

GREEN SHEET REDIGEST

HB 42

2024 Regular Session

Firment

RETIREMENT/MUNICIPAL POL: Provides relative to membership in the Municipal Police Employees' Retirement System

DIGEST

Present law provides that any present law employee who is employed by any employer as defined in present law which has employees covered under the federal Social Security program which has not previously and specifically excluded its police officers or firefighters from coverage under this federal program may elect not to be or elect not to become a member of the applicable retirement system at the time of employment, and the employee shall remain enrolled until he fulfills the requirements set forth in present law.

Proposed law provides for any employee eligible to participate in the Municipal Police Employees' Retirement System, the employee shall elect not to be or elect not to become a member within 30 days of becoming eligible to participate in the system. If the employee fulfills the requirements present law on the first day that he becomes eligible, then the employer shall not enroll the employee in the system.

Proposed law provides for an optional retirement benefit program called the Back-Deferred Retirement Option Plan (Back-DROP) for the system. Provides that in lieu of receiving a normal retirement benefit pursuant to present law, an eligible member of the system may elect to retire and have his benefits structured, calculated, and paid as provided in proposed law.

Proposed law provides that members who meet the following criteria are eligible to participate in Back-DROP and members who do not, are eligible to participate in traditional DROP:

An active, contributing member of the system is eligible for Back-DROP only if both of the following are first satisfied during or after the first fiscal year following the fiscal year in which the system's oldest positive amortization base existing as of June 30, 2024, is eliminated:

- (1) The member has accrued more service credit than the minimum required for eligibility for a normal retirement benefit.
- (2) The member has attained an age that is greater than the minimum required for eligibility for a normal retirement benefit, if applicable.

Proposed law provides that at the time of retirement, a member who elects to receive a Back-DROP benefit shall select a Back-DROP period, not to exceed the lesser of 36 months or the number of months of creditable service accrued after the member first attained eligibility for normal retirement. Provides that the Back-DROP period precedes the retirement date.

Proposed law provides that the Back-DROP benefit shall have two portions: a lump-sum portion and a monthly benefit portion. Provides as follows with respect to participation:

- (1) Accrued service at retirement is reduced by the Back-DROP period.
- (2) The sum of the Back-DROP period and the accrued service credit used to calculate the member's monthly benefit shall not exceed the number of years required for the member to earn a benefit of 100% of his average final compensation.
- (3) Average compensation is calculated by excluding all earnings during the Back-DROP period.

- (4) Employee contributions received by the retirement system during the Back-DROP period shall be deposited directly into the member's Back-DROP account.
- (5) The member's Back-DROP monthly benefit shall be calculated based upon the member's age and service and the system provisions in effect on the last day of creditable service before the Back-DROP period.
- (6) The member shall also be paid a lump-sum benefit equal to the Back-DROP maximum monthly retirement benefit multiplied by the number of months selected as the Back-DROP period. The payment is deposited into the member's Back-DROP account.

Present law provides that the MPERS board of trustees is composed of 15 members as follows:

- (1) Three active contributing members of the system with 10 or more years of service credit.
- (2) Four active contributing chiefs of police with four or more years of service credit.
- (3) Two regular retirees of the system.
- (4) The chairman of the Senate Committee on Retirement or his designee.
- (5) The commissioner of administration or his designee.
- (6) The state treasurer or his designee.
- (7) A member of the House Committee on Retirement appointed by the Speaker.
- (8) Two mayors appointed by the La. Municipal Assoc. (LMA).

Proposed law increases membership to 16 members by adding an additional mayor appointed by the LMA from a town or village (a municipality with a population of less than 5,000).

Present law provides legal procedures by which MPERS collects delinquent payments. Provides for the treasurer to withhold certain funds otherwise owed to a municipality in order to satisfy the municipality's delinquent payments.

Proposed law retains present law and provides that any action instituted by the retirement system to recover delinquent payments or damages associated with delinquent payments is subject to a liberative prescription of three years and is subject to the La. Governmental Claims Act. Proposed law provides for delinquent contributions.

Effective June 30, 2024.

(Amends R.S. 11:157(A)(1), 2220(B)(2)(e), 2221(A), 2225(A)(2)(a), and 2227(D)(2); adds R.S. 11:157(A)(3), 2221.1, and 2227(J)(3) and (4); repeals R.S. 11:2213(11)(a)(iv), 2220(J)(4), and 2221(K)(4)(b))

Summary of Amendments Adopted by House

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

1. Remove proposed law limiting MPERS membership to municipalities that enter an agreement with the system.
2. Remove proposed law that would have removed option, available to employees who are in Social Security, to not be members of MPERS.
3. Reduce number of new mayors on the board of trustees from three to one and require at least one mayor to be from a town or village.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Retirement to the re-engrossed bill

1. Adds provisions relative to the deadline for an eligible employee to elect to not become a member of MPERS.
2. Provides for an optional retirement benefit program called the Back-Deferred Retirement Option Plan (Back-DROP) for the system.
3. Clarifies the provision on the three year statute of limitation.
4. Adds provisions relative to delinquent payments.
5. Changes the effective date.