

SENATE BILL NO. 57

BY SENATORS B. GAUTREAUX AND NEVERS

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

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AN ACT

To amend and reenact R.S. 11:62(10), 1307(E), and 1335(B), to enact R.S. 11:1312.1, and to repeal R.S. 11:1307(C) and 1312, relative to the State Police Pension and Retirement System; to create the Back-Deferred Retirement Option Program; to provide for eligibility, procedures for application, and calculation of benefits of such program; to provide for effective dates; and to provide for related matters.

Notice of intention to introduce this Act has been published.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 11:62(10), 1307(E), and 1335(B) are hereby amended and reenacted and R.S. 11:1312.1 is hereby enacted to read as follows:

§62. Employee contribution rates established

Employee contributions to state and statewide public retirement systems shall be paid at the following rates:

* * *

(10) State Police Pension and Retirement System – 8.5%.

* * *

§1307. Persons eligible to retire on basis of service and age; retirement salaries

* * *

E. In lieu of receiving the regular retirement salary computed pursuant to Subsection A of this Section, a member of the system who ~~has~~ **does** not participated in the ~~Back-Deferred Retirement Option Plan~~ **Program** provided by the provisions of this Chapter and who is eligible for a regular retirement salary computed pursuant to Subsection A of this Section may elect to receive a reduced retirement salary plus an initial benefit, provided the initial benefit, together with the reduced retirement

1 salary, shall be certified by the actuary to be actuarially equivalent to the member's
 2 regular retirement salary computed pursuant to Subsection A of this Section. The
 3 amount of the initial benefit, as determined by the member, shall not exceed an
 4 amount equal to the member's maximum monthly retirement salary multiplied by
 5 thirty-six, and **The initial benefit** shall, at the option of the member, be paid ~~either~~
 6 ~~in accordance with the provisions of R.S. 11:1312, or as a lump-sum payment. The~~
 7 ~~initial benefit shall be~~ **as a lump sum or** placed in an **interest-earning** account in
 8 accordance with R.S. 11:1312.**1(D)(4)** and interest will be paid on any balance in the
 9 ~~account in accordance with R.S. 11:1312.~~ Cost-of-living adjustments granted by the
 10 board of trustees to retirees who elect to receive a reduced retirement salary and an
 11 initial benefit shall be based only on the reduced retirement salary and shall not be
 12 based on the initial benefit ~~whether it is paid either as a lump-sum or pursuant to R.S.~~
 13 ~~11:1312(H).~~

14 * * *

15 **§1312.1. Back-Deferred Retirement Option Program**

16 **A.(1) There is hereby created an optional retirement benefit program for**
 17 **members of the system called the "Back-Deferred Retirement Option Program"**
 18 **which shall be referred to in this Chapter as "Back-DROP."**

19 **(2) In lieu of receiving a normal retirement benefit pursuant to R.S.**
 20 **11:1307 through 1310, an eligible member of the system may elect to retire and**
 21 **have his benefits structured, calculated, and paid as provided in this Section.**

22 **B. An active, contributing member of the system shall be eligible for**
 23 **Back-DROP only if both of the following are satisfied:**

24 **(1) The member has accrued more service credit than the minimum**
 25 **required for eligibility for a normal retirement benefit.**

26 **(2) The member has attained an age that is greater than the minimum**
 27 **required for eligibility for a normal retirement benefit, if applicable.**

28 **C. At the time of retirement, a member who elects to receive a Back-**
 29 **DROP benefit shall select a Back-DROP period to be specified in whole months.**
 30 **The duration of the Back-DROP period shall not exceed the lesser of thirty-six**

1 months or the number of months of creditable service accrued after the member
2 first attained eligibility for normal retirement. The Back-DROP period shall
3 be comprised of the most recent calendar days corresponding to the member's
4 employment for which service credit in the system accrued.

5 D.(1) The Back-DROP benefit shall have two portions: a monthly benefit
6 portion and a lump-sum portion.

7 (2) The member's Back-DROP monthly benefit shall be calculated
8 pursuant to the provisions applicable for service retirement set forth in R.S.
9 11:1307 through 1310, subject to the following conditions:

10 (a) For purposes of this Paragraph, creditable service shall not include
11 service credit reciprocally recognized pursuant to R.S. 11:142.

12 (b) Accrued service credit at retirement shall be reduced by the Back-
13 DROP period.

14 (c) The sum of the Back-DROP period and the accrued service credit
15 used to calculate the member's monthly benefit shall not exceed thirty years.

16 (d) Final average compensation shall be calculated by excluding all
17 earnings during the Back-DROP period.

18 (e) Employer contributions received by the retirement system during the
19 Back-DROP period and any interest that has accrued on employer and
20 employee contributions received during the period shall be retained by the
21 system and shall not be refunded to the member or to the employer.

22 (f) Employee contributions received by the retirement system during the
23 Back-DROP period shall, at the member's election, be refunded to the member
24 without interest or deposited directly into the member's Back-DROP account.

25 (g) The member's Back-DROP monthly benefit shall be calculated based
26 upon the member's age and service and the system statutes and other plan
27 provisions in effect on the last day of creditable service before the Back-DROP
28 period.

29 (h) At retirement, the member's maximum monthly retirement benefit
30 payable as a life annuity shall be equal to the Back-DROP monthly benefit.

1 contributions in compliance with Article X, Section 29(E)(5)(b) of the Constitution of
2 Louisiana.

3 Section 4. Statutory authority for beginning participation in the Deferred Retirement
4 Option Plan of the State Police Pension and Retirement System shall cease on September 30,
5 2009. Each member who is participating in that plan on September 30, 2009, shall complete
6 his period of participation, subject to the terms and provisions in effect on the date he began
7 participation in that plan. Members who have participated in the Deferred Retirement
8 Option Plan shall continue to be subject to the terms and provisions of the system in effect
9 on September 30, 2009, including leave conversion provisions.

10 Section 5. A. The provisions of Sections 1, 2, and 3 of this Act shall become
11 effective on October 1, 2009; if vetoed by the governor and subsequently approved by the
12 legislature, the provisions of Sections 1, 2, and 3 of this Act shall become effective on
13 October 1, 2009, or on the day following such approval by the legislature, whichever is later.

14 B. The provisions of Sections 4 and 5 of this Act shall become effective on
15 September 30, 2009; if vetoed by the governor and subsequently approved by the legislature,
16 the provisions of Sections 4 and 5 of this Act shall become effective on September 30, 2009,
17 or on the day following such approval by the legislature, whichever is later.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____