

Regular Session, 2014

HOUSE BILL NO. 77

BY REPRESENTATIVE MONTOUCET

RETIREMENT/FIREFIGHTERS: Provides for conversion of leave to service credit in the Firefighters' Retirement System

1 AN ACT

2 To enact R.S. 11:2254.1, relative to creditable service in the Firefighters' Retirement  
3 System; to provide relative to the conversion of unused leave to service credit in the  
4 system; to authorize employers to allow such conversion; to provide for procedures  
5 and limitations; to provide relative to the costs of such conversions; and to provide  
6 for related matters.

7 Notice of intention to introduce this Act has been published  
8 as provided by Article X, Section 29(C) of the Constitution  
9 of Louisiana.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 11:2254.1 is hereby enacted to read as follows:

12 §2254.1. Conversion of unused leave to creditable service

13 A.(1) An employer may elect to allow its employees to convert unused  
14 earned leave to service credit in accordance with this Section.

15 (2) For purposes of this Section "unused earned leave" means sick leave,  
16 annual leave, and compensatory leave but does not include sick leave as provided for  
17 in R.S. 33:1995.

18 (3) Only an employee of an employer that has elected to allow the  
19 conversion of unused earned leave in accordance with this Section may make such  
20 a conversion. If an employer elects to allow the conversion of unused earned leave,

1        discretion over whether an employee's leave is converted lies solely with the  
2        employee.

3                (4) The board of trustees shall promulgate all regulations necessary to govern  
4        the procedures for employers to elect to allow conversion of unused earned leave and  
5        other regulations necessary to implement the provisions of this Section.

6                B.(1) An election by an employer to allow conversion of leave pursuant to  
7        this Section shall be made by adoption of a resolution evidencing such election.  
8        Such a resolution shall not become effective until it is submitted to and approved by  
9        this system. An election to allow leave conversion pursuant to this Section is  
10       irrevocable.

11               (2) In making such election, the employer shall also elect whether the  
12       conversion of leave shall occur on the effective date of an employee's entry into the  
13       Deferred Retirement Option Plan or upon the effective date of his separation from  
14       service. The election made pursuant to this Paragraph shall be expressly stated in the  
15       resolution, shall be applied uniformly to all employees that choose to convert unused  
16       earned leave, and is also irrevocable.

17               C.(1) Unused earned leave that has been accrued and accumulated by an  
18       employee, except as provided in Paragraph (2) of this Subsection, and for which  
19       payment has not been made shall be converted to years of service credit and applied  
20       to the member's account on a proportional basis according to the following fraction:  
21       the numerator is the number of hours of leave to be converted and the denominator  
22       is the number of hours worked in the employee's particular position which equals the  
23       equivalent of one year of work for that position as certified by the employer. The  
24       board of trustees may accept the employer's certification or may apply its own yearly  
25       equivalence.

26               (2) The employee solely shall determine the amount of his unused earned  
27       leave that is to be converted to service credit; however, such conversion shall not  
28       cause the employee's benefit to exceed one hundred percent of his average final

1           compensation. No member, survivor, or beneficiary may use unused earned leave  
2           to attain eligibility for any benefit provided by this Chapter.

3                   D. At the time the employee applies for conversion, the employer shall  
4                   submit to the board a report of unused earned leave, computed in hours only.

5                   E.(1) In order for a conversion of leave that is otherwise authorized to be  
6                   effective, the employer shall pay into the system an amount which, on an actuarial  
7                   basis, totally offsets the increase in accrued liability of the system resulting from the  
8                   conversion. The employer shall pay the actuarial cost of providing the conversion to  
9                   this system within thirty days after receiving an invoice from this system.

10                   (2) No funds derived from the assessments against insurers pursuant to R.S.  
11                   22:1476 shall be used to pay such cost in whole or in part.

12                   (3) The amount payable shall be calculated based on such interest and  
13                   mortality factors as adopted by the board of trustees.

14           Section 2. Any person who is participating in the Deferred Retirement Option Plan  
15 when his employer elects to allow conversion of unused earned leave to service credit  
16 effective upon entry into the Deferred Retirement Option Plan pursuant to R.S. 11:2254.1  
17 as enacted by this Act shall be eligible to convert his unused earned leave to retirement credit  
18 and have his benefits recalculated retroactive to either the effective date of this Act or the  
19 date of his entry into the Deferred Retirement Option Plan, whichever date occurred more  
20 recently. Any such conversion shall be made in accordance with R.S. 11:2254.1 as enacted  
21 by this Act.

22           Section 3. Any increase in benefits resulting from conversion of leave pursuant to  
23 provisions of this Act shall not be an accrued benefit subject to the protection of Article X,  
24 Section 29(E) of the Constitution of Louisiana until the system has received full payment  
25 for such conversion.

26           Section 4. This Act shall become effective upon signature by the governor or, if not  
27 signed by the governor, upon expiration of the time for bills to become law without signature  
28 by the governor, as provided in Article III, Section 18 of the Constitution of Louisiana. If

- 1 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
2 effective on the day following such approval.
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## 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)]

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Montoucet

HB No. 77

**Abstract:** Authorizes and provides relative to the conversion of unused leave to service credit in the Firefighters' Retirement System (FRS).

Proposed law authorizes an employer of employees in FRS to allow such employees to convert unused earned leave to service credit. Provides that sick leave, annual leave, and compensatory leave are convertible, except that specific extended sick leave authorized by present law is not included.

Proposed law requires the employer to make the election to allow such conversion by adoption of a resolution. Provides that the resolution does not become effective until it is submitted to and approved by FRS. Requires that the resolution also include an election as to whether the conversion of leave shall occur on the effective date of an employee's entry into the Deferred Retirement Option Plan (DROP) or upon the effective date of his separation from service. Provides that the election to allow conversion of leave and as to when a conversion occurs are both irrevocable decisions.

Proposed law provides for a ratio for converting hours of unused leave to years of service credit. Provides that the employee is solely responsible for determining the amount of leave which he wishes to convert to service credit; however, prohibits such conversion from causing the employee's benefit to exceed 100% of his average final compensation. Further prohibits use of converted leave to attain eligibility for benefits provided by present law.

Proposed law requires the employer to pay the actuarial cost of the conversion. Prohibits use of funds from assessments against insurers pursuant to present law to pay such cost.

Proposed law authorizes a person who is in DROP when his employer elects coverage under proposed law allowing conversion of leave prior to entry into DROP to convert his unused earned leave to service credit and have his benefits recalculated retroactive to either the effective date of proposed law or the date of his entry into the DROP, whichever is later.

Proposed law provides that the increase in benefit resulting from application of proposed law shall not be an accrued benefit subject to the protection of Art. X, §29(E) of the Constitution of La. until FRS has received full payment.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 11:2254.1)