

New law authorizes an employer participating in the Firefighters' Retirement System (FRS) to allow 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 existing law is not included.

New 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.

New law establishes 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 existing law.

New law requires the employer to pay the actuarial cost of the conversion. Further prohibits use of funds from assessments against insurers pursuant to existing law to pay such cost.

New law authorizes a person who is in DROP when his employer elects coverage under new 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 new law or the date of his entry into the DROP, whichever is later.

New law provides that the increase in benefit resulting from application of new 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 (June 4, 2014).

(Adds R.S. 11:2254.1)