation in the plan shall be specified and shall not
4 exceed ~~three years~~. the following:

5 (1) Three years for any member who has less than thirty years of creditable
6 service.

7 (2) Five years for any member who has at least thirty years of creditable
8 service.

9 * * *

10 K.(1) If employment is not terminated at the end of the period specified for
11 participation, the plan participant shall resume active contributing membership in the
12 system, and upon termination of employment, he shall receive an additional
13 retirement benefit based on his additional service rendered since termination of
14 participation in the fund, using the normal method of computation of benefit;

15 (2) If the plan participant selects a period of participation that is less than or
16 equal to thirty-six months, the additional benefit is subject to the following:

17 (a) If his period of additional service is less than thirty-six months, the
18 average compensation figure used to calculate the additional benefit shall be that
19 used to calculate his original benefit.

20 (b) If his period of additional service is thirty-six or more months, the
21 average compensation figure used to calculate the additional benefit shall be based
22 on his compensation during the period of additional service.

23 (3) If the plan participant selects a period of participation that is longer than
24 thirty-six months, the additional benefit shall be calculated using a figure for average
25 final compensation as defined by R.S. 11:2252(5)(b).

26 ~~(e)~~(4) The optional allowance applied to the additional retirement benefit
27 shall be the same optional allowance selected in accordance with R.S. 11:2259 for
28 the original benefit.

1 §2262.1. Dissolution of fire department; unfunded accrued liability; payment by
2 employer

3 A.(1) If an employer fully dissolves its fire department, the employer shall
4 remit to the system, beginning the first July immediately following the date of
5 dissolution, that portion of the unfunded accrued liability, existing on the thirtieth of
6 June immediately prior to the date of dissolution of the fire department, attributable
7 to such employer and calculated using the allocation percentage included in the prior
8 fiscal year's employer pension report produced according to requirements established
9 by the Governmental Accounting Standards Board. The amount due pursuant to the
10 provisions of this Paragraph shall include interest at the system's valuation interest
11 rate.

12 (2)(a) If an employer partially dissolves its fire department, the employer
13 shall be liable for a pro rata portion of the system's unfunded accrued liability. The
14 portion shall be calculated by applying the percentage decrease in the salaries paid
15 to participating employees by the employer on the thirtieth of June and salaries paid
16 to participating employees by the employer as of the thirtieth of June of the prior
17 year to the total payment that would have been required pursuant to the provisions
18 of Paragraph (1) of this Subsection if the employer had fully dissolved its fire
19 department. Payments required pursuant to the provisions of this Paragraph shall
20 include interest at the system's valuation interest rate.

21 (b) An employer shall be deemed to have partially dissolved its fire
22 department if either of the following occurs:

23 (i) The number of participating employees of the employer as of the thirtieth
24 of June is less than seventy percent of the number of participating employees of the
25 employer on the thirtieth of June of the prior year and either the number of
26 participating employees decreases by at least two or the number of participating
27 employees is zero.

1 (ii) The number of participating employees of the employer as of the thirtieth
2 of June is at least fifty fewer than the number of participating employees of the
3 employer as of the thirtieth of June of the prior year.

4 B.(1) Any amount due pursuant to Subsection A of this Section shall be
5 determined by the actuary employed by the system and shall be amortized over
6 fifteen years in equal payments with interest at the system's valuation rate. Payments
7 for withdrawals that occur on or after July 1, 2021, shall be payable beginning the
8 first of July of the second fiscal year following the determination by the actuary and
9 in the same manner as regular payroll payments to the system. Beginning on the first
10 of July of the fiscal year following withdrawal, interest shall accrue at the system's
11 actuarial valuation rate, compounded annually.

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

21 C. If an employer fails to make a payment timely, the amount due shall be
22 collected in any of the following manners:

23 (1) By action in a court of competent jurisdiction against the delinquent
24 employer. The amount due shall include interest calculated by the system's actuarial
25 valuation rate, compounded annually. The employer shall also be liable for any legal
26 and actuarial fees incurred by the system in the collection of amounts pursuant to this
27 Section.

28 (2) The board may certify to the state treasurer all amounts attributable to the
29 delinquent employer. In support of such certification, the board shall submit to the

1 Section 2. Any person who has at least thirty years of creditable service and who is
2 participating in the Deferred Retirement Option Plan on the effective date of this Act may
3 extend his participation in the plan up to the five-year period provided for in this Act subject
4 to the other provisions of this Act including the average final compensation provisions.

5 Section 3. The cost of this Act, if any, shall be funded with additional employer
6 contributions in compliance with Article X, Section 29(F) of the Constitution of Louisiana.

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 29 Original

2021 Regular Session

Jefferson

Abstract: Provides for participation within the Firefighters' Retirement System (FRS) Deferred Retirement Option Plan (DROP) for up to five years and with respect to payments of the unfunded accrued liability (UAL) should a fire department fully or partially dissolve.

DROP Participation

Present law provides for participation within DROP for up to three years.

Proposed law provides for DROP participation to not exceed:

- (1) Three years for members with less than 30 years of creditable service.
- (2) Five years for members with at least 30 years of creditable service.

Proposed law allows a current DROP participant to select a longer participation period as authorized by proposed law.

Present law provides that FRS benefits are based on a 36-month period when compensation was highest.

Proposed law retains present law except that the benefits of a person who selects a DROP period longer than 36 months shall be based on a 60-month period when compensation was the highest.

Dissolution of Fire Department and UAL Payment

Proposed law provides that if an employer dissolves or partially dissolves its fire department, then beginning on the first July following the dissolution, the employer shall pay the department's portion of the UAL to the system according to the percent included in the prior fiscal year's employer pension report. Provides the amount due to the system shall include interest at the system's valuation interest rate.

Proposed law provides that if an employer partially dissolves its fire department, it shall pay a pro rata portion of the system's UAL.

Proposed law provides that a partially dissolved fire department meet one of the following criteria:

- (1) The number of participating employees of the employer as of June 30 is 70% less than June 30 of the previous year and either the number of participating employees decreases by at least two or participating employees is zero.
- (2) The number of participating employees of the employer, as of June 30 is at least 50 fewer than the previous year.

Proposed law provides that payments due to the system be determined by the system's actuary and amortized over 15 years in equal payments.

Proposed law provides that if the number of employees of a partially dissolved employer returns to the number participating prior to withdrawal, payments will cease and payments made will be credited as an offset of any amount due by the employer attributable to any subsequent withdrawal that occurs within 15 years of payment.

Proposed law provides for collection of funds if an employer fails to make payments by either:

- (1) Action in a court of competent jurisdiction against the employer. The employer is responsible for legal fees incurred by the system.
- (2) The board of trustees may submit a resolution and certification to the state treasurer of the name of the delinquent employer and amount owed. The state treasurer shall deduct monies payable to the employer and remit said monies directly to the system.

Employee Contributions and Credit Loans

Present law authorizes a member of FRS to assign the accumulated contributions he has made to the system to a firefighters' credit union in consideration of a loan. If a member with less than 12 years of creditable service leaves employment, present law requires that his contributions be paid to the credit union.

Proposed law requires payment of such contributions to the credit union if the member has 12 or more years of creditable service and dies without a survivor who is entitled to benefits.

(Amends R.S. 11:2252(5), 2257(C) and (K), 2262(D)(2)(b), and 2265(A)(2); Adds R.S. 11:2262(D)(2)(c) and 2262.1)