
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)