

2020 Regular Session

HOUSE BILL NO. 18

BY REPRESENTATIVE BACALA

RETIREMENT/MUNICIPAL POL: Provides relative to contributions to and the administration of the Municipal Police Employees' Retirement System

1 AN ACT

2 To amend and reenact R.S. 11:2220(G), 2221(C) and (E)(1)(a), 2225(A)(1), 2225.4(B), and  
3 2227(B)(1)(b), (G), and (J) and to enact R.S. 11:2225(G), relative to the Municipal  
4 Police Employees' Retirement System; to provide relative to employer and employee  
5 contributions and the reporting thereof; to provide for suspension of benefit  
6 payments and extension of Deferred Retirement Option Plan participation period  
7 under certain circumstances; to provide with regard to interest and penalties for  
8 delinquent contributions; and to provide for related matters.

9 Notice of intention to introduce this Act has been published  
10 as provided by Article X, Section 29(C) of the Constitution  
11 of Louisiana.

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. R.S. 11:2221(C), 2225(A)(1), 2225.4(B), and 2227(G) and (J) are hereby  
14 amended and reenacted and R.S. 11:2225(G) is hereby enacted to read as follows:

15 §2221. Deferred Retirement Option Plan

16 \* \* \*

17 C. The duration of participation in the plan shall be specified and shall not  
18 exceed three years. However, if employer contributions on behalf of a participant  
19 are suspended during the participation period as a result of interruption of  
20 employment, benefit payments into the participant's subaccount within the plan shall

1 be suspended until payment of employer contributions is restored, and the member's  
2 participation period shall be extended by the number of months his benefit payments  
3 were suspended. In such a case, the participation period may exceed three calendar  
4 years but shall not exceed thirty-six nonconsecutive months of participation.

5 \* \* \*

6 §2225. Administration

7 A.(1) The general administration and responsibility for the proper operation  
8 of the retirement system and for making effective the provisions of this Chapter are  
9 hereby vested in a board of trustees which shall be organized immediately after a  
10 majority of the trustees provided for in this Section shall have qualified and taken the  
11 oath of office. The board of trustees may make, amend, and promulgate rules and  
12 otherwise provide for the establishment and maintenance of the system as authorized  
13 by this Title.

14 \* \* \*

15 G. All employers shall report separately the amount of compensation paid  
16 for overtime on their monthly contribution reports.

17 \* \* \*

18 §2225.4. Unfunded accrued liability; payment by employer

19 \* \* \*

20 B.(1) Any amount due pursuant to Subsection A of this Section shall be  
21 determined by the actuary employed by the system and shall be amortized over  
22 fifteen years in equal payments with interest at the system's valuation interest rate.  
23 Payments shall be payable beginning July first of the fiscal year following the  
24 ~~withdrawal~~ determination by the actuary and in the same manner as regular payroll  
25 payments to the system.

26 (2) If the number of participating employees of an employer subject to  
27 Paragraph (A)(2) of this Section returns to at least the number of participating  
28 employees as of the June thirtieth immediately preceding the withdrawal, the  
29 payments required by this Section shall cease on the July first following the

1 determination by the actuary that a sufficient increase in participating employees has  
2 occurred, and no further payments shall be due with respect to the withdrawal. Any  
3 payments made pursuant to this Section ~~will~~ shall be credited as an offset of any  
4 amounts due by the employer attributable to any subsequent withdrawal that occurs  
5 within fifteen years of the payments.

6 \* \* \*

7 §2227. Method of financing

8 \* \* \*

9 G. The deferred retirement option plan shall be the account in which ~~shall~~  
10 ~~be accumulated~~ all payments made pursuant to R.S. ~~11:2221~~ 11:2221(E)(3)  
11 accumulate. Interest shall be credited to the account as provided by R.S.  
12 ~~11:2221(F)(2)~~ 11:2221(G).

13 \* \* \*

14 J.(1) ~~Should~~ If any ~~municipality or other~~ employer ~~refuse~~ fails to transmit  
15 either employer's contributions or member's contributions within five days after ~~its~~  
16 their due date, the payment shall be delinquent. As used in this Subsection, "due  
17 date" means the close of the tenth day after the end of the month for which payment  
18 of employer's and member's contributions is applicable or deducted. In addition to  
19 the employer and member contributions owed, the employer shall submit an amount  
20 determined in accordance with Paragraph (2) of this Subsection.

21 (2)(a) Interest charged at the legal rate shall be due from the date the  
22 payment became delinquent.

23 (b) Any employer who becomes delinquent for a period in excess of ninety  
24 days in the collection and remittance of the amounts due as monthly contributions  
25 is also subject to a penalty of twenty-five percent of the aggregate monthly  
26 contributions due.

27 (c) Any employer who becomes delinquent for a period in excess of one  
28 hundred and eighty days in the collection and remittance of the amounts due as  
29 monthly contributions is liable for the greater of the amounts in Subparagraphs (a)

1 and (b) of this Paragraph and an amount equal to the actuarial cost of a purchase of  
2 the service credit for which contributions were not timely paid calculated by the  
3 system's actuary pursuant to R.S. 11:158(C).

4 (d) The employer that failed to transmit the required contributions in a timely  
5 manner shall also reimburse the system any legal and actuarial fees paid by the  
6 system in the collection of amounts pursuant to this Paragraph.

7 Section 2. R.S. 11:2220(G), 2221(E)(1)(a), and 2227(B)(1)(b) are hereby amended  
8 and reenacted to read as follows:

9 §2220. Benefits; contribution limit

10 \* \* \*

11 G. The retirement benefits provided by this Section shall not annually exceed  
12 one hundred percent of average final compensation; ~~and when a member has earned~~  
13 ~~benefits equal to one hundred percent of his average final compensation, no further~~  
14 ~~contributions shall be required of him.~~ However, when a member has earned  
15 benefits equal to one hundred percent of his final average compensation, the  
16 employer and the employee shall continue to pay their respective contributions to the  
17 system the employer's contribution.

18 \* \* \*

19 §2221. Deferred Retirement Option Plan

20 \* \* \*

21 E.(1)(a) Upon the effective date of the commencement of participation in the  
22 plan, membership in the system shall terminate ~~and neither employee nor employer~~  
23 ~~contributions shall be payable.~~ Employee contributions shall cease on  
24 commencement of participation, but employer contributions shall continue to be paid  
25 during the person's participation in the plan.

26 \* \* \*

27 §2227. Method of financing

28 \* \* \*



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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)]

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HB 18 Original

2020 Regular Session

Bacala

**Abstract:** Provides for the reporting of contributions within the Municipal Police Employees' Retirement System (MPERS), for suspension of benefit payments and extension of participation in the Deferred Retirement Option Plan (DROP), establishes interest and penalties for delinquent contributions, and gives the board of directors the authority to promulgate rules.

Present law provides that the duration of participation in the Deferred Retirement Option Plan (DROP) shall not exceed three years. Proposed law retains present law and provides that if employer contributions are suspended during the participation period as a result of interruption of employment, the member's participation period shall be extended by the number of months his benefit payments were suspended.

Present law further provides that upon the effective date of commencement of participation in DROP, neither employee nor employer contributions are payable. Proposed law provides that employee contributions shall cease but employer contributions shall continue to be payable.

Present law provides for the payment of unfunded accrued liability by employers participating in the system that fully dissolves its police department and contracts for police services with another entity. Present law further provides that payments are payable beginning July first of the fiscal year following the withdrawal from the system by the participating employer. Proposed law provides that payments are payable following the determination by the system actuary of the amount owed.

Proposed law provides that delinquent payments of employee or employer contributions by an MPERS employer are subject to the following:

- (1) Interest charged at the legal rate from the date the payment became delinquent.
- (2) Payments delinquent in excess of 90 days are subject to a penalty of 25% of the aggregate contributions due.
- (3) Payments delinquent in excess of 180 days are subject to payment of the greater of (1) or (2) above and an amount equal to the actuarial cost of a purchase of the service credit for which contributions were not timely paid.
- (4) Reimbursement of the system for any legal and actuarial fees paid by the system in the collection of amounts under proposed law.

Present law provides that a member who is receiving worker's compensation and who does not pay the full amount that would be his employee contribution if he were not receiving worker's compensation may receive service credit for purposes of eligibility determination but not for computation of benefits purposes.

Proposed law provides that such a member shall not receive service credit for any purpose.

Proposed law authorizes the MPERS board of trustees to make, amend, and promulgate rules and to provide for the establishment and maintenance of the system.

Effective in part July 1, 2020; effective in part July 1, 2021.

(Amends R.S. 11:2220(G), 2221(C) and (E)(1)(a), 2225(A)(1), 2225.4(B), and 2227(B)(1)(b), (G), and (J); Adds R.S. 11:2225(G))