

Regular Session, 2013

SENATE BILL NO. 7

BY SENATOR PEACOCK

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

RETIREMENT BENEFITS. Provides a sixty-month final average compensation period for members of state and statewide retirement systems. (7/1/13)

AN ACT

To amend and reenact R.S. 11:403(5), 416(A)(3)(a), 558(D), 701(5)(a)(introductory paragraph) and (b), 766(D), 1002(6), 1143(D), 1152(J)(3) and (4), 1310(A)(2), 1402(6), 1422, 1902(14), 2031(5), 2178(B)(1)(b) and (3)(b), (C)(1)(c) and (4), (D)(3)(a)(i), and (H), 2213(4), 2220(A), 2221(K)(3)(a) and (b), 2252 (introductory paragraph) and (4), and 2257(K)(3)(a) and (b), and to repeal R.S. 11:231, relative to state and statewide public retirement systems; to provide for final average compensation or the equivalent; to provide for calculation of additional benefits following participation in a deferred retirement option plan or reemployment of a retiree; to provide for transitional provisions; to provide for an effective date; and to provide for related matters.

Notice of intention to introduce this Act has been published.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 11:403(5), 416(A)(3)(a), 558(D), 701(5)(a)(introductory paragraph) and (b), 766(D), 1002(6), 1143(D), 1152(J)(3) and (4), 1310(A)(2), 1402(6), 1422, 1902(14), 2031(5), 2178(B)(1)(b) and (3)(b), (C)(1)(c) and (4), (D)(3)(a)(i), and (H), 2213(4), 2220(A), 2221(K)(3)(a) and (b), 2252 (introductory

1 paragraph) and (4), and 2257(K)(3)(a) and (b) are hereby amended and reenacted to
2 read as follows:

3 §403. Definitions

4 The following words and phrases used in this Chapter shall have the
5 following meanings, unless a different meaning is clearly required by the context:

6 * * *

7 (5)(a)(i) "~~Average compensation~~", ~~for a member whose first employment~~
8 ~~making him eligible for membership in the system began on or before June 30, 2006,~~
9 ~~and for any person who receives an additional benefit pursuant to R.S.~~
10 ~~11:444(A)(2)(b) or (c), 557, 582, or 602 or R.S. 24:36 whose first employment~~
11 ~~making him eligible for membership in one of the state systems occurred on or~~
12 ~~before December 31, 2010, means the average annual earned compensation of a state~~
13 ~~employee for the thirty-six highest months of successive employment, or for the~~
14 ~~highest thirty-six successive joined months of employment where interruption of~~
15 ~~service occurred; however, average compensation for part-time employees who do~~
16 ~~not use thirty-six months of full-time employment for average compensation~~
17 ~~purposes shall be based on the base pay the part-time employee would have received~~
18 ~~had he been employed on a full-time basis.~~

19 (ii) ~~The earnings to be considered for the thirteenth through the twenty-fourth~~
20 ~~month shall not exceed one hundred twenty-five percent of the earnings of the first~~
21 ~~through the twelfth month. The earnings to be considered for the final twelve~~
22 ~~months shall not exceed one hundred twenty-five percent of the earnings of the~~
23 ~~thirteenth through the twenty-fourth month. Nothing in this Subparagraph, however,~~
24 ~~shall change the method of determining the amount of earned compensation~~
25 ~~received.~~

26 (b)(i) "~~Average compensation~~", ~~for a member whose first employment~~
27 ~~making him eligible for membership in the system began on or after July 1, 2006,~~
28 ~~and subject to the limitations provided in this Subparagraph, **regardless of a**~~
29 ~~**member's participation in a specialized subplan,** means the average annual earned~~

1 compensation of a state employee for the sixty highest months of successive
2 employment or for the highest sixty successive joined months of employment where
3 interruption of service occurred; however, average compensation for part-time
4 employees who do not use sixty months of full-time employment for average
5 compensation purposes shall be based on the base pay the part-time employee would
6 have received had he been employed on a full-time basis. ~~This Item shall also be~~
7 ~~applicable to any judge, court officer, governor, lieutenant governor, clerk or~~
8 ~~sergeant-at-arms of the House of Representatives, secretary or sergeant-at-arms of~~
9 ~~the Senate, or state treasurer whose first employment making him eligible for~~
10 ~~membership in one of the state systems occurred on or after January 1, 2011.~~

11 (ii) **(b)** The earnings to be considered for ~~persons to whom Item (i) of this~~
12 ~~Subparagraph applies for~~ the thirteenth through the twenty-fourth month shall not
13 exceed one hundred fifteen percent of the earnings of the first through the twelfth
14 month. The earnings to be considered for the twenty-fifth through the thirty-sixth
15 month shall not exceed one hundred fifteen percent of the earnings of the thirteenth
16 through the twenty-fourth month. The earnings to be considered for the thirty-
17 seventh through the forty-eighth month shall not exceed one hundred fifteen percent
18 of the earnings of the twenty-fifth through the thirty-sixth month. The earnings for
19 the final twelve months shall not exceed one hundred fifteen percent of the earnings
20 of the thirty-seventh through the forty-eighth month. The limitations on the
21 computation of average compensation contained in this ~~Item~~ **Subparagraph** shall
22 not apply to any twelve-month period during which compensation increased by more
23 than fifteen percent over the previous twelve-month period solely because of an
24 increase in compensation by a uniform systemwide increase adopted by the state
25 Department of Civil Service and approved by the governor or because of a pay
26 adjustment enacted by the legislature. ~~This Item shall also be applicable to any~~
27 ~~judge, court officer, member of the Louisiana Legislature, governor, lieutenant~~
28 ~~governor, clerk or sergeant-at-arms of the House of Representatives, secretary or~~
29 ~~sergeant-at-arms of the Senate, or state treasurer whose first employment making~~

1 him eligible for membership in one of the state systems occurred on or after January
2 1, 2011.

3 (iii) ~~The provisions of this Subparagraph shall not apply to any person who~~
4 ~~receives an additional benefit pursuant to R.S. 11:444(A)(2)(b) or (c), 557, 582, or~~
5 ~~602 or R.S. 24:36 whose first employment making him eligible for membership in~~
6 ~~one of the state systems occurred on or after January 1, 2011.~~

7 * * *

8 §416. Employment of retirees

9 A. Regardless of age, if a retiree of the system is engaged or hereafter
10 engages in employment which otherwise would render him eligible for membership
11 in the system, he shall choose one of the following irrevocable options:

12 * * *

13 (3)(a) Option 3. The retiree may request immediate suspension of his benefit
14 and become a member of this system, effective on the first day of reemployment.
15 Upon such regaining of membership, he shall contribute thereafter at the current
16 contribution rate as applicable to his position. Upon subsequent retirement, his
17 suspended retirement allowance shall be restored to full force and effect. In addition,
18 if he has worked and contributed for ~~at least thirty-six months~~ **a period equal to or**
19 **longer than his final average compensation period**, his retirement allowance shall
20 be increased by an amount attributable to his service and average compensation since
21 reemployment based on the computation formula in effect at the time of subsequent
22 retirement. If he has been reemployed for a period less than ~~thirty-six months~~ **his**
23 **final average compensation period**, upon termination of reemployment the
24 contributions paid by the retiree since his reemployment shall, upon application, be
25 refunded to the retiree. In no event shall the member receive duplicate credit for
26 unused sick and annual leave that had been included in the computation of his
27 original retirement allowance. Any supplemental benefit shall be based on
28 reemployment service credit only and shall not include any other specific amount
29 which may otherwise be provided in the regular retirement benefit computation

1 formula. In the event of the member's death prior to subsequent retirement, payment
 2 of benefits to the designated beneficiary or survivor shall be in accordance with the
 3 option selected by the member at the time of his original retirement. No change in
 4 the option originally selected by the member shall be permitted except as provided
 5 in R.S. 11:446(C). In no event shall the supplemental benefit exceed an amount
 6 which, when combined with the original benefit, equals one hundred percent of the
 7 average compensation figure used to compute the supplemental benefit. Under no
 8 circumstances shall any person who has regained membership pursuant to the
 9 provisions of this Paragraph be allowed to purchase service credit for any period
 10 employed in the state service during which he continued to draw his retirement
 11 allowance.

* * *

12 §558. Eligibility for retirement

13 Eligibility for retirement under this Part shall be as follows:

14 * * *

15 D. For purposes of computing retirement benefits for persons covered by this
 16 Subpart, "average compensation" means the average annual earned compensation of
 17 the member for any ~~three years~~ **sixty months** of creditable service during which such
 18 earned compensation was the highest.
 19

20 * * *

21 §701. Definitions

22 As used in this Chapter, the following words and phrases have the meanings
 23 ascribed to them in this Section unless a different meaning is plainly required by the
 24 context:

25 * * *

26 (5)(a) "Average compensation" ~~subject to the other provisions of this~~
 27 ~~Paragraph, for any teacher whose first employment making him eligible for~~
 28 ~~membership in one of the state systems occurred on or before December 31, 2010,~~
 29 ~~means the average earnable compensation of a teacher for the three highest~~

1 ~~successive years of employment, or the highest three successive joined years of~~
 2 ~~employment where interruption of service occurred. For any teacher whose first~~
 3 ~~employment making him eligible for membership in one of the state systems~~
 4 ~~occurred on or after January 1, 2011, "average compensation" means his the average~~
 5 ~~earnable compensation **of a teacher** for the five highest successive years of~~
 6 ~~employment, or the highest five successive joined years where interruption of service~~
 7 ~~occurred. The computation of such average compensation shall be in accordance~~
 8 ~~with the following guidelines:~~

9 * * *

10 (b) The ~~thirty-six or sixty months used for average compensation, as the case~~
 11 ~~may be,~~ cannot cover a period when the member receives more than ~~three years or~~
 12 ~~five years of service credit respectively.~~

13 * * *

14 §766. Part-time employees; creditable service; benefit eligibility; computation of
 15 benefits

16 * * *

17 D. Average compensation for part-time employees who do not use ~~thirty-six~~
 18 **sixty** months of full-time employment for average compensation purposes shall be
 19 based on the earnings the part-time employee would have received had he been
 20 employed on a full-time basis. However, any member who has more than one-half
 21 of his computed service credit by virtue of part-time employment shall have his
 22 average compensation limited to his average compensation as a part-time employee
 23 and shall not be allowed to use any compensation as a full-time employee in the
 24 computation of his average compensation.

25 * * *

26 §1002. Definitions

27 As used in this Chapter, the following words and phrases shall have the
 28 meanings ascribed to them in this Section unless a different meaning is plainly
 29 required by the context:

* * *

1

2 (6)(a) "~~Average compensation~~", ~~for a member whose first employment~~
3 ~~making him eligible for membership in the system began on or before June 30, 2006,~~
4 ~~shall be based on the thirty-six highest successive months of employment, or on the~~
5 ~~highest thirty-six successive joined months of employment where interruption of~~
6 ~~service occurred; however, the average compensation amount to be considered for~~
7 ~~the first through the twelfth month shall not exceed the compensation for the~~
8 ~~immediately preceding twelve months by more than ten percent. The amount for the~~
9 ~~thirteenth through the twenty-fourth month shall not exceed the lesser of the~~
10 ~~maximum allowable compensation amount or the actual compensation amount for~~
11 ~~the first through the twelfth month by more than ten percent. The amount for the~~
12 ~~twenty-fifth through the thirty-sixth month shall not exceed the lesser of the~~
13 ~~maximum allowable compensation amount or the actual compensation amount for~~
14 ~~the thirteenth through the twenty-fourth month by more than ten percent. The~~
15 ~~limitations on the computation of average compensation in this Paragraph shall not~~
16 ~~apply to any of the twelve-month periods where compensation increased by more~~
17 ~~than one hundred ten percent over the previous twelve-month period solely because~~
18 ~~of an increase in compensation by legislative act or by a city/parish system-wide~~
19 ~~salary increase.~~

20 (b) "~~Average compensation~~", ~~for a member whose first employment making~~
21 ~~him eligible for membership in the system began on or after July 1, 2006, whose first~~
22 ~~employment making him eligible for membership in one of the state systems~~
23 ~~occurred on or before June 30, 2010, shall be based on the sixty highest successive~~
24 ~~months of employment, or on the highest sixty successive joined months of~~
25 ~~employment where interruption of service occurred; however, the average~~
26 ~~compensation amount for the thirteenth through the twenty-fourth month shall not~~
27 ~~exceed the actual compensation amount for the first through the twelfth month by~~
28 ~~more than ten percent. The amount for the twenty-fifth through the thirty-sixth~~
29 ~~month shall not exceed the lesser of the maximum allowable compensation amount~~

1 ~~or the actual compensation amount for the thirteenth through the twenty-fourth~~
2 ~~month by more than ten percent. The amount for the thirty-seventh through the~~
3 ~~forty-eighth month shall not exceed the lesser of the maximum allowable~~
4 ~~compensation amount or the actual compensation amount for the twenty-fifth~~
5 ~~through the thirty-sixth month by more than ten percent. The amount for the forty-~~
6 ~~ninth through the sixtieth month shall not exceed the lesser of the maximum~~
7 ~~allowable compensation amount or the actual compensation amount for the thirty-~~
8 ~~seventh through the forty-eighth month by more than ten percent. The limitations~~
9 ~~on the computation of average compensation contained in this Paragraph shall not~~
10 ~~apply to any twelve-month period during which compensation increased by more~~
11 ~~than one hundred ten percent over the previous twelve-month period solely because~~
12 ~~of an increase in compensation by legislative act or by a city/parish system-wide~~
13 ~~salary increase.~~

14 ~~(c) "Average compensation", for a member whose first employment making~~
15 ~~him eligible for membership in one of the state systems occurred on or after July 1,~~
16 ~~2010, shall be based on the sixty highest successive months of employment, or on~~
17 ~~the highest sixty successive joined months of employment where interruption of~~
18 ~~service occurred;~~

19 however, **(i) For a member whose first employment making him eligible**
20 **for membership in the system began on or before June 30, 2010, the average**
21 **compensation amount for the thirteenth through the twenty-fourth month shall**
22 **not exceed the actual compensation amount for the first through the twelfth**
23 **month by more than ten percent. The amount for the twenty-fifth through the**
24 **thirty-sixth month shall not exceed the lesser of the maximum allowable**
25 **compensation amount or the actual compensation amount for the thirteenth**
26 **through the twenty-fourth month by more than ten percent. The amount for**
27 **the thirty-seventh through the forty-eighth month shall not exceed the lesser of**
28 **the maximum allowable compensation amount or the actual compensation**
29 **amount for the twenty-fifth through the thirty-sixth month by more than ten**

1 **percent. The amount for the final twelve months shall not exceed the lesser of**
2 **the maximum allowable compensation amount or the actual compensation**
3 **amount for the thirty-seventh through the forty-eighth month by more than ten**
4 **percent. The limitations on the computation of average compensation contained**
5 **in this Item shall not apply to any twelve-month period during which**
6 **compensation increased by more than ten percent over the previous**
7 **twelve-month period solely because of an increase in compensation by legislative**
8 **act or by a city/parish system-wide salary increase.**

9 **(ii) For a member whose first employment making him eligible for**
10 **membership in the system began on or after July 1, 2010,** the average
11 compensation amount for the thirteenth through the twenty-fourth month shall not
12 exceed the actual compensation amount for the first through the twelfth month by
13 more than fifteen percent. The amount for the twenty-fifth through the thirty-sixth
14 month shall not exceed the lesser of the maximum allowable compensation amount
15 or the actual compensation amount for the thirteenth through the twenty-fourth
16 month by more than fifteen percent. The amount for the thirty-seventh through the
17 forty-eighth month shall not exceed the lesser of the maximum allowable
18 compensation amount or the actual compensation amount for the twenty-fifth
19 through the thirty-sixth month by more than fifteen percent. The amount for the
20 forty-ninth through the sixtieth month shall not exceed the lesser of the maximum
21 allowable compensation amount or the actual compensation amount for the thirty-
22 seventh through the forty-eighth month by more than fifteen percent. The limitations
23 on the computation of average compensation contained in this ~~Subparagraph~~ **Item**
24 shall not apply to any twelve-month period during which compensation increased by
25 more than ~~one hundred~~ fifteen percent, over the previous twelve-month period solely
26 because of an increase in compensation by legislative act or by a city/parish
27 system-wide salary increase.

28 ~~(d)~~**(b)** Notwithstanding any other provision of law to the contrary, "average
29 compensation" shall not include any amount in excess of the limitation provided in

1 R.S. 11:1141.3.

2 * * *

3 §1143. Part-time employees; creditable service; benefit eligibility; computation of
4 benefits

5 * * *

6 D. Average compensation for part-time employees who do not use ~~thirty-six~~
7 sixty months of full-time employment for average compensation purposes shall be
8 based on the earnings the part-time employee would have received had he been
9 employed on a full-time basis. However, any member who has more than one-half
10 of his computed service credit by virtue of part-time employment shall have his
11 average compensation limited to his average compensation as a part-time employee
12 and shall not be allowed to use any compensation as a full-time employee in the
13 computation of his average compensation.

14 * * *

15 §1152. Deferred Retirement Option Plan

16 * * *

17 J. Monthly retirement benefits payable to a participant after termination of
18 participation in the plan and employment shall be calculated as follows:

19 * * *

20 (3)(a) If the participant, ~~whose first employment making him eligible for~~
21 ~~membership in the system began on or before June 30, 2006,~~ continues employment
22 after termination of participation in the plan for a period of less than ~~thirty-six~~
23 ~~months~~ **his final average compensation period**, his monthly retirement benefit shall
24 equal his base benefit plus an amount based upon the service credit for the additional
25 employment, together with conversion of the net amount of sick and annual leave
26 accumulated during that period of employment, based upon the final average
27 compensation used to calculate the monthly credit.

28 (b) ~~If the participant, whose first employment making him eligible for~~
29 ~~membership in the system began on or after July 1, 2006,~~ continues employment

1 after termination of participation in the plan for a period of less than sixty months;
 2 his monthly retirement benefit shall equal his base benefit plus an amount based
 3 upon the service credit for the additional employment, together with conversion of
 4 the net amount of sick and annual leave accumulated during that period of
 5 employment, based upon the final average compensation used to calculate the
 6 monthly credit.

7 (4)(a) If the participant, ~~whose first employment making him eligible for~~
 8 ~~membership in the system began on or before June 30, 2006,~~ continues employment
 9 after termination of participation in the plan for a period of ~~thirty-six months or more~~
 10 **equal to or longer than his final average compensation period**, his monthly
 11 retirement benefit shall equal his base benefit plus an amount based upon the service
 12 credit for the additional employment, together with conversion of the net amount of
 13 sick and annual leave accumulated during that period of employment, based upon the
 14 higher of the final average compensation when the member entered the plan or for
 15 the period of employment after termination of participation in the plan.

16 (b) ~~If the participant, whose first employment making him eligible for~~
 17 ~~membership in the system began on or after July 1, 2006,~~ continues employment
 18 after termination of participation in the plan for a period of sixty months or more, his
 19 monthly retirement benefit shall equal his base benefit plus an amount based upon
 20 the service credit for the additional employment, together with conversion of the net
 21 amount of sick and annual leave accumulated during that period of employment,
 22 based upon the higher of the final average compensation when the member entered
 23 the plan or for the period of employment after termination of participation in the
 24 plan.

25 * * *

26 §1310. Average salary; method of determining

27 A.(1) * * *

28 (2)(a) With respect to persons becoming employed on and after September
 29 8, 1978, and whose first employment making them eligible for membership in one

1 ~~of the state systems occurred on or before December 31, 2010~~; the term "average salary" as
 2 used in this Chapter for the purpose of determining pension payments and retirement is the
 3 average salary including any additional pay or salary provided by the legislature over and
 4 above that set by the Civil Service Commission, received for the ~~thirty-six~~ sixty month
 5 period ending on the last day of the month immediately preceding the date of retirement or
 6 date of death or for any ~~thirty-six~~ sixty consecutive months, whichever is the greatest. For
 7 the purposes of computation, "average salary" shall not include overtime, expenses, or
 8 clothing allowances.

9 (b) The earnings to be considered for the thirteenth through the twenty-fourth
 10 month shall not exceed one hundred ~~twenty-five~~ fifteen percent of the earnings of
 11 the first through the twelfth month. The earnings to be considered for the twenty-
 12 fifth through the thirty-sixth month shall not exceed one hundred fifteen
 13 percent of the earnings of the thirteenth through the twenty-fourth month. The
 14 earnings to be considered for the thirty-seventh through the forty-eighth month
 15 shall not exceed one hundred fifteen percent of the earnings of the twenty-fifth
 16 through the thirty-sixth month. The earnings to be considered for the final twelve
 17 months shall not exceed one hundred ~~twenty-five~~ fifteen percent of the earnings of
 18 the ~~thirteenth~~ thirty-seventh through the ~~twenty-fourth~~ forty-eighth month.
 19 Nothing in this Subparagraph, however, shall change the method of determining the
 20 amount of earned compensation received.

21 * * *

22 §1402. Definitions

23 As used in this Chapter, the following words and phrases shall have the
 24 meanings ascribed to them unless the context clearly indicates otherwise:

25 * * *

26 (6)(a) "Monthly average final compensation", ~~for a member whose first~~
 27 ~~employment making him eligible for membership in the system began on or before~~
 28 ~~September 30, 2006, means the average of a member's monthly salary during the~~
 29 ~~highest compensated thirty-six consecutive months or successive joined months if~~

1 service was interrupted.

2 (b) "~~Monthly average final compensation~~", for a member whose first
3 employment making him eligible for membership in the system began on or after
4 October 1, 2006, means the average of a member's monthly salary during the highest
5 compensated sixty consecutive months or successive joined months if service was
6 interrupted. **The earnings to be considered for the thirteenth through the**
7 **twenty-fourth month shall not exceed one hundred fifteen percent of the**
8 **earnings of the first through the twelfth month. The earnings to be considered**
9 **for the twenty-fifth through the thirty-sixth month shall not exceed one hundred**
10 **fifteen percent of the earnings of the thirteenth through the twenty-fourth**
11 **month. The earnings to be considered for the thirty-seventh through the forty-**
12 **eighth month shall not exceed one hundred fifteen percent of the earnings for**
13 **the twenty-fifth through the thirty-sixth month. The earnings to be considered**
14 **for the final twelve months shall not exceed one hundred fifteen percent of the**
15 **earnings of the thirty-seventh through the forty-eighth month.**

16 ~~(c)~~**(b)** Compensation of a member in excess of one hundred fifty thousand
17 dollars, as adjusted for increases in the cost of living under Section 401(a)(17)(B) of
18 the Internal Revenue Code shall not be taken into account for years beginning on or
19 after January 1, 1994, and ending before January 1, 2002. Compensation of a
20 member in excess of two hundred thousand dollars as adjusted for increases in the
21 cost of living under Section 401(a)(17)(B) of the Internal Revenue Code shall not be
22 taken into account for years beginning on or after January 1, 2002. However, in
23 determining monthly average final compensation for a member retiring on or after
24 January 1, 2002, compensation which is permitted to be taken into account on or
25 after January 1, 2002, but which occurred in a prior year that was included in the
26 averaging period shall be taken into account. This limitation may be adjusted from
27 time to time by rules promulgated by the board in accordance with the provisions of
28 the Administrative Procedure Act, R.S. 49:950 et seq.

29 ~~(d)~~**(c)** For purposes of compliance with federal tax-qualification

1 requirements, the board may promulgate rules further defining "compensation" and
2 "Section 415 compensation", in accordance with the provisions of the Administrative
3 Procedure Act.

4 * * *

5 §1422. Computation of normal retirement benefit

6 ~~A. Any member whose first employment making him eligible for~~
7 ~~membership in the system began on or before September 30, 2006, and who is~~
8 ~~eligible for normal retirement shall, upon making written application to the board of~~
9 ~~trustees, be retired, and shall be paid a monthly sum equal to three and one-third~~
10 ~~percent of the highest monthly average final compensation received during any~~
11 ~~thirty-six consecutive months while employed in an assessor's office or other~~
12 ~~creditable employment times the number of years of the member's creditable service~~
13 ~~not to exceed one hundred percent of the member's monthly average final~~
14 ~~compensation, after taking into account the reduction arising from any optional~~
15 ~~retirement selected.~~

16 B. Any member whose first employment making him eligible for
17 membership in the system began on or after October 1, 2006, and who is eligible for
18 normal retirement shall, upon making written application to the board of trustees, be
19 retired, and shall be paid a monthly sum equal to three and one-third percent of the
20 highest monthly average final compensation received during any sixty consecutive
21 months while employed in an assessor's office or other creditable employment times
22 the number of years of the member's creditable service not to exceed one hundred
23 percent of the member's monthly average final compensation after taking into
24 account the reduction arising from any optional retirement selected.

25 * * *

26 §1902. Definitions

27 As used in this Chapter, the following words and phrases shall have the
28 following meanings, unless a different meaning is plainly required by context:

29 * * *

1 ~~(14)(a) "Final compensation", for members hired on or before December 31,~~
 2 ~~2006, means the average monthly earnings during the highest thirty-six consecutive~~
 3 ~~months or joined months if service was interrupted. The earnings to be considered~~
 4 ~~for the thirteenth through the twenty-fourth month shall not exceed one hundred~~
 5 ~~fifteen percent of the earnings of the first through the twelfth month. The earnings~~
 6 ~~to be considered for the final twelve months shall not exceed one hundred fifteen~~
 7 ~~percent of the earnings of the thirteenth through the twenty-fourth month.~~

8 (b) ~~For members hired on or after January 1, 2007, "final compensation"~~
 9 means the average monthly earnings during the sixty highest consecutive months of
 10 employment or the sixty highest successive joined months of employment if
 11 interruption of service occurred. The earnings to be considered for the thirteenth
 12 through the twenty-fourth month shall not exceed one hundred fifteen percent of the
 13 earnings for the first through the twelfth month. The earnings to be considered for
 14 the twenty-fifth through the thirty-sixth month shall not exceed one hundred fifteen
 15 percent of the earnings for the thirteenth through the twenty-fourth month. The
 16 earnings to be considered for the thirty-seventh through the forty-eighth month shall
 17 not exceed one hundred fifteen percent of the earnings for the twenty-fifth through
 18 the thirty-sixth month. The earnings to be considered for the final twelve months
 19 shall not exceed one hundred fifteen percent of the earnings for the thirty-seventh
 20 through the forty-eighth month.

* * *

§2031. Definitions

The following words and phrases, as used in this Chapter, unless a different meaning is plainly required by the context, shall have the following meanings:

* * *

(5) "Average compensation" shall mean the average annual earned compensation of an employee for any period of sixty successive or joined months of service as an employee during which earned compensation was the highest. In case of interruption of employment, the sixty-month period shall be computed by joining

1 employment periods immediately preceding and succeeding the interruption. **The**
 2 **earnings to be considered for the thirteenth through the twenty-fourth month**
 3 **shall not exceed one hundred fifteen percent of the earnings of the first through**
 4 **the twelfth month. The earnings to be considered for the twenty-fifth through**
 5 **the thirty-sixth month shall not exceed one hundred fifteen percent of the**
 6 **earnings of the thirteenth through the twenty-fourth month. The earnings to**
 7 **be considered for the thirty-seventh through the forty-eighth month shall not**
 8 **exceed one hundred fifteen percent of the earnings of the twenty-fifth through**
 9 **the thirty-sixth month. The earnings to be considered for the final twelve**
 10 **months shall not exceed one hundred fifteen percent of the earnings of the**
 11 **thirty-seventh through the forty-eighth month.**

12 * * *

13 §2178. Disability benefits; retirement benefits; death benefits

14 * * *

15 B. The board of trustees shall award disability benefits to eligible members
 16 who have been officially certified as disabled by the State Medical Disability Board.
 17 The disability benefit shall be as follows:

18 * * *

19 (1) Service related disability benefit.

20 * * *

21 (b)(i) For the purpose of this ~~Subsection~~ **Paragraph**, for any member whose
 22 first employment making him eligible for membership in the system began prior to
 23 July 1, 2006, final average compensation is defined as the member's average salary
 24 for the thirty-six highest successive months of employment, or the highest thirty-six
 25 successive joined months of employment where interruption of service occurred. If
 26 the member has been employed for a period of less than thirty-six months, final
 27 average compensation shall be based on the average monthly salary received for the
 28 time employed.

29 (ii) For the purpose of this ~~Subsection~~, for any member whose first

1 ~~employment making him eligible for membership in the system began on or after~~
 2 ~~July 1, 2006~~, final average compensation is defined as the member's average salary
 3 for the sixty highest successive months of employment, or the highest sixty
 4 successive joined months of employment where interruption of service occurred. If
 5 the member has been employed for a period of less than sixty months, final average
 6 compensation shall be based on the average monthly salary received for the time
 7 employed.

* * *

(3) Non service related disability.

* * *

11 (b)(i) For the purpose of this ~~Subsection~~ **Paragraph**, for any member whose
 12 ~~first employment making him eligible for membership in the system began prior to~~
 13 ~~July 1, 2006~~, final compensation is defined as the member's average salary for the
 14 ~~thirty-six highest successive months of employment, or the highest thirty-six~~
 15 ~~successive joined months of employment where interruption of service occurred. If~~
 16 ~~the member has been employed for a period of less than thirty-six months, final~~
 17 ~~average compensation shall be based on the average monthly salary received for the~~
 18 ~~time employed.~~

19 (ii) ~~For the purpose of this Subsection, for any member whose first~~
 20 ~~employment making him eligible for membership in the system began on or after~~
 21 ~~July 1, 2006~~, final average compensation is defined as the member's average salary
 22 for the sixty highest successive months of employment, or the highest sixty
 23 successive joined months of employment where interruption of service occurred. If
 24 the member has been employed for a period of less than sixty months, final average
 25 compensation shall be based on the average monthly salary received for the time
 26 employed.

27 ~~(iii)~~**(ii)** Upon approval for disability benefits, the member shall exercise a
 28 retirement option as provided for service retirement under the provisions of
 29 Subsection I of this Section and no change in the option selected shall be permitted

1 after it has been filed with the board. The retirement option factors shall be the same
2 as those utilized for regular retirement based on the age of the retiree and spouse had
3 the retiree continued in active service until the normal retirement date.

4 * * *

5 C.(1)(a) * * *

6 (c)(i) A member ~~whose first employment making him eligible for~~
7 ~~membership in the system began on or before June 30, 2006, shall be paid a monthly~~
8 ~~sum equal to three and one-third percent of the member's average monthly salary for~~
9 ~~the thirty-six highest successive months of employment, or the highest thirty-six~~
10 ~~successive joined months of employment where interruption of service occurred,~~
11 ~~multiplied by the number of years of creditable service in the fund.~~

12 (ii) A member whose first employment making him eligible for membership
13 in the system began ~~on or after July 1, 2006, but~~ prior to January 1, 2012, shall be
14 paid a monthly sum equal to three and one-third percent of the member's average
15 monthly salary for the sixty highest successive months of employment, or the highest
16 sixty successive joined months of employment where interruption of service
17 occurred, multiplied by the number of years of creditable service in the fund.

18 (iii) **(ii)** A member whose first employment making him eligible for
19 membership in the system began on or after January 1, 2012, shall be paid a monthly
20 sum equal to three percent of the member's average monthly salary for the sixty
21 highest successive months of employment, or the highest sixty successive joined
22 months of employment where interruption of service occurred, multiplied by the
23 number of years of creditable service in the fund.

24 (iv)**(iii)**(aa) Notwithstanding the provisions of Item ~~(iii)~~**(ii)** of this
25 Subparagraph, a member whose first employment making him eligible for
26 membership in the system began on or after January 1, 2012, who retires with thirty
27 or more years of creditable service or any member who in the performance of his
28 official duties as a commissioned law enforcement officer suffers a violent act or
29 accident during the pursuit, apprehension, or arrest of a criminal suspect and as a

1 result becomes totally and permanently disabled or dies, shall be paid a monthly sum
2 equal to three and one-third percent of the member's average monthly salary for the
3 sixty highest successive months of employment, or the highest sixty successive
4 joined months of employment where interruption of service occurred, multiplied by
5 the number of years of creditable service in the fund.

6 (bb) Creditable service maintained pursuant to a reciprocal agreement in
7 another system, fund, or plan shall not be used to meet the requirement of thirty or
8 more years of creditable service.

9 (cc) Transferred service with an accrual rate of less than three and one-third
10 percent shall not be used to meet the requirement of thirty or more years of creditable
11 service unless the member elects to purchase the accrual rate for application to his
12 transferred credit pursuant to the provisions of R.S. 11:2174.2.

13 * * *

14 ~~(4)(a) For those members whose first employment making them eligible for~~
15 ~~membership in the system began prior to July 1, 2006, the retirement pension under~~
16 ~~this Subsection shall in no case exceed the average monthly salary for the thirty-six~~
17 ~~highest successive months of employment, or the highest thirty-six successive joined~~
18 ~~months of employment where interruption of service occurred.~~

19 (b) ~~For those members whose first employment making them eligible for~~
20 ~~membership in the system began on or after July 1, 2006, the The retirement pension~~
21 under this Subsection shall in no case exceed the average monthly salary for the sixty
22 highest successive months of employment, or the highest sixty successive joined
23 months of employment where interruption of service occurred.

24 * * *

25 D. Death Benefits.

26 * * *

27 (3) The following death benefits are applicable and shall be paid to those
28 survivors hereinafter defined in Subsection E of this Section when death occurred on
29 or subsequent to September 10, 1982; the death benefits provided herein to a sheriff

1 or deputy drawing disability benefits are applicable only to those disability retirees
2 who were placed on disability prior to September 8, 1988.

3 (a) If any sheriff or deputy is killed in the discharge of his duties, or dies from
4 immediate effects of any injury received as the result of an act of violence occurring
5 while engaged in the discharge of his duties or while drawing disability benefits, the
6 board shall direct payment from the fund monthly, but in no event an amount greater
7 than the disability benefit previously paid to the retiree under disability, on the
8 following basis:

9 (i) For a widow alone, or for a widower alone, a sum equal to fifty percent
10 of the said sheriff's or deputy's final average compensation as defined in **Subsection**
11 **B of** this Section, or of his or her average monthly salary for the time of his or her
12 employment, if employed for a shorter period than ~~thirty-six~~ **sixty** months, which
13 payment in no event shall be less than one hundred fifty dollars per month.

14 * * *

15 H.(1) The word "salary" as used in this Section shall mean monies received
16 by the sheriff or deputy sheriff, directly from the respective sheriffs' general funds
17 for duties performed as a sheriff or deputy sheriff, including for sheriffs the expense
18 allowance provided by law.

19 **(2) For purposes of any benefit calculation pursuant to this Section which**
20 **utilizes final average compensation, the earnings to be considered for the**
21 **thirteenth through the twenty-fourth month shall not exceed one hundred**
22 **fifteen percent of the earnings of the first through the twelfth month. The**
23 **earnings to be considered for the twenty-fifth through the thirty-sixth month**
24 **shall not exceed one hundred fifteen percent of the earnings of the thirteenth**
25 **through the twenty-fourth month. The earnings to be considered for the thirty-**
26 **seventh through the forty-eighth month shall not exceed one hundred fifteen**
27 **percent of the earnings of the twenty-fifth through the thirty-sixth month. The**
28 **earnings for the final twelve months shall not exceed one hundred fifteen**
29 **percent of the earnings of the thirty-seventh through the forty-eighth month.**

* * *

§2213. Definitions

The following words and phrases, as used in this Chapter, unless a different meaning is plainly required by context, shall have the following meanings:

* * *

~~(4)(a) For members first employed on or before December 31, 2012, "average final compensation" shall mean the average annual earned compensation of an employee for any period of thirty-six successive or joined months of service as an employee during which the said earned compensation was the highest. In case of interruption of employment, the thirty-six month period shall be computed by joining employment periods immediately preceding and succeeding the interruption. The earnings to be considered for the thirteenth through the twenty-fourth months shall not exceed one hundred fifteen percent of the earnings for the first through the twelfth months. The earnings to be considered for the final twelve months shall not exceed one hundred fifteen percent of the earnings of the thirteenth through the twenty-fourth months.~~

~~(b) For members first employed on or after January 1, 2013, "average~~ **Average** ~~final compensation" means the average annual earned compensation of a member for the sixty highest months of successive employment, or for the highest sixty successive joined months of employment where interruption of service occurred. The earnings to be considered for the thirteenth through the twenty-fourth month shall not exceed one hundred fifteen percent of the earnings of the first through the twelfth month. The earnings to be considered for the twenty-fifth through the thirty-sixth month shall not exceed one hundred fifteen percent of the earnings of the thirteenth through the twenty-fourth month. The earnings to be considered for the thirty-seventh through the forty-eighth month shall not exceed one hundred fifteen percent of the earnings of the twenty-fifth through the thirty-sixth month. The earnings for the final twelve months shall not exceed one hundred fifteen percent of the earnings of the thirty-seventh through the forty-eighth month.~~

1 The limitations on the computation of average final compensation contained in this
2 ~~Subparagraph~~ **Paragraph** shall not apply to any twelve-month period during which
3 compensation increased by more than fifteen percent over the previous twelve-month
4 period solely because of an increase in compensation by a uniform systemwide
5 increase adopted by a local governing authority.

6 * * *

7 §2220. Benefits; contribution limit

8 A. Eligibility for normal retirement, early retirement, and limitations.

9 (1)(a) Any member of this system who has completed at least twenty-five
10 years of service regardless of age, or any member who has completed at least twenty
11 years **of** service and has attained the age of fifty years, or any member who has
12 completed at least twelve years **of** service and has attained age fifty-five, shall be
13 entitled to retire from service and upon such retirement shall be paid a retirement
14 allowance equal to three and one-third percent of his average final compensation
15 multiplied by his years of creditable service not to exceed one hundred percent of his
16 average final compensation.

17 (b) Any member who has completed twenty or more years of creditable
18 service, and who leaves employment covered by the Municipal Police Employees'
19 Retirement System before attaining age fifty, shall be entitled to a retirement benefit
20 beginning at age fifty. However, any member who has completed twenty years of
21 creditable service shall be entitled to elect early retirement and receive an actuarially
22 reduced retirement benefit. This provision shall not be construed to relieve any
23 municipality of the obligation under any merger agreement of paying benefits to
24 merged members until the attainment of eligibility for normal or early retirement in
25 this system. Additionally, any member retiring under this provision shall not be
26 eligible for a cost-of-living adjustment until one full fiscal year after attaining normal
27 retirement eligibility as set out in ~~Paragraph~~ **Subparagraph** (1)(a) of this Subsection,
28 nor shall the member be eligible to participate in the Deferred Retirement Option
29 Plan.

1 (c) Any member who has completed twelve years of creditable service, and
2 who leaves employment covered by the Municipal Police Employees' Retirement
3 System before attaining age fifty-five, shall be entitled to a retirement benefit
4 beginning at age fifty-five.

5 (d) Any member of this system who has received free prior service credit in
6 this system must have been a contributing member of this system for at least one
7 year prior to being eligible for a regular retirement benefit.

8 ~~(e)~~ **(2)(a)** Regardless of age, if a retiree of this system becomes an employee
9 as defined in R.S. 11:2213(11), payment of retirement benefits shall be suspended
10 and the employee and employer shall contribute to the system toward creditable
11 service.

12 ~~(f)~~ **(b)** Upon termination of reemployment, the monthly benefit which had
13 been suspended shall resume being paid to the retiree. The retiree may not change
14 the option which was elected under the original retirement computation.

15 ~~(g)~~ **(c)** Upon termination of reemployment, the retiree shall receive an
16 additional retirement benefit based on his additional service rendered since
17 reemployment using the normal method of computation of benefits or as provided
18 in Subparagraph ~~(h)~~ **(d)** of this Paragraph, subject to the following:

19 (i) If the period of additional service was less than ~~thirty-six months~~ **his**
20 **average final compensation period**, the average compensation figure used to
21 calculate the additional benefit shall be that used to calculate his original benefit.

22 (ii) If the period of additional service was ~~thirty-six or more months~~ **equal**
23 **to or longer than his average final compensation period**, the average
24 compensation figure used to calculate the additional benefit shall be based on his
25 average compensation earned during the period of additional service.

26 (iii) The option used shall be that applicable to the original benefit.

27 (iv) In no event shall the additional benefit exceed an amount which, when
28 combined with the original benefit, equals one hundred percent of the average
29 compensation figure used to compute the additional benefit.

1 (v) If the member dies or becomes disabled during the period of additional
2 service, he shall be considered as having retired on the date of death or
3 commencement of disability.

4 (vi) In no event shall ~~an~~ **a** reemployed retiree who becomes reenrolled in the
5 system under the provisions of this ~~Section~~ **Paragraph** be allowed to participate in
6 the deferred retirement option plan.

7 ~~(h)~~ **(d)** Initial benefit option:

8 (i) The retiree may elect to receive the additional retirement benefit payable
9 pursuant to Subparagraph ~~(g)~~**(c)** of this Paragraph as an initial benefit plus a reduced
10 monthly retirement allowance equal to the actuarially equivalent amount of his
11 maximum additional retirement benefit.

12 (ii) The initial benefit, as elected by the retiree, shall not exceed an amount
13 equal to thirty-six payments of his maximum additional retirement benefit.

14 (iii) The retiree, at his option, shall receive the initial benefit as a lump-sum
15 payment, or it shall be placed in a liquid asset money market investment account
16 established in accordance with the same procedures set forth in R.S. 11:2221.

17 (iv) The additional benefit received by the retiree and the beneficiary or
18 survivor shall be actuarially reduced by a prorated amount calculated to offset the
19 cost of the initial benefit payment.

20 (v) Cost-of-living adjustments shall not be payable on the retiree's initial
21 benefit.

22 ~~(2)~~**(3)** When any municipality merges its active members into the system, the
23 persons merged shall not be eligible to receive a benefit from the system until one
24 year after the effective date of the merger. However, if a member who is merged into
25 the system, would normally be eligible to retire based on his age and total years of
26 service credit, prior to one year after the merger, he may retire, and the benefits shall
27 be the obligation of the municipality until one year after the date of the merger.

28 * * *

29 §2221. Deferred Retirement Option Plan

* * *

K. The following shall also apply if employment is not terminated at the end of the period of participation:

* * *

(3) Upon termination of employment, he shall receive an additional retirement benefit based on his additional service rendered since termination of participation in the fund, using the normal method of computation of benefit, subject to the following:

(a) If his period of additional service was less than ~~thirty-six months~~ **his average final compensation period**, the average compensation figure used to calculate the additional benefit shall be that used to calculate his original benefit.

(b) If his period of additional service was ~~thirty-six or more months~~ **equal to or longer than his average final compensation period**, the average compensation figure used to calculate the additional benefit shall be based on his compensation during the period of additional service.

* * *

§2252. Definitions

The following words and phrases, as used in this Chapter, unless a different meaning is plainly required by context, shall have the following meanings:

* * *

(4) "Average final compensation" shall mean the average annual earned compensation of an employee for any period of ~~thirty-six~~ **sixty** successive or joined months of service as an employee during which the said earned compensation was the highest. In case of interruption of employment, the ~~thirty-six~~ **sixty**-month period shall be computed by joining employment periods immediately preceding and succeeding the interruption. The earnings to be considered for the thirteenth through the twenty-fourth months shall not exceed one hundred fifteen percent of the earnings ~~for of~~ the first through the twelfth months. **The earnings to be considered for the twenty-fifth through the thirty-sixth month shall not exceed one hundred**

1 **fifteen percent of the earnings of the thirteenth through the twenty-fourth**
 2 **month. The earnings to be considered for the thirty-seventh through the forty-**
 3 **eighth month shall not exceed one hundred fifteen percent of the earnings of the**
 4 **twenty-fifth through the thirty-sixth month.** The earnings to be considered for the
 5 final twelve months shall not exceed one hundred fifteen percent of the earnings of
 6 the ~~thirteenth~~ **thirty-seventh** through the ~~twenty-fourth~~ **forty-eighth** months.

7 * * *

8 §2257. Deferred retirement option plan

9 * * *

10 K.(1) * * *

11 (3) Upon termination of employment, he shall receive an additional
 12 retirement benefit based on his additional service rendered since termination of
 13 participation in the fund, using the normal method of computation of benefit, subject
 14 to the following:

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

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

21 * * *

22 Section 2. R.S. 11:231 is hereby repealed.

23 Section 3. This Act shall be implemented according to the provisions of this Section.

24 (A) For transitional purposes, the provisions of this Act shall be phased in as follows:

25 (1) For members retiring or entering the Deferred Retirement Option Plan before
 26 January 1, 2014, the provisions of this Act shall not apply.

27 (2) For those members retiring or entering the Deferred Retirement Option Plan on
 28 or after January 1, 2014, and on or before December 31, 2015, the period used to calculate
 29 monthly final average compensation or its equivalent shall be thirty-six months plus the

1 number of whole months since January 1, 2014.

2 (B) Notwithstanding any other provision of this Section to the contrary, the monthly
3 final compensation expressed in dollars used to compute a member's benefit after the
4 effective date of this Act shall not be less than the dollar amount of the average monthly
5 earnings during the member's highest thirty-six consecutive months or joined months of
6 service earned for employment before January 1, 2014.

7 Section 4. This Act shall become effective July 1, 2013; if vetoed by the governor
8 and subsequently approved by the legislature, this Act shall become effective on July 1,
9 2013, or on the day following such approval by the legislature, whichever is later.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Margaret M. Corley.

DIGEST

Present law provides for the final average compensation of members of each state or statewide public retirement system to be computed using either a 36-month period or a 60-month period. Proposed law provides that all members shall have a 60-month final average compensation period for the calculation of their benefits.

Proposed law requires that any supplemental or additional benefit earned for continued employment after participation in a deferred retirement option plan (DROP) or for reemployment of a retiree shall be calculated using the same period as that member's original final average compensation period.

Present law provides for "anti-spiking" thresholds which function to prevent a member from contributing at a high salary for a brief period but having the high salary used to calculate benefits. Present law provisions prohibit the compensation of each 12-month period used for benefit calculation from exceeding the previous 12-month period by more than a certain percent, generally between 10% and 25%.

Proposed law sets 15% as the maximum anti-spiking threshold for all members, generally stating that the compensation used in the benefit calculation for one 12-month period shall not exceed 115% of the compensation used for the preceding 12 months.

Proposed law provides transitional provisions from present law to proposed law for certain members. Provides that for members retiring or entering DROP before Jan. 1, 2014, present law applies. For members retiring or entering DROP on or after Jan. 1, 2014, and on or before Dec. 31, 2015, proposed law provides that the period used to calculate monthly average final compensation shall be 36 months plus the number of whole months since Jan. 1, 2014. Further provides that the final compensation period used to compute post-DROP additional benefit shall be equal to the number of months utilized in computing the benefit upon entry into DROP.

Effective July 1, 2013.

(Amends R.S. 11:403(5), 416(A)(3)(a), 558(D), 701(5)(a)(intro para) and (b), 766(D), 1002(6), 1143(D), 1152(J)(3) and (4), 1310(A)(2), 1402(6), 1422, 1902(14), 2031(5), 2178(B)(1)(b) and (3)(b), (C)(1)(c) and (4), (D)(3)(a)(i), and (H), 2213(4), 2220(A),

2221(K)(3)(a) and (b), 2252 (intro para) and (4), and 2257(K)(3)(a) and (b), and repeals R.S. 11:231)