

Regular Session, 2012

SENATE BILL NO. 7

BY SENATOR GUILLORY

MUNICIPAL EMPLOYEE RET. Provides for a 60 month final compensation for all active employees. (7/1/12)

1 AN ACT

2 To amend and reenact R.S. 11:1732(15) and 1763(J)(1), (2), and (3), relative to the
3 Municipal Employees' Retirement System; to provide for final average
4 compensation; to provide for calculation of additional benefits following
5 participation in the Deferred Retirement Option Plan; to provide for transitional
6 provisions; to provide an effective date; and to provide for related matters.

7 Notice of intention to introduce this Act has been published.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 11:1732(15) and 1763(J)(1), (2), and (3) are hereby amended and
10 reenacted to read as follows:

11 §1732. Definitions

12 The following words and phrases, as used in this Chapter, unless a different
13 meaning is plainly required by the context, shall have the following meaning:

14 * * *

15 (15)(a) "~~Final compensation~~", ~~for a member whose first employment making~~
16 ~~him eligible for membership in the system began on or before June 30, 2006, means~~
17 ~~the average monthly earnings during the highest thirty-six consecutive months or~~

1 ~~joined months if service was interrupted. The earnings to be considered for the~~
 2 ~~thirteenth through the twenty-fourth months shall not exceed one hundred fifteen~~
 3 ~~percent of the earnings for the first through the twelfth months. The earnings to be~~
 4 ~~considered for the final twelve months shall not exceed one hundred fifteen percent~~
 5 ~~of the earnings of the thirteenth through the twenty-fourth months.~~

6 (b) "Final compensation", for a member whose first employment making him
 7 ~~eligible for membership in the system began on or after July 1, 2006, means the~~
 8 ~~average monthly earnings during the highest sixty consecutive months or joined~~
 9 ~~months if service was interrupted. The earnings to be considered for the thirteenth~~
 10 ~~through the twenty-fourth months shall not exceed one hundred fifteen percent of the~~
 11 ~~earnings for the first through the twelfth months. The earnings to be considered for~~
 12 ~~the twenty-fifth through the thirty-sixth months shall not exceed one hundred fifteen~~
 13 ~~percent of the earnings for the thirteenth through the twenty-fourth months. The~~
 14 ~~earnings to be considered for the thirty-seventh through the forty-eighth months shall~~
 15 ~~not exceed one hundred fifteen percent of the earnings for the twenty-fifth through~~
 16 ~~the thirty-sixth months. The earnings to be considered for the final twelve months~~
 17 ~~shall not exceed one hundred fifteen percent of the earnings of the thirty-seventh~~
 18 ~~through the forty-eighth months.~~

* * *

§1763. Deferred Retirement Option Plan

* * *

22 J. If employment is not terminated at the end of the period specified for
 23 ~~participation in the plan, payments into the plan fund shall cease and the person shall~~
 24 ~~resume active contributing membership in the system. Payments from the plan fund~~
 25 ~~shall not be made until employment is terminated, nor shall the monthly benefits~~
 26 ~~which were being paid into the plan fund during the period of participation be~~
 27 ~~payable to the person until he terminates employment. Upon termination of~~
 28 ~~employment, the person shall receive a lump sum payment from the plan fund equal~~
 29 ~~to his account in that fund, a true annuity based upon his account in that fund, or any~~

1 other method of payment approved by the board of trustees. If a person elects to
2 receive a true annuity or other method of payment approved by the board of trustees,
3 funds shall be transferred from the plan fund to the annuity reserve fund to provide
4 for the annuity payments. Also upon termination of employment, the monthly
5 benefits which were being paid into the plan fund shall begin to be paid to the retiree
6 and he shall receive an additional benefit based on his additional service rendered
7 since termination of participation in the fund, using the normal method of
8 computation of benefit, subject to the following:

9 (1)(a) If his ~~first employment making him eligible for membership in the~~
10 ~~system began on or before June 30, 2006, and his~~ period of additional service is less
11 than ~~thirty-six~~ **the number of months used in the computation of his original**
12 **benefit months**, the average compensation figure used to calculate the additional
13 benefit shall be that used to calculate his original benefit.

14 (b) If his ~~first employment making him eligible for membership in the system~~
15 ~~began on or after July 1, 2006, and his period of additional service is less than sixty~~
16 ~~months, the average compensation figure used to calculate the additional benefit~~
17 ~~shall be that used to calculate his original benefit.~~

18 (2)(a) If his first employment making him eligible for membership in the
19 system began on or before June 30, 2006, and his period of additional service is
20 thirty-six months or more, the average compensation figure used to calculate the
21 additional benefit shall be based on his compensation during the period of additional
22 service.

23 (b) If his ~~first employment making him eligible for membership in the system~~
24 ~~began on or after July 1, 2006, and his~~ period of additional service is ~~sixty or~~ **equal**
25 **to or more than the number of** months **used in the computation of his original**
26 **benefit**, the average compensation figure used to calculate the additional benefit
27 shall be based on his compensation during the period of additional service.

28 (3) In no event shall the additional benefit exceed an amount which, when
29 combined with the original benefit, equals one hundred percent of the **monthly**

shall be 60 months.

Present law provides that a participant in the Deferred Retirement Option Plan (DROP) who continues in employment after plan participation shall receive an additional benefit based on the additional service rendered.

Proposed law retains present law.

Present law specifies that for a DROP participant if his first employment making him eligible for membership in the system began on or before June 30, 2006, and the period of additional service is less than 36 months, the additional benefit shall be calculated using the final compensation figure used to calculate the original benefit. Further provides that if his first employment making him eligible for membership in the system began on or before June 30, 2006, and the period of additional service is 36 months or more, the additional benefit shall be calculated using compensation during the period of additional service.

Present law provides that if his first employment making him eligible for membership in the system began on or after July 1, 2006, and the period of additional service is 60 months or more, the additional benefit shall be calculated using the average compensation figure during the period of additional service. Provides that if his first employment making him eligible for membership in the system began on or after July 1, 2006, and the period of additional service is 60 months or more, the additional benefit shall be calculated using the average compensation figure during the period of additional service.

Proposed law requires at least 60 months of additional service to be rendered by all members before the additional benefit is calculated using the monthly average final compensation for the additional period of service.

Transitional Provisions

Proposed law provides transitional provisions from present law to proposed law for certain members. Provides that for members retiring or entering DROP before Jan. 1, 2013, present law applies and for members retiring or entering DROP on or after Jan. 1, 2013, and on or before Dec. 31, 2014, the period used to calculate monthly average final compensation shall be 36 months plus the number of whole months since Jan. 1, 2013. Further provides that the final compensation period used to compute post-DROP additional benefit shall be equal to the number of months utilized in computing the benefit upon entry into DROP.

Effective July 1, 2012.

(Amends R.S. 11:1732(15) and 1763(J)(1), (2), and (3))

Summary of Amendments Adopted by Senate

Senate Floor Amendments to engrossed bill

1. Technical amendments made.