## 2017 Regular Session

HOUSE BILL NO. 683 (Substitute for House Bill No. 36 by Representative Jones)

BY REPRESENTATIVE JONES

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

RETIREMENT/MUNICIPAL EMP: Provides relative to the reemployment of retirees of the Municipal Employees' Retirement System of La.

1	AN ACT
2	To amend and reenact R.S. 11:1762(A) and (B) and to enact R.S. 11:1762.1, relative to the
3	reemployment of retirees of the Municipal Employees' Retirement System of
4	Louisiana; to provide for retirees who return to work; to provide for benefit
5	suspension; to provide for a supplemental benefit; to provide for membership in the
6	system; and to provide for related matters.
7	Notice of intention to introduce this Act has been published
8	as provided by Article X, Section 29(C) of the Constitution
9	of Louisiana.
10	Be it enacted by the Legislature of Louisiana:
11	Section 1. R.S. 11: 1762(A) and (B) are hereby amended and reenacted and R.S.
12	11:1762.1 is hereby enacted to read as follows:
13	§1762. Reemployment Part-time reemployment of retirees
14	A.(1) Whenever a retiree receiving normal retirement benefits becomes
15	reemployed by an employer such that but he does not meet the definition of an
16	employee and his monthly earnings are equal to or less than the difference between
17	his monthly average final compensation and his monthly retirement benefit, his
18	retirement benefits shall continue and he shall not be a member of the system.
19	(2) Whenever a retiree receiving normal retirement benefits becomes
20	reemployed by an employer such that but he does not meet the definition of an

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

1	employee and his monthly earnings exceed the difference between his monthly
2	average final compensation and his monthly retirement benefit, his retirement
3	benefits shall be reduced by the amount his monthly earnings exceed the difference
4	between his monthly average final compensation and his monthly retirement benefit
5	for every month of such employment and he shall not be a member of the system.
6	B. For a retired member first reemployed on or after July 1, 2016, during a
7	period of reemployment by an employer without his meeting the definition of an
8	employee, the retiree and his employer shall make contributions to the retirement
9	system as provided by this Chapter, but the retiree shall receive no additional service
10	credit and shall not accrue any additional retirement benefit in the retirement system.
11	Upon termination of reemployment, employee contributions paid since
12	reemployment shall, upon application, be refunded to the retiree without interest.
13	The retirement system shall retain the employer contributions and interest on
14	contributions made pursuant to this Subsection.
15	* * *
16	§1762.1. Full-time reemployment of retirees
17	A. (1) If a retiree receiving a normal benefit becomes employed by an
18	employer as an employee on or after July 1, 2017, the retired member's retirement
19	benefit shall be suspended and the retired member shall be a member of the system.
20	Upon his subsequent separation from service, the system shall resume payments of
21	the retired member's original benefit.
22	(2) If the retiree worked for more than twelve months, he shall receive a
23	supplemental benefit based on his salary and service earned during reemployment
24	using the payment option elected by the member for his original retirement benefit.
25	If the retiree is reemployed for a period of less then twelve months, he shall not earn
26	a supplemental benefit and the system shall return the employee contributions to the
27	member without interest and retain the contributions paid by the employer.
28	B. The supplemental benefit when combined with the original benefit shall
29	not exceed the final compensation figure used to compute the supplemental benefit.

1	C. If a retiree receiving a normal benefit becomes employed by an employed
2	as an employee prior to July 1, 2017, the retired member may elect to have his
3	benefit suspended and be a member of the system pursuant to this Section.
4	Section 2. This Act shall become effective on June 30, 2017; if vetoed by the
5	governor and subsequently approved by the legislature, this Act shall become effective or
6	June 30, 2017, or on the day following such approval by the legislature, whichever is later

## DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 683 Reengrossed	2017 Regular Session	Jones
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Abstract: Allows a retired member of the Municipal Employees Retirement System of La. (MERS) to return to work full-time with benefit suspension and to receive a supplemental benefit under certain circumstances.

<u>Present law</u> provides that when a retired member of MERS receiving normal retirement benefits becomes reemployed by a covered employer, his monthly retirement benefit and monthly earnings (collective monthly benefit) shall not exceed his monthly average compensation prior to retirement. If they do, <u>present law</u> requires that his retirement benefit be reduced as necessary to make his collective monthly benefit equal his monthly average final compensation adjusted to reflect the annual percentage increase or decrease in the Consumer Price Index for the preceding year. <u>Present law</u> further provides that reemployed retirees shall not become members of the system.

For retired members first reemployed on or after July 1, 2016, <u>present law</u> requires that during reemployment, the retiree and his employer shall make required contributions to the retirement system, but the retiree shall receive no additional service credit and shall not accrue any additional benefit in the system. Upon termination, the employee contributions paid during reemployment shall, upon application, be refunded to the retiree without interest. MERS retains the employer contribution and interest on contributions. <u>Proposed law</u> makes <u>present law</u> applicable only to retirees who return to work for less than an average of 35 hours per week.

<u>Proposed law</u> further provides that if a retiree returns to work on or after July 1, 2017, for at least 35 hours per week (full-time), his retirement benefit shall be suspended, and he shall become a member of the system. Upon termination of service, the system shall resume payment of the reemployed retiree's original benefit.

<u>Proposed law</u> provides that if a full-time reemployed retiree works for a period of at least 12 months, he shall accrue a supplemental benefit calculated using his period of service and salary during reemployment. If the reemployed retiree works less than 12 months, he shall not receive a supplemental benefit and his employee contributions shall be returned without interest upon termination of service.

<u>Proposed law</u> limits the supplemental benefit so that when combined with the original benefit it shall not exceed the final compensation figure used to compute the supplemental benefit.

Effective June 30, 2017.

(Amends R.S. 11:1762(A) and (B); Adds R.S. 11:1762.1)

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

- 1. Retain <u>present law</u> and limit it to retired members who return to work part-time.
- 2. Limit proposed law to retired members who return to work full-time.
- 3. Change the supplemental benefit provisions for retirees who return to work fulltime as follows:
  - a. Provide that a retired member who returns to work for less than 12 months shall not receive a supplemental benefit upon termination of service and will have his employee contributions returned without interest.
  - b. Allow a retired member who returns to work before July 1, 2017, to elect to receive benefits under proposed law rather than remain under present law.