

2019 Regular Session

SENATE BILL NO. 16

BY SENATOR LONG

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

RETIREMENT BENEFITS. Provides relative to investment of lump-sum benefits.  
(6/30/19)

1 AN ACT

2 To amend and reenact R.S. 11:1312.1(D)(4), 2220(A), and 2221(F) and (H) through (L) and

3 to enact R.S. 11:1312.1(E) and 2221(G) and (N), relative to lump-sum benefits of the

4 Louisiana State Police Retirement System and the Municipal Police Employees'

5 Retirement System; to provide relative to lump-sum distributions; to provide for

6 transfers to a third-party investment services provider; to provide relative to contracts

7 for a third-party provider; to provide relative to the rights, duties, and obligations of

8 participants, providers, the system, and the state; to provide for an effective date; and

9 to provide for related matters.

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

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. R.S. 11:1312.1(D)(4), 2220(A), and 2221(F) and (H) through (L) are

13 hereby amended and reenacted and R.S. 11:1312.1(E) and 2221(G) and (N) are hereby

14 enacted to read as follows:

15 §1312.1. Back-Deferred Retirement Option Program

16 D.(1) \* \* \*

17 (4) The Back-DROP lump sum shall, at the member's election, be distributed

1 to the member or ~~paid into~~ **transferred to** an individual account and placed in liquid  
2 ~~asset money market~~ **for self-directed** investments **as further provided in**  
3 **Subsection E of this Section**. Such account shall be credited with interest at the  
4 actual rate of return earned on such account balance investments.

5 \* \* \*

6 **E.(1) In lieu of receiving a lump-sum benefit payment as provided in**  
7 **Paragraph (D)(4) of this Section, the member may elect to transfer the lump-**  
8 **sum payment into a self-directed account managed by a third-party provider.**

9 **(2) The board may hire a third-party provider to manage the self-**  
10 **directed accounts authorized by this Subsection. The third-party provider shall**  
11 **act as an agent of the system for purposes of investing balances in the self-**  
12 **directed accounts of the participants as directed by the participants. The**  
13 **participants shall be given investment options that comply with federal law for**  
14 **self-directed plans; however, the provider shall have as an investment option a**  
15 **stable value fund that preserves the participant's principal.**

16 **(3) By electing to participate in the self-directed plan, the Back-DROP**  
17 **participant expressly waives his rights as set forth in Article X, Section 29 of the**  
18 **Constitution of Louisiana as they relate to the benefit in his Back-DROP**  
19 **account. Any participant who elects to transfer the lump-sum Back-DROP**  
20 **payment into a self-directed account agrees to all of the following:**

21 **(a) That the benefits payable to the participant are not the obligation of**  
22 **the state or the system and that any returns and other rights of the participant**  
23 **in the account are the sole liability and responsibility of the participant and the**  
24 **provider to which the lump sum has been transferred.**

25 **(b) That he and the provider shall be responsible for complying with all**  
26 **applicable provisions of the Internal Revenue Code.**

27 **(c) That if any violation of the Internal Revenue Code occurs as a result**  
28 **of the participant's decision to transfer his Back-DROP lump-sum payment into**  
29 **a self-directed account, it shall be the sole responsibility and liability of the**

1 participant and the provider and not of the state or the system.

2 (4) There shall be no liability on the part of and no cause of action of any  
3 nature shall arise against the state, the system, or the agents or employees of the  
4 state or the system for any action taken by the participant or for choices the  
5 participant makes in relation to the investment options in which he chooses to  
6 place his account balance.

7 \* \* \*

8 §2220. Benefits; contribution limit

9 A. Eligibility for normal retirement, early retirement, and limitations.

10 (1)(a) Any member of this system who has completed at least twenty-five  
11 years of **creditable** service regardless of age, or any member who has completed at  
12 least twenty years **of creditable** service and has attained the age of fifty years, or any  
13 member who has completed at least twelve years **of creditable** service and has  
14 attained age fifty-five, shall be entitled to retire from service and upon such  
15 retirement shall be paid a retirement allowance equal to three and one-third percent  
16 of his average final compensation multiplied by his years of creditable service not  
17 to exceed one hundred percent of his average final compensation.

18 (b) Any member who has completed twenty or more years of creditable  
19 service, and who leaves employment covered by the Municipal Police Employees'  
20 Retirement System before attaining age fifty, shall be entitled to a retirement benefit  
21 beginning at age fifty. However, any member who has completed twenty years of  
22 creditable service shall be entitled to elect early retirement and receive an actuarially  
23 reduced retirement benefit. ~~This provision~~ **The provisions of this Subparagraph**  
24 shall not be construed to relieve any municipality of the obligation under any merger  
25 agreement of paying benefits to merged members until the attainment of eligibility  
26 for normal or early retirement in this system. Additionally, any member retiring  
27 ~~under this provision~~ **pursuant to the provisions of this Subparagraph** shall not be  
28 eligible for a cost-of-living adjustment until one full fiscal year after attaining normal  
29 retirement eligibility as ~~set out~~ **provided** in Subparagraph (1)(a) of this Subsection,

1 nor shall the member be eligible to participate in the Deferred Retirement Option  
2 Plan.

3 (c) Any member who has completed twelve years of creditable service, and  
4 who leaves employment covered by the Municipal Police Employees' Retirement  
5 System before attaining age fifty-five, shall be entitled to a retirement benefit  
6 beginning at age fifty-five.

7 (d) Any member of this system who has received free prior service credit in  
8 this system must have been a contributing member of this system for at least one  
9 year prior to being eligible for a regular retirement benefit.

10 ~~(e)~~**(2)(a)** Regardless of age, if a retiree of this system becomes an employee  
11 as defined in R.S. 11:2213, payment of retirement benefits shall be suspended and  
12 the employee and employer shall contribute to the system toward creditable service.

13 ~~(f)~~**(b)** Upon termination of employment, the monthly benefit which had been  
14 suspended shall resume being paid to the retiree. ~~The retiree may not change the~~  
15 ~~option which was elected under the original retirement computation.~~

16 ~~(g) Upon termination of employment, the~~ **The** retiree shall receive an  
17 additional retirement benefit based on his additional service rendered since  
18 reemployment using the normal method of computation of benefits or as provided  
19 in Subparagraph ~~(h)~~**(c)** of this Paragraph, subject to the following:

20 (i) If the period of additional service was ~~less than thirty-six months~~ **shorter**  
21 **than his average final compensation period**, the average final compensation figure  
22 used to calculate the additional benefit shall be that used to calculate his original  
23 benefit.

24 (ii) If the period of additional service was ~~thirty-six or more months~~ **equal**  
25 **to or longer than his average final compensation period**, the average final  
26 compensation figure used to calculate the additional benefit shall be based on his  
27 average compensation earned during the period of additional service.

28 (iii) The option used shall be that applicable to the original benefit. **The**  
29 **retiree may not change the option which was elected under the original**

1           **retirement computation.**

2                   (iv) The additional benefit shall not exceed an amount which, when combined  
3 with the original benefit, equals one hundred percent of the average final  
4 compensation figure used to compute the additional benefit.

5                   (v) If the member dies or acquires a disability during the period of additional  
6 service, he shall be considered as having ~~retired~~ **terminated employment** on the  
7 date of death or commencement of disability.

8                   (vi) In no event shall an employed retiree who becomes reenrolled in the  
9 system ~~under~~ **pursuant to** the provisions of this Section be allowed to participate in  
10 the ~~deferred retirement option plan~~ **Deferred Retirement Option Plan.**

11                   ~~(h)~~ **(c)** Initial benefit option:

12                   (i) The retiree may elect to receive the additional retirement benefit payable  
13 pursuant to Subparagraph ~~(g)~~ **(b)** of this Paragraph as an initial benefit plus a reduced  
14 monthly retirement allowance equal to the actuarially equivalent amount of his  
15 maximum additional retirement benefit.

16                   (ii) The initial benefit, as elected by the retiree, shall not exceed an amount  
17 equal to thirty-six payments of his maximum additional retirement benefit.

18                   (iii) The retiree, at his option, shall receive the initial benefit **provided**  
19 **pursuant to this Subparagraph** as a lump-sum payment, or it shall be placed in a  
20 ~~liquid asset money market~~ **an** investment account established **and administered** in  
21 accordance with the ~~same~~ procedures set forth in R.S. 11:2221 **based on the**  
22 **establishment date of the retiree's investment account.**

23                   (iv) The additional benefit received by the retiree and the beneficiary or  
24 survivor shall be actuarially reduced by a prorated amount calculated to offset the  
25 cost of the initial benefit payment.

26                   (v) Cost-of-living adjustments shall not be payable on the retiree's initial  
27 benefit.

28                   ~~(2)~~**(3)** When any municipality merges its active members into the system, the  
29 persons merged shall not be eligible to receive a benefit from the system until one

1 year after the effective date of the merger. However, if a member who is merged into  
2 the system; would normally be eligible to retire based on his age and total years of  
3 **creditable** service ~~credit~~, prior to one year after the merger, he may retire, and the  
4 benefits shall be the obligation of the municipality until one year after the date of the  
5 merger.

6 \* \* \*

7 §2221. Deferred Retirement Option Plan

8 \* \* \*

9 F.~~(1)~~ A person who participates in this **program plan** shall not be eligible to  
10 receive a cost-of-living ~~increase~~ **adjustment** while participating and shall not be  
11 eligible until his employment which makes him eligible to be a member of this  
12 system has been terminated for at least one full fiscal year.

13 ~~(2)~~**G.(1)** With respect to any individual who was eligible to participate in the  
14 Deferred Retirement Option Plan prior to January 1, 2004, after a person terminates  
15 his participation in this **program plan**, his individual account balance in the plan  
16 shall earn interest at a rate of one-half of one percent below the percentage rate of  
17 return of the system's investment portfolio as certified by the actuary in his yearly  
18 ~~evaluation~~ **valuation** report, said interest to be credited to his individual account  
19 balance on an annual basis. **After June 30, 2019, any person covered by the**  
20 **provisions of this Paragraph may make an irrevocable election to transfer his**  
21 **account to the self-directed program established pursuant to Paragraph (4) of**  
22 **this Subsection by agreeing in writing to the provisions of Subparagraph (4)(c)**  
23 **of this Subsection.**

24 **(2)(a)** With respect to any individual who becomes eligible to participate in  
25 the Deferred Retirement Option Plan on or after January 1, 2004, **and before**  
26 **July 1, 2019**, except as provided in Subparagraph ~~(d)~~**(b)** of this Paragraph **and**  
27 **Paragraph (3) of this Subsection**, all amounts which remain credited to the  
28 individual's ~~subaccount~~ **account** after termination of participation in the plan shall  
29 be placed in liquid asset money market investments at the discretion of the board of

1 trustees. Such account ~~balances~~ **balance** may be credited with interest at the actual  
2 rate of return earned on such account balance investments less one-fourth of one  
3 percent per annum; ~~or at.~~

4 **(b)(i) At the option of the system board of trustees, the funds amounts**  
5 **which remain credited to the individual's account** may be credited **transferred**  
6 to ~~subaccounts as herein~~ **an account with a third-party provider** established:  
7 **pursuant to the provisions of Paragraph (4) of this Subsection.**

8 **(ii) As soon as practicable after June 30, 2019, the board shall transfer**  
9 **all individual accounts established pursuant to this Paragraph to the stable**  
10 **value fund of the third-party provider selected in accordance with the**  
11 **provisions of Paragraph (4) of this Subsection.**

12 **(c) After his account has been transferred to the stable value fund, any**  
13 **person covered by the provisions of this Paragraph may make an irrevocable**  
14 **election to participate in the self-directed portion of the program established**  
15 **pursuant to Paragraph (4) of this Subsection by informing the board of his**  
16 **election to do so and agreeing in writing to the provisions of Subparagraph**  
17 **(4)(c) of this Subsection.**

18 (a) ~~The contributing period shall mean that time period when funds are being~~  
19 ~~credited to the participant's subaccount which is maintained by the system.~~

20 (b) ~~After the contributing period ends, the balance of the subaccount then~~  
21 ~~may be transferred to a self-directed subaccount, which shall be known as the~~  
22 ~~investment period. Both subaccounts shall be within the Deferred Retirement Option~~  
23 ~~Plan established herein. Management of the funds shall be by the system during the~~  
24 ~~contributing period. When the funds are transferred to the self-directed subaccount~~  
25 ~~for the investment period, the system is authorized to hire a third party provider. The~~  
26 ~~third party provider shall act as an agent of the system for purposes of investing~~  
27 ~~balances in the self-directed subaccounts of the participant as directed by the~~  
28 ~~participant. The participant shall be given such options that comply with federal law~~  
29 ~~for self-directed plans.~~

1           ~~(c) The participant in the self-directed portion of this plan agrees that the~~  
2           ~~benefits payable to the participant are not the obligations of the state or the system,~~  
3           ~~and that any returns and other rights of the plan are the sole liability and~~  
4           ~~responsibility of the participant and the designated provider to which contributions~~  
5           ~~have been made. Furthermore, each participant, in accordance with this provision,~~  
6           ~~shall expressly waive his rights as set forth in Article X, Section 29(A) and (B) of the~~  
7           ~~Louisiana Constitution as it relates to his subaccount in the self-directed portion of~~  
8           ~~the plan. By participating in the self-directed portion of the plan, the participant~~  
9           ~~agrees that he and the provider shall be responsible for complying with all applicable~~  
10           ~~provisions of the Internal Revenue Code. The participant also agrees that if any~~  
11           ~~violation of the Internal Revenue Code occurs as a result of the participant's~~  
12           ~~participation in the self-directed portion of the plan, it shall be the sole responsibility~~  
13           ~~and liability of the participant and the provider, not the state or the system. There~~  
14           ~~shall be no liability on the part of and no cause of action of any nature shall arise~~  
15           ~~against the state, the system, or its agents or employees, for any action taken by the~~  
16           ~~participant for choices the participant makes in relationship to the funds in which he~~  
17           ~~chooses to place his subaccount balance.~~

18           ~~(d)(i)(3)(a)(i)~~ Notwithstanding any provision of this Paragraph **(2) of this**  
19           ~~Subsection~~ to the contrary, any individual who became ~~or becomes~~ eligible to  
20           participate in the Deferred Retirement Option Plan on or after January 1, 2004, **and**  
21           **before July 1, 2019,** may make an irrevocable written election to waive his rights  
22           as protected by the Constitution of Louisiana relative to the interest earned by his  
23           Deferred Retirement Option Plan account. For any ~~such~~ person who makes such an  
24           irrevocable election, upon termination of participation in the plan, his individual  
25           account balance in the plan shall earn interest at a rate of one-half of one percent  
26           below the percentage rate of return of the system's investment portfolio for each  
27           fiscal year as certified by the system's actuary in ~~the actuarial~~ **his yearly valuation**  
28           report. However, by making such an election, the person shall expressly  
29           acknowledge that his account shall be debited in the event the system's investment

1 portfolio experiences a rate of return of less than a positive one-half of one percent,  
2 ~~or~~ **including** a negative earnings rate. The member shall further expressly  
3 acknowledge his consent to having the value of his account balance permanently  
4 reduced as a result of the devaluation of system assets caused by such a rate. As a  
5 precondition of making this election, the member shall expressly acknowledge his  
6 understanding of the possibility of such account reductions. If an account is required  
7 to be debited and insufficient monies are available in the account for this purpose,  
8 the member's monthly retirement benefit shall be suspended or reduced until such  
9 time as such debit has been recouped in full by the system.

10 (ii) The provisions of this Subparagraph shall apply prospectively only,  
11 beginning July 1, 2008, **and shall terminate June 30, 2019.** ~~Any member who~~  
12 ~~participated in the Deferred Retirement Option Plan between January 1, 2004, and~~  
13 ~~the effective date of this Subparagraph may make the election authorized by this~~  
14 ~~Subparagraph only within sixty days after the effective date of this Subparagraph.~~  
15 ~~Any member who becomes eligible for participation in the Deferred Retirement~~  
16 ~~Option Plan after the effective date of this Subparagraph, may only make the election~~  
17 ~~authorized herein prior to participation in the plan.~~

18 (iii) ~~(b)~~ **(b)** Any individual who does not elect to waive his rights pursuant to this  
19 Subparagraph **(a) of this Paragraph** shall continue to be governed by the provisions  
20 of this Subsection which are otherwise applicable to individuals who became or  
21 ~~becomes~~ **become** eligible to participate in the Deferred Retirement Option Plan on  
22 or after January 1, 2004, **and before July 1, 2019.**

23 (iv) ~~(c)~~ **(c)** The board of trustees may make, alter, amend, and promulgate rules  
24 necessary for the implementation and administration of this ~~Subparagraph~~  
25 **Paragraph.**

26 **(d) After June 30, 2019, any person covered by the provisions of this**  
27 **Paragraph may make an irrevocable election to transfer his account to the self-**  
28 **directed program established pursuant to Paragraph (4) of this Subsection by**  
29 **agreeing in writing to the provisions of Subparagraph (4)(c) of this Subsection.**

1           (4)(a) The board of trustees shall select a third-party provider to  
2           administer a self-directed investment program for Deferred Retirement Option  
3           Plan accounts. As provided in Item (2)(a)(ii) of this Subsection, the board shall  
4           transfer the existing money market accounts to the third-party provider as soon  
5           as practicable after June 30, 2019.

6           (b) The third-party provider selected shall act as an agent of the system  
7           for the purpose of investing the balance in the self-directed account of the  
8           participant as directed by the participant. The participant shall be given  
9           investment options that comply with federal law for self-directed plans;  
10          however, the provider shall have as an investment option a stable value fund  
11          that preserves the participant's principal.

12          (c) By participating in the self-directed portion of the program, the  
13          participant agrees to all of the following:

14           (i) That he expressly waives his rights protected by the Constitution of  
15           Louisiana relative to the interest earned by his Deferred Retirement Option  
16           Plan account.

17           (ii) That he and the provider shall be responsible for complying with all  
18           applicable provisions of the Internal Revenue Code and that he and the  
19           provider, and not the state or the system, bear the sole responsibility and  
20           liability for any violation of the Internal Revenue Code that occurs as a result  
21           of his participation in the self-directed portion of the program.

22           (iii) That there shall be no liability on the part of and no cause of action  
23           of any nature shall arise against the state, the system, or its agents or employees,  
24           for any action taken by the participant for choices he makes in relation to the  
25           investments in which he chooses to place his account balance.

26           (iv) The benefits payable to the participant are not the obligation of the  
27           state or the system, and any returns and other rights of the plan are the sole  
28           liability and responsibility of the participant and the provider.

29          (5)(a) With respect to any individual who becomes eligible to participate

1 in the Deferred Retirement Option Plan on or after July 1, 2019, by  
 2 participating in the plan, he expressly agrees to the provisions of Subparagraph  
 3 (4)(c) of this Subsection.

4 (b) All amounts which remain credited to the individual's account after  
 5 termination of participation in the plan shall be transferred to the stable value  
 6 fund of the third-party provider.

7 H. Upon termination of employment ~~at the end of the specified period of~~  
 8 ~~participation,~~ a participant in the program plan may keep his funds on deposit until  
 9 he chooses to withdraw them. When the participant elects to make a withdrawal  
 10 from his account, he shall receive, at his option, a ~~lump-sum~~ lump-sum payment  
 11 of from the account equal to the payments to the account balance, a partial lump-  
 12 sum payment from the account, or a true annuity based upon his account, or he  
 13 may elect any other method of payment if approved by the board of trustees. The  
 14 monthly benefits that were being paid into the ~~fund~~ account during the period of  
 15 participation shall begin being paid to the retiree.

16 I.(1)~~(a)~~ If a participant dies during the period of participation in the program,  
 17 ~~and he selected an optional allowance designating his spouse as beneficiary, such~~  
 18 ~~beneficiary plan,~~ the following shall apply:

19 (a) If the participant's designated beneficiary of the plan account is the  
 20 participant's surviving spouse, and:

21 (i) The surviving spouse will not receive a monthly survivor annuity  
 22 because of the participant's death, then the surviving spouse shall receive a  
 23 lump-sum payment of the participant's account balance within ninety days of  
 24 the death of the participant.

25 (ii) The surviving spouse will receive a monthly survivor annuity because  
 26 of the participant's death, then the surviving spouse may elect to keep the funds  
 27 on deposit until the spouse elects to withdraw the funds. Upon such election to  
 28 withdraw, the surviving spouse shall receive, at the surviving spouse's option of  
 29 the beneficiary a ~~lump sum~~ a lump-sum payment of the participant's account

1 balance, a partial lump-sum payment thereof, or a true annuity based upon the  
2 account balance, or the beneficiary surviving spouse may elect any other method  
3 of payment approved by the board of trustees as if the participant had retired on the  
4 date of death; in addition, the normal benefits payable to the designated beneficiary  
5 under the option selected shall be payable. The surviving spouse may designate a  
6 beneficiary, who will be required to receive a lump-sum payment of the  
7 surviving spouse's account balance within ninety days of the death of the  
8 surviving spouse.

9 (b) ~~In the event~~ If the participant's designated beneficiary of the plan  
10 account is ~~not~~ other than the participant's surviving spouse, and ~~is entitled to~~  
11 ~~monthly benefits under the option selected, such:~~

12 (i) The beneficiary will not receive a monthly survivor annuity because  
13 of the participant's death, then the beneficiary shall receive a lump-sum  
14 payment of the participant's account balance within ninety days of the death of  
15 the participant.

16 (ii) The beneficiary will receive a monthly survivor annuity because of  
17 the participant's death, then the beneficiary shall ~~receive, at his option, a lump~~  
18 ~~sum payment of the participant's account balance or he may elect to receive the~~  
19 participant's plan account balance ~~in the account~~ under any method that will cause  
20 a total distribution of the account over a period not to exceed five ~~years, in~~ years,  
21 whether by lump sum payment of the participant's account balance, or partial  
22 lump sum payments, or other substantially equal payments. In addition, the  
23 normal benefits payable to the designated beneficiary under the option selected shall  
24 become payable. The designated beneficiary may designate a beneficiary, who  
25 will be required to receive a lump sum payment of the designated beneficiary's  
26 account balance within ninety days of the death of the designated beneficiary.

27 (c) If a participant whose account is not invested with the third-party  
28 provider pursuant to Paragraph (F)(4) of this Subsection dies after June 30,  
29 2019, while participating in the plan and the designated beneficiary of his plan

1 account balance is not required to withdraw that account balance in a lump-  
2 sum, the account balance shall be transferred to the stable value fund of the  
3 self-directed program unless the beneficiary elects to invest some or all of the  
4 account balance in the self-directed portion of the program pursuant to the  
5 requirements set forth in Paragraph (G)(4) of this Section.

6 ~~(e)~~ **(d)** If there is no designated beneficiary, a ~~lump sum~~ **lump-sum** payment  
7 of the participant's account balance shall be paid to his estate.

8 (2)(a) If a participant terminates employment prior to the end of the specified  
9 period of participation he shall receive, at his option, a ~~lump sum~~ **lump-sum**  
10 payment from the account equal to the ~~payments to the account,~~ **balance in the**  
11 **account** or a true annuity based upon his account balance, or he may elect any other  
12 method of payment if approved by the board of trustees.

13 (b) The monthly benefits that were paid into the ~~fund~~ **account** during the  
14 period of participation shall begin being paid to the retiree.

15 J.~~(H)~~ If employment is not terminated at the end of the period specified for  
16 participation, payments into the account shall cease. Payment from the account shall  
17 not be made until employment is terminated; nor shall the monthly benefits being  
18 paid into the ~~fund~~ **account** during the period of participation be payable to the  
19 individual until he terminates employment.

20 ~~(2) Upon termination of employment a member shall receive, at his option,~~  
21 ~~a lump sum payment from the account equal to the payments to the account, or a~~  
22 ~~true annuity based upon his account balance, or he may elect any other method of~~  
23 ~~payment if approved by the board of trustees.~~

24 K. The following shall also apply if employment is not terminated at the end  
25 of the period of participation:

26 (1) If employment is not terminated at the end of the period specified for  
27 participation, ~~he~~ **the participant** shall resume active contributing membership in the  
28 system.

29 (2) Upon termination of employment, the monthly benefits which were being

1 paid to the ~~fund~~ **account** shall begin to be paid to ~~him~~ **the participant**. He may not  
2 change the ~~option~~ **optional allowance** which was originally selected **pursuant to**  
3 **R.S. 11:2224 when he began participation in the plan.**

4 (3) Upon termination of employment, he shall receive an additional  
5 retirement benefit based on his additional service rendered since termination of  
6 participation in the ~~fund~~ **plan**, using the normal method of computation of benefit,  
7 subject to the following:

8 (a) If his period of additional service was ~~less than thirty-six months~~ **shorter**  
9 **than his average compensation period**, the average final compensation figure used  
10 to calculate the additional benefit shall be that used to calculate his original benefit.

11 (b) If his period of additional service was ~~thirty-six or more months~~ **equal to**  
12 **or longer than his average final compensation period**, the average final  
13 compensation figure used to calculate the additional benefit shall be based on his  
14 compensation during the period of additional service.

15 (c) The option used shall be that applicable to the original benefit, **as**  
16 **provided in Paragraph (2) of this Subsection.**

17 (d) The additional benefit shall not exceed an amount which, when combined  
18 with the original benefit, equals one hundred percent of the average final  
19 compensation figure used to compute the additional benefit.

20 (4)(a) If ~~he~~ **the participant** dies or acquires a disability during the period of  
21 additional service, he shall be considered as having ~~retired~~ **terminated employment**  
22 on the date of death or commencement of disability.

23 (b) In the event he dies, his designated beneficiary, or if none, his estate, shall  
24 receive payment from his account in accordance with the provisions of Subsection I  
25 of this Section.

26 L. A retiree whose benefit has been suspended ~~under~~ **pursuant to** the  
27 provisions of R.S. ~~11:2220(A)(1)(c)~~ **11:2220(A)(2)(a)** shall not be eligible to  
28 participate in the ~~deferred retirement option plan~~ **Deferred Retirement Option**  
29 **Plan.**



administer a self-directed investment program for these lump-sum accounts.

Proposed law retains present law.

Proposed law provides for transfer of DROP and IBO accounts to a self-directed program established under present law. Provides for all accounts not receiving earnings at the rate the system earns to be transferred to the Stable Value Fund of the self-directed program as soon as practicable after June 30, 2019. Further provides for participants with accounts that are receiving earnings at the rate the system earns to elect to transfer their accounts to the self-directed program.

Proposed law specifies that all future accounts shall be transferred to the Stable Value Fund of the self-directed program for investment.

Proposed law provides for compliance with the Internal Revenue Code regarding the distribution of DROP account funds after the death of the participant.

#### BOTH SYSTEMS:

For both systems, proposed law provides waivers of liability that a self-directed plan or program participant agrees to when he elects participation in such plan or program. Such waivers include:

- (1) That the benefits payable from the self-directed account are not the obligations of the state or the system.
- (2) That the participant and the selected third-party provider bear all liability and responsibility for returns and other rights under the account.
- (3) That the participant waives his constitutional guarantees of payment and protections against diminished or impaired benefits.
- (4) That the participant and the third-party provider bear all responsibility for complying with applicable I.R.S. provisions and regulations.
- (5) That the state and the system and all agents of the state and the system are not liable for choices the participant makes as to his investments.

Effective June 30, 2019.

(Amends R.S. 11:1312.1(D)(4), 2220(A), and 2221(F) and (H) through (L); adds R.S. 11:1312.1(E) and 2221(G) and (N))