

Regular Session, 2010

SENATE BILL NO. 14

BY SENATOR APPEL

RETIREMENT BENEFITS. Provides relative to the Louisiana State Employees' Retirement System (LASERS) and allows for a change in beneficiary for purposes of joint and survivor annuities.(7/1/10)

1 AN ACT

2 To amend and reenact R.S. 11:416(A)(3)(a) and to enact R.S. 11:446(G), relative to the
3 Louisiana State Employees' Retirement System; to allow for a change in beneficiary
4 in certain circumstances and in relation to certain supplemental benefits; to provide
5 for an effective date; and to provide for related matters.

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

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 11:416(A)(3)(a) is hereby amended and reenacted and R.S.
9 11:446(G) is hereby enacted to read as follows:

10 §416. Employment of retirees

11 A. Regardless of age, if a retiree of the system is engaged or hereafter
12 engages in employment which otherwise would render him eligible for membership
13 in the system, he shall choose one of the following irrevocable options:

14 * * *

15 (3)(a) Option 3. The retiree may request immediate suspension of his benefit
16 and become a member of this system, effective on the first day of reemployment.

17 Upon such regaining of membership, he shall contribute thereafter at the current

1 contribution rate as applicable to his position. Upon subsequent retirement, his
 2 suspended retirement allowance shall be restored to full force and effect. In addition,
 3 if he has worked and contributed for at least thirty-six months, his retirement
 4 allowance shall be increased by an amount attributable to his service and average
 5 compensation since reemployment based on the computation formula in effect at the
 6 time of subsequent retirement. If he has been reemployed for a period less than
 7 thirty-six months, upon termination of reemployment the contributions paid by the
 8 retiree since his reemployment shall, upon application, be refunded to the retiree. In
 9 no event shall the member receive duplicate credit for unused sick and annual leave
 10 that had been included in the computation of his original retirement allowance. Any
 11 supplemental benefit shall be based on reemployment service credit only and shall
 12 not include any other specific amount which may otherwise be provided in the
 13 regular retirement benefit computation formula. In the event of the member's death
 14 prior to subsequent retirement, payment of benefits to the designated beneficiary or
 15 survivor shall be in accordance with the option selected by the member at the time
 16 of his original retirement. No change in the option originally selected by the member
 17 shall be permitted except as provided in R.S. 11:446(C) and (G). In no event shall
 18 the supplemental benefit exceed an amount which, when combined with the original
 19 benefit, equals one hundred percent of the average compensation figure used to
 20 compute the supplemental benefit. Under no circumstances shall any person who has
 21 regained membership pursuant to the provisions of this Paragraph be allowed to
 22 purchase service credit for any period employed in the state service during which he
 23 continued to draw his retirement allowance.

* * *

§446. Mode of payment where option elected

* * *

27 **G. Notwithstanding any other provision of law to the contrary, if any**
 28 **reemployed retiree, upon his initial retirement, selected a former spouse as his**
 29 **beneficiary pursuant to Subsection A of this Section, such reemployed retiree**

1 shall be permitted to name his current spouse as beneficiary for the purposes
 2 of any supplemental benefit accruing after the date of his reemployment, to the
 3 extent that any service credit upon which such supplemental benefit is based did
 4 not accrue during his marriage to his former spouse. Upon subsequent
 5 retirement, the retiree shall select an option under Subsection A of this Section
 6 to apply to the supplemental benefit.

7 Section 2. The cost of this Act, if any, shall be funded with additional employer
 8 contributions in compliance with Article X, Section 29(E)(5)(b) of the Constitution of
 9 Louisiana.

10 Section 3. This Act shall become effective on July 1, 2010; if vetoed by the governor
 11 and subsequently approved by the legislature, this Act shall become effective on July 1,
 12 2010, or on the day following such approval by the legislature, whichever is later.

The original instrument and the following digest, which constitutes no part
 of the legislative instrument, were prepared by Lauren B. Bailey.

DIGEST

Present law (R.S. 11:416) allows a retiree of the Louisiana State Employees' Retirement System (LASERS) to be reemployed in a LASERS-covered position. Provides various "options" for how the retiree's benefit is affected by the reemployment, from which the retiree must make an irrevocable choice at the time he becomes reemployed. Present law Option 3 allows the reemployed retiree to earn a supplemental benefit.

Present law provides that no change in the mode of payment originally selected by the person pursuant to present law (R.S. 11:446) is permitted except in the case of correction of an administrative error.

Present law (R.S. 11:446) generally provides for various modes of payment of retirement benefits from which a LASERS member may choose when he applies for retirement. Generally, a member may elect to receive the "maximum" benefit payable throughout his life, or he may choose the actuarial equivalent of his benefit in a reduced allowance payable throughout his life, with a named beneficiary to receive some amount after the retiree's death. Present law provides various "options" to the member for choosing an allowance amount to be paid to a beneficiary upon his death. Generally, no change in the option or the designated beneficiary may be made once the application for retirement has been filed.

Proposed law allows a reemployed LASERS retiree who previously named a prior spouse as beneficiary upon retiring initially to designate his current spouse as beneficiary for the purposes of any supplemental benefits that accrued after his reemployment, but only to the extent that such supplemental benefit did not accrue during his marriage to his previous spouse. Proposed law requires such person to select the form of allowance pursuant to present law for the purposes of such supplemental benefit.

Proposed law requires that any cost of proposed law shall be funded with additional employer contributions in compliance with Art. X, §29(E)(5)(b) of the state constitution.

Effective July 1, 2010.

(Amends R.S. 11:416(A)(3)(a); adds R.S. 11:446(G))