

## 2026 Regular Session

HOUSE BILL NO. 45

BY REPRESENTATIVE BACALA

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

15 Be it enacted by the Legislature of Louisiana:

16           Section 1. R.S. 11:2221(N), 2241.5(A), and 2242.5(A) are hereby amended and  
17    reenacted and R.S. 11:2221(G)(6) and (O), 2241.5(D), 2242.5(D), and 2242.9 are hereby  
18    enacted to read as follows:

## 19 §2221. Deferred Retirement Option Plan

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

20 (c) For any person subject to the provisions of this Subsection, after the  
21 person's plan participation ceases, any amounts retained or transferred pursuant the  
22 rules promulgated as authorized in this Paragraph shall earn interest at a rate equal  
23 to the rate of return of the system's investment portfolio as certified by the system's  
24 actuary in the yearly valuation report, less one-half of one percent, and such interest  
25 shall be credited on an annual basis.

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

\* \* \*

19                   A. Except as provided in Subsection B of this Section, a member shall  
20                   receive a retirement benefit equal to three percent of average final compensation for  
21                   every year of creditable service in this subplan credited before to January 1, 2027,  
22                   and three and one-third percent of average final compensation for every year of  
23                   creditable service in this subplan credited on or after January 1, 2027, not to exceed  
24                   one hundred percent of the member's average final compensation. Notwithstanding  
25                   this provision, a member who retires with thirty or more years of creditable service  
26                   shall receive a retirement benefit equal to three and one-third percent of the  
27                   member's average final compensation for every year of creditable service in this

subplan, not to exceed one hundred percent of the member's average final compensation.

\* \* \*

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

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

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

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### §2242.5. Retirement benefit calculation

A. Except as provided in Subsection B of this Section, a member shall receive a retirement benefit equal to two and one-half percent of average final compensation for every year of creditable service in this subplan credited before January 1, 2027, and three and one-third percent of average final compensation for every year of creditable service in this subplan credited on or after January 1, 2027, not to exceed one hundred percent of the member's average final compensation.

\* \* \*

D.(1) Notwithstanding any provision of law to the contrary, a member of this subplan may elect to purchase an increase in the accrual rate applicable to any period of creditable service in this subplan that was credited at the rate of two and one-half

percent of the average final compensation, so that such service is subject to the rate of three and one-third percent of average final compensation.

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13                   §2242.9. Certain employees previously electing membership in the Louisiana State  
14                   Employees' Retirement System

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

21                   B. All service in the Louisiana State Employees' Retirement System of a  
22                   person subject to the provisions of Subsection A of this Section shall be transferred  
23                   in accordance with R.S. 11:143(C), and upon receipt of the amount required pursuant  
24                   to R.S. 11:143(C), the member shall receive his service credit.

28           Section 2. This Act shall become effective upon signature by the governor or, if not  
29           signed by the governor, upon expiration of the time for bills to become law without signature

1 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
2 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
3 effective on the day following such approval.

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**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)]

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HB 45 Original

2026 Regular Session

Bacala

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

**DROP**

Present law provides for the establishment of the Deferred Retirement Option Plan (DROP) for members of the Municipal Police Employees' Retirement System (MPERS).

Present law provides that for certain participants in DROP, accounts are invested through a third-party provider selected by the system's board of trustees to administer a self-directed investment program.

Proposed law authorizes the board of trustees, in accordance with present law (Administrative Procedure Act), to adopt rules that would allow the system to retain and invest amounts credited to DROP accounts, including amounts held after termination of participation. Provides that such rules apply to any person whose DROP participation begins on or after July 1, 2026. Specifies that if the rules authorized by proposed law have not been promulgated by the date the person's DROP period ends, the individual's account shall be transferred as provided in present law.

Proposed law further authorizes the board, by rule and at the option of the DROP participant, to transfer amounts credited to DROP accounts invested outside of the system, including third-party providers, back to the system.

Proposed law provides that amounts retained or transferred to the system pursuant to present law shall earn interest at the system's actuarial interest rate of return minus one-half of one percent on an annual basis.

Proposed law authorizes the board of trustees to adopt rules governing the following, prospectively only:

- (1) Eligibility.
- (2) Timing of transfers.
- (3) Administration.
- (4) Valuation dates.
- (5) Crediting periods.
- (6) Administrative fees.

(7) Other matters as necessary.

Proposed law provides, beginning July 1, 2026, that any member electing to participate in DROP is deemed to have knowingly and voluntarily waived rights and claims under present constitution as it relates to benefits credited to and interest earned on DROP accounts. Provides that the waiver applies to all amounts credited to DROP accounts whether during or after participation in DROP.

### **Benefit Calculations**

Present law, applicable to MPERS members hired before Jan. 1, 2013, provides an accrual rate of three and one-third percent of the member's final average compensation.

Proposed law retains present law.

Present law provides for two subplans in MPERS for those hired on Jan. 1, 2013, or later. Provides for the hazardous duty subplan and the nonhazardous duty subplan.

Proposed law retains present law.

Present law provides that for members of the hazardous duty subplan the accrual rate is equal to three percent of the member's final average compensation.

Proposed law increases the accrual rate to three and one-third percent of the member's final average compensation for creditable service credited on or after Jan. 1, 2027.

Present law provides that for members of the nonhazardous duty subplan, the accrual rate is equal to two and one-half percent of the member's final average compensation.

Proposed law increases the accrual rate to three and one-third percent of the member's final average compensation for creditable service credited on or after Jan. 1, 2027.

Proposed law allows a member of the hazardous duty subplan or nonhazardous duty subplan to purchase an increase in the member's accrual rate so that the member's years of service are credited at the higher accrual rate.

Proposed law requires the purchase to be calculated on an actuarial basis to offset any accrued liability resulting from the purchase of the higher accrual rate. Provides that the cost is determined by the system's actuary using the assumptions and methods in use by the system at the time of the member's election.

Proposed law provides that the new accrual rate is not effective until the full purchase is made and that the cost of the purchase is borne solely by the member and cannot be paid, directly or indirectly, by an employer of the system.

### **Transfer of Membership**

Present law provides that a member of the La. State Employees' Retirement System (LASERS) who becomes employed in a position where he is no longer eligible for membership in LASERS but is eligible for membership in another public retirement system may remain a member of LASERS in lieu of participation in another public retirement system.

Present law requires that the member have a minimum of 10 years of service credit in LASERS.

Present law requires the member file a notice of election with the board of trustees within 30 days of employment. Provides that the election is irrevocable.

Proposed law retains present law.

Proposed law provides that each member of MPERS, who filed an irrevocable election to remain in LASERS, and who, on Dec. 31, 2026, is employed in a position that would qualify the member to be in the MPERS nonhazardous duty subplan shall become a member of MPERS and his service credit is transferred on an actuarial basis to MPERS.

Proposed law provides that the transfer of service is deemed to be creditable service in MPERS for purposes of eligibility for benefits and benefit computation.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 11:2221(N), 2241.5(A), and 2242.5(A); Adds R.S. 11:2221(G)(6) and O, 2241.5(D), 2242.5(D), and 2242.9)