DIGEST

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HB 58 Original   2016 Regular Session   Leger

Abstract: Restricts payment options for members electing to participate in the Deferred Retirement Option Plan (DROP) in the Firefighters' Pension and Relief Fund in the city of New Orleans (NOFF) and provides relative to investment of the funds in member DROP accounts and interest earned thereon.

Present law establishes the DROP within NOFF. Members may select a participation period of up to five years in the program.

Present law is silent as to whether a member who participates in DROP may also take an initial lump sum option on his retirement benefit. Proposed law prohibits a member who elects to participate in DROP from also exercising an initial lump sum benefit option at retirement.

Present law provides that, beginning Jan. 1, 2015, upon expiration of the member's participation period or termination of employment, whichever occurs first, interest shall be allocated annually to the member's DROP account at a rolling 5-year average rate. Further provides that the balance of the member's account cannot be diminished or impaired. Proposed law authorizes the board, at its option, to invest DROP account balances in liquid asset money market investments. Provides that interest, in such event, shall be the actual rate of return earned on the investments.

Present law provides that DROP accounts are to be charged an administrative fee determined by the board of trustees. Proposed law provides that DROP account balances that are not invested in liquid asset money market investments, as provided in proposed law, shall be assessed an administrative fee of not more than 2% per year.

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

(Amends R.S. 11:3385.1(D) and (H)(2))