
DIGEST

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HB 29 Reengrossed

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.

Proposed law provides that the selection of a DROP participation period is irrevocable.

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 three 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.

Collection of Unpaid Amounts

Present 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.

Proposed law provides that attorney fees and court costs are recoverable by FRS if delinquent payments are recovered in court or through a concursus proceeding.

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)

Summary of Amendments Adopted by House

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

1. Provide that if a member chooses to participate in DROP for more than three years, his benefits are calculated using a five year final average compensation.
2. Provide that the decision of how long a member participates in DROP is irrevocable.
3. Provide for recovery of attorney fees and court costs through a concursus proceeding.
4. Relative to partial department dissolutions where the number of participating employees is less than 70% of what it was, change the number of employee positions that must be lost from two to three.