

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.

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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 July 1, 2026, "earnable compensation", shall not include any
14 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 (c) For the purpose of calculating retirement benefits, for any nonrecurring
19 lump-sum payment or ad hoc bonus, including but not limited to recruitment
20 incentives, hiring or signing bonuses, retention incentives or bonuses, clothing
21 allowance, and any other one-time award not paid as part of the employee's regular
22 recurring salary made on or after January 1, 2026, and on or before July 1, 2026,
23 such non-recurring lump-sum payments or ad hoc bonuses shall not be used in the
24 calculation of retirement benefits unless the employer and employee contributions
25 for such lump-sum payments or ad hoc bonuses are remitted to the Municipal Police
26 Employees' Retirement System no later than June 30, 2026. Any retirement
27 contributions on such non-recurring lump-sum payments and ad hoc bonuses
28 retained by an employer and not remitted to the retirement system shall be returned
29 to the employee by the employer. If no contributions were received by the employer

1 the out-of-state or federal law enforcement employment, together with the dates of
2 such employment. The appropriate officer, trustee, or employee of each system,
3 plan, or fund or of the out-of-state or federal employing agency shall certify the
4 length of employment of the member and that the member does not have retirement
5 or pension credit for such employment which duplicates the service credit being
6 purchased in the system.

7 (c) The cost of such service credit shall be paid in a lump sum, or the
8 member may enter into an installment agreement with the system, on terms
9 established by the system, for payments over a period not to exceed sixty months,
10 inclusive of interest at the actuarially assumed rate of return. Notwithstanding the
11 foregoing, any outstanding balance shall be paid in full no later than thirty days prior
12 to the member's effective retirement date or the date on which the member is to first
13 receive a benefit from the system, whichever is earlier.

14 * * *

15 §2220.1. Survivor benefits for officers killed in the line of duty; failure of employer
16 enrollment

17 A. Notwithstanding any provision of this Chapter to the contrary, a surviving
18 spouse or other eligible beneficiary of an employee as defined in R.S. 11:2213(11)
19 who was killed in the line of duty while employed as a municipal police officer on
20 or after July 1, 2010, and before March 1, 2026, may apply for survivor benefits
21 under this Chapter no later than June 30, 2027, if the employee otherwise met the
22 eligibility requirements for membership in the system at the time of death.

23 B. If the surviving spouse or beneficiary otherwise qualifies for survivor
24 benefits, the system shall pay such benefits notwithstanding the failure of the
25 employer to enroll the officer in the system at the time of death. Any person who
26 would have been eligible to receive a benefit but whose benefit payments would
27 have ceased before the effective date of this Section shall be paid the benefits to
28 which the person would have been entitled.

1 C. Any actuarial cost associated with benefits paid pursuant to this Section
2 shall be funded with additional employer contributions.

3 D. Any retroactive benefits payable pursuant to this Section shall be paid no
4 later than three months after the system determines that the applicant is eligible.

5 * * *

6 §2221. Deferred Retirement Option Plan

7 * * *

8 G.

9 * * *

10 (6) In the case of any conflict between the provisions of this Subsection and
11 Subsection N of this Section, the provisions of Subsection N of this Section shall
12 control.

13 * * *

14 N.(1)(a) Notwithstanding any provision of this Section to the contrary and
15 as further provided in this Paragraph, the board of trustees may adopt rules in
16 accordance with the Administrative Procedure Act to provide for amounts credited
17 to Deferred Retirement Option Plan accounts, including amounts credited after
18 termination of participation in the plan, to be retained and invested by the system.
19 The rules shall apply to any person whose plan participation begins on or after
20 July 1, 2026; provided, however, that if the rules authorized by this Paragraph have
21 not been promulgated by the date a person's participation period ends, the person's
22 account shall be transferred as provided in Subparagraph (G)(5)(b) of this Section.

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

27 (c) For any person subject to the provisions of this Subsection, after the
28 person's plan participation ceases, any amounts retained or transferred pursuant to
29 the rules promulgated as authorized in this Paragraph shall earn interest, credited

1 annually, at a rate equal to the actuarial rate of return of the system's investment
2 portfolio for the applicable fiscal year, less one-half of one percent, as certified in the
3 system's actuary's annual valuation report.

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

8 (2) Any member electing a participation period in the Deferred Retirement
9 Option Plan that begins on or after July 1, 2026, shall, by such election, be deemed
10 to have knowingly and voluntarily waived any rights or claims under the
11 Constitution of Louisiana relative to the benefits credited or the interest earned on
12 amounts credited to the participant's Deferred Retirement Option Plan account,
13 including any claim to a guaranteed rate of return or to any particular method of
14 investment or crediting of interest. The waiver provided by this Paragraph shall
15 apply to all amounts credited to the participant's Deferred Retirement Option Plan
16 account, whether credited during or after participation in the plan, and regardless of
17 whether such amounts are retained and invested by the system or transferred
18 pursuant to law or rules adopted by the board of trustees.

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

24 * * *

25 §2225.5. Funding deposit account

26 * * *

27 B.(1) Notwithstanding any provision of R.S. 11:103 or 104, for fiscal years
28 beginning on or after July 1, 2023, and ending on or before June 30, 2028, the board

1 of trustees may require a net direct contribution rate of up to the following applicable
2 limit:

3 * * *

4 (2) Notwithstanding any provision of R.S. 11:103 or 104, for fiscal years
5 beginning on or after July 1, 2028, the board of trustees may require a net direct
6 contribution rate of up to the rate determined under R.S. 11:103 plus the applicable
7 benefit rate as determined under Subparagraphs (3)(c) and (d) of this Subsection.

8 (3)(a) Effective July 1, 2027, the funding deposit account rate shall be
9 eighty-five hundredths of one percentage point.

10 (b) For any fiscal year beginning on or after July 1, 2028, in which the rate
11 determined under R.S. 11:103 decreases, the funding deposit account rate shall
12 increase by one-half of the amount of the decrease in the rate determined under R.S.
13 11:103. Any increase in the funding deposit account rate shall be permanent, and the
14 adjusted funding deposit account rate shall not exceed two and one-half percent.

15 (c) For any fiscal year beginning on or after July 1, 2028, in which the sum
16 of the rate determined under R.S. 11:103 and the funding deposit account rate
17 determined pursuant to Subparagraph (b) of this Paragraph does not exceed twenty-
18 nine and thirty-five hundredths percent, the applicable benefit rate shall be equal to
19 the funding deposit account rate determined pursuant to Subparagraph (b) of this
20 Paragraph.

21 (d) For any fiscal year beginning on or after July 1, 2028, in which the sum
22 of the rate determined under R.S. 11:103 and the funding deposit account rate
23 determined pursuant to Subparagraph (b) of this Paragraph exceeds twenty-nine and
24 thirty-five hundredths percent, the applicable benefit rate shall be equal to eighty-
25 five hundredths of one percentage point or the difference between twenty-nine and
26 thirty-five hundredths percent and the rate determined under R.S. 11:103, whichever
27 is greater.

28 (4)(a) For any fiscal year ending on or before June 30, 2028, in which the
29 board of trustees sets the direct employer contribution rate higher than the rate

1 determined under R.S. 11:103, excess contributions resulting from the higher rate
2 shall be used as provided in Paragraph (C)(1) of this Section or transferred to the
3 account as provided in Paragraph (C)(2) of this Section.

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

9 C.(1) Except as provided in Paragraph (2) of this Subsection, any excess
10 contributions for any fiscal year ending on or before June 30, 2028, resulting from
11 the board's exercise of its authority pursuant to Paragraph (B)(1) of this Section shall
12 be applied, until exhausted, exclusively to reduce the outstanding balance of the
13 oldest positive amortization base; however, the future payments for such
14 amortization base shall continue to be made according to the original amortization
15 schedule established in compliance with the requirements of Article X, Section
16 29(E)(3) of the Constitution of Louisiana and R.S. 11:103 until the outstanding
17 balance is fully liquidated.

18 (2) ~~The~~ For any fiscal year ending on or before June 30, 2028, the board of
19 trustees may dedicate a specific amount of excess contributions, up to the amount
20 generated by setting the rate equal to eighty-five hundredths of one percentage point
21 more than the rate determined under R.S. 11:103, to be used solely to pay additional
22 benefits to retirees, survivors, and beneficiaries. The dedicated amount of funds
23 shall be credited to the account.

24 * * *

25 §2241.5. Retirement benefit calculation

26 A. Except as provided in Subsection B of this Section, a member shall
27 receive a retirement benefit equal to three percent of average final compensation for
28 every year of creditable service in this subplan credited before to January 1, 2027,
29 and three and one-third percent of average final compensation for every year of

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1 creditable service in this subplan credited on or after January 1, 2027, not to exceed
2 one hundred percent of the member's average final compensation.

3 * * *

4 D.(1) Notwithstanding any provision of law to the contrary, a member of this
5 subplan may elect to purchase an increase in the accrual rate applicable to any period
6 of creditable service in this subplan that was credited at the rate of two and one-half
7 percent of the average final compensation, so that such service is subject to the rate
8 of three percent of average final compensation.

9 (2) The cost of such purchase shall be an amount calculated on an actuarial
10 basis which totally offsets the increase in accrued liability resulting from the
11 application of the higher accrual rate. The cost shall be determined by the system
12 actuary using the actuarial assumptions and methods in use by the system at the time
13 of the member's election.

14 (3) No purchase authorized by this Subsection shall be effective until the full
15 actuarial cost is paid by the member. The cost of the purchase shall be borne solely
16 by the member and shall not be paid, directly or indirectly, by the employer or the
17 system.

18 * * *

19 §2242.9. Certain employees previously electing membership in the Louisiana State
20 Employees' Retirement System

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

27 B. All service in the Louisiana State Employees' Retirement System of a
28 person subject to the provisions of Subsection A of this Section shall be transferred

1 in accordance with R.S. 11:143(C), and upon receipt of the amount required pursuant
2 to R.S. 11:143(C), the member shall receive his service credit.

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

6 Section 2. There shall exist no right or claim for reimbursement against the
7 Municipal Police Employees' Retirement System or against any employer or municipality
8 for any amounts deducted, paid, or otherwise payable, on or before the effective date of this
9 Act, from the earnable compensation of a member of the system from any nonrecurring
10 lump-sum payment or ad hoc bonus, including but not limited to recruitment incentives,
11 hiring or signing bonuses, retention incentives or bonuses, clothing allowance, and any other
12 one-time award not paid as part of the employee's regular recurring salary. To the maximum
13 extent permitted by law, the system and any employer or municipality shall be immune from
14 suit or other financial liability from the payment of any nonrecurring lump-sum payment or
15 ad hoc bonus without the deductions on earnable compensation pursuant to R.S.
16 11:2227(B)(1)(a).

17 Section 3. This Act shall become effective upon signature by the governor or, if not
18 signed by the governor, upon expiration of the time for bills to become law without signature
19 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
20 vetoed by the governor and subsequently approved by the legislature, this Act shall become
21 effective on the day following such approval.

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)]

HB 45 Reengrossed 2026 Regular Session Bacala

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

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.

Proposed law further provides that beginning July 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.

Proposed law provides that payments not paid as part of the employee's regular recurring salary on or after Jan. 1, 2026 and on or before July 1, 2026 are not used in the calculation of retirement benefits unless the payments were remitted to MPERS no later than Jun. 30, 2026. Provides that any contributions retained by the employer and not remitted to MPERS are returned to the employee.

Proposed law provides that no right or claim shall exist for reimbursement against MPERS or against any employer or municipality for amounts deducted, paid, or otherwise payable on certain non-recurring payments to employees before the effective date of proposed law. Provides that the system and any employer or municipality is immune from suit or liability from payment of certain nonrecurring payments to employees without deductions required pursuant to present law.

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 MPERS 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 authorizes the board to require an employer contribution rate up to the rate provided pursuant to present law plus the applicable benefit rate.

Proposed law provides that beginning July 1, 2027, the funding deposit account rate (FDAR) 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 FDAR shall increase by 50% of the amount of the decrease. Provides that any increase in the FDAR is permanent. Provides that the adjusted FDAR shall not exceed 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 FDAR does not exceed 29.35%, the applicable benefit rate shall be equal to the FDAR.

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 FDAR exceeds 29.35% the applicable benefit rate is equal to 0.85% or the difference between 29.35% and the rate as determined in present law, whichever is greater.

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

DROP

Present law provides for the establishment of the Deferred Retirement Option Plan (DROP) for members of the 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)(1)(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.

The House Floor Amendments to the engrossed bill:

1. Make technical changes.
2. Provide relative to what is not "earnable compensation".
3. Provide for the calculation of retirement benefits for certain payments to employees made on or after Jan. 1, 2026, and on or before July 1, 2026.
4. Provide contributions for payments to employees that are not "earnable compensation" pursuant to proposed law.
5. Provide that no right or claim for reimbursement exists against the system or any employer or municipality for amounts deducted, paid, or otherwise payable on or before the effective date of proposed law for certain nonrecurring payments to employees, and provide for immunity from suit or liability from payment of certain nonrecurring payments to employees without the deductions required pursuant to present law.