
DIGEST

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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)