

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

1 AN ACT

2 To amend and reenact R.S. 11:2221(N), 2241.5(A), and 2242.5(A) and to enact R.S.
3 11:2221(G)(6) and (O), 2241.5(D), 2242.5(D), and 2242.9, relative to the Municipal
4 Police Employees' Retirement System; to provide relative to benefits; to provide
5 relative to the Deferred Retirement Option Plan; to provide relative to investment of
6 Deferred Retirement Option Plan accounts; to provide relative to investment earnings
7 on Deferred Retirement Option Plan accounts; to provide relative to the accrual rate
8 for service credit in the hazardous and nonhazardous duty subplans; to provide for
9 the transfer of certain employees from the Louisiana State Employees' Retirement
10 System to the Municipal Police Employees' Retirement System; to provide for an
11 effective date; and to provide for related matters.

12 Notice of intention to introduce this Act has been published
13 as provided by Article X, Section 29(C) of the Constitution
14 of Louisiana.

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

20 * * *

1 G.

2 * * *

3 (6) In the case of any conflict between the provisions of this Subsection and
4 Subsection N of this Section, the provisions of Subsection N of this Section shall
5 control.

6 * * *

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.

16 (b) The board of trustees may adopt rules for the transfer to the system, at
17 the option of the participant, of amounts previously credited to Deferred Retirement
18 Option Plan accounts that are invested outside of the system, including amounts held
19 by third-party providers or in externally managed funds.

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.

26 (d) The board of trustees may adopt rules governing eligibility, timing of
27 transfers, administration, valuation dates, crediting periods, administrative fees, and
28 any other matters necessary to implement the provisions of this Paragraph. Any rule
29 adopted pursuant to this Paragraph shall apply prospectively only.

(2) Any member electing a participation period in the Deferred Retirement Option Plan that begins on or after July 1, 2026, shall, by such election, be deemed to have knowingly and voluntarily waived any rights or claims under the Constitution of Louisiana relative to the benefits credited or the interest earned on amounts credited to the participant's Deferred Retirement Option Plan account, including any claim to a guaranteed rate of return or to any particular method of investment or crediting of interest. The waiver provided by this Paragraph shall apply to all amounts credited to the participant's Deferred Retirement Option Plan account, whether credited during or after participation in the plan, and regardless of whether such amounts are retained and invested by the system or transferred pursuant to law or rules adopted by the board of trustees.

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

* * *

§2241.5. Retirement benefit calculation

A. Except as provided in Subsection B of this Section, a member shall receive a retirement benefit equal to three percent of average final compensation for every year of creditable service in this subplan credited before to 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. Notwithstanding this provision, a member who retires with thirty or more years of creditable service shall receive a retirement benefit equal to three and one-third percent of the member's average final compensation for every year of creditable service in this

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

3 * * *

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

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

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

18 * * *

19 §2242.5. Retirement benefit calculation

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

26 * * *

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

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

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

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

12 * * *

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.

25 C. All service credit transferred pursuant to this Section shall be deemed
26 creditable service in the Municipal Police Employees' Retirement System for
27 purposes of benefit computation and eligibility.

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.

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 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)