

Regular Session, 2012

HOUSE BILL NO. 1030

BY REPRESENTATIVE TALBOT

RETIREMENT/SCHOOL EMPS: Prohibits members of the La. School Employees' Retirement System from remaining in that system after taking a job that is covered by a different retirement system

1 AN ACT

2 To amend and reenact R.S. 11:1118 and 1120(A), relative to certain members of the  
3 Louisiana School Employees' Retirement System; to provide for termination of  
4 membership in certain circumstances for certain members; to provide relative to  
5 transfers of service credit in certain circumstances; to provide limitations; to provide  
6 for reinstatement; and to provide 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. 11:1118 and 1120(A) are hereby amended and reenacted to read as  
12 follows:

13 §1118. Other employment; membership

14 A. Notwithstanding any other provisions of law to the contrary, any active  
15 contributing member of this system who prior to December 31, 2012, becomes  
16 engaged in employment which would normally require him to join and become a  
17 member of any other public retirement system or fund shall have the option of  
18 joining and becoming a member of such other public retirement system and thereby  
19 cease to be a contributing member of this system. If he terminates the employment  
20 which makes him eligible for membership in another public system or fund he shall

1 again become an active contributing member of this system as a condition of  
2 employment for as long as he is employed in a position which makes him eligible for  
3 membership in this system.

4 B.(1) Notwithstanding any other provisions of law to the contrary, any  
5 member of this system and who becomes engaged in employment on or after January  
6 1, 2013, which would normally require him to join and become a member of any  
7 other public retirement system or fund shall have the option of joining and becoming  
8 a member of such other public retirement system and thereby cease to be a  
9 contributing member of this system. However, if such employee does not elect to  
10 join such other public retirement system, his accrual rate in the Louisiana School  
11 Employees' Retirement System shall be adjusted to the same accrual rate such  
12 employee would have had if he had transferred to the other public retirement system  
13 or fund.

14 (2) If the member terminates the employment which makes him eligible for  
15 membership in another public system or fund he shall again become an active  
16 contributing member of the Louisiana School Employees' Retirement System as a  
17 condition of employment for as long as he is employed in a position which makes  
18 him eligible for membership in this system.

19 \* \* \*

20 §1120. Members employed in other state or public employment

21 A. Notwithstanding any enrollment error occurring prior to January 1, 1992,  
22 any person who is a member of the Louisiana School Employees' Retirement  
23 System, who has creditable membership service of at least five years in this system  
24 and who becomes employed in any other state or public employment prior to  
25 December 31, 2012, where he is no longer eligible for membership in this system but  
26 is eligible for membership in the Teachers' Retirement System of Louisiana or the  
27 Louisiana State Employees' Retirement System, shall have the right to remain a  
28 member of this system in lieu of membership in the Teachers' Retirement System of  
29 Louisiana or the Louisiana State Employees' Retirement System by filing a notice

1 of election to remain in this system, in writing, with the board of trustees within  
2 thirty days after the effective date of employment. Such election shall be  
3 irrevocable.

4 (2) Notwithstanding any other provision of law to the contrary, any person  
5 who is a member of the Louisiana School Employees' Retirement System, who has  
6 creditable membership service of at least five years in this system and who becomes  
7 employed in any other state or public employment on or after January 1, 2013, where  
8 he is no longer eligible for membership in this system but is eligible for membership  
9 in the Teachers' Retirement System of Louisiana or the Louisiana State Employees'  
10 Retirement System, shall have the right to remain a member of this system in lieu of  
11 membership in the Teachers' Retirement System of Louisiana or the Louisiana State  
12 Employees' Retirement System by filing a notice of election to remain in this system,  
13 in writing, with the board of trustees within thirty days after the effective date of  
14 employment. However, the accrual rate for such employee shall be the same as such  
15 employee would have had if he had transferred to the applicable system. Such  
16 election shall be irrevocable.

17 \* \* \*

18 Section 2.(A) Prior to January 1, 2013, any member of Louisiana School Employees'  
19 Retirement System or any member of another state system whose employment would make  
20 him eligible for membership in Louisiana School Employees' Retirement System, may  
21 transfer to the Louisiana School Employees' Retirement System all of his accredited service  
22 which was earned in any other state retirement system as an active contributing member.  
23 An application for transfer pursuant to this Section shall be received by the Louisiana School  
24 Employees' Retirement System prior to January 1, 2013.

25 (B) The system from which the member transfers such credit shall transfer to the  
26 Louisiana School Employees' Retirement System all employee and employer contributions  
27 contributed by or for the transferring member plus interest at the lesser of seven and one-half  
28 percent compounded annually from each year of contribution to the date of transfer or the  
29 actuarial value of the transferred service credit.

1 (C) If the amount of funds transferred is less than the amount which would have  
2 been contributed by the member and his employer including interest earned thereon at the  
3 rate of seven and one-half percent compounded annually or the actuarial value, whichever  
4 is less, had all of the credit originally been credited in the Louisiana School Employees'  
5 Retirement System or at the accrual rate of the transferring system, the member, except as  
6 provided for in this Section, shall pay the deficit or difference including the interest thereon.

7 (D) If the funds transferred are less than the liability as determined by the Louisiana  
8 School Employees' Retirement System's actuary for the service credit transferred, the  
9 member may pay the difference or may, at his option, but only at the time of transfer, be  
10 granted an amount of credit in the Louisiana School Employees' Retirement System based  
11 on the amount of funds actually transferred based on a year-to-year comparison.

12 (E) All transfers under this Section shall be subject to payment of the actuarial cost  
13 related thereto. However, the member may pay for such credit at any time prior to  
14 submitting his written application for retirement. If, upon application for retirement, the  
15 member has not paid the full actuarial cost for the transferred credit, he shall be granted  
16 credit commensurate to the amount that he has paid. No duplication of credit shall result  
17 from a transfer under this Section.

18 Section 3. This Act shall become effective on July 1, 2012; if vetoed by the governor  
19 and subsequently approved by the legislature, this Act shall become effective on July 1,  
20 2012, or on the day following such approval by the legislature, whichever is later.

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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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Talbot

HB No. 1030

**Abstract:** Prohibits an active contributing member of the La. School Employees' Retirement System (LSERS) from remaining in the system when he takes employment covered by another retirement system after Dec. 31, 2012, unless he takes the accrual rate he would have received in the other system. Requires the member to rejoin LSERS if he becomes employed once again in a position covered by LSERS.

Present law for LSERS (R.S. 11:1118) permits any member of the system to elect to stay in LSERS if he obtains employment that is covered by another public retirement system.

Proposed law limits applicability of present law to members who take employment covered by another system prior to Dec. 31, 2012, and requires a member who takes employment covered by another system on or after Jan. 1, 2013, to either change systems or change to the accrual rate he would have at the other system.

Present law requires a member to reenter LSERS upon obtaining employment covered by the system. Proposed law retains present law.

Present law for LSERS (R.S. 11:1120) authorizes any member of LSERS who has at least five years of creditable service with the system to stay in LSERS if he is employed in a position that is covered by the Teachers' Retirement System of La. (TRSL) or the La. State Employees' Retirement System (LASERS).

Proposed law limits applicability of present law to members who take employment covered by another system prior to Dec. 31, 2012, and requires a member who takes employment covered by another system on or after Jan. 1, 2013, to either change systems or change to the accrual rate he would have at the other system.

Proposed law allows any member of LSERS or any member of another state system whose employment would make him eligible for membership in LSERS to transfer to LSERS all of his accredited service earned in any other state retirement system. Requires all applications for such transfers to be received by LSERS prior to Jan. 1, 2013.

If the amount of funds transferred to the system is not enough to purchase the same amount of time in LSERS, the member may pay the difference, take the total years of service at the accrual rate applicable to the other system, or take a lesser number of years based on the number of years his transferred funds will fund at the LSERS accrual rate.

Requires that the member participating in such a transfer pay the actuarial cost relating to the transfer prior to retiring. If he has not, he may only receive credit commensurate with the amount of money that he has paid.

Effective July 1, 2012.

(Amends R.S. 11:1118 and 1120(A))

#### Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Retirement to the original bill.

1. Changes applicability of proposed law from members who take a position outside of LSERS on or after Jan. 1, 2013, to members whose first employment making them eligible for membership in a state retirement system occurs on or after Jan. 1, 2013.
2. Adds provisions relative to transfers of service credit into LSERS.
3. Adds effective date of July 1, 2012.

House Floor Amendments to the engrossed bill.

1. Changes applicability of proposed law from members whose first employment making them eligible for membership in a state retirement system occurs on or after Jan. 1, 2013, to members who take a position outside of LSERS on or after Jan. 1, 2013. Allows a member who takes a position outside of LSERS prior to Jan. 1, 2013, to stay in the system.
2. Requires a member who takes a position outside of LSERS on or after Jan. 1, 2013, to either change systems or stay in LSERS with an accrual rate equal to what he would have in the other system.