

2026 Regular Session

HOUSE BILL NO. 45

BY REPRESENTATIVES BACALA AND FREEMAN

RETIREMENT/MUNICIPAL POL: Provides relative to benefits of participating employees in the Municipal Police Employees' Retirement System

1 AN ACT

2 To amend and reenact R.S. 11:2213(10), 2221(N), 2225.5(B)(1)(introductory paragraph) and

3 (2) and (C), 2241.5(A), and 2242.5(A) and to enact R.S. 11:2218(K), 2220.1,

4 2221(G)(6) and (O), 2225.5(B)(3) and (4), 2241.5(D), 2242.5(D), and 2242.9,

5 relative to the Municipal Police Employees' Retirement System; to provide relative

6 to benefits; to provide for membership in the system; to provide relative to the

7 definition of earnable compensation; to provide for service credit; to provide for

8 survivor benefits for officers killed in the line of duty; to provide relative to the

9 funding deposit account; to provide relative to the Deferred Retirement Option Plan;

10 to provide relative to investment of Deferred Retirement Option Plan accounts; to

11 provide relative to investment earnings on Deferred Retirement Option Plan

12 accounts; to provide relative to the accrual rate for service credit in the hazardous

13 and nonhazardous duty subplans; to provide for the transfer of certain employees

14 from the Louisiana State Employees' Retirement System to the Municipal Police

15 Employees' Retirement System; to provide for an effective date; and to provide for

16 related matters.

17 Notice of intention to introduce this Act has been published

18 as provided by Article X, Section 29(C) of the Constitution

19 of Louisiana.

1 Be it enacted by the Legislature of Louisiana:

2 Section 1. R.S. 11:2213(10), 2221(N), 2225.5(B)(1)(introductory paragraph) and (2)  
3 and (C), 2241.5(A), and 2242.5(A) are hereby amended and reenacted and R.S. 11:2218(K),  
4 2220.1, 2221(G)(6) and (O), 2225.5(B)(3) and (4), 2241.5(D), 2242.5(D), and 2242.9 are  
5 hereby enacted to read as follows:

6 §2213. Definitions

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

9 \* \* \*

10 (10)(a) "Earnable compensation" shall mean the full amount of  
11 compensation earned by an employee for a given month, including supplemental pay  
12 paid by the state of Louisiana, but shall not include overtime.

13 (b) Beginning January 1, 2026, "earnable compensation", shall not include  
14 any nonrecurring lump-sum payment or ad hoc bonus, including but not limited to  
15 recruitment incentives, hiring or signing bonuses, retention incentives or bonuses,  
16 clothing allowance, and any other one-time award not paid as part of the employee's  
17 regular recurring salary.

18 \* \* \*

19 §2218. Creditable service

20 \* \* \*

21 K.(1) Notwithstanding any provision of law to the contrary, any member of  
22 this system who was employed by any other law enforcement agency of the state of  
23 Louisiana or any political subdivision thereof, if such service is not creditable in any  
24 public retirement or pension system, fund, or plan in the state, may purchase service  
25 credit in this system by paying all actuarial costs of such purchase as determined by  
26 the retirement system actuary in accordance with R.S. 11:158(C). The member shall  
27 pay the cost of such service credit either in a lump sum, or the member may enter  
28 into an installment agreement with the system, on terms established by the system,  
29 for payments over a period not to exceed sixty months, inclusive of interest at the





1 accordance with the Administrative Procedure Act to provide for amounts credited  
2 to Deferred Retirement Option Plan accounts, including amounts credited after  
3 termination of participation in the plan, to be retained and invested by the system.  
4 The rules shall apply to any person whose plan participation begins on or after  
5 July 1, 2026; provided, however, that if the rules authorized by this Paragraph have  
6 not been promulgated by the date a person's participation period ends, the person's  
7 account shall be transferred as provided in Subparagraph (G)(5)(b) of this Section.

8 (b) The board of trustees may adopt rules for the transfer to the system, at  
9 the option of the participant, of amounts previously credited to Deferred Retirement  
10 Option Plan accounts that are invested outside of the system, including amounts held  
11 by third-party providers or in externally managed funds.

12 (c) For any person subject to the provisions of this Subsection, after the  
13 person's plan participation ceases, any amounts retained or transferred pursuant to  
14 the rules promulgated as authorized in this Paragraph shall earn interest, credited  
15 annually, at a rate equal to the actuarial rate of return of the system's investment  
16 portfolio for the applicable fiscal year, less one-half of one percent, as certified in the  
17 system's actuary's annual valuation report.

18 (d) The board of trustees may adopt rules governing eligibility, timing of  
19 transfers, administration, valuation dates, crediting periods, administrative fees, and  
20 any other matters necessary to implement the provisions of this Paragraph. Any rule  
21 adopted pursuant to this Paragraph shall apply prospectively only.

22 (2) Any member electing a participation period in the Deferred Retirement  
23 Option Plan that begins on or after July 1, 2026, shall, by such election, be deemed  
24 to have knowingly and voluntarily waived any rights or claims under the  
25 Constitution of Louisiana relative to the benefits credited or the interest earned on  
26 amounts credited to the participant's Deferred Retirement Option Plan account,  
27 including any claim to a guaranteed rate of return or to any particular method of  
28 investment or crediting of interest. The waiver provided by this Paragraph shall  
29 apply to all amounts credited to the participant's Deferred Retirement Option Plan

1 account, whether credited during or after participation in the plan, and regardless of  
2 whether such amounts are retained and invested by the system or transferred  
3 pursuant to law or rules adopted by the board of trustees.

4 O. The board of trustees shall promulgate rules in accordance with the  
5 Administrative Procedure Act to approve any other methods of payment authorized  
6 by but not expressly provided in this Section. Once promulgated, the rules shall be  
7 considered plan provisions for purposes of compliance with requirements of the  
8 Internal Revenue Code and associated regulations.

9 \* \* \*

10 §2225.5. Funding deposit account

11 \* \* \*

12 B.(1) Notwithstanding any provision of R.S. 11:103 or 104, for fiscal years  
13 beginning on or after July 1, 2023, and ending on or before June 30, 2028, the board  
14 of trustees may require a net direct contribution rate of up to the following applicable  
15 limit:

16 \* \* \*

17 (2) Notwithstanding any provision of R.S. 11:103 or 104, for fiscal years  
18 beginning on or after July 1, 2028, the board of trustees may require a net direct  
19 contribution rate of up to the rate determined under R.S. 11:103 plus the applicable  
20 additional benefits funding rate as determined under Subparagraphs (3)(c) and (d)  
21 of this Subsection.

22 (3)(a) Effective July 1, 2027, the additional benefits funding rate shall be  
23 eighty-five hundredths of one percentage point.

24 (b) For any fiscal year beginning on or after July 1, 2028, in which the rate  
25 determined under R.S. 11:103 decreases, the additional benefits funding rate shall  
26 increase by the lesser of one-half of the amount of the decrease in the rate  
27 determined under R.S. 11:103 or the amount necessary for the additional benefits  
28 funding rate to equal two and one-half percent. Any increase in the additional  
29 benefits funding rate shall be permanent.

1           (c) For any fiscal year beginning on or after July 1, 2028, in which the sum  
2           of the rate determined under R.S. 11:103 and the additional benefits funding rate  
3           does not exceed twenty-nine and thirty-five hundredths percent, the applicable  
4           additional benefits funding rate shall be equal to the additional benefits funding rate.

5           (d) For any fiscal year beginning on or after July 1, 2028, in which the sum  
6           of the rate determined under R.S. 11:103 and the additional benefits funding rate  
7           exceeds twenty-nine and thirty-five hundredths percent the applicable additional  
8           benefits funding rate shall be equal to the greater of eighty-five hundredths of one  
9           percentage point and the difference between twenty-nine and thirty-five hundredths  
10          percent and the rate determined under R.S. 11:103.

11          (4)(a) For any fiscal year ending on or before June 30, 2028, in which the  
12          board of trustees sets the direct employer contribution rate higher than the rate  
13          determined under R.S. 11:103, excess contributions resulting from the higher rate  
14          shall be used as provided in Paragraph (C)(1) of this Section or transferred to the  
15          account as provided in Paragraph (C)(2) of this Section.

16          (b) For any fiscal year, beginning on or after July 1, 2028, in which the board  
17          of trustees sets the direct employer contribution rate higher than the rate determined  
18          under R.S. 11:103, excess contributions resulting from the higher rate shall be  
19          credited to the account to be used solely to pay additional benefits to retirees,  
20          survivors, and beneficiaries.

21          C.(1) Except as provided in Paragraph (2) of this Subsection, any excess  
22          contributions for any fiscal year ending on or before June 30, 2028, resulting from  
23          the board's exercise of its authority pursuant to Paragraph (B)(1) of this Section shall  
24          be applied, until exhausted, exclusively to reduce the outstanding balance of the  
25          oldest positive amortization base; however, the future payments for such  
26          amortization base shall continue to be made according to the original amortization  
27          schedule established in compliance with the requirements of Article X, Section  
28          29(E)(3) of the Constitution of Louisiana and R.S. 11:103 until the outstanding  
29          balance is fully liquidated.





1        §2242.9. Certain employees previously electing membership in the Louisiana State  
2                    Employees' Retirement System

3                    A. Any person who made an election pursuant to R.S. 11:160 to remain a  
4                    member of the Louisiana State Employees' Retirement System and who on  
5                    December 31, 2026, is employed in a position that would otherwise qualify him to  
6                    be a member of the Municipal Police Employees' Retirement System shall,  
7                    beginning January 1, 2027, become a member of the Municipal Police Employees'  
8                    Retirement System.

9                    B. All service in the Louisiana State Employees' Retirement System of a  
10                    person subject to the provisions of Subsection A of this Section shall be transferred  
11                    in accordance with R.S. 11:143(C), and upon receipt of the amount required pursuant  
12                    to R.S. 11:143(C), the member shall receive his service credit.

13                    C. All service credit transferred pursuant to this Section shall be deemed  
14                    creditable service in the Municipal Police Employees' Retirement System for  
15                    purposes of benefit computation and eligibility.

16        Section 2. This Act shall become effective upon signature by the governor or, if not  
17 signed by the governor, upon expiration of the time for bills to become law without signature  
18 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
19 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
20 effective on the day following such approval.

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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 45 Engrossed                    2026 Regular Session                    Bacala

**Abstract:** Provides relative to benefits of participating employees in the Municipal Police Employees' Retirement System.

**Earnable Compensation**

Present law defines "earnable compensation" as the full amount of compensation earned by an employee for a given month, including supplemental pay, but not including overtime.

Proposed law retains present law.

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

Proposed law further provides that beginning Jan. 1, 2026, "earnable compensation" shall not include any nonrecurring lump-sum payment or ad hoc bonuses including but not limited to the following:

- (1) Hiring or signing bonuses.
- (2) Retention incentives or bonuses.
- (3) Clothing allowances.
- (4) Any other one-time award not paid as part of the employee's regular recurring salary.

#### **Creditable Service**

Proposed law allows a police officer who was employed by any other law enforcement agency of the state of La. or any political subdivision thereof, if such service is not creditable in any public retirement or pension system, fund, or plan in the state, to purchase service credit in the system by paying the actuarial costs of such purchase in accordance with present law.

Proposed law provides that if a member with at least 6 months of service credit in the Municipal Police Employees' Retirement System (MPERS) and who was employed by any law enforcement agency of the federal government or of any state or any political subdivision of another state where such service is not creditable in any public retirement or pension system, fund, or plan the ability to purchase service credit by paying the actuarial costs in accordance with present law. Provides for payment.

#### **Survivor Benefits**

Proposed law provides that for officers killed in the line of duty between July 1, 2010, and March 1, 2026, a surviving spouse may apply for survivor benefits under present law no later than June 30, 2027, if the employee otherwise met the eligibility requirements for membership in the system at the time of death.

Proposed law provides that if the surviving spouse qualifies for survivor benefits the system shall pay such benefits notwithstanding the failure of the employer to properly enroll the officer in the system at the time of the death. Provides that the actuarial cost of the payment associated with the benefit is funded with additional employer contributions. Requires retroactive benefit payments to be made no later than three months after the system determines that the applicant is eligible.

#### **Funding Deposit Account**

Present law authorizes the board of trustees to require an employer contribution rate up to the following limits:

- (1) When the contribution rate is equal or greater than the previous year's rate, the board can set the rate at the other required rate plus .85%.
- (2) When the contribution rate is lower than the previous year's rate, the board can set the rate at the otherwise required rate plus .85% plus half the difference between the rates for the two years.

Proposed law provides, beginning July 1, 2027, the additional benefits funding rate (ABFR) is .85%.

Proposed law provides that in any fiscal year beginning on or after July 1, 2028, if the contribution rate as provided in present law decreases the ABFR shall increase by the lesser of 50% of the amount of the decrease or the amount necessary for the ABFR to equal 2.5%.

Proposed law provides that in any fiscal year beginning on or after July 1, 2028, if the sum of the contribution rate as provided in present law and the ABFR does not exceed 29.35%, the applicable ABFR shall be equal to the ABFR.

Proposed law provides that in any fiscal year beginning on or after July 1, 2028, in which the sum of the rate as provided in present law and the ABFR exceeds 29.35% the ABFR is equal to the greater of 0.85% and the difference between 29.35% and the rate as determined in present law.

Proposed law requires that excess contributions to be used to pay additional benefits to retiree, survivors, and beneficiaries.

### **DROP**

Present law provides for the establishment of the Deferred Retirement Option Plan (DROP) for members of the Municipal Police Employees' Retirement System (MPERS).

Present law provides that for certain participants in DROP, accounts are invested through a third-party provider selected by the system's board of trustees to administer a self-directed investment program.

Proposed law authorizes the board of trustees, in accordance with present law (Administrative Procedure Act), to adopt rules that would allow the system to retain and invest amounts credited to DROP accounts, including amounts held after termination of participation. Provides that such rules apply to any person whose DROP participation begins on or after July 1, 2026. Specifies that if the rules authorized by proposed law have not been promulgated by the date the person's DROP period ends, the individual's account shall be transferred as provided in present law.

Proposed law further authorizes the board, by rule and at the option of the DROP participant, to transfer amounts credited to DROP accounts invested outside of the system, including third-party providers, back to the system.

Proposed law provides that amounts retained or transferred to the system pursuant to present law shall earn interest at the system's actuarial interest rate of return minus one-half of one percent on an annual basis.

Proposed law authorizes the board of trustees to adopt rules governing the following, prospectively only:

- (1) Eligibility.
- (2) Timing of transfers.
- (3) Administration.
- (4) Valuation dates.
- (5) Crediting periods.
- (6) Administrative fees.
- (7) Other matters as necessary.

Proposed law provides, beginning July 1, 2026, that any member electing to participate in DROP is deemed to have knowingly and voluntarily waived rights and claims under present constitution as it relates to benefits credited to and interest earned on DROP accounts. Provides that the waiver applies to all amounts credited to DROP accounts whether during or after participation in DROP.

### **Benefit Calculations**

Present law, applicable to MPERS members hired before Jan. 1, 2013, provides an accrual rate of three and one-third percent of the member's final average compensation.

Proposed law retains present law.

Present law provides for two subplans in MPERS for those hired on Jan. 1, 2013, or later. Provides for the hazardous duty subplan and the nonhazardous duty subplan.

Proposed law retains present law.

Present law provides that for members of the hazardous duty subplan the accrual rate is equal to three percent of the member's final average compensation.

Proposed law increases the accrual rate to three and one-third percent of the member's final average compensation for creditable service credited on or after Jan. 1, 2027.

Present law provides that for members of the nonhazardous duty subplan, the accrual rate is equal to two and one-half percent of the member's final average compensation.

Proposed law increases the accrual rate to three percent of the member's final average compensation for creditable service credited on or after Jan. 1, 2027.

Proposed law allows a member of the hazardous duty subplan or nonhazardous duty subplan to purchase an increase in the member's accrual rate so that the member's years of service are credited at the higher accrual rate.

Proposed law requires the purchase to be calculated on an actuarial basis to offset any accrued liability resulting from the purchase of the higher accrual rate. Provides that the cost is determined by the system's actuary using the assumptions and methods in use by the system at the time of the member's election.

Proposed law provides that the new accrual rate is not effective until the full purchase is made and that the cost of the purchase is borne solely by the member and cannot be paid, directly or indirectly, by an employer of the system.

### **Transfer of Membership**

Present law provides that a member of the La. State Employees' Retirement System (LASERS) who becomes employed in a position where he is no longer eligible for membership in LASERS but is eligible for membership in another public retirement system may remain a member of LASERS in lieu of participation in another public retirement system.

Present law requires that the member have a minimum of 10 years of service credit in LASERS.

Present law requires the member file a notice of election with the board of trustees within 30 days of employment. Provides that the election is irrevocable.

Proposed law retains present law.

Proposed law provides that each member of MPERS, who filed an irrevocable election to remain in LASERS, and who, on Dec. 31, 2026, is employed in a position that would qualify the member to be in the MPERS nonhazardous duty subplan shall become a member of MPERS and his service credit is transferred on an actuarial basis to MPERS.

Proposed law provides that the transfer of service is deemed to be creditable service in MPERS for purposes of eligibility for benefits and benefit computation.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 11:2213(10), 2221(N), 2225.5(B)(intro. para.) and (2) and (C), 2241.5(A), and 2242.5(A); Adds R.S. 11:2218(K), 2220.1, 2221(G)(6) and (O), 2225.5(B)(3) and (4), 2241.5(D), 2242.5(D), and 2242.9)

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Retirement to the original bill:

1. Provide relative to what is not "earnable compensation".
2. Allow a member who was employed by another law enforcement agency of the state, a political subdivision, another state, or the federal government the ability to purchase service credit.
3. Provide for survivor benefits for spouses of police officers killed in the line of duty between July 1, 2010, and March 1, 2026.
4. Provide relative to additional employer contributions to be deposited in the funding deposit account.
5. Reduce the accrual rate for members of the nonhazardous duty plan from three and one-third percent to three percent.