

Regular Session, 2011

HOUSE BILL NO. 571

BY REPRESENTATIVE ROBIDEAUX

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

RETIREMENT/STATE SYSTEMS: Relative to state retirement systems, makes changes to provisions affected by Act No. 992 of the 2010 R.S.

1 AN ACT

2 To amend and reenact R.S. 11:62(4), 203(B)(1), 471.1(C), 612(2)(f) and (l), 613, 614, 616,

3 620(A), (B), (C), and (D), 621(B) and (C)(1), 783(A)(3)(a), 786(A), 1002(6)(b) and

4 (c), 1141(A) and (C)(1)(a), 1144(B)(4), 1147(C)(2)(a)(ii) and (iii) and (b), 1151(A),

5 1151.1(A) and (C), 1152(A), 1323(C), and 1345.9 and to enact R.S. 11:612(2)(m),

6 618(D), 701(33)(b)(ii)(cc) and (dd), relative to the Louisiana State Employees'

7 Retirement System, the Teachers' Retirement System of Louisiana, the Louisiana

8 School Employees' Retirement System, and the State Police Pension and Retirement

9 System; to make certain technical, remedial, and substantive changes to provisions

10 of the law affected by Act No. 992 of the 2010 Regular Session of the Legislature

11 and other provisions of law to conform with such Act; to provide with respect to

12 benefits, survivors' benefits, disability benefits, membership, retirement eligibility,

13 Deferred Retirement Option Plan participation, retirement options, transfers, and the

14 Hazardous Duty Services Plan; to provide an effective date; and to provide for

15 related matters.

16 Notice of intention to introduce this Act has been published

17 as provided by Article X, Section 29(C) of the Constitution

18 of Louisiana.

1 Be it enacted by the Legislature of Louisiana:

2 Section 1. R.S. 11:62(4), 203(B)(1), 471.1(C), 612(2)(f) and (l), 613, 614, 616,
3 620(A), (B), (C), and (D), 621(B) and (C)(1), 783(A)(3)(a), 786(A), 1002(6)(b) and (c),
4 1141(A) and (C)(1)(a), 1144(B)(4), 1147(C)(2)(a)(ii) and (iii) and (b), 1151(A), 1151.1(A)
5 and (C), 1152(A), 1323(C), and 1345.9 are hereby amended and reenacted and R.S.
6 11:612(2)(m), 618(D), 701(33)(b)(ii)(cc) and (dd) are hereby enacted to read as follows:

7 §62. Employee contribution rates established

8 Employee contributions to state and statewide public retirement systems shall
9 be paid at the following rates, except as otherwise provided by law:

10 * * *

11 (4) Louisiana School Employees' Retirement System:

12 (a) Employees whose first employment making them eligible for
13 membership in one of the state systems occurred on or before ~~December 31, 2010~~
14 June 30, 2010 - 7.5%.

15 (b) Employees whose first employment making them eligible for
16 membership in one of the state systems occurred on or after ~~January 1, 2011~~ July 1,
17 2010 - 8%.

18 * * *

19 §203. Teachers' Retirement System

20 * * *

21 B.(1) A person whose first employment making him eligible for membership
22 in one of the state systems occurred on or before December 31, 2010, applying for
23 a disability benefit shall have five years of actual credited service in order to qualify
24 for a disability benefit. ~~Such member shall not use credit earned while receiving~~
25 ~~workers' compensation in order to meet the minimum five-year eligibility~~
26 ~~requirement.~~

27 * * *

28 §471.1. Survivors' benefits; members hired on or after January 1, 2011

29 * * *

1 C.(1) In addition to the amount payable in accordance with Subsection B of
 2 this Section, for the benefit of the surviving minor ~~or handicapped child, or mentally~~
 3 ~~disabled~~ child, or children, there shall be paid for each such child, subject to a
 4 maximum of two children, per month fifty percent of the benefit to which a spouse
 5 would be entitled under Subsection B of this Section. Benefits shall be payable to
 6 such children even if no spouse is eligible for survivor benefits, provided the member
 7 had at least five years of service credit. Benefits for a child shall cease when the
 8 child is no longer a minor child as defined by this Chapter. No surviving minor child
 9 shall receive more than one survivor's benefit at any one time. If two benefits are
 10 applicable, only the larger shall be paid.

11 (2)(a) In addition to the amount payable in accordance with Subsection B of
 12 this Section, the surviving totally physically handicapped or mentally disabled child
 13 or children of a deceased member, whether under or over the age of eighteen years,
 14 shall be entitled to the same benefits, payable in the same manner, as are provided
 15 by this Section for minor children, if the child was totally physically handicapped or
 16 mentally disabled at the time of the death of the member and is dependent upon the
 17 surviving spouse or other legal guardian.

18 (b) The surviving spouse or legal guardian shall provide adequate proof of
 19 handicap or mental disability of such surviving child or children and shall notify the
 20 board of any subsequent changes in the child's condition which cause the child to no
 21 longer be dependent upon the surviving spouse or legal guardian and any changes
 22 in the assistance being received from other state agencies. The board may require
 23 a certified statement of the child's eligibility status at the end of each calendar year.

* * *

25 §612. Application; definitions

26 Terms not specifically defined in this Section shall have the meanings
 27 provided in R.S. 11:403 unless a different meaning is clearly required by the context.

28 For purposes of this Subpart:

* * *

1 (2) "Member" or "members" shall include the following persons whose first
2 employment making them eligible for membership in one of the state systems
3 occurred on or after January 1, 2011:

4 * * *

5 (f) Arson investigators employed by the office of state fire marshal who are
6 P.O.S.T.-certified, who have the power to arrest, and who hold a commission from
7 such office, and any person in the office of state fire marshal who is required to be,
8 at a minimum, a certified Firefighter I or a certified First Responder.

9 * * *

10 (l) All campus chiefs of police employed by any institution of higher
11 education who are P.O.S.T.-certified, who have the power to arrest, and who hold a
12 commission as required for employment as such officers.

13 (m) All personnel employed in positions required to be P.O.S.T.-certified,
14 who have the power to arrest, who hold a commission as required for employment
15 in such positions, who are otherwise members of the Louisiana State Employees'
16 Retirement System, and who are not members of any other retirement system.

17 * * *

18 §613. Eligibility for plan membership

19 A. Each person who becomes an employee in state service in one of the
20 positions defined in R.S. 11:612(2) shall become a member of the Hazardous Duty
21 Services Plan of the system as a condition of employment.

22 B. Notwithstanding the provisions of Subsection A of this Section, no person
23 who participated in the Deferred Retirement Option Plan as a member of any other
24 retirement plan in this system or who retired under the provisions of any other
25 retirement plan in this system who is reemployed under Option 1 or Option 3 as
26 provided in R.S. 11:416 shall be eligible for membership in the Hazardous Duty
27 Services Plan.

28 §614. Eligibility for retirement

29 A. Any member of this plan shall be eligible for retirement if he has:

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 (1) Twenty-five years or more of service, at any age.
2 (2) Twelve years or more of service, at age fifty-five or thereafter.
3 (3) Twenty years of service credit at any age, exclusive of military service
4 and unused annual and sick leave, but any person retiring under this Paragraph shall
5 have his benefit, inclusive of military service credit and allowable unused annual and
6 sick leave, actuarially reduced. Any member retiring under this Paragraph who is
7 in state service at the time of his retirement shall have his benefit actuarially reduced
8 from the earliest age that he would normally become eligible for a regular retirement
9 benefit under Paragraph (1) or (2) of this ~~Section~~ Subsection if he had continued in
10 service to that age. Any member retiring under this Paragraph who is out of state
11 service at the time of his retirement shall have his benefit actuarially reduced from
12 the earliest age that he would normally become eligible for a regular retirement
13 benefit under Paragraph (1) or (2) of this ~~Section~~ Subsection based upon his years
14 of service as of the date of retirement. Any employee who elects to retire under the
15 provisions of this Paragraph shall not be eligible to participate in the Deferred
16 Retirement Option Plan provided by R.S. 11:447 or the Initial Benefit Option
17 provided by R.S. 11:446(A)(5).

18 B.(1) Notwithstanding the provisions of R.S. 11:441(A)(2)(b) or any other
19 provision of law to the contrary, any member of this plan who is not eligible for
20 retirement under Subsection A of this Section may elect to retire under the provisions
21 of R.S. 11:441(A)(2)(b)(i) with five years or more of service credit at age sixty or
22 thereafter.

23 (2)(a) The retirement benefit and survivor benefit provisions of this Subpart,
24 including but not limited to R.S. 11:615 and 621, shall not apply to any member of
25 this plan who elects to retire under the provisions of R.S. 11:441(A)(2)(b)(i).

26 (b) Any member of this plan who elects to retire under the provisions of R.S.
27 11:441(A)(2)(b)(i) shall receive a retirement benefit equal to two and one-half
28 percent of his average compensation for every year of creditable service.

1 (c) Retirement benefits for any member of this plan who elects to retire
 2 under the provisions of R.S. 11:441(A)(2)(b)(i) shall be paid in accordance with R.S.
 3 11:446.

4 * * *

5 §616. Deferred Retirement Option Plan; Initial Benefit Option; Annual Cost-of-
 6 Living Adjustment Option

7 A. A member who is eligible for regular retirement may elect to participate
 8 in the Deferred Retirement Option Plan in accordance with the provisions of R.S.
 9 11:447 through 454, or the Initial Benefit Option provided by R.S. 11:446(A)(5).

10 B. Any member of this plan may elect to participate in the Annual
 11 Cost-of-Living Adjustment Option provided by R.S. 11:446(A)(6).

12 * * *

13 §618. Survivors' benefits for members killed in the line of duty

14 * * *

15 D. The provisions of this Section shall not apply to any member of this plan
 16 who:

17 (1) Has participated in the Deferred Retirement Option Plan; or

18 (2) Is a retiree of the system who is reemployed under Option 1 or Option
 19 3 as provided in R.S. 11:416.

20 * * *

21 §620. Transfer of other service credit

22 A. Any member of this system or of another state or statewide system, who
 23 would otherwise be eligible for benefits under the plan except that his first
 24 employment making him eligible for membership in any state system occurred on
 25 or before December 31, 2010, and who has not participated in the Deferred
 26 Retirement Option Plan in the system of which he is a member and who is not a
 27 reemployed retiree of his system or a retiree of this system reemployed under Option
 28 1 or Option 3 as provided in R.S. 11:416, shall have the right to irrevocably elect to

1 become a member of the plan by submitting an application to the board of trustees
2 to be effective on or after January 1, 2011.

3 B. Any member who elects to join the Hazardous Duty Services Plan from
4 an existing system or plan shall have the option of:

5 (1)(a) Maintaining prior service credit in the existing system or plan pursuant
6 to the provisions of that system or plan and accruing service credit and benefits in
7 the Hazardous Duty Services Plan after the date he joins the plan.

8 (b) For any member who joins the Hazardous Duty Services Plan after the
9 effective date of this Subparagraph, if such member elects to maintain prior service
10 credit in his existing system or plan and that election results in an actuarial cost to
11 this system, then the member shall pay the system the amount of such actuarial cost
12 prior to his retirement.

13 (2)(a) An internal actuarial transfer from plan to plan in accordance with the
14 provisions of R.S. 11:143(C) and (D) ~~in which this system is both the transferring~~
15 ~~and receiving system~~ in which the member transfers all of his service credit from
16 each other system or plan ~~in this system~~ and maintains prior service credit at the
17 accrual rate at which it was earned in the existing system or plan prior to joining the
18 Hazardous Duty Services Plan. In the event that the amount of funds transferred is
19 less than the actuarial cost of the service transferred to the plan, the member
20 transferring, except as otherwise provided in this Section, shall pay the deficit or
21 difference including the interest thereon at the board-approved actuarial valuation
22 rate of the system.

23 (b) In lieu of paying the deficit or difference plus interest, the member may
24 at his option, but only at the time of transfer, be granted an amount of credit in the
25 plan which is based on the amount of funds actually transferred plus any additional
26 funds less than the deficit paid by the member.

27 (c) Except as otherwise provided in Subparagraph (d) of this Subsection, a
28 member who completes a transfer under the provisions of this Section shall have his

1 retirement benefit calculated using the accrual rate of the system or plan from which
2 he transferred based on the number of years transferred.

3 (d) A member choosing an internal actuarial transfer shall be eligible to
4 upgrade ~~any~~ the service credit that was actuarially transferred pursuant to this
5 Subsection to the accrual rate of the Hazardous Duty Services Plan by paying an
6 amount that totally offsets the increase in actuarial liability resulting from the
7 upgrade in accordance with R.S. 11:158.

8 C.(1) An employee who is a contributing member of any other plan in this
9 or another state or statewide system who would otherwise be required to become a
10 member of this plan as a condition of employment in a position which would
11 otherwise qualify him for such membership on or after January 1, 2011, may elect
12 at the time of his employment in such position to remain a contributing member of
13 the last plan in this system of which he was a member or of such other system for
14 which he remains eligible for membership.

15 (2) For an employee who elects to remain a member of a plan in this system,
16 applicable to members employed in hazardous duty positions, which plan was in
17 existence on or before December 31, 2010, service credit earned on or after January
18 1, 2011, in one of the hazardous duty positions defined in R.S. 11:612(2) shall be
19 deemed as service credit earned in a position covered by such plan.

20 D. A member whose first employment making him eligible for membership
21 in a state retirement system occurred on or before December 31, 2010, who elects to
22 ~~transfer to~~ join this plan shall thereafter for purposes of all state retirement systems
23 be treated as an employee whose first eligibility for membership occurred on or after
24 January 1, 2011.

25 * * *
26 §621. Survivors' benefits for former or retired members

27 * * *

28 B. The surviving spouse of a deceased retired member or Deferred
29 Retirement Option Plan participant shall receive a benefit in an amount equal to

1 seventy-five percent of the monthly retirement benefit that was being paid to the
2 decedent on the date of death.

3 C.(1) If there is no surviving spouse eligible to receive benefits pursuant to
4 Subsection A or B of this Section, the ~~minor~~ children of the decedent shall be entitled
5 to benefits as provided in R.S. 11:471.1.

6 * * *

7 §701. Definitions

8 As used in this Chapter, the following words and phrases have the meanings
9 ascribed to them in this Section unless a different meaning is plainly required by the
10 context:

11 * * *

12 (33)(a)

13 * * *

14 (b) "Teacher" shall not include any of the following:

15 * * *

16 (ii)

17 * * *

18 (cc) Any unclassified campus chief of police employed by any institution of
19 higher education whose first employment making him eligible for membership in
20 one of the state systems occurred on or after January 1, 2011, who is
21 P.O.S.T.-certified, who has the power to arrest, and who holds a commission as
22 required for employment in such position.

23 (dd) Any unclassified campus chief of police employed by any institution of
24 higher education whose first employment making him eligible for membership in
25 one of the state systems occurred on or before December 31, 2010, and who is
26 P.O.S.T.-certified, has the power to arrest, who holds a commission as required for
27 employment in such position, and has joined the Hazardous Duty Services Plan in
28 the Louisiana State Employees' Retirement Plan pursuant to R.S. 11:620.

29 * * *

1 §783. Selection of option for method of payment after death of member

2 A.

3 * * *

4 (3) Initial Lump-Sum Benefit. (a) If a member has not participated in the
5 Deferred Retirement Option Plan provided by the provisions of this Chapter ~~and, he~~
6 shall be eligible to select an initial lump-sum benefit. The initial lump-sum benefit
7 shall be available to any member of the system whose first employment making him
8 eligible for membership in one of the state retirement systems occurred on or before
9 December 31, 2010, and who has thirty years of creditable service, or is age fifty-
10 five and has twenty-five years of creditable service, or is age sixty and has ten years
11 of creditable service, ~~and. Any member of the system whose first employment~~
12 making him eligible for membership in one of the state retirement systems occurred
13 on or after January 1, 2011, may select the initial lump-sum benefit if he is age sixty
14 and has five years of service. if If the maximum benefit, Option 2, 2A, 3, 3A, 4, or
15 4A above is chosen, then the member may further elect to receive a reduced
16 retirement allowance plus an initial benefit. The creditable service referenced in this
17 Paragraph shall not include unused accumulated sick leave and unused accumulated
18 annual leave.

19 * * *

20 §786. Deferred Retirement Option Plan

21 A.(1) In lieu of terminating employment and accepting a retirement
22 allowance, any member of this system whose first employment making him eligible
23 for membership in one of the state retirement systems occurred on or before
24 December 31, 2010, and who is not covered by R.S. 11:801 and who has thirty years
25 of service credit at any age, twenty-five years of service credit and is at least age
26 fifty-five, or has twenty years of service credit exclusive of military service and is
27 at least age sixty-five may elect to participate in the Deferred Retirement Option
28 Plan. A member with ten years of service credit exclusive of military service and
29 who is at least age sixty may elect to participate in the plan, but all benefits payable

1 at any time shall only be calculated using a two percent benefit formula. ~~Any~~
2 ~~member of this system who is covered by the provisions of R.S. 11:801 who has~~
3 ~~thirty years of service credit and is at least age fifty-five or has ten years of service~~
4 ~~credit and is at least age sixty may elect to participate in the Deferred Retirement~~
5 ~~Option Plan.~~

6 (2) Any member of this system whose first employment making him eligible
7 for membership in one of the state retirement systems occurred on or after January
8 1, 2011, and who is not covered by R.S. 11:801 and who has five years of service
9 credit and is at least age sixty may elect to participate in the Deferred Retirement
10 Option Plan.

11 (3) Any member of this system who is covered by the provisions of R.S.
12 11:801 who has thirty years of service credit and is at least age fifty-five or has ten
13 years of service credit and is at least age sixty may elect to participate in the
14 Deferred Retirement Option Plan.

15 * * *

16 §1002. Definitions

17 As used in this Chapter, the following words and phrases shall have the
18 meanings ascribed to them in this Section unless a different meaning is plainly
19 required by the context:

20 * * *

21 (6)

22 * * *

23 (b) "Average compensation", for a member whose first employment making
24 him eligible for membership in the system began on or after July 1, 2006, whose first
25 employment making him eligible for membership in one of the state systems
26 occurred on or before ~~December 31, 2010~~ June 30, 2010, shall be based on the sixty
27 highest successive months of employment, or on the highest sixty successive joined
28 months of employment where interruption of service occurred; however, the average
29 compensation amount for the thirteenth through the twenty-fourth month shall not

1 exceed the actual compensation amount for the first through the twelfth month by
2 more than ten percent. The amount for the twenty-fifth through the thirty-sixth
3 month shall not exceed the lesser of the maximum allowable compensation amount
4 or the actual compensation amount for the thirteenth through the twenty-fourth
5 month by more than ten percent. The amount for the thirty-seventh through the
6 forty-eighth month shall not exceed the lesser of the maximum allowable
7 compensation amount or the actual compensation amount for the twenty-fifth
8 through the thirty-sixth month by more than ten percent. The amount for the forty-
9 ninth through the sixtieth month shall not exceed the lesser of the maximum
10 allowable compensation amount or the actual compensation amount for the thirty-
11 seventh through the forty-eighth month by more than ten percent. The limitations
12 on the computation of average compensation contained in this Paragraph shall not
13 apply to any twelve-month period during which compensation increased by more
14 than one hundred ten percent over the previous twelve-month period solely because
15 of an increase in compensation by legislative act or by a city/parish system-wide
16 salary increase.

17 (c) "Average compensation", for a member whose first employment making
18 him eligible for membership in one of the state systems occurred on or after ~~January~~
19 ~~1, 2011~~ July 1, 2010, shall be based on the sixty highest successive months of
20 employment, or on the highest sixty successive joined months of employment where
21 interruption of service occurred; however, the average compensation amount for the
22 thirteenth through the twenty-fourth month shall not exceed the actual compensation
23 amount for the first through the twelfth month by more than fifteen percent. The
24 amount for the twenty-fifth through the thirty-sixth month shall not exceed the lesser
25 of the maximum allowable compensation amount or the actual compensation amount
26 for the thirteenth through the twenty-fourth month by more than fifteen percent. The
27 amount for the thirty-seventh through the forty-eighth month shall not exceed the
28 lesser of the maximum allowable compensation amount or the actual compensation
29 amount for the twenty-fifth through the thirty-sixth month by more than fifteen

1 percent. The amount for the forty-ninth through the sixtieth month shall not exceed
2 the lesser of the maximum allowable compensation amount or the actual
3 compensation amount for the thirty-seventh through the forty-eighth month by more
4 than fifteen percent. The limitations on the computation of average compensation
5 contained in this Subparagraph shall not apply to any twelve-month period during
6 which compensation increased by more than one hundred fifteen percent over the
7 previous twelve-month period solely because of an increase in compensation by
8 legislative act or by a city/parish system-wide salary increase.

9 * * *

10 §1141. Retirement benefits; application; eligibility requirements; effective date;
11 cancellation

12 A. Any member whose first employment making him eligible for
13 membership in one of the state systems occurred on or before ~~December 31, 2010~~
14 June 30, 2010, may retire upon written application to the board of trustees, if the
15 member at the time of application has attained the age of sixty years and has credit
16 for ten years of accredited service or has attained the age of fifty-five years and has
17 credit for twenty-five or more years of accredited service or at any age with thirty or
18 more years of accredited service. Any member whose first employment making him
19 eligible for membership in one of the state systems occurred on or after ~~January 1,~~
20 ~~2011~~ July 1, 2010, may retire upon written application to the board of trustees, if the
21 member at the time of application has attained the age of sixty years and has credit
22 for five years of accredited service. An application for retirement shall be officially
23 filed with the board when received in the office of the director. Retirement benefits
24 shall become effective as of the date an application for retirement is filed in the
25 office of the director or the day after the member terminates from service, whichever
26 is later. A member may only cancel his application for retirement prior to
27 negotiating, cashing, or depositing any benefit check including an estimated benefit
28 check.

29 * * *

1 C.(1)(a) Notwithstanding the provisions of Subsection A of this Section, any
 2 member ~~whose first employment making him eligible for system membership~~
 3 ~~occurred on or before June 30, 2010~~, shall be eligible for retirement if he has twenty
 4 years of service credit at any age, exclusive of military service and unused annual
 5 and sick leave, but any person retiring under this Subsection shall have his benefit
 6 inclusive of military service credit and allowable unused annual and sick leave
 7 actuarially reduced from the earliest age that he would normally become eligible for
 8 a regular retirement benefit pursuant to Subsection A of this Section if he had
 9 continued in service to that age.

10 * * *

11 §1144. Retirement allowance; regular, minimum, and supplemental

12 * * *

13 B. Minimum allowance.

14 * * *

15 (4) The provisions of this Paragraph shall apply to any member whose first
 16 employment making him eligible for membership in one of the state systems
 17 occurred on or after ~~January 1, 2011~~ July 1, 2010. The minimum allowance for such
 18 members shall be no less than an amount which provides a total allowance equal to
 19 two and one-half percent multiplied by the total years of accredited service and
 20 multiplied by the average compensation for such person as provided in R.S.
 21 11:1002(6)(c).

22 * * *

23 §1147. Disability retirement

24 * * *

25 C.

26 * * *

27 (2)(a)

28 * * *

1 (ii) A disability retiree whose membership in the system began on or after
2 July 1, 2006, but on or before June 30, 2010, who is not eligible to receive a regular
3 service retirement allowance and who has at least ten years of creditable service,
4 shall receive a disability retirement allowance equal to three percent of his average
5 compensation multiplied by his years of creditable service.

6 (iii) A disability retiree whose first employment making him eligible for
7 membership in one of the state systems occurred on or after ~~January 1, 2011~~ July 1,
8 2010, shall receive a maximum disability retirement benefit which shall be
9 equivalent to the regular retirement formula without reduction by reason of age.

10 (b)(i) If a disability retiree whose eligibility for membership in one of the
11 state systems occurred on or before ~~December 31, 2010~~ June 30, 2010, dies and
12 leaves a surviving spouse who had been married to the deceased disability retiree for
13 at least two years prior to the death of the disability retiree, the surviving spouse
14 shall receive a survivor's benefit equal to seventy-five percent of the benefit being
15 received by the disability retiree at his death. Benefits shall cease upon remarriage.

16 (ii) For disability retirees whose first employment making him eligible for
17 membership in one of the state systems occurred on or after ~~January 1, 2011~~ July 1,
18 2010, selection of a retirement option shall be made when application for disability
19 is filed. If the disability retiree dies, the option selected upon disability retirement
20 shall be applied to his disability retirement benefit.

21 * * *

22 §1151. Survivor benefits; members hired on or before ~~December 31, 2010~~ June 30,
23 2010

24 A. This Section shall apply to members whose first employment making
25 them eligible for membership in one of the state systems occurred on or before
26 ~~December 31, 2010~~ June 30, 2010. Survivor's benefits are payable upon application
27 therefor and become effective as of the day following the death of the member.

28 * * *

1 §1151.1. Survivors' benefits; members hired on or after ~~January 1, 2011~~ July 1,
2 2010

3 A. Survivor benefits shall be due and payable by the system effective the
4 first day of the next month following the death of a member whose first employment
5 making him eligible for membership in one of the state systems occurred on or after
6 ~~January 1, 2011~~ July 1, 2010, but shall not be paid until a properly completed and
7 acceptable application is received by the system and all proper certifications have
8 been received by the system.

9 * * *

10 C.(1) In addition to the amount payable in accordance with Subsection B of
11 this Section, for the benefit of the surviving minor ~~or handicapped child, or mentally~~
12 ~~disabled~~ child, or children, there shall be paid for each such child, subject to a
13 maximum of two children, per month fifty percent of the benefit to which a spouse
14 would be entitled under Subsection B of this Section. Benefits shall be payable to
15 such children even if no spouse eligible for survivor benefits is present, provided the
16 member had at least five years of service credit. Benefits for a child shall cease
17 when the child is no longer a minor child as defined by this Chapter. No surviving
18 minor child shall receive more than one survivor's benefit at any one time. If two
19 benefits are applicable, only the larger shall be paid.

20 (2)(a) In addition to the amount payable in accordance with Subsection B of
21 this Section, the surviving totally physically handicapped or mentally disabled child
22 or children of a deceased member, whether under or over the age of eighteen years,
23 shall be entitled to the same benefits, payable in the same manner, as are provided
24 by this Section for minor children, if the child was totally physically handicapped or
25 mentally disabled at the time of the death of the member and is dependent upon the
26 surviving spouse or other legal guardian.

27 (b) The surviving spouse or legal guardian shall provide adequate proof of
28 handicap or mental disability of such surviving child or children and shall notify the
29 board of any subsequent changes in the child's condition which cause the child to no

1 longer be dependent upon the surviving spouse or legal guardian and any changes
2 in the assistance being received from other state agencies. The board may require
3 a certified statement of the child's eligibility status at the end of each calendar year.

4 * * *

5 §1152. Deferred Retirement Option Plan

6 A. In lieu of terminating employment and accepting a service retirement
7 allowance pursuant to this Part, any member who ~~has ten or more years of creditable~~
8 ~~service at sixty years of age, twenty-five or more years of creditable service at fifty-~~
9 ~~five years of age, or thirty or more years of creditable service at any age~~ is eligible
10 for regular retirement may elect to participate in the Deferred Retirement Option
11 Plan and defer the receipt of benefits in accordance with the provisions of this
12 Section.

13 * * *

14 §1323. Death of employee not in performance of duty; employees hired on or after
15 January 1, 2011

16 * * *

17 C.(1) In addition to the amount payable in accordance with Subsection B of
18 this Section, for the benefit of the surviving minor ~~or handicapped child, or mentally~~
19 ~~disabled~~ child, or children, there shall be paid for each such child, subject to a
20 maximum of two children, per month fifty percent of the benefit to which a spouse
21 would be entitled under Subsection B of this Section. Benefits shall be payable to
22 such children even if no spouse eligible for survivor benefits is present, provided the
23 member had at least five years of service credit. Benefits for a child shall cease
24 when the child is no longer a minor child as defined by this Chapter. No surviving
25 minor child shall receive more than one survivor's benefit at any one time. If two
26 benefits are applicable, only the larger shall be paid.

27 (2)(a) In addition to the amount payable in accordance with Subsection B of
28 this Section, the surviving totally physically handicapped or mentally disabled child
29 or children of a deceased member, whether under or over the age of eighteen years,

1 shall be entitled to the same benefits, payable in the same manner, as are provided
2 by this Section for minor children, if the child was totally physically handicapped or
3 mentally disabled at the time of the death of the member and is dependent upon the
4 surviving spouse or other legal guardian.

5 (b) The applicant shall provide adequate proof of handicap or mental
6 disability of such surviving child or children and shall notify the board of any
7 subsequent changes in the child's condition to such an extent that the child is no
8 longer dependent upon the surviving spouse or legal guardian and any changes in the
9 assistance being received from other state agencies. The board may require a
10 certified statement of the child's eligibility status at the end of each calendar year.

11 * * *

12 §1345.9. Survivors' benefits for death other than in the line of duty

13 The surviving spouse or children of any active member whose death occurs
14 other than in the performance of his duties shall have the same pension rights as
15 provided in R.S. 11:~~1320~~ 1323.

16 Section 2. The cost of this Act, if any, shall be funded with additional employer
17 contributions in compliance with Article X, Section 29(F) of the Constitution of Louisiana.

18 Section 3. This Act shall become effective on July 1, 2011; if vetoed by the governor
19 and subsequently approved by the legislature, this Act shall become effective on July 1,
20 2011, or on the day following such approval by the legislature, whichever is later.

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)]

Robideaux

HB No. 571

Abstract: Relative to the four state retirement systems: La. State Employees' Retirement System (LASERS), the Teachers' Retirement System of La. (TRSL), the La. School Employees' Retirement System (LSERS), and the State Police Pension and Retirement System (STPOL), makes certain technical, remedial, and substantive changes to provisions of the law affected by Act No. 992 of the 2010 R.S.

Present law, pursuant to Act No. 992 of the 2010 R.S., generally made sweeping changes to the benefit structure of the four state retirement systems for persons whose first employment

making them eligible for membership in any state retirement system occurs on or after Jan. 1, 2011, in the following respects:

- (1) Employee contribution rates.
- (2) Final average compensation.
- (3) Benefit accrual rates.
- (4) Retirement eligibility.
- (5) Disability benefits.
- (6) Survivor benefits.

Proposed law makes certain technical, remedial, and substantive changes to provisions of the law affected by Act No. 992 of the 2010 R.S.

SURVIVOR BENEFITS

Present law, relative to LASERS, LSERS, and STPOL, for members whose first employment making them eligible for membership in any of the state retirement systems occurs on or after Jan. 1, 2011, provides that a spouse with children shall receive 50% of the amount that the member's normal retirement benefit would have been. Additionally, any minor or handicapped children shall each receive 50% of what the spouse would be entitled to under present law. Provides further that the child's benefit shall cease upon his having reached the age of majority.

Proposed law provides that the survivor benefit payable to mentally or physically handicapped children shall not cease upon reaching the age of majority, but shall continue past the age of majority, subject to certain requirements.

DISABILITY BENEFITS

Present law (R.S. 11:203(B)(1)), relative to TRSL, requires a member hired on or before Dec. 31, 2010, applying for disability benefits to have five years of service credit in order to qualify for such benefits. Provides that credit earned on workers' compensation shall not be used toward meeting the five years of service.

Proposed law retains present law but removes prohibition and, thus, provides that credit earned on workers' compensation may be used toward meeting the five years of service required to qualify for disability benefits.

DEFERRED RETIREMENT OPTION PLAN (DROP) ELIGIBILITY

Present law (R.S. 11:786), relative to TRSL members, allows for DROP participation if the member has:

- (1) 30 years of service at any age.
- (2) 25 years of service at age 55.
- (3) 20 years of service at age 65.
- (4) 10 years of service at age 60.

Proposed law retains present law with regard to TRSL members hired on or before Dec. 31, 2010. With regard to members hired on or after Jan. 1, 2011, allows for DROP participation

if the member has five years of service credit at age 60 to conform with the retirement eligibility provisions provided by Act No. 992 of the 2010 R.S. for such members.

Present law (R.S. 11:1152), relative to LSERS members, allows for DROP participation if the member has:

- (1) 30 years of service at any age.
- (2) 25 years of service at age 55.
- (3) 20 years of service at age 65.
- (4) 10 years of service at age 60.

Proposed law provides that a LSERS member shall be eligible for DROP participation upon reaching regular retirement eligibility.

INITIAL LUMP-SUM BENEFIT (ILSB) OPTION

Present law (R.S. 11:783(A)(3)) provides for a payment option at retirement known as the ILSB, which allows a member to receive a lump-sum benefit upon retirement subject to an actuarial reduction in monthly benefits. Provides that a member may select the ILSB if the member has:

- (1) 30 years of service at any age.
- (2) 25 years of service at age 55.
- (3) 10 years of service at age 60.

Proposed law retains present law with regard to TRSL members hired on or before Dec. 31, 2010. With regard to members hired on or after Jan. 1, 2011, allows for ILSB participation if the member has five years of service credit at age 60 to conform with the retirement eligibility provisions provided by Act No. 992 of the 2010 R.S. for such members.

HAZARDOUS DUTY SERVICES PLAN (LASERS)

Membership

Present law (R.S. 11:611-621), relative to LASERS, generally creates the Hazardous Duty Services Plan (HDSP) within LASERS for certain law enforcement personnel whose first employment making them eligible for membership in any state retirement system occurs on or after Jan. 1, 2011, who are members of LASERS, and provides that members of existing hazardous duty plans may retain membership in those plans or become members of the HDSP subject to certain conditions.

Proposed law prohibits anyone having participated in LASERS' Deferred Retirement Option Plan (DROP), as well as certain rehired retirees from becoming members of the HDSP.

Present law (R.S. 11:612(2)(f)) provides that arson investigators in the DPS&C, office of state fire marshal, shall be members of the HDSP.

Proposed law provides additionally that employees in the office of state fire marshal who are required to be Firefighter I or First Responder certified shall be members of the HDSP.

Proposed law provides additionally that campus police chiefs of public institutions of higher education, who are hired on or after Jan. 1, 2011, shall no longer be members of TRSL and shall be members of the HDSP.

Retirement Eligibility

Present law (R.S. 11:614), pursuant to the provisions of the HDSP, provides that any hazardous duty personnel whose first employment making them eligible for membership in any state retirement system hired on or after Jan. 1, 2011, shall be eligible to retire with:

- (1) 12 years of service at age 55.
- (2) 25 years of service at any age.
- (3) 20 years of service at any age, but subject to an actuarial reduction of benefits.

Present law provides a 3.33% accrual rate for calculation of retirement benefits under the HDSP.

Present law (R.S. 11:441) also provides that certain rank-and-file members of LASERS shall be eligible to retire with:

- (1) Five years of service at age 60.
- (2) 20 years of service at any age, but subject to an actuarial reduction of benefits.

Present law (R.S. 11:444) provides for a 2.5% accrual rate for the calculation of retirement benefits for rank-and-file members of LASERS.

Proposed law allows any member of the HDSP, if he does not meet retirement eligibility under the HDSP, to retire under rank-and-file provisions with five years of service at age 60. Provides that such member's retirement benefit will be calculated using a 2.5% accrual rate.

Retirement Options

Present law (R.S. 11:616) allows members of the HDSP to enter DROP upon reaching retirement eligibility.

Proposed law additionally allows members of the HDSP to select the Initial Benefit Option (IBO), which allows a member to receive a lump-sum benefit upon retirement subject to an actuarial reduction in monthly benefits. Further clarifies that HDSP may select an optional Cost-of-Living Adjustment (COLA), available to members of this system and others, which provides a lifetime COLA subject to an actuarial reduction in monthly benefits.

Survivor Benefits for DROP Participants

Present law (R.S. 11:618), relative to the HDSP, provides for survivor benefits for the surviving spouse and children of a member who dies in the line of duty, in the amount of 80% of the member's Final Average Compensation (FAC).

Present law (R.S. 11:621), relative to the HDSP, also provides a benefit for the surviving spouse and children of a retiree who dies. A surviving spouse shall receive 75% of the member's retirement benefit. If no spouse, surviving children shall each receive a benefit under present law (R.S. 11:471.1(C)) (25% of the member's benefit for each child).

Proposed law, clarifies that the 80% FAC in-the-line-of-duty survivor benefit of present law (R.S. 11:618) shall not apply to DROP participants or certain rehired retirees. Rather, the provisions of present law (R.S. 11:621) shall apply.

Transfer Provisions

Present law (R.S. 11:620) generally requires hazardous duty personnel in LASERS hired on or after Jan. 1, 2011, to become members of the HDSP. Present law (R.S. 11:620(B)(1) and (2)) also allows a member of LASERS, hired on or before Dec. 31, 2010, to become a member of the HDSP under the following options:

- (1) Maintaining prior service credit in his previous plan under the provisions of that plan but accruing service and benefits in the HDSP going forward.
- (2) Electing an internal actuarial transfer within LASERS, in which the member transfers his funds from the previous plan into the HDSP, but maintains the accrual rate of the previous plan. Such member may pay to upgrade his prior service to the 3.33% accrual rate of the HDSP.

Proposed law allows members of other state and statewide retirement systems, who would otherwise be eligible for membership in the HDSP, except they were hired on or before Dec. 31, 2010, to utilize the above transfer provisions to join the HDSP.

Proposed law provides that if any member chooses (1) above (after proposed law becomes effective) and it results in an actuarial cost to the system, the member shall pay such cost to the system upon his retirement.

Proposed law further provides that if any member chooses (2) above and elects to upgrade his prior service to the 3.33% accrual rate of the HDSP, he shall upgrade all of such service.

Present law (R.S. 11:620(C)) allows a member of another plan or system, whose employment would qualify him for membership in the HDSP if it were on or after Jan. 1, 2011, to remain a member of such plan or system.

Proposed law further clarifies that if a member of another hazardous duty plan within LASERS chooses to remain in that plan his service credit going forward will be considered having been earned in that plan.

LSERS BENEFIT PROVISIONS

Present law (R.S. 11:62(4)) establishes the employee contribution rate for members of LSERS. Provides that members hired on or before Dec. 31, 2010, shall pay 7.5%, and that members hired on or after Jan. 1, 2011, shall pay 8%.

Proposed law provides instead that members hired on or before June 30, 2010, shall pay 7.5%, and members hired on or after July 1, 2010, shall pay 8%.

Present law (R.S. 11:1002(6)) provides that average compensation for a member hired on or after July 1, 2006, but on or before Dec. 31, 2010, shall be calculated over five years. Furthermore, anti-spiking provisions prohibit a year-over-year increase in earnings of more than 10% each year of such period. Present law further provides that for members hired on or after Jan. 1, 2011, the anti-spiking provisions relative to such persons prohibit a year-over-year increase in earnings of more than 15% each year of such period.

Proposed law provides instead that members hired on or after July 1, 2006, but on or before June 30, 2010, shall have a five-year average compensation period and a 10% anti-spiking provision and that members hired on or after July 1, 2010, shall have a five-year average compensation period and a 15% anti-spiking provision.

Present law provides for retirement eligibility for members of LSERS. Members hired on or before Dec. 31, 2010, may retire: (1) at the age of 60 with 10 years of service credit; (2) at the age of 55 with 25 years of service credit; (3) at any age with 30 years of service credit;

and (4) at any age with 20 years of service credit, but subject to an actuarial reduction in benefits. Proposed law provides instead that these eligibility provisions shall apply to members hired on or before June 30, 2010.

Present law provides that members hired on or after Jan. 1, 2011, may retire: (1) at age 60 with five years of service credit; and (2) at any age with 20 years of service credit, but subject to an actuarial reduction of benefits. Proposed law provides instead that these eligibility provisions shall apply to members hired on or before July 1, 2010.

Present law (R.S. 11:1144(B)), provides for accrual rates of 2.5%, 3%, or 3-1/3%, depending on the member's retirement date, for members hired on or before Dec. 31, 2010. Proposed law provides instead that these accrual rates shall apply to members hired on or before June 30, 2010.

Present law (R.S. 11:1144(B)(4)) provides that members whose first employment making them eligible for membership in any state retirement system occurs on or after Jan. 1, 2011, shall receive an accrual rate of 2.5%. Proposed law provides instead that the 2.5% accrual rate shall apply to members hired on or after July 1, 2010.

Present law (R.S. 11:1147(C)(2)(a)) provides for a disability benefit accrual rate of 3% for members hired on or before Dec. 31, 2010, and a 2.5% accrual rate for members hired on or after Jan. 1, 2011. Proposed law provides instead for a 3% disability accrual rate for members hired on or before June 30, 2010, and a 2.5% accrual rate for members hired on or after July 1, 2011.

Present law provides that, for members hired on or before Dec. 31, 2010, upon the death of a member not yet retired, a surviving spouse with children shall receive 75% of FAC, 1/3 of which shall be allocated to the spouse and 2/3 to be allocated to the children. Children with no surviving spouse shall receive 75% of FAC. A spouse with no child shall receive 50% of FAC. Proposed law provides that such provisions shall apply to members hired on or before June 30, 2010.

Present law, for members hired on or after Jan. 1, 2011, provides that a spouse with children shall receive 50% of the amount that the member's normal retirement benefit would have been. Additionally, any children shall each receive 50% of what the spouse would be entitled to under present law. A spouse with no children shall receive an actuarially reduced benefit. Proposed law provides instead that such provisions shall apply to members hired on or after July 1, 2010.

Proposed law provides that the cost of proposed law, if any, shall be funded with additional employer contributions in compliance with Const. Art. X, §29(F).

Effective July 1, 2011.

(Amends R.S. 11:62(4), 203(B)(1), 471.1(C), 612(2)(f) and (l), 613, 614, 616, 620(A), (B), (C), and (D), 621(B) and (C)(1), 783(A)(3)(a), 786(A), 1002(6)(b) and (c), 1141(A) and (C)(1)(a), 1144(B)(4), 1147(C)(2)(a)(ii) and (iii) and (b), 1151(A), 1151.1(A) and (C), 1152(A), 1323(C), and 1345.9; Adds R.S. 11:612(2)(m), 618(D), 701(33)(b)(ii)(cc) and (dd))

Summary of Amendments Adopted by House

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

1. Relative to LSERS, changes various benefit provisions which are applicable to members hired on or before Dec. 31, 2010, to make them applicable to members hired on or before June 30, 2010.

2. Relative to LSERS, changes various benefit provisions which are applicable to members hired on or after Jan. 1, 2011, to make them applicable to members hired on or after July 1, 2010.