

RÉSUMÉ DIGEST

ACT 652 (HB 58)

2016 Regular Session

Leger

Existing law establishes the Deferred Retirement Option Plan (DROP) in the Firefighters' Pension and Relief Fund in the city of New Orleans (NOFF). Prior law allowed a member who participated in DROP to also take an initial lump sum benefit. New law prohibits a member who elects to participate in DROP from also taking an initial lump sum benefit.

Existing law provides that upon expiration of the member's DROP participation period or termination of employment, whichever occurs first, interest shall be allocated annually to the member's DROP account based on a composite rate of return of the pension fund, less an administrative fee. Further guarantees that the balance of the member's account shall not be diminished or impaired. New law requires the board, upon expiration of DROP participation or termination of employment, to invest DROP account balances in liquid asset money market investments. Provides that interest shall be the actual rate of return earned on the investments.

New law authorizes a member participating in DROP on or after Jan. 1, 2016, to waive the guarantee provisions for DROP account balances provided by existing law and to authorize debits to his DROP account in order to have his DROP account balance placed into the fund's investment portfolio and to earn interest at a rate based on a five-year average of the actuarially determined composite rate of return of the pension fund, less a two percent administrative fee.

Effective upon signature of governor (June 17, 2016).

(Amends R.S. 11:3385.1(H)(2) and (N))