**GREEN SHEET REDIGEST**

**HB 45** | **2026 Regular Session** | **Bacala**

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

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DIGEST

**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 nonrecurring 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 the 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 allows a member who had 28 or more years of service upon entering DROP, elected a three-year participation period before July 1, 2024, and subsequently resumed active membership, to elect at retirement to receive an initial benefit of up to 24 monthly payments as a lump sum or in an investment account, provided that the additional retirement benefit is actuarially reduced to offset the cost. No cost-of-living adjustments will be paid on the initial benefit.

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), (k)(5), 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.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Retirement to the reengrossed bill

1. Make technical changes.

2. Provide for an election by certain DROP participants with 28 or more years of service who resumed active membership to receive an initial benefit of up to 24 monthly payments as a lump sum or in an investment account, and provide for an actuarial reduction of the additional retirement benefit to offset the cost to the exclusion of cost-of-living adjustments on the initial benefit.