

Regular Session, 2011

SENATE BILL NO. 9

BY SENATOR GAUTREAUX

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

RETIREMENT CREDIT. Allows members of the Louisiana State Employees' Retirement System to purchase service credit for purposes of retirement eligibility. (7/1/11)

AN ACT

To amend and reenact R.S. 11:429(B), relative to the purchase of service credit in the Louisiana State Employees' Retirement System; to provide for the purchase of service credit and the use of such credit for the purposes of attaining eligibility for retirement; to provide relative to the payment of insurance premiums for individuals purchasing such service credit; to provide for an effective date; and to provide for related matters.

Notice of intention to introduce this Act has been published.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 11:429(B) is hereby amended and reenacted to read as follows:

§429. Purchase of service credit

* * *

B.(1) Notwithstanding any other provision of law to the contrary, any member of the system who has credit in the system for at least five years of service shall be eligible to obtain credit for up to five years of service credit in one-year increments provided that he shall apply to the system for such credit and pay to the system the greater of the amount calculated in accordance with the actuarial cost

1 provisions of R.S. 11:158 or the employee and employer contributions plus interest
2 based on the member's current salary, which totally offsets the increase in accrued
3 liability of the system resulting from the receipt of the credit by the member. The
4 amount to be paid shall be paid in one lump sum, and no service credit shall be given
5 to the member until or unless the amount is paid in full. Any credit purchased
6 pursuant to this ~~Subsection~~ **Paragraph** shall be used for calculation of benefits only
7 and shall not be used for purposes of attaining eligibility for retirement except as
8 otherwise authorized in this Subsection.

9 (2) Notwithstanding any other provision of law to the contrary, any
10 member of the system who has credit in the system for at least five years of
11 service shall be eligible to obtain credit for purposes of attaining eligibility for
12 retirement and calculation of benefits for up to five years of service credit in
13 one-year increments provided that he shall apply to the system for such credit
14 and pay the greater of the amount calculated in accordance with the actuarial
15 cost provisions of R.S. 11:158 or the employee and employer contributions plus
16 interest based on the member's current salary, which totally offsets the increase
17 in accrued liability of the system resulting from the receipt of the credit by the
18 member. The amount to be paid shall be paid in one lump sum, and no service
19 credit shall be given to the member until or unless the amount is paid in full.

20 (3) Notwithstanding any other provision of law to the contrary, any
21 member of the system who has purchased service credit under the provisions
22 of Paragraph (1) of this Subsection shall be eligible to upgrade all or a portion
23 of the service credit previously purchased for calculation of benefits to service
24 credit for attaining eligibility and benefit calculation in one-year increments
25 provided that he shall apply to the system for such credit and pay to the system
26 the greater of the amount calculated in accordance with the actuarial cost
27 provisions of R.S. 11:158 or the employee and employer contributions plus
28 interest based on the member's current salary, which totally offsets the increase
29 in accrued liability of the system resulting from the receipt of the credit by the

member. The amount to be paid shall be paid in one lump sum, and no service credit shall be given to the member until or unless the amount is paid in full.

(4) Notwithstanding any other provision of law to the contrary, the premiums for health insurance coverage paid by any retiree participating in the office of group benefits program who has purchased service credit pursuant to Paragraph (2) or (3) of this Subsection shall be increased by an amount sufficient to pay for any increase that would otherwise occur in the employer's premiums as a result of his retirement. Such increase in the retiree's premium shall be deducted from the retiree's monthly benefit and remitted to the office of group benefits to offset the employer's premium payments by such amount.

Section 2. This Act shall become effective on July 1, 2011; if vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on July 1, 2011, or on the day following such approval by the legislature, whichever is later.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Lauren Bailey.

DIGEST

Present law (R.S. 11:429(B)) permits any member of the Louisiana State Employees' Retirement System (LASERS) who has credit in the system for at least five years of service to purchase up to five years of service credit in one-year increments to be used for calculation of benefits only and not for purposes of attaining retirement eligibility. Provides that the member shall apply to the system for such credit and pay to the system the greater of the amount calculated in accordance with the actuarial cost provisions of present law or the employee and employer contributions plus interest based on the member's current salary, which totally offsets the increase in accrued liability of the system resulting from such purchase of service credit. Provides the amount to be paid shall be paid in one lump sum, and no service credit shall be given to the member until or unless the amount is paid in full.

Proposed law retains present law.

New purchase of service credit:

Proposed law provides that any member of LASERS who has credit in the system for at least five years of service shall be eligible to purchase up to five years of service credit in one-year increments for purposes of attaining eligibility for retirement and calculation of benefits.

Upgrade of previously purchased service credit:

Proposed law provides for an upgrade of service credit previously purchased for benefit calculation only pursuant to present law (R.S. 11:429(B)) to service credit applicable to both calculation of benefits and retirement eligibility.

Proposed law provides for application, calculation of purchase price, and lump-sum payment for a new purchase or an upgrade as provided in present law,

Proposed law requires any retiree who purchased service credit under proposed law to pay any increase in his office of group benefits health insurance premium to cover any increase in premium that would otherwise be paid by his employer as a result of the retirement.

Effective July 1, 2011.

(Amends R.S. 11:429(B))