HLS 13RS-334 ORIGINAL

Regular Session, 2013

HOUSE BILL NO. 61

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BY REPRESENTATIVE BADON

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

RETIREMENT/STATE-STWIDE: Provides relative to the calculation of benefits for members of state and statewide retirement systems

AN ACT

2 To amend and reenact R.S. 11:403(5), 612(1), 701(5)(a), 1002(6), 1310(A), 1345.2, 1402(6), 3 1432(A), 1503(7), 1581(5), 1732(15), 1902(14), 2031(5), 2165.2(A)(1), 4 2178.1(C)(introductory paragraph), 2213(4), and 2252(4) and to enact R.S. 5 11:403(9.1), 612(1.1), 701(5)(f) and (9.1), 1002(11.1), 1307.2, 1310(B), 1402(3.1), 6 1503(3.1), 1581(8.1), 1732(11.2), 1902(10.1), 2031(8.1), 2178.2, 2213(9.1), and 7 2252(8.1), relative to the establishment of new benefit calculations for certain 8 members of state and statewide retirement systems; to provide definitions; to provide 9 relative to calculations; to provide for applicablity; and to provide for related matters. 10 Notice of intention to introduce this Act has been published 11 as provided by Article X, Section 29(C) of the Constitution 12 of Louisiana. 13 Be it enacted by the Legislature of Louisiana: 14 Section 1. R.S. 11:403(5), 612(1), 701(5)(a), 1002(6), 1310(A), 1345.2, 1402(6), 15 1432(A), 1503(7), 1581(5), 1732(15), 1902(14), 2031(5), 2165.2(A)(1), 16 2178.1(C)(introductory paragraph), 2213(4), and 2252(4) are hereby amended and reenacted 17 and R.S. 11:403(9.1), 612(1.1), 701(5)(f) and (9.1), 1002(11.1), 1307.2, 1310(B), 1402(3.1), 18 1503(3.1), 1581(8.1), 1732(11.2), 1902(10.1), 2031(8.1), 2178.2, 2213(9.1), and 2252(8.1) 19 are hereby enacted to read as follows:

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

§403. Definitions

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

* * *

(5)(a)(i) Except as provided in Subparagraph (c) of this Paragraph, "Average average compensation", for a member whose first employment making him eligible for membership in the system began on or before June 30, 2006, and for any person who receives an additional benefit pursuant to R.S. 11:444(A)(2)(b) or (c), 557, 582, or 602 or R.S. 24:36 whose first employment making him eligible for membership in one of the state systems occurred on or before December 31, 2010, means the average annual earned compensation of a state employee for the thirty-six highest months of successive employment, or for the highest thirty-six successive joined months of employment where interruption of service occurred; however, average compensation for part-time employees who do not use thirty-six months of full-time employment for average compensation purposes shall be based on the base pay the part-time employee would have received had he been employed on a full-time basis.

- (ii) The earnings to be considered for the thirteenth through the twenty-fourth month shall not exceed one hundred twenty-five percent of the earnings of the first through the twelfth month. The earnings to be considered for the final twelve months shall not exceed one hundred twenty-five percent of the earnings of the thirteenth through the twenty-fourth month. Nothing in this Subparagraph, however, shall change the method of determining the amount of earned compensation received.
- (b)(i) Except as provided in Subparagraph (c) of this Paragraph, "Average average compensation", for a member whose first employment making him eligible for membership in the system began on or after July 1, 2006, and subject to the limitations provided in this Subparagraph, means the average annual earned compensation of a state employee for the sixty highest months of successive employment or for the highest sixty successive joined months of employment where

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interruption of service occurred; however, average compensation for part-time employees who do not use sixty months of full-time employment for average compensation purposes shall be based on the base pay the part-time employee would have received had he been employed on a full-time basis. This Item shall also be applicable to any judge, court officer, governor, lieutenant governor, clerk or sergeant-at-arms of the House of Representatives, secretary or sergeant-at-arms of the Senate, or state treasurer whose first employment making him eligible for membership in one of the state systems occurred on or after January 1, 2011.

(ii) The earnings to be considered for persons to whom Item (i) of this Subparagraph applies for the thirteenth through the twenty-fourth month shall not exceed one hundred fifteen percent of the earnings of the first through the twelfth month. The earnings to be considered for the twenty-fifth through the thirty-sixth month shall not exceed one hundred fifteen percent of the earnings of the thirteenth through the twenty-fourth month. The earnings to be considered for the thirtyseventh through the forty-eighth month shall not exceed one hundred fifteen percent of the earnings of the twenty-fifth through the thirty-sixth month. The earnings for the final twelve months shall not exceed one hundred fifteen percent of the earnings of the thirty-seventh through the forty-eighth month. The limitations on the computation of average compensation contained in this Item shall not apply to any twelve-month period during which compensation increased by more than fifteen percent over the previous twelve-month period solely because of an increase in compensation by a uniform systemwide increase adopted by the state Department of Civil Service and approved by the governor or because of a pay adjustment enacted by the legislature. This Item shall also be applicable to any judge, court officer, member of the Louisiana Legislature, governor, lieutenant governor, clerk or sergeant-at-arms of the House of Representatives, secretary or sergeant-at-arms of the Senate, or state treasurer whose first employment making him eligible for membership in one of the state systems occurred on or after January 1, 2011.

2	receives an additional benefit pursuant to R.S. 11:444(A)(2)(b) or (c), 557, 582, or
3	602 or R.S. 24:36 whose first employment making him eligible for membership in
4	one of the state systems occurred on or after January 1, 2011.
5	(c)(i) For members who require a divided benefit, "average compensation"
6	shall mean the average annual earned compensation of a state employee for the
7	thirty-six or sixty highest months of successive employment, as applicable, or for the
8	highest thirty-six or sixty successive joined months of employment where
9	interruption of service occurred, as applicable, within a period of service for a
10	calculation required pursuant to Paragraph (9.1) of this Section. If the period of
11	service in a calculation is less than the number of months otherwise required for the
12	member's average compensation as provided in this Paragraph, then the period of the
13	average compensation for that particular calculation shall be the number of months
14	worked. The provisions of Items (a)(ii) and (b)(ii) of this Paragraph, as applicable,
15	shall also apply to any calculation made pursuant to the provisions of this
16	Subparagraph. For the purposes of survivor and disability benefits, "average
17	compensation" shall mean the sum of all average compensation calculations pursuant
18	to Paragraph (9.1) of this Section, each calculation weighted in proportion to the
19	relation between the number of years of service in the calculation and the total years
20	of creditable service.
21	(ii) The provisions of this Subparagraph shall not apply to members of the
22	Optional Retirement Plan provided for in Subpart F of Part IV of Chapter 1 of
23	Subtitle II of Title 11 of the Louisiana Revised Statutes of 1950.
24	* * *
25	(9.1)(a) "Divided benefit" means the benefit earned by a member whose
26	actual earnings in a calendar month are thirty percent or more above his average
27	monthly earnings for the immediately preceding twelve months. Such divided
28	benefit shall be calculated as the sum of benefits calculated as follows:

(iii) The provisions of this Subparagraph shall not apply to any person who

1	(i) The member's average compensation and creditable service as they
2	existed prior to the first day of the calendar month in which such an increase occurs
3	shall remain fixed and the benefit attributable to such service calculated. The benefit
4	for such service shall be calculated based on the length of such service, the accrual
5	rate of the member during such service, and the average compensation during the
6	period of such service.
7	(ii) A benefit shall also be calculated for service accrued on and after the first
8	day of the calendar month in which such an increase occurs and before any other
9	division as required by Item (iii) of this Subparagraph. The benefit for such service
10	shall be calculated based on the length of such service, the accrual rate of the
11	member during such service, and the average compensation during the period of such
12	service.
13	(iii) Each time a member's actual earnings in a calendar month are thirty
14	percent or more above his average monthly earnings for the immediately preceding
15	twelve months, a division shall be created in the member's benefit such that a benefit
16	is calculated for all new service on and after such salary increase and before any
17	future such salary increase. The benefit for such service shall be calculated based
18	on the length of such service, the accrual rate of the member during such service, and
19	the average compensation during the period of such service.
20	(b) If any period to be calculated is less than otherwise required for the
21	member's average compensation pursuant to Subparagraph (5)(a) or (b) of this
22	Section, as applicable, the average compensation shall be calculated as provided in
23	Subparagraph (5)(c) of this Section.
24	(c) Total years of service within the system accrued by a member shall be
25	aggregated for purposes of retirement eligibility.
26	(d) The divided benefit calculation, if applicable, shall apply to all benefits
27	earned in this Chapter, including but not limited to normal retirement, disability, and
28	survivor benefits.

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1	(e) The provisions of this Paragraph shall not apply to members of the
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2	Optional Retirement Plan in Subpart F of Part IV of Chapter 1 of Subtitle II of Title
3	11 of the Louisiana Revised Statutes of 1950.

§612. Application; definitions

Terms not specifically defined in this Section shall have the meanings provided in R.S. 11:403 unless a different meaning is clearly required by the context. For purposes of this Subpart:

(1)(a) Except as provided in Subparagraph (b) of this Paragraph, "Average average compensation" means the average annual earned compensation of a member for the sixty highest months of successive employment, or for the highest sixty successive joined months of employment where interruption of service occurred; however, average compensation for part-time employees who do not use sixty months of full-time employment for average compensation purposes shall be based on the base pay the part-time employee would have received had he been employed on a full-time basis. The earnings to be considered for the thirteenth through the twenty-fourth month shall not exceed one hundred fifteen percent of the earnings of the first through the twelfth month. The earnings to be considered for the twentyfifth through the thirty-sixth month shall not exceed one hundred fifteen percent of the earnings of the thirteenth through the twenty-fourth month. The earnings to be considered for the thirty-seventh through the forty-eighth month shall not exceed one hundred fifteen percent of the earnings of the twenty-fifth through the thirty-sixth month. The earnings for the final twelve months shall not exceed one hundred fifteen percent of the earnings of the thirty-seventh through the forty-eighth month. The limitations on the computation of average compensation contained in this Paragraph shall not apply to any twelve-month period during which compensation increased by more than fifteen percent over the previous twelve-month period solely because of an increase in compensation by a uniform systemwide increase adopted

by the state Department of Civil Service and approved by the governor or because of a pay adjustment enacted by the legislature.

(b) For members who require a divided benefit calculation, "average compensation" shall mean the average annual earned compensation of a member

compensation" shall mean the average annual earned compensation of a member during the sixty highest months of successive employment or for the highest sixty successive joined months of employment where interruption of service occurred, as applicable, within a period of service for a calculation required pursuant to Paragraph (1.1) of this Section. If the period of service in a calculation is less than sixty months, then the period of the average compensation for that particular calculation shall be the number of months worked. The anti-spiking provisions of Subparagraph (a) of this Paragraph shall also apply to any calculations made pursuant to the provisions of this Subparagraph. For the purposes of survivor and disability benefits, "average compensation" shall mean the sum of all average compensation calculations pursuant to Paragraph (1.1) of this Section, each calculation weighted in proportion to the relation between the number of years of service in the calculation and the total years of creditable service.

(1.1)(a) "Divided benefit" means the benefit earned by a member whose actual earnings in a calendar month are thirty percent or more above his average monthly earnings for the immediately preceding twelve months. Such divided benefit shall be calculated as the sum of benefits calculated as follows:

(i) The member's average compensation and creditable service as they existed prior to the first day of the calendar month in which such an increase occurs shall remain fixed and the benefit attributable to such service calculated. The benefit for such service shall be calculated based on the length of such service, the accrual rate of the member during such service, and the average compensation during the period of such service.

(ii) A benefit shall also be calculated for service accrued on and after the first day of the calendar month in which such an increase occurs and before any other division as required by Item (iii) of this Subparagraph. The benefit for such service

2	member during such service, and the average compensation during the period of such
3	service.
4	(iii) Each time a member's actual earnings in a calendar month are thirty
5	percent or more above his average monthly earnings for the immediately preceding
6	twelve months, a division shall be created in the member's benefit such that a benefit
7	is calculated for all new service on and after such salary increase and before any
8	future such salary increase. The benefit for such service shall be calculated based
9	on the length of such service, the accrual rate of the member during such service, and
10	the average compensation during the period of such service.
11	(b) If any period to be calculated is less than otherwise required for the
12	member's average compensation pursuant to Paragraph (1) of this Section, the
13	average compensation shall be calculated as provided in R.S. 11:403(5)(c).
14	(c) Total years of service within the system accrued by a member shall be
15	aggregated for purposes of retirement eligibility.
16	(d) The divided benefit calculation, if applicable, shall apply to all benefits
17	earned in this Chapter, including but not limited to normal retirement, disability, and
18	survivor benefits.
19	* * *
20	§701. Definitions
21	As used in this Chapter, the following words and phrases have the meanings
22	ascribed to them in this Section unless a different meaning is plainly required by the
23	context:
24	* * *
25	(5)(a) Except as provided in Subparagraph (f) of this Paragraph, "Average
26	average compensation" subject to the other provisions of this Paragraph, for any
27	teacher whose first employment making him eligible for membership in one of the
28	state systems occurred on or before December 31, 2010, means the average earnable
29	compensation of a teacher for the three highest successive years of employment, or

shall be calculated based on the length of such service, the accrual rate of the

the highest three successive joined years of employment where interruption of service occurred. For any teacher whose first employment making him eligible for membership in one of the state systems occurred on or after January 1, 2011, "average compensation" means his average earnable compensation for the five highest successive years of employment, or the highest five successive joined years where interruption of service occurred. The computation of such average compensation shall be in accordance with the following guidelines:

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compensation" shall mean the average earnable compensation of a teacher for the thirty-six or sixty highest months of successive employment, as applicable, or for the highest thirty-six or sixty successive joined months of employment where interruption of service occurred, as applicable, within a period of service for a calculation required pursuant to Paragraph (9.1) of this Section. If the period of service in a calculation is less than the number of months otherwise required for the member's average compensation as provided in this Paragraph, then the period of the average compensation for that particular calculation shall be the number of months worked. The provisions of Items (a)(i) through (v) of this Paragraph shall also apply to any calculations made pursuant to the provisions of this Subparagraph. For the purposes of survivor and disability benefits, "average compensation" shall mean the sum of all average compensation calculations pursuant to Paragraph (9.1) of this Section, each calculation weighted in proportion to the relation between the number of years of service in the calculation and the total years of creditable service.

(ii) The provisions of this Subparagraph shall not apply to members of the Optional Retirement Plan provided for in Subpart A of Part VIII of Chapter 2 of Subpart II of Title 11 of the Louisiana Revised Statutes of 1950.

* * *

(9.1)(a) "Divided benefit" means the benefit earned by a member whose actual earnings in a calendar month are thirty percent or more above his average

2	benefit shall be calculated as the sum of benefits calculated as follows:
3	(i) The member's average compensation and creditable service as they
4	existed prior to the first day of the calendar month in which such an increase occurs
5	shall remain fixed and the benefit attributable to such service calculated. The benefit
6	for such service shall be calculated based on the length of such service, the accrual
7	rate of the member during such service, and the average compensation during the
8	period of such service.
9	(ii) A benefit shall also be calculated for service accrued on and after the first
10	day of the calendar month in which such an increase occurs and before any other
11	division as required by Item (iii) of this Subparagraph. The benefit for such service
12	shall be calculated based on the length of such service, the accrual rate of the
13	member during such service, and the average compensation during the period of such
14	service.
15	(iii) Each time a member's actual earnings in a calendar month are thirty
16	percent or more above his average monthly earnings for the immediately preceding
17	twelve months, a division shall be created in the member's benefit such that a benefit
18	is calculated for all new service on and after such salary increase and before any
19	future such salary increase. The benefit for such service shall be calculated based
20	on the length of such service, the accrual rate of the member during such service, and
21	the average compensation during the period of such service.
22	(b) If any period to be calculated is less than otherwise required for the
23	member's average compensation pursuant to Subparagraph (5)(a) of this Section, the
24	average compensation shall be calculated as provided in Subparagraph (5)(f) of this
25	Section.
26	(c) Total years of service within the system accrued by a member shall be
27	aggregated for purposes of retirement eligibility.

monthly earnings for the immediately preceding twelve months. Such divided

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(d) The divided benefit calculation, if applicable, shall apply to all benefits
earned in this Chapter, including but not limited to normal retirement, disability, and
survivor benefits.

(e) The provisions of this Paragraph shall not be applicable to members of the Optional Retirement Plan provided for in Subpart A of Part VIII of Chapter 2 of Subpart II of Title 11 of the Louisiana Revised Statutes of 1950.

* * *

§1002. Definitions

As used in this Chapter, the following words and phrases shall have the meanings ascribed to them in this Section unless a different meaning is plainly required by the context:

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(6)(a) Except as provided in Subparagraph (d) of this Paragraph, "Average average compensation", for a member whose first employment making him eligible for membership in the system began on or before June 30, 2006, shall be based on the thirty-six highest successive months of employment, or on the highest thirty-six successive joined months of employment where interruption of service occurred; however, the average compensation amount to be considered for the first through the twelfth month shall not exceed the compensation for the immediately preceding twelve months by more than ten percent. The amount for the thirteenth through the twenty-fourth month shall not exceed the lesser of the maximum allowable compensation amount or the actual compensation amount for the first through the twelfth month by more than ten percent. The amount for the twenty-fifth through the thirty-sixth month shall not exceed the lesser of the maximum allowable compensation amount or the actual compensation amount for the thirteenth through the twenty-fourth month by more than ten percent. The limitations on the computation of average compensation in this Paragraph shall not apply to any of the twelve-month periods where compensation increased by more than one hundred ten percent over the previous twelve-month period solely because of an increase in

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compensation by legislative act or by a city/parish system-wide systemwide salary increase.

(b) Except as provided in Subparagraph (d) of this Paragraph, "Average average compensation", for a member whose first employment making him eligible for membership in the system began on or after July 1, 2006, whose first employment making him eligible for membership in one of the state systems occurred on or before June 30, 2010, shall be based on the sixty highest successive months of employment, or on the highest sixty successive joined months of employment where interruption of service occurred; however, the average compensation amount for the thirteenth through the twenty-fourth month shall not exceed the actual compensation amount for the first through the twelfth month by more than ten percent. The amount for the twenty-fifth through the thirty-sixth month shall not exceed the lesser of the maximum allowable compensation amount or the actual compensation amount for the thirteenth through the twenty-fourth month by more than ten percent. The amount for the thirty-seventh through the forty-eighth month shall not exceed the lesser of the maximum allowable compensation amount or the actual compensation amount for the twenty-fifth through the thirty-sixth month by more than ten percent. The amount for the fortyninth through the sixtieth month shall not exceed the lesser of the maximum allowable compensation amount or the actual compensation amount for the thirtyseventh through the forty-eighth month by more than ten percent. The limitations on the computation of average compensation contained in this Paragraph shall not apply to any twelve-month period during which compensation increased by more than one hundred ten percent over the previous twelve-month period solely because of an increase in compensation by legislative act or by a city/parish system-wide salary increase.

(c) Except as provided in Subparagraph (d) of this Paragraph, "Average average compensation", for a member whose first employment making him eligible for membership in one of the state systems occurred on or after July 1, 2010, shall

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be based on the sixty highest successive months of employment, or on the highest sixty successive joined months of employment where interruption of service occurred; however, the average compensation amount for the thirteenth through the twenty-fourth month shall not exceed the actual compensation amount for the first through the twelfth month by more than fifteen percent. The amount for the twenty-fifth through the thirty-sixth month shall not exceed the lesser of the maximum allowable compensation amount or the actual compensation amount for the thirteenth through the twenty-fourth month by more than fifteen percent. The amount for the thirty-seventh through the forty-eighth month shall not exceed the lesser of the maximum allowable compensation amount or the actual compensation amount for the twenty-fifth through the thirty-sixth month by more than fifteen percent. The amount for the forty-ninth through the sixtieth month shall not exceed the lesser of the maximum allowable compensation amount or the actual compensation amount for the thirty-seventh through the forty-eighth month by more than fifteen percent. The limitations on the computation of average compensation contained in this Subparagraph shall not apply to any twelve-month period during which compensation increased by more than one hundred fifteen percent over the previous twelve-month period solely because of an increase in compensation by legislative act or by a city/parish system-wide systemwide salary increase.

average compensation" shall mean average compensation of a member for the thirty-six or sixty highest months of successive employment, as applicable, or for the highest thirty-six or sixty successive joined months of employment where interruption of service occurred, as applicable, within a period of service for a calculation required pursuant to Paragraph (11.1) of this Section. If the period of service in a calculation is less than the number of months otherwise required for the member's average compensation as provided in this Paragraph, then the period of the average compensation for that particular calculation shall be the number of months worked. The provisions of Subparagraphs (a)(ii) and (b)(ii) of this Paragraph, as

2	Subparagraph. For the purposes of survivor and disability benefits, "average
3	compensation" shall mean the sum of all average compensation calculations pursuant
4	to Paragraph (11.1) of this Section, each calculation weighted in proportion to the
5	relation between the number of years of service in the calculation and the total years
6	of creditable service.
7	(e) Notwithstanding any other provision of law to the contrary, "average
8	compensation" shall not include any amount in excess of the limitation provided in
9	R.S. 11:1141.3 by the Internal Revenue Code and as adopted by the board of
10	<u>trustees</u> .
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12	(11.1)(a) "Divided benefit" means the benefit earned by a member whose
13	actual earnings in a calendar month are thirty percent or more above his average
14	monthly earnings for the immediately preceding twelve months. Such divided
15	benefit shall be calculated as the sum of benefits calculated as follows:
16	(i) The member's average compensation and creditable service as they
17	existed prior to the first day of the calendar month in which such an increase occurs
18	shall remain fixed and the benefit attributable to such service calculated. The benefit
19	for such service shall be calculated based on the length of such service, the accrual
20	rate of the member during such service, and the average compensation during the
21	period of such service.
22	(ii) A benefit shall also be calculated for service accrued on and after the first
23	day of the calendar month in which such an increase occurs and before any other
24	division as required by Item (iii) of this Subparagraph. The benefit for such service
25	shall be calculated based on the length of such service, the accrual rate of the
26	member during such service, and the average compensation during the period of such
27	service.
28	(iii) Each time a member's actual earnings in a calendar month are thirty
29	percent or more above his average monthly earnings for the immediately preceding

applicable, shall also apply any calculations made pursuant to the provisions of this

twelve months, a division shall be created in the member's benefit such that a benefit	<u>fit</u>
is calculated for all new service on and after such salary increase and before an	<u>1y</u>
future such salary increase. The benefit for such service shall be calculated base	<u>ed</u>
on the length of such service, the accrual rate of the member during such service, ar	<u>1d</u>
the average compensation during the period of such service.	
(b) If any period to be calculated is less than otherwise required for the	<u>1e</u>
member's average compensation pursuant to Subparagraphs (6)(a) through (c) of the	<u>is</u>
Section, as applicable, the average compensation shall be calculated as provided	<u>in</u>
Subparagraph (6)(d) of this Section.	
(c) Total years of service within the system accrued by a member shall be	<u>se</u>
aggregated for purposes of retirement eligibility.	
(d) The divided benefit calculation, if applicable, shall apply to all benefit	<u>ts</u>
earned in this Chapter, including but not limited to normal retirement, disability, an	<u>1d</u>
survivor benefits.	
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§1307.2. Divided benefit	
A. "Divided benefit" means the benefit earned by a member whose actu	<u>al</u>
earnings in a calendar month are thirty percent or more above his average month	<u>ly</u>
earnings for the immediately preceding twelve months. Such divided benefit sha	<u>ıll</u>
be calculated as the sum of benefits calculated as follows:	
(1) The member's average salary and creditable service as they existed price	<u>or</u>
to the first day of the calendar month in which such an increase occurs shall rema	<u>in</u>
fixed and the benefit attributable to such service calculated. The benefit for such	<u>ch</u>
service shall be calculated based on the length of such service, the accrual rate of the	<u>1e</u>
member during such service, and the average salary during the period of such	<u>:h</u>
service.	
(2) A benefit shall also be calculated for service accrued on and after the fir	<u>:st</u>
day of the calendar month in which such an increase occurs and before any oth	<u>er</u>
division as required by Paragraph (3) of this Subsection. The benefit for such service	<u>ce</u>

1	shall be calculated based on the length of such service, the accrual rate of the
2	member during such service, and the average salary during the period of such
3	service.
4	(3) Each time a member's actual earnings in a calendar month are thirty
5	percent or more above his average monthly earnings for the immediately preceding
6	twelve months, a division shall be created in the member's benefit such that a benefit
7	is calculated for all new service on and after such salary increase and before any
8	future such salary increase. The benefit for such service shall be calculated based
9	on the length of such service, the accrual rate of the member during such service, and
10	the average salary during the period of such service.
11	B. If any period to be calculated is less than otherwise required for the
12	member's average salary pursuant to R.S. 11:1310(A), the average salary shall be
13	calculated as provided in R.S. 11:1310(B).
14	C. Total years of service within the system accrued by a member shall be
15	aggregated for purposes of retirement eligibility.
16	D. The divided benefit calculation, if applicable, shall apply to all benefits
17	earned in this Chapter, including but not limited to normal retirement, disability, and
18	survivor benefits.
19	* * *
20	§1310. Average salary; method of determining
21	A.(1) Except as provided in Subsection B of this Section, With with respect
22	to persons employed prior to September 8, 1978, the term "average salary" as used
23	in this Chapter for the purpose of determining pension payments and retirement is
24	the average salary including any additional pay or salary provided by the legislature
25	over and above that set by the Civil Service Commission, received for the year
26	ending on the last day of the month immediately preceding the date of retirement or
27	date of death or for any one-year period, whichever is the greatest. For the purposes
28	of computation, "average salary" shall not include overtime, expenses, or clothing

allowances.

(2)(a) Except as provided in Subsection B of this Section, With with respect to persons becoming employed on and after September 8, 1978, and whose first employment making them eligible for membership in one of the state systems occurred on or before December 31, 2010, the term "average salary" as used in this Chapter for the purpose of determining pension payments and retirement is the average salary including any additional pay or salary provided by the legislature over and above that set by the Civil Service Commission, received for the thirty-six month period ending on the last day of the month immediately preceding the date of retirement or date of death or for any thirty-six consecutive months, whichever is the greatest. For the purposes of computation, "average salary" shall not include overtime, expenses, or clothing allowances.

(b) The earnings to be considered for the thirteenth through the twenty-fourth month shall not exceed one hundred twenty-five percent of the earnings of the first through the twelfth month. The earnings to be considered for the final twelve months shall not exceed one hundred twenty-five percent of the earnings of the thirteenth through the twenty-fourth month. Nothing in this Subparagraph, however, shall change the method of determining the amount of earned compensation received.

B.(1)(a) If a member employed prior to September 8, 1978, requires a divided benefit, "average salary" as used in this Chapter for the purpose of determining pension payments and retirement is the average salary including any additional pay or salary provided by the legislature over and above that set by the Civil Service Commission, received for a year ending on the last day of the month immediately preceding the date the divided benefit calculation period ends or for any one-year period within that divided benefit calculation period, whichever is the greatest. For the purposes of computation, "average salary" shall not include overtime, expenses, or clothing allowances. For the purposes of survivor and disability benefits, "average salary" shall mean the sum of all average salary calculations pursuant to R.S. 11:1307.2, each calculation weighted in proportion to

2	years of creditable service.
3	(b) If the period of service in a calculation is less than the number of months
4	otherwise required for the member's average salary as provided in this Paragraph
5	then the period of the average salary for that particular calculation shall be the
6	number of months worked.
7	(2)(a) If a member employed on and after September 8, 1978, and whose
8	first employment making them eligible for membership in one of the state systems
9	occurred on or before December 31, 2010, requires a divided benefit, the term
10	"average salary" as used in this Chapter for the purpose of determining pension
11	payments and retirement is the average salary including any additional pay or salary
12	provided by the legislature over and above that set by the Civil Service Commission
13	received for a thirty-six-month period ending on the last day of the month
14	immediately preceding the date of a divided benefit calculation or date of death or
15	for any thirty-six consecutive months within a divided benefit calculation, whichever
16	is the greatest. For the purposes of computation, "average salary" shall not include
17	overtime, expenses, or clothing allowances. The provisions of Subparagraph
18	(A)(2)(b) of this Section shall apply to any calculation made pursuant to the
19	provisions of this Paragraph. For the purposes of survivor and disability benefits
20	"average salary" shall mean the sum of all average salary calculations pursuant to
21	R.S. 11:1307.2, each calculation weighted in proportion to the relation between the
22	number of years of service in the calculation and the total years of creditable service
23	(b) If the period of service in a calculation is less than the number of months
24	otherwise required for the member's average salary as provided in this Paragraph
25	then the period of the average salary for that particular calculation shall be the
26	number of months worked.
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the relation between the number of years of service in the calculation and the total

§1345.2. Application; definitions

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Terms not specifically defined in this Section shall have the meanings provided in R.S. 11:1301 unless a different meaning is clearly required by the context. For purposes of this Part:

(1)(a) Except as provided in Subparagraph (b) of this Paragraph, "Average average compensation" means the average annual earned compensation of a member for the sixty highest months of successive employment, or for the highest sixty successive joined months of employment where interruption of service occurred; however, average compensation for part-time employees who do not use sixty months of full-time employment for average compensation purposes shall be based on the base pay the part-time employee would have received had he been employed on a full-time basis. The earnings to be considered for the thirteenth through the twenty-fourth month shall not exceed one hundred fifteen percent of the earnings of the first through the twelfth month. The earnings to be considered for the twentyfifth through the thirty-sixth month shall not exceed one hundred fifteen percent of the earnings of the thirteenth through the twenty-fourth month. The earnings to be considered for the thirty-seventh through the forty-eighth month shall not exceed one hundred fifteen percent of the earnings of the twenty-fifth through the thirty-sixth month. The earnings for the final twelve months shall not exceed one hundred fifteen percent of the earnings of the thirty-seventh through the forty-eighth month. The limitations on the computation of average compensation contained in this Paragraph shall not apply to any twelve-month period during which compensation increased by more than fifteen percent over the previous twelve-month period solely because of an increase in compensation by a uniform systemwide increase adopted by the state Department of Civil Service and approved by the governor or because of a pay adjustment enacted by the legislature.

(b)(i) For full-time members who require a divided benefit calculation,

"average compensation" means the average annual earned compensation of a

member for the sixty highest months of successive employment, or for the highest

sixty successive joined months of employment where interruption of service occurred, within a period of service for a divided benefit calculation. If the period of service in a calculation is less than the number of months otherwise required for the member's average compensation as provided in this Subparagraph, then the period of the average compensation for that particular calculation shall be the number of months worked. For the purposes of survivor and disability benefits, "average compensation" shall mean the sum of all average compensation calculations pursuant to Paragraph (2) of this Section, each calculation weighted in proportion to the relation between the number of years of service in the calculation and the total years of creditable service.

(ii) For part-time employees who do not use sixty months of full-time employment for average compensation purposes who require a divided benefit calculation, the term "average compensation" shall mean the base pay the part-time employee would have received had he been employed on a full-time basis during the sixty highest months of successive employment, or for the highest sixty successive joined months of employment where interruption of service occurred, within a period of service for a divided benefit calculation. If the period of service in a calculation is less than the number of months otherwise required for the member's average compensation as provided in this Subparagraph, then the period of the average compensation for that particular calculation shall be the number of months worked. For the purposes of survivor and disability benefits, "average compensation" shall mean the sum of all average compensation calculations pursuant to Paragraph (2) of this Section, each calculation weighted in proportion to the relation between the number of years of service in the calculation and the total years of creditable service.

(iii) For both full-time and part-time employees, the earnings to be considered for the thirteenth through the twenty-fourth month shall not exceed one hundred fifteen percent of the earnings of the first through the twelfth month. The earnings to be considered for the twenty-fifth through the thirty-sixth month shall not exceed one hundred fifteen percent of the earnings of the thirteenth through the

1 twenty-fourth month. The earnings to be considered for the thirty-seventh through 2 the forty-eighth month shall not exceed one hundred fifteen percent of the earnings 3 of the twenty-fifth through the thirty-sixth month. The earnings for the final twelve 4 months shall not exceed one hundred fifteen percent of the earnings of the thirty-5 seventh through the forty-eighth month. (2)(a) "Divided benefit" means the benefit earned by a member whose actual 6 7 earnings in a calendar month are thirty percent or more above his average monthly 8 earnings for the immediately preceding twelve months. Such divided benefit shall 9 be calculated as the sum of benefits calculated as follows: 10 (i) The member's average compensation and creditable service as they 11 existed prior to the first day of the calendar month in which such an increase occurs 12 shall remain fixed and the benefit attributable to such service calculated. The benefit 13 for such service shall be calculated based on the length of such service, the accrual 14 rate of the member during such service, and the average compensation during the 15 period of such service. 16 (ii) A benefit shall also be calculated for service accrued on and after the first 17 day of the calendar month in which such an increase occurs and before any other 18 division as required by Item (iii) of this Subparagraph. The benefit for such service 19 shall be calculated based on the length of such service, the accrual rate of the 20 member during such service, and the average compensation during the period of such 21 service. 22 (iii) Each time a member's actual earnings in a calendar month are thirty 23 percent or more above his average monthly earnings for the immediately preceding 24 twelve months, a division shall be created in the member's benefit such that a benefit is calculated for all new service on and after such salary increase and before any 25 26 future such salary increase. The benefit for such service shall be calculated based 27 on the length of such service, the accrual rate of the member during such service, and 28 the average compensation during the period of such service.

1	(b) If the period of service in a calculation is less than the number of months
2	otherwise required for the member's average compensation as provided in Paragraph
3	(1) of this Section, then the period of the average compensation for that particular
4	calculation shall be the number of months worked.
5	(c) Total years of service within the system accrued by a member shall be
6	aggregated for purposes of retirement eligibility.
7	(d) The divided benefit calculation, if applicable, shall apply to all benefits
8	earned in this Chapter, including but not limited to normal retirement, disability, and
9	survivor benefits.
10	(3) "Member" or "members" shall include persons who would be eligible
11	for system membership pursuant to R.S. 11:1305 but whose first employment
12	making them eligible for membership in one of the state systems occurred on or after
13	January 1, 2011.
14	(3) (4) "Plan" means the New State Police Retirement Plan created by this
15	Subpart.
16	(4) (5) "System" means the Louisiana State Police Retirement System.
17	* * *
18	§1402. Definitions
19	As used in this Chapter, the following words and phrases shall have the
20	meanings ascribed to them unless the context clearly indicates otherwise:
21	* * *
22	(3.1)(a) "Divided benefit" means the benefit earned by a member whose
23	actual earnings in a calendar month are thirty percent or more above his average
24	monthly earnings for the immediately preceding twelve months. Such divided
25	benefit shall be calculated as the sum of benefits calculated as follows:
26	(i) The member's monthly average final compensation and creditable service
27	as they existed prior to the first day of the calendar month in which such an increase
28	occurs shall remain fixed and the benefit attributable to such service calculated. The
29	benefit for such service shall be calculated based on the length of such service, the

2	compensation during the period of such service.
3	(ii) A benefit shall also be calculated for service accrued on and after the first
4	day of the calendar month in which such an increase occurs and before any other
5	division as required by Item (iii) of this Subparagraph. The benefit for such service
6	shall be calculated based on the length of such service, the accrual rate of the
7	member during such service, and the monthly average final compensation during the
8	period of such service.
9	(iii) Each time a member's actual earnings in a calendar month are thirty
10	percent or more above his average monthly earnings for the immediately preceding
11	twelve months, a division shall be created in the member's benefit such that a benefit
12	is calculated for all new service on and after such salary increase and before any
13	future such salary increase. The benefit for such service shall be calculated based
14	on the length of such service, the accrual rate of the member during such service, and
15	the monthly average final compensation during the period of such service.
16	(b) If any period to be calculated is less than otherwise required for the
17	member's monthly average final compensation pursuant to Subparagraph (6)(a) or
18	(b) of this Section, as applicable, the monthly average final compensation shall be
19	calculated as provided in Subparagraph (6)(c) of this Section.
20	(c) Total years of service within the system accrued by a member shall be
21	aggregated for purposes of retirement eligibility.
22	(d) The divided benefit calculation, if applicable, shall apply to all benefits
23	earned in this Chapter, including but not limited to normal retirement, disability, and
24	survivor benefits.
25	* * *
26	(6)(a) Except as provided in Subparagraph (c) of this Paragraph, "Monthly
27	monthly average final compensation", for a member whose first employment making
28	him eligible for membership in the system began on or before September 30, 2006,

accrual rate of the member during such service, and the monthly average final

means the average of a member's monthly salary during the highest compensated thirty-six consecutive months or successive joined months if service was interrupted.

(b) Except as provided in Subparagraph (c) of this Paragraph, "Monthly monthly average final compensation", for a member whose first employment making him eligible for membership in the system began on or after October 1, 2006, means the average of a member's monthly salary during the highest compensated sixty consecutive months or successive joined months if service was interrupted.

(c) For members who require a divided benefit calculation, "monthly average final compensation" shall mean the member's average monthly salary during the highest compensated thirty-six or sixty highest months, as applicable, of consecutive months or successive joined months, as applicable, within a period of service for a calculation required pursuant to Paragraph (3.1) of this Section. If the period of service in one or more of the calculations is less than the number of months otherwise required for the member's monthly average final compensation as provided in this Paragraph, then the period of the monthly average final compensation for that particular calculation shall be the number of months worked. The provisions of R.S. 11:231 shall apply to any calculation required pursuant to the provisions of this Subparagraph. For the purposes of survivor and disability benefits, "monthly average final compensation" shall mean the sum of all average compensation calculations pursuant to Paragraph (3.1) of this Section, each calculation weighted in proportion to the relation between the number of years of service in the calculation and the total years of creditable service.

(d) Compensation of a member in excess of one hundred fifty thousand dollars, as adjusted for increases in the cost of living under Section 401(a)(17)(B) of the Internal Revenue Code shall not be taken into account for years beginning on or after January 1, 1994, and ending before January 1, 2002. Compensation of a member in excess of two hundred thousand dollars as adjusted for increases in the cost of living under Section 401(a)(17)(B) of the Internal Revenue Code shall not be taken into account for years beginning on or after January 1, 2002. However, in

1	determining monthly average final compensation for a member retiring on or after
2	January 1, 2002, compensation which is permitted to be taken into account on or
3	after January 1, 2002, but which occurred in a prior year that was included in the
4	averaging period shall be taken into account. This limitation may be adjusted from
5	time to time by rules promulgated by the board in accordance with the provisions of
6	the Administrative Procedure Act, R.S. 49:950 et seq.
7	(d) (e) For purposes of compliance with federal tax-qualification
8	requirements, the board may promulgate rules further defining "compensation" and
9	"Section 415 compensation", in accordance with the provisions of the Administrative
10	Procedure Act.
11	* * *
12	§1432. Computation of disability retirement benefit
13	A. The board of trustees shall award disability benefits to eligible members
14	who have been officially certified as disabled by the State Medical Disability Board.
15	The disability benefit shall be the lesser of (1) or (2) as set forth below:
16	(1) A sum equal to the greater of forty-five percent of final average monthly
17	average final compensation or the member's accrued retirement benefit at the time
18	of termination of employment due to disability; or
19	(2) The retirement benefit which would be payable assuming accrued
20	creditable service plus additional accrued service, if any, to the earliest normal
21	retirement age based on final average monthly average final compensation at the
22	time of termination of employment due to disability.
23	* * *
24	§1503. Definitions
25	As used in this Chapter, the following words and phrases shall have the
26	meanings ascribed to them unless the context clearly indicates otherwise:
27	* * *
28	(3.1)(a) "Divided benefit" means the benefit earned by a member whose
29	actual earnings in a calendar month are thirty percent or more above his average

2	benefit shall be calculated as the sum of benefits calculated as follows:
3	(i) The member's monthly average final compensation and creditable service
4	as they existed prior to the first day of the calendar month in which such an increase
5	occurs shall remain fixed and the benefit attributable to such service calculated. The
6	benefit for such service shall be calculated based on the length of such service, the
7	accrual rate of the member during such service, and the monthly average final
8	compensation during the period of such service.
9	(ii) A benefit shall also be calculated for service accrued on and after the first
10	day of the calendar month in which such an increase occurs and before any other
11	division as required by Item (iii) of this Subparagraph. The benefit for such service
12	shall be calculated based on the length of such service, the accrual rate of the
13	member during such service, and the monthly average final compensation during the
14	period of such service.
15	(iii) Each time a member's actual earnings in a calendar month are thirty
16	percent or more above his average monthly earnings for the immediately preceding
17	twelve months, a division shall be created in the member's benefit such that a benefit
18	is calculated for all new service on and after such salary increase and before any
19	future such salary increase. The benefit for such service shall be calculated based
20	on the length of such service, the accrual rate of the member during such service, and
21	the monthly average final compensation during the period of such service.
22	(b) If any period to be calculated is less than otherwise required for the
23	member's monthly average final compensation pursuant to Subparagraph (7)(a) of
24	this Section, the monthly average final compensation shall be calculated as provided
25	in Subparagraph (7)(b) of this Section.
26	(c) Total years of service within the system accrued by a member shall be
27	aggregated for purposes of retirement eligibility.

monthly earnings for the immediately preceding twelve months. Such divided

(d) The divided benefit calculation, if applicable, shall apply to all benefits earned in this Chapter, including but not limited to normal retirement, disability, and survivor benefits.

4 * * *

(7)(a) Except as provided in Subparagraph (b) of this Paragraph, "Monthly monthly average final compensation" means the average of a member's monthly salary during the highest compensated sixty consecutive months or successive joined months if service was interrupted. However, the salary to be considered for the thirteenth through the twenty-fourth month may not exceed one hundred ten percent of the salary for the first through the twelfth month. The salary to be considered for the twenty-fifth through the thirty-sixth month may not exceed one hundred ten percent of the salary for the thirty-seventh through the forty-eighth month may not exceed one hundred ten percent of the salary for the twenty-fifth through the thirty-sixth month. The salary to be considered for the forty-ninth through the sixtieth month may not exceed one hundred ten percent of the salary for the thirty-seventh through the forty-eighth month.

(b) For members who require a divided benefit calculation, "monthly average final compensation" shall mean the average of a member's monthly salary during the highest compensated sixty consecutive months or successive joined months if service was interrupted, within a period of service for a calculation required pursuant to Paragraph (3.1) of this Section. If the period of service in a calculation is less than sixty months, then the period of the monthly average final compensation for that particular calculation shall be the number of months worked. The anti-spiking provisions provided in Subparagraph (a) of this Paragraph shall be applicable to any calculation performed pursuant to the provisions of this Subparagraph. For the purposes of survivor and disability benefits, "monthly average final compensation" shall mean the sum of all monthly average final compensation calculations pursuant to Paragraph (3.1) of this Section, each

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calculation weighted in proportion to the relation between the number of years of service in the calculation and the total years of creditable service.

* * *

§1581. Definitions

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

* * *

(5)(a) Except as provided in Subparagraph (b) of this Paragraph, "Average average final compensation" shall mean the average monthly compensation earned by an employee during any period of sixty successive months of service as an employee during which the said earned compensation was the highest. The average monthly compensation shall include compensation not paid by the state, but only to the extent that nonstate compensation for the thirteenth through the twenty-fourth month does not exceed one hundred ten percent of the total of nonstate compensation for the first through twelfth month, and that nonstate compensation for the twentyfifth through the thirty-sixth month does not exceed one hundred ten percent of the total of nonstate compensation for the thirteenth through the twenty-fourth month, and that nonstate compensation for the thirty-seventh through the forty-eighth month does not exceed one hundred ten percent of the total of nonstate compensation for the twenty-fifth through thirty-sixth month, and that nonstate compensation for the forty-ninth through the sixtieth month does not exceed one hundred ten percent of the total of nonstate compensation for the thirty-seventh through forty-eighth month. Fees earned in connection with official duties shall not be included in average final compensation. In the event of interruption of employment, the sixty-month period shall be computed by joining employment periods immediately preceding and succeeding the interruption.

(b) For members who require a divided benefit calculation, "average final compensation" shall mean the average monthly compensation earned by an employee during any period of sixty successive months of service as an employee

during which the said earned compensation was the highest, within a period of service for a calculation required pursuant to Paragraph (8.1) of this Section. In the event of interruption of employment, the sixty-month period shall be computed by joining employment periods immediately preceding and succeeding the interruption. If the period of service in a calculation is less than sixty months, then the period of the average final compensation for that particular calculation shall be the number of months worked. The provisions of Subparagraph (a) of this Paragraph relative to the types of pay that may be included in the calculation of average final compensation and the anti-spiking provisions shall also apply any calculations made pursuant to the provisions of this Subparagraph. For the purposes of survivor and disability benefits, "average final compensation" shall mean the sum of all average compensation calculations pursuant to Paragraph (8.1) of this Section, each calculation weighted in proportion to the relation between the number of years of service in the calculation and the total years of creditable service.

(c) Compensation of a member in excess of two hundred thousand dollars, as adjusted for increases in the cost-of-living under 26 U.S.C. 401(a)(17)(B) for years beginning after January 1, 2002, shall not be taken into account. This limitation may be adjusted by rules promulgated by the board of trustees in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq. For purposes of compliance with the requirements for qualification under 26 U.S.C. 401(a), the board of trustees may promulgate rules further defining "compensation" and "section 415 compensation" in accordance with the Administrative Procedure Act.

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(8.1)(a) "Divided benefit" means the benefit earned by a member whose actual earnings in a calendar month are thirty percent or more above his average monthly earnings for the immediately preceding twelve months. Such divided benefit shall be calculated as the sum of benefits calculated as follows:

(i) The member's average final compensation and creditable service as they

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2	existed prior to the first day of the calendar month in which such an increase occurs
3	shall remain fixed and the benefit attributable to such service calculated. The benefit
4	for such service shall be calculated based on the length of such service, the accrual
5	rate of the member during such service, and the average final compensation during
6	the period of such service.
7	(ii) A benefit shall also be calculated for service accrued on and after the first
8	day of the calendar month in which such an increase occurs and before any other
9	division as required by Item (iii) of this Subparagraph. The benefit for such service
10	shall be calculated based on the length of such service, the accrual rate of the
11	member during such service, and the average final compensation during the period
12	of such service.
13	(iii) Each time a member's actual earnings in a calendar month are thirty
14	percent or more above his average monthly earnings for the immediately preceding
15	twelve months, a division shall be created in the member's benefit such that a benefit
16	is calculated for all new service on and after such salary increase and before any
17	future such salary increase. The benefit for such service shall be calculated based
18	on the length of such service, the accrual rate of the member during such service, and
19	the average final compensation during the period of such service.
20	(b) If any period to be calculated is less than otherwise required for the
21	member's average final compensation pursuant to Subparagraph (5)(a) of this
22	Section, the average final compensation shall be calculated as provided in
23	Subparagraph (5)(b) of this Section.
24	(c) Total years of service within the system accrued by a member shall be
25	aggregated for purposes of retirement eligibility.
26	(d) The divided benefit calculation, if applicable, shall apply to all benefits
27	earned in this Chapter, including but not limited to normal retirement, disability, and
28	survivor benefits.
29	* * *

§1732. Definitions

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

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(11.2)(a) "Divided benefit" means the benefit earned by a member whose actual earnings in a calendar month are thirty percent or more above his average monthly earnings for the immediately preceding twelve months. Such divided benefit shall be calculated as the sum of benefits calculated as follows:

- (i) The member's final compensation and creditable service as they existed prior to the first day of the calendar month in which such an increase occurs shall remain fixed and the benefit attributable to such service calculated. The benefit for such service shall be calculated based on the length of such service, the accrual rate of the member during such service, and the final compensation during the period of such service.
- (ii) A benefit shall also be calculated for service accrued on and after the first day of the calendar month in which such an increase occurs and before any other division required by Item (iii) of this Subparagraph. The benefit for such service shall be calculated based on the length of such service, the accrual rate of the member during such service, and the final compensation during the period of such service.
- (iii) Each time a member's actual earnings in a calendar month are thirty percent or more above his average monthly earnings for the immediately preceding twelve months, a division shall be created in the member's benefit such that a benefit is calculated for all new service on and after such salary increase and before any future such salary increase. The benefit for such service shall be calculated based on the length of such service, the accrual rate of the member during such service, and the final compensation during the period of such service.

(b) If any period to be calculated is less than sixty months, the final compensation shall be calculated as provided in Subparagraph (15)(b) of this Section.

- (c) Total years of service within the system accrued by a member shall be aggregated for purposes of retirement eligibility.
- (d) The divided benefit calculation, if applicable, shall apply to all benefits earned pursuant to this Chapter, including but not limited to normal retirement, disability, and survivor benefits.

* * *

(15)(a) For employees who do not require a divided benefit calculation, "Final final compensation" means the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. The earnings to be considered for the thirteenth through the twenty-fourth months shall not exceed one hundred fifteen percent of the earnings for the first through the twelfth months. The earnings to be considered for the twenty-fifth through the thirty-sixth months shall not exceed one hundred fifteen percent of the earnings for the thirty-seventh through the forty-eighth months shall not exceed one hundred fifteen percent of the earnings for the twenty-fifth through the thirty-sixth months. The earnings to be considered for the final twelve months shall not exceed one hundred fifteen percent of the earnings of the thirty-seventh through the forty-eighth months.

(b) For members who require a divided benefit calculation, "final compensation" shall mean the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted, within a period of service for a calculation required pursuant to Paragraph (11.2) of this Section. If the period of service in a calculation is less than sixty months, then the final compensation for that particular calculation shall be the average monthly earnings during the number of months worked in that period. For the purposes of survivor and disability benefits, "final compensation" shall mean the sum of all final

1	compensation calculations pursuant to Paragraph (11.2) of this Section, each
2	calculation weighted in proportion to the relation between the number of years of
3	service in the calculation and the total years of creditable service.
4	* * *
5	§1902. Definitions
6	As used in this Chapter, the following words and phrases shall have the
7	following meanings, unless a different meaning is plainly required by context:
8	* * *
9	(10.1)(a) "Divided benefit" means the benefit earned by a member whose
10	actual earnings in a calendar month are thirty percent or more above his average
11	monthly earnings for the immediately preceding twelve months. Such divided
12	benefit shall be calculated as follows:
13	(i) The member's final compensation and creditable service as they existed
14	prior to the first day of the calendar month in which such an increase occurs shall
15	remain fixed and the benefit attributable to such service calculated. The benefit for
16	such service shall be calculated based on the length of such service, the accrual rate
17	of the member during such service, and the final compensation during the period of
18	such service.
19	(ii) A benefit shall also be calculated for service accrued on and after the first
20	day of the calendar month in which such an increase occurs and before any other
21	division as required by Item (iii) of this Subparagraph. The benefit for such service
22	shall be calculated based on the length of such service, the accrual rate of the
23	member during such service, and the final compensation during the period of such
24	service.
25	(iii) Each time a member's actual earnings in a calendar month are thirty

percent or more above his average monthly earnings for the immediately preceding

twelve months, a division shall be created in the member's benefit such that a benefit

is calculated for all new service on and after such salary increase and before any

future such salary increase. The benefit for such service shall be calculated based

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on the length of such service, the accrual rate of the member during such service, and the final compensation during the period of such service.

- (b) If any period to be calculated is less than otherwise required for the member's final compensation pursuant to Subparagraphs (14)(a) and (b) of this Section, as applicable, the final compensation shall be calculated as provided in Subparagraph (14)(c) of this Section.
- (c) Total years of service within the system accrued by a member shall be aggregated for purposes of retirement eligibility.
- (d) The divided benefit calculation, if applicable, shall apply to all benefits earned in this Chapter, including but not limited to normal retirement, disability, and survivor benefits.

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- (14)(a) Except as provided in Subparagraph (c) of this Paragraph, "Final final compensation", for members hired on or before December 31, 2006, means the average monthly earnings during the highest thirty-six consecutive months or joined months if service was interrupted. The earnings to be considered for the thirteenth through the twenty-fourth month shall not exceed one hundred fifteen percent of the earnings of the first through the twelfth month. The earnings to be considered for the final twelve months shall not exceed one hundred fifteen percent of the earnings of the thirteenth through the twenty-fourth month.
- (b) Except as provided in Subparagraph (c) of this Paragraph, For for members hired on or after January 1, 2007, "final compensation" means the average monthly earnings during the sixty highest consecutive months of employment or the sixty highest successive joined months of employment if interruption of service occurred. The earnings to be considered for the thirteenth through the twenty-fourth month shall not exceed one hundred fifteen percent of the earnings for the first through the twelfth month. The earnings to be considered for the twenty-fifth through the thirty-sixth month shall not exceed one hundred fifteen percent of the earnings for the thirteenth through the twenty-fourth month. The earnings to be

2	hundred fifteen percent of the earnings for the twenty-fifth through the thirty-sixth
3	month. The earnings to be considered for the final twelve months shall not exceed
4	one hundred fifteen percent of the earnings for the thirty-seventh through the forty-
5	eighth month.
6	(c) For members who require a divided benefit calculation, "final
7	compensation" shall mean the average monthly earnings during the thirty-six or sixty
8	highest consecutive months of employment, as applicable, or the thirty-six or sixty
9	highest successive joined months of employment if interruption of service occurred,
10	as applicable, within a period of service for a calculation required pursuant to
11	Paragraph (10.1) of this Section. If the period of service in a calculation is less than
12	the number of months otherwise required for the member's final compensation as
13	provided in Subparagraph (a) or (b) of this Paragraph, as applicable, then the period
14	of the final compensation for that particular calculation shall be the number of
15	months worked. The anti-spiking provisions in Subparagraph (a) or (b) of this
16	Paragraph, as applicable, shall also apply to any calculation required under this
17	Paragraph. For the purposes of survivor and disability benefits, "final compensation"
18	shall mean the sum of all average compensation calculations pursuant to Paragraph
19	(10.1) of this Section, each calculation weighted in proportion to the relation between
20	the number of years of service in the calculation and the total years of creditable
21	service.
22	* * *
23	§2031. Definitions
24	The following words and phrases, as used in this Chapter, unless a different
25	meaning is plainly required by the context, shall have the following meanings:
26	* * *
27	(5)(a) Except as provided in Subparagraph (b) of this Paragraph, "Average
28	average compensation" shall mean the average annual earned compensation of an
29	employee for any period of sixty successive or joined months of service as an

considered for the thirty-seventh through the forty-eighth month shall not exceed one

employee during which earned compensation was the highest. In case of interruption of employment, the sixty-month period shall be computed by joining employment periods immediately preceding and succeeding the interruption.

(b) For members who require a divided benefit calculation, "average compensation" shall mean the average annual earned compensation of an employee for any period of sixty successive or joined months of service as an employee during which earned compensation was the highest, within a period of service for a calculation required pursuant to Paragraph (8.1) of this Section. If the period of service in a calculation is less than sixty months, then the period of the average compensation for that particular calculation shall be the number of months worked. Any anti-spiking provisions otherwise applicable to the calculation of average compensation in this Chapter shall also apply to any calculations done pursuant to the provisions of this Subparagraph. For the purposes of survivor and disability benefits, "average compensation" shall mean the sum of all average compensation calculations pursuant to Paragraph (8.1) of this Section, each calculation weighted in proportion to the relation between the number of years of service in the calculation and the total years of creditable service.

18 * * *

(8.1)(a) "Divided benefit" means the benefit earned by a member whose actual earnings in a calendar month are thirty percent or more above his average monthly earnings for the immediately preceding twelve months. Such divided benefit shall be calculated as the sum of benefits calculated as follows:

(i) The member's average compensation and creditable service as they existed prior to the first day of the calendar month in which such an increase occurs shall remain fixed and the benefit attributable to such service calculated. The benefit for such service shall be calculated based on the length of such service, the accrual rate of the member during such service, and the average compensation during the period of such service.

2	day of the calendar month in which such an increase occurs and before any other
3	division as required by Item (iii) of this Subparagraph. The benefit for such service
4	shall be calculated based on the length of such service, the accrual rate of the
5	member during such service, and the average compensation during the period of such
6	service.
7	(iii) Each time a member's actual earnings in a calendar month are thirty
8	percent or more above his average monthly earnings for the immediately preceding
9	twelve months, a division shall be created in the member's benefit such that a benefit
10	is calculated for all new service on and after such salary increase and before any
11	future such salary increase. The benefit for such service shall be calculated based
12	on the length of such service, the accrual rate of the member during such service, and
13	the average compensation during the period of such service.
14	(b) If any period to be calculated is less than sixty months, the average
15	compensation shall be calculated as provided in Subparagraph (5)(b) of this Section.
16	(c) Total years of service within the system accrued by a member shall be
17	aggregated for purposes of retirement eligibility.
18	(d) The divided benefit calculation, if applicable, shall apply to all benefits
19	earned in this Chapter, including but not limited to normal retirement, disability, and
20	survivor benefits.
21	* * *
22	§2165.2. Definitions
23	A. As used in this Part, the following terms have the meanings ascribed
24	below unless a different meaning is clearly required by the context:
25	(1)(a) Except as provided in Subparagraph (b) of this Paragraph, "Average
26	average compensation" shall mean the average annual earned compensation of an
27	employee for any period of sixty successive or joined months of service as an
28	employee during which earned compensation was the highest. In case of interruption

(ii) A benefit shall also be calculated for service accrued on and after the first

1	of employment, the sixty-month period shall be computed by joining employment
2	periods immediately preceding and succeeding the interruption.
3	(b) For members who require a divided benefit calculation, "average
4	compensation" shall mean the average annual earned compensation of an employee
5	for any period of sixty successive or joined months of service as an employee during
6	which earned compensation was the highest, within a period of service for a
7	calculation required pursuant to R.S. 11:2131(8.1). In case of interruption of
8	employment, the sixty-month period shall be computed by joining employment
9	periods immediately preceding and succeeding the interruption. If the period of
10	service in one or more of the calculations is less than sixty months, then the period
1	of the average compensation for that particular calculation shall be the average
2	annual earned compensation during the number of months worked. For the purposes
13	of survivor and disability benefits, "average compensation" shall mean the sum of
14	all average compensation calculations pursuant to R.S. 11:2131(8.1), each
15	calculation weighted in proportion to the relation between the number of years of
16	service in the calculation and the total years of creditable service.
17	* * *
8	§2178.1. Back-Deferred Retirement Option Plan
19	* * *
20	C. The member's Back-DROP monthly benefit accrual shall be calculated
21	based on the provisions applicable for service retirement set forth in R.S. 11:2178(C)
22	or 2178.2, as applicable, subject to the following conditions:
23	* * *
24	82178 2. Divided benefit

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A. Notwithstanding any provision of this Chapter to the contrary, including

R.S. 11:2178, any time a member's actual earnings in a calendar month are thirty

percent or more above his average monthly earnings for the immediately preceding

twelve months, his benefit shall be based on the divided benefit calculation contained

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in this Section. Such divided benefit shall be calculated as the sum of benefits calculated as follows:

(1) The member's average final compensation and creditable service as they existed prior to the first day of the calendar month in which such an increase occurs shall remain fixed and the benefit attributable to such service calculated. The benefit for such service shall be calculated based on the length of such service, the accrual rate of the member during such service, and the average final compensation during the period of such service.

(2) A benefit shall also be calculated for service accrued on and after the first day of the calendar month in which such an increase occurs and before any other division as required by Paragraph (3) of this Subsection. The benefit for such service shall be calculated based on the length of such service, the accrual rate of the member during such service, and the average final compensation during the period of such service.

(3) Each time a member's actual earnings in a calendar month are thirty percent or more above his average monthly earnings for the immediately preceding twelve months, a division shall be created in the member's benefit such that a benefit is calculated for all new service on and after such salary increase and before any future such salary increase. The benefit for such service shall be calculated based on the length of such service, the accrual rate of the member during such service, and the average final compensation during the period of such service.

B. "Average final compensation" as used in this Section shall mean a member's average monthly salary over the applicable period of months provided in R.S. 11:2178(C)(1)(c)(i) through (iii), within a period of service for a calculation required pursuant to Subsection A of this Section. If the period to be calculated is less than otherwise required for the member's average final compensation pursuant to R.S. 11:2178(C)(1)(c)(i) through (iii), as applicable, the average final compensation period shall be the number of months worked for that particular calculation. The provisions of R.S. 11:231 shall apply to any calculation made

1	pursuant to this Section. For the purposes of survivor and disability benefits,
2	"average final compensation" shall mean the sum of all average final compensation
3	calculations pursuant to Subsection A of this Section, each calculation weighted in
4	proportion to the relation between the number of years of service in the calculation
5	and the total years of creditable service.
6	C. Total years of service within the system accrued by a member shall be
7	aggregated for purposes of retirement eligibility.
8	D. The divided benefit calculation, if applicable, shall apply to all benefits
9	earned in this Chapter, including but not limited to normal retirement, disability, and
10	survivor benefits.
11	* * *
12	§2213. Definitions
13	The following words and phrases, as used in this Chapter, unless a different
14	meaning is plainly required by context, shall have the following meanings:
15	* * *
16	(4)(a) Except as provided in Subparagraph (c) of this Paragraph, For for
17	members first employed on or before December 31, 2012, "average final
18	compensation" shall mean the average annual earned compensation of an employee
19	for any period of thirty-six successive or joined months of service as an employee
20	during which the said earned compensation was the highest. In case of interruption
21	of employment, the thirty-six month period shall be computed by joining
22	employment periods immediately preceding and succeeding the interruption. The
23	earnings to be considered for the thirteenth through the twenty-fourth months shall
24	not exceed one hundred fifteen percent of the earnings for the first through the
25	twelfth months. The earnings to be considered for the final twelve months shall not
26	exceed one hundred fifteen percent of the earnings of the thirteenth through the
27	twenty-fourth months.
28	(b) Except as provided in Subparagraph (c) of this Paragraph, For for
29	members first employed on or after January 1, 2013, "average final compensation"

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means the average annual earned compensation of a member for the sixty highest months of successive employment, or for the highest sixty successive joined months of employment where interruption of service occurred. The earnings to be considered for the thirteenth through the twenty-fourth month shall not exceed one hundred fifteen percent of the earnings of the first through the twelfth month. The earnings to be considered for the twenty-fifth through the thirty-sixth month shall not exceed one hundred fifteen percent of the earnings of the thirteenth through the twenty-fourth month. The earnings to be considered for the thirty-seventh through the forty-eighth month shall not exceed one hundred fifteen percent of the earnings of the twenty-fifth through the thirty-sixth month. The earnings for the final twelve months shall not exceed one hundred fifteen percent of the earnings of the thirtyseventh through the forty-eighth month. The limitations on the computation of average final compensation contained in this Subparagraph shall not apply to any twelve-month period during which compensation increased by more than fifteen percent over the previous twelve-month period solely because of an increase in compensation by a uniform systemwide increase adopted by a local governing authority.

(c) For members who require a divided benefit calculation, "average final compensation" shall mean the average annual earned compensation of the member for the thirty-six or sixty highest months of successive employment, as applicable, or for the highest thirty-six or sixty successive joined months of employment where interruption of service occurred, as applicable, within a period of service for a calculation required pursuant to Paragraph (9.1) of this Section. If the period of service in a calculation is less than the number of months otherwise required for the member's average final compensation as provided in this Paragraph, then the period of the average final compensation for that particular calculation shall be the number of months worked. The anti-spiking provisions in Subparagraphs (a) and (b) of this Paragraph, as applicable, shall also apply to any calculation required under this Paragraph. For the purposes of survivor and disability benefits, "average final

compensation" shall mean the sum of all average final compensation calculations pursuant to Paragraph (9.1) of this Section, each calculation weighted in proportion to the relation between the number of years of service in the calculation and the total years of creditable service.

* * *

(9.1)(a) "Divided benefit" means the benefit earned by a member whose actual earnings in a calendar month are thirty percent or more above his average monthly earnings for the immediately preceding twelve months. Such divided benefit shall be calculated as the sum of benefits calculated as follows:

- (i) The member's average final compensation and creditable service as they existed prior to the first day of the calendar month in which such an increase occurs shall remain fixed and the benefit attributable to such service calculated. The benefit for such service shall be calculated based on the length of such service, the accrual rate of the member during such service, and the average final compensation during the period of such service.
- (ii) A benefit shall also be calculated for service accrued on and after the first day of the calendar month in which such an increase occurs and before any other division as required by Item (iii) of this Subparagraph. The benefit for such service shall be calculated based on the length of such service, the accrual rate of the member during such service, and the average final compensation during the period of such service.
- (iii) Each time a member's actual earnings in a calendar month are thirty percent or more above his average monthly earnings for the immediately preceding twelve months, a division shall be created in the member's benefit such that a benefit is calculated for all new service on and after such salary increase and before any future such salary increase. The benefit for such service shall be calculated based on the length of such service, the accrual rate of the member during such service, and the average final compensation during the period of such service.

1	(b) If any period to be calculated is less than otherwise required for the
2	member's average final compensation pursuant to Subparagraph (4)(a) or (b) of this
3	Section, as applicable, the average final compensation shall be calculated as provided
4	in Subparagraph (4)(c) of this Section.
5	(c) Total years of service within the system accrued by a member shall be
6	aggregated for purposes of retirement eligibility.
7	(d) The divided benefit calculation, if applicable, shall apply to all benefits
8	earned in this Chapter, including but not limited to normal retirement, disability, and
9	survivor benefits.
10	* * *
11	§2252. Definitions
12	The following words and phrases, as used in this Chapter, unless a different
13	meaning is plainly required by context, shall have the following meaning:
14	* * *
15	(4)(a) Except as provided in Subparagraph (b) of this Paragraph, "Average
16	average final compensation" shall mean the average annual earned compensation of
17	an employee for any period of thirty-six successive or joined months of service as
18	an employee during which the said earned compensation was the highest. In case of
19	interruption of employment, the thirty-six month period shall be computed by joining
20	employment periods immediately preceding and succeeding the interruption. The
21	earnings to be considered for the thirteenth through the twenty-fourth months shall
22	not exceed one hundred fifteen percent of the earnings for the first through the
23	twelfth months. The earnings to be considered for the final twelve months shall not
24	exceed one hundred fifteen percent of the earnings of the thirteenth through the
25	twenty-fourth months.
26	(b) For members who require a divided benefit calculation, "average
27	compensation" shall mean the average annual earned compensation of an employee
28	for any period of thirty-six successive or joined months of service as an employee
29	during which the said earned compensation was the highest, within a period of

service for a calculation required pursuant to Paragraph (8.1) of this Section. If the period of service in a calculation is less than thirty-six months, then the period of the average compensation for that particular calculation shall be the average annual earned compensation during number of months worked. The anti-spiking provisions of Subparagraph (a) of this Paragraph shall also apply any calculations made pursuant to the provisions of this Subparagraph. For the purposes of survivor and disability benefits, "average compensation" shall mean the sum of all average compensation calculations pursuant to Paragraph (8.1) of this Section, each calculation weighted in proportion to the relation between the number of years of service in the calculation and the total years of creditable service.

* * *

(8.1)(a) "Divided benefit" means the benefit earned by a member whose actual earnings in a calendar month are thirty percent or more above his average monthly earnings for the immediately preceding twelve months. Such divided benefit shall be calculated as follows:

(i) The member's average compensation and creditable service as they existed prior to the first day of the calendar month in which such an increase occurs shall remain fixed and the benefit attributable to such service calculated. The benefit for such service shall be calculated based on the length of such service, the accrual rate of the member during such service, and the average compensation during the period of such service.

(ii) A benefit shall also be calculated for service accrued on and after the first day of the calendar month in which such an increase occurs and before any other division as required by Item (iii) of this Subparagraph. The benefit for such service shall be calculated based on the length of such service, the accrual rate of the member during such service, and the average compensation during the period of such service.

(iii) Each time a member's actual earnings in a calendar month are thirty percent or more above his average monthly earnings for the immediately preceding

1	twelve months, a division shall be created in the member's benefit such that a benefit
2	is calculated for all new service on and after such salary increase and before any
3	future such salary increase. The benefit for such service shall be calculated based
4	on the length of such service, the accrual rate of the member during such service, and
5	the average compensation during the period of such service.
6	(b) If any period to be calculated is less than otherwise required for the
7	member's average compensation pursuant to Subparagraph (4)(a) of this Section, the
8	average compensation shall be calculated as provided in Subparagraph (4)(b) of this
9	Section.
10	(c) Total years of service within the system accrued by a member shall be
11	aggregated for purposes of retirement eligibility.
12	(d) The divided benefit calculation, if applicable, shall apply to all benefits
13	earned in this Chapter, including but not limited to normal retirement, disability, and
14	survivor benefits.
15	* * *

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)]

Badon HB No. 61

Abstract: Establishes a "divided benefit" for all members of state and statewide retirement systems whose salary increases by more than 30%, comparing one month to the average over the previous 12, and provides for the calculation of such divided benefit and for its application.

BENEFIT CALCULATIONS

Present law generally provides for a calculation of benefits for members of state and statewide retirement systems as follows:

(Accrual rate) x (years of service) x (average compensation)

This calculation is performed when the member retires, enters DROP, files for disability benefits, or dies while in active service.

<u>Proposed law</u> retains <u>present law</u> for all members of state and statewide retirement systems whose salary does not increase by more than 30% in any twelve-month period.

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

<u>Proposed law</u> establishes a new benefit calculation for any member of a state or statewide retirement system whose salary increases by more than 30%, comparing one month to the average of the previous 12. Further provides that the new benefit is called a "divided benefit".

Provides for the calculation of a "divided benefit" as the sum of:

- (1) Total years of service prior to the 30% or greater increase in monthly earnings times the final compensation for those particular years of service times the accrual rate for those years of service.
- (2) Years of service on and after the 30% or greater increase times the final compensation for those particular years of service times the accrual rate for those years of service.
- (3) A benefit shall also be calculated in a similar manner for any period between two increases of 30% or more.

<u>Proposed law</u> further provides that for members with a divided benefit, the member's total years of service within the system shall be aggregated for purposes of retirement eligibility.

Further provides that if a member achieves the qualifications for a divided benefit under proposed law, the divided benefit shall be used to calculate all benefits earned by the member, including normal retirement benefits, disability benefits, and survivor benefits.

AVERAGE COMPENSATION

<u>Present law</u> generally provides for a calculation of the average earnings of a member during a specific period of time, which calculation is then used in the calculation of benefits. Such calculation of average earnings is variously referred to in <u>present law</u> as "average compensation", "average salary", "monthly average final compensation", or some other variation. Typically, the average is calculated over either three or five years, depending on when the member first became eligible for membership.

<u>Proposed law</u> retains <u>present law</u> for all members of state and statewide retirement systems who do not require a "divided benefit" calculation.

<u>Proposed law</u> provides that for a "divided benefit" calculation, the "average compensation" shall be the average of the member's earnings over the otherwise applicable <u>present law</u> time period, within a period of service for a divided benefit calculation. Further provides that if the period of service is less than the otherwise required <u>present law</u> time period for calculation, the period shall be the number of whole months worked in that calculation period.

<u>Proposed law</u> further provides that for the purposes of disability and survivor benefits, "final compensation" shall mean the sum of all final compensation calculations required pursuant to <u>proposed law</u>, each calculation weighted in proportion to the relation between the number of years of service attributable to each calculation and the total number of years of service of the member.

 $\begin{array}{l} \text{(Amends R.S. 11:403(5), } 612(1), 701(5)(a), 1002(6), 1310(A), 1345.2, 1402(6), 1432(A), \\ 1503(7), 1581(5), 1732(15), 1902(14), 2031(5), 2165.2(A)(1), 2178.1(C)(intro. para.), \\ 2213(4), \text{and } 2252(4) \text{ and } \text{adds R.S. } 11:403(9.1), 612(1.1), 701(5)(f) \text{ and } (9.1), 1002(11.1) \\ 1307.2, 1310(B), 1402(3.1), 1503(3.1), 1581(8.1), 1732(11.2), 1902(10.1), 2031(8.1), \\ 2178.2, 2213(9.1), \text{and } 2252(8.1)) \end{array}$