

Regular Session, 2011

SENATE BILL NO. 3

BY SENATOR GAUTREAUX

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

SHERIFFS PEN/RELIEF FUND. Provides for calculation of benefits and retirement eligibility requirements. (7/1/11)

AN ACT

To amend and reenact R.S. 11: 2174.2 and 2178(B)(1)(b), (C), and (I)(1), relative to the Sheriffs' Pension and Relief Fund; to provide for changes to the existing defined benefit plan; to provide for calculation of benefits and retirement eligibility requirements for persons whose system membership begins after a certain date; 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. 11:2174.2 and 2178 (B)(1)(b), (C), and (I)(1) are hereby amended and reenacted to read as follows:

§2174.2. Transfer of service credit; ~~upgrade~~ **purchase of accrual rate**

~~Notwithstanding any other provision of law to the contrary, and specifically the provisions of R.S. 11:143, any~~ **Any** member who has service credit in another **Louisiana** public retirement system ~~can~~ **may** elect to transfer all such service credit to this fund. ~~The~~ **Notwithstanding any other provision of law to the contrary, including the provisions of R.S. 11:143(D)(4), the** member ~~can~~ **may** elect to ~~have~~ **purchase** the accrual rate ~~in effect for~~ **of** this fund ~~at the time of the transfer apply~~

applicable to the member on the date of such purchase for the purpose of applying the fund's accrual rate to such other service credit by paying the amount established in accordance with R.S. 11:158(C). If, after such purchase, the member attains eligibility for an accrual rate higher than the rate previously purchased, the member may elect to execute an additional purchase for the purpose of applying the higher rate to the transferred service credit by paying the amount established in accordance with R.S. 11:158(C).

* * *

§2178. Disability benefits; retirement benefits; death benefits

* * *

B. The board of trustees shall award disability benefits to eligible members who have been officially certified as disabled by the State Medical Disability Board. The disability benefit shall be as follows:

(1) (a) * * *

(b)(i) For the purpose of this Subsection, for any member whose first employment making him eligible for membership in the system began prior to July 1, 2006, final average compensation is defined as the member's average salary for the thirty-six highest successive months of employment, or the highest thirty-six successive joined months of employment where interruption of service occurred. If the member has been employed for a period of less than thirty-six months, final average compensation shall be based on the average monthly salary received for the time employed.

(ii) For the purpose of this Subsection, for any member whose first employment making him eligible for membership in the system began on or after July 1, 2006, final average compensation is defined as the member's average salary for the sixty highest successive months of employment, or the highest sixty successive joined months of employment where interruption of service occurred. If the member has been employed for a period of less than sixty months, final average compensation shall be based on the average monthly

1 **salary received for the time employed.**

2 (iii) Upon approval for disability benefits, the member shall exercise a
3 retirement option as provided for service retirement under the provisions of
4 Subsection I of this Section and no change in the option selected shall be permitted
5 after it has been filed with the board. The retirement option factors shall be the same
6 as those utilized for regular retirement based on the age of the retiree and spouse had
7 the retiree continued in active service until the normal retirement date.

8 * * *

9 C.(1)(a) Any member **whose first employment making him eligible for**
10 **membership in the system began prior to January 1, 2012,** shall be eligible to
11 retire, upon receipt of the member's written application by the board of trustees, if
12 the member:

13 (i) Has twelve or more years of creditable service and has attained the age of
14 fifty-five;~~or,~~

15 (ii) Has thirty or more years of creditable service, without regard to age.

16 (b) **Any member whose first employment making him eligible for**
17 **membership in the system began on or after January 1, 2012, shall be eligible**
18 **to retire, upon receipt of the member's written application by the board of**
19 **trustees, if the member:**

20 (i) **Has twelve or more years of creditable service and has attained the**
21 **age of sixty-two.**

22 (ii) **Has twenty or more years of creditable service and has attained the**
23 **age of sixty.**

24 (iii) **Has thirty or more years of creditable service and has attained the**
25 **age of fifty-five.**

26 (c)(i) A member whose first employment making him eligible for
27 membership in the system began on or before June 30, 2006, shall be paid a monthly
28 sum equal to three and one-third percent of the member's average monthly salary for
29 the thirty-six highest successive months of employment, or the highest thirty-six

1 successive joined months of employment where interruption of service occurred,
2 multiplied by the number of years of creditable service in the fund.

3 (ii) A member whose first employment making him eligible for membership
4 in the system began on or after July 1, 2006, **but prior to January 1, 2012,** shall be
5 paid a monthly sum equal to three and one-third percent of the member's average
6 monthly salary for the sixty highest successive months of employment, or the highest
7 sixty successive joined months of employment where interruption of service
8 occurred, multiplied by the number of years of creditable service in the fund.

9 **(iii) A member whose first employment making him eligible for**
10 **membership in the system began on or after January 1, 2012, shall be paid a**
11 **monthly sum equal to three percent of the member's average monthly salary for**
12 **the sixty highest successive months of employment, or the highest sixty**
13 **successive joined months of employment where interruption of service occurred,**
14 **multiplied by the number of years of creditable service in the fund.**

15 **(iv)(aa) Notwithstanding the provisions of Item (iii) of this**
16 **Subparagraph, a member whose first employment making him eligible for**
17 **membership in the system began on or after January 1, 2012, who retires with**
18 **thirty or more years of creditable service, shall be paid a monthly sum equal to**
19 **three and one-third percent of the member's average monthly salary for the**
20 **sixty highest successive months of employment, or the highest sixty successive**
21 **joined months of employment where interruption of service occurred,**
22 **multiplied by the number of years of creditable service in the fund.**

23 **(bb) Creditable service maintained pursuant to a reciprocal agreement**
24 **in another system, fund, or plan shall not be used to meet the requirement of**
25 **thirty or more years of creditable service.**

26 **(cc) Transferred service with an accrual rate of less than three and one-**
27 **third percent shall not be used to meet the requirement of thirty or more years**
28 **of creditable service unless the member elects to purchase the accrual rate for**
29 **application to his transferred credit pursuant to the provisions of R.S.**

11:2174.2.

(2) Any member who has twelve or more years of creditable service and who separates from service before attaining the **minimum** age of ~~fifty-five years~~ **required for regular retirement eligibility** shall be entitled to a deferred retirement beginning ~~at age fifty-five~~ **when the member attains regular retirement age**. The member shall be paid the same amount he would have received had he retired while in service. In order to be eligible for this deferred retirement, the member shall not have withdrawn any part of his contributions from the fund. The member's written application shall be received by the board before the retirement is effective.

(3)(a) In the event a member **whose first employment making him eligible for membership in the system began prior to January 1, 2012,** is eligible for deferred retirement and is over fifty years of age with at least twenty years of creditable service the member may elect to take, in lieu of deferred retirement, the actuarial equivalent of the benefit due had the member attained age fifty-five. The retirement shall become effective upon receipt of the member's written application by the board of trustees.

(b) In the event a member whose first employment making him eligible for membership in the system began on or after January 1, 2012, is eligible for deferred retirement and is over fifty years of age with at least twenty years of creditable service the member may elect to take, in lieu of deferred retirement, the actuarial equivalent of the benefit due had the member attained age sixty. The retirement shall become effective upon receipt of the member's written application by the board of trustees.

(4)(a) **For those members whose first employment making them eligible for membership in the system began prior to July 1, 2006,** The ~~the~~ retirement pension under this Subsection shall in no case exceed the average monthly salary of ~~the deputy or sheriff~~ for the thirty-six highest successive months of employment, or the highest thirty-six successive joined months of employment where interruption of service occurred.

(b) For those members whose first employment making them eligible for membership in the system began on or after July 1, 2006, the retirement pension under this Subsection shall in no case exceed the average monthly salary for the sixty highest successive months of employment, or the highest sixty successive joined months of employment where interruption of service occurred.

(5) Any active, contributing member whose first employment making him eligible for membership in the system began prior to January 1, 2012, who has completed ten years of service, has attained the age of sixty, and is not in a deferred retiree status, shall be eligible for a reduced retirement benefit equal to the member's accrued regular retirement benefit reduced actuarially for each month or fraction thereof that retirement begins prior to the member's earliest normal retirement date assuming continuous service.

* * *

I.(1) Maximum benefit. (a) Upon application for service retirement, any participant may elect to receive benefits in a retirement allowance payable throughout life, or

(b) May elect at that time to receive the actuarial equivalent of the retirement allowance in a reduced retirement allowance payable throughout life with the following options, subject to the limitation that no member may elect an optional settlement in any amount in excess of the member's final average compensation, after the reduction produced by the option selected:

Option 1. If the member dies before receiving in annuity payments the present value of the member's annuity as it was at the time of the member's retirement, the balance shall be paid to the member's legal representative or representatives or to such person as the member shall nominate by written designation duly acknowledged and filed with the board.

Option 2. Upon the member's death, a reduced retirement allowance shall be continued throughout the life of and paid to the spouse to whom the member was married and living with at the time of retirement.

1 Option 2A. Upon the member's death, a reduced retirement allowance shall
2 be continued throughout the life of and paid to the spouse to whom the member was
3 married and living with at the time of retirement provided that if the designated
4 beneficiary predeceases the retiree, the retiree's reduced benefit shall change to the
5 maximum benefit effective on the first day of the next month following the death of
6 the designated beneficiary. The retiree shall be responsible for notifying the pension
7 fund of these circumstances, ~~to present~~ **presenting** satisfactory evidence of same,
8 and ~~to request~~ **requesting** the change of the reduced benefit to the maximum benefit.
9 Adjustment of benefits under this Option shall not be retroactive, and shall be
10 effective on the first day of the next month following official approval of the
11 application for change in benefits.

12 Option 3. Upon the member's death, one-half of the reduced retirement
13 allowance shall be continued throughout the life of and paid to the spouse to whom
14 the member was married and living with at the time of retirement.

15 Option 3A. Upon the member's death, one-half of the reduced retirement
16 allowance shall be continued throughout the life of and paid to the spouse to whom
17 the member was married and living with at the time of retirement provided that if the
18 designated beneficiary predeceases the retiree, the retiree's reduced benefit shall
19 change the maximum benefit effective on the first day of the next month following
20 the death of the designated beneficiary. The retiree shall be responsible for notifying
21 the pension fund of these circumstances, ~~to present~~ **presenting** satisfactory evidence
22 of same, and ~~to request~~ **requesting** the change of the reduced benefit to the
23 maximum benefit. Adjustment of benefits under this Option shall not be retroactive,
24 and shall be effective on the first day of the next month following official approval
25 of the application for change in benefits.

26 Option 4. Some other benefit or benefits shall be paid either to the participant
27 or to the spouse to whom the member was married and living with at the time of
28 retirement, if living, or to the minor child or children, until the age of majority, or to
29 the disabled child or children, as long as the disability exists, otherwise to such other

1 dependent as the member shall have nominated until the age of majority or for a
 2 period of ten years, whichever is greater, provided such other benefit or benefits,
 3 together with the reduced retirement allowance, shall be certified by the actuary to
 4 be of equivalent actuarial value to the member's retirement allowance and approved
 5 by the board.

6 Option 5. Ninety percent of the member's maximum retirement and upon
 7 death, if survived by a surviving spouse to whom the member was married and living
 8 with at the time of retirement, fifty percent of the member's ~~maximum~~ benefit shall
 9 be paid to the surviving spouse during said spouse's lifetime.

10 * * *

11 Section 2. This Act shall become effective on July 1, 2011; if vetoed by the governor
 12 and subsequently approved by the legislature, this Act shall become effective on July 1,
 13 2011, or on the day following such approval by the legislature, whichever is later.

The original instrument was prepared by Lauren Bailey. The following digest, which does not constitute a part of the legislative instrument, was prepared by Laura Gail Sullivan.

DIGEST

Gautreaux (SB 3)

Present law provides for the Sheriffs' Pension and Relief Fund. Proposed law generally makes changes to the provisions applicable to transfers, disability benefits, retirement eligibility, benefit calculation, and optional retirement allowances.

Transfers

Present law provides that any member who has service credit in another public retirement system can elect to transfer all such service credit to the Sheriffs' Pension and Relief Fund (the fund) and can elect to have the accrual rate in effect for the fund at the time of the transfer apply to such other service credit by paying the amount established in accordance with R.S. 11:158(C).

Proposed law retains present law and provides that in the event that the member becomes eligible for a higher accrual rate than the rate he previously purchased, he may elect to have his accrual rate increased to the rate allowable by law by paying the amount established in accordance with R.S. 11:158(C).

Disability Benefits

Present law provides for a disability benefit based upon the member's final average compensation using the highest thirty-six successive months of employment, or the highest thirty-six successive joined months of employment where interruption of service occurred. Proposed law retains present law for those members whose first employment making them eligible for membership in the system began prior to July 1, 2006. However, proposed law

provides a final average compensation period of the highest sixty successive months or employment, or the highest sixty successive joined months of employment where interruption of service occurred for members whose first employment making them eligible for membership in the system began on or after July 1, 2006.

Retirement Eligibility

Present law provides that any member shall be eligible to retire once he earns:

- (a) 12 years or more of creditable service and has attained the age of 55; or
- (b) 30 or more years of creditable service, regardless of age.

Proposed law retains present law eligibility requirements for members whose first employment making them eligible for membership in the system began prior to January 1, 2012. However, proposed law provides any member whose first employment making him eligible for membership in the system began on or after January 1, 2012, shall be eligible to retire once he earns:

- (a) 12 years or more of creditable service and has attained the age of 62; or
- (b) 20 or more years of creditable service and has attained the age of 60; or
- (c) 30 years or more of creditable service and has attained the age of 55.

Accrual Rate

Present law provides that a member whose first employment making him eligible for membership in the system began on or before June 30, 2006, shall be paid a monthly sum equal to three and one-third percent of the member's average monthly salary for the thirty-six highest successive months of employment, or the highest thirty-six successive joined months of employment where interruption of service occurred, multiplied by the number of years of creditable service in the fund.

Present law provides that a member whose first employment making him eligible for membership in the system began on or after July 1, 2006, shall be paid a monthly sum equal to three and one-third percent of the member's average monthly salary for the sixty highest successive months of employment, or the highest sixty successive joined months of employment where interruption of service occurred, multiplied by the number of years of creditable service in the fund.

Proposed law retains present law for persons hired on or before December 31, 2011.

Proposed law provides that member whose first employment making him eligible for membership in the system began on or after January 1, 2012, shall be paid a monthly sum equal to three percent of the member's average monthly salary for the sixty highest successive months of employment, or the highest sixty successive joined months of employment where interruption of service occurred, multiplied by the number of years of creditable service in the fund.

Proposed law provides that any member whose first employment making him eligible for membership in the system began on or after January 1, 2012, who retires with thirty or more years of creditable service, shall be paid a monthly sum equal to three and one-third percent of the member's average monthly salary for the sixty highest successive months of employment, or the highest sixty successive joined months of employment where interruption of service occurred, multiplied by the number of years of creditable service in the fund.

Proposed law provides that reciprocal agreements shall not be used to meet the requirement of thirty or more years of creditable service. Transferred service with an accrual rate of less than three and one-third percent shall not be used to meet the requirement of thirty or more years of creditable service, unless the member purchases the three and one third accrual rate to apply to his transferred credit by paying the amount established in accordance with present law.

Deferred Retirement

Present law provides for a deferred retirement option for any member who has twelve or more years of creditable service and who separates from service before attaining the age of fifty-five years. The member shall be paid the same amount he would have received had he retired while in service.

Proposed law provides for deferred retirement for any member who has twelve or more years of creditable service and who separates from service before attaining regular retirement age.

Present law provides that a member is eligible for deferred retirement when he attains the age of fifty years with at least twenty years of creditable service the member may elect to take, in lieu of deferred retirement, the actuarial equivalent of the benefit due had the member attained age fifty-five.

Proposed law retains present law for members whose first employment making him eligible for membership in the system began prior to January 1, 2012.

Proposed law provides that a member whose first employment making him eligible for membership in the system began on or after January 1, 2012, who is eligible for deferred retirement, and who has attained the age of fifty years with at least twenty years of creditable service may elect to take, in lieu of deferred retirement, the actuarial equivalent of the benefit due had the member attained age sixty. The retirement shall become effective upon receipt of the member's written application by the board of trustees.

Maximum Benefit

Present law provides that the member's retirement pension shall in no case exceed the average monthly salary for the thirty-six highest successive months of employment, or the highest thirty-six successive joined months of employment where interruption of service occurred.

Proposed law retains present law for those members whose first employment making them eligible for membership in the system began prior to July 1, 2006.

Proposed law provides that for members whose first employment making them eligible for membership in the system began on or after July 1, 2006, the retirement pension shall in no case exceed the average monthly salary for the sixty highest successive months of employment, or the highest sixty successive joined months of employment where interruption of service occurred.

Present law provides any active, contributing member who has completed ten years of service, has attained the age of sixty, and is not in a deferred retiree status, shall be eligible for a reduced retirement benefit equal to the member's accrued regular retirement benefit reduced actuarially for each month or fraction thereof that retirement begins prior to the member's earliest normal retirement date assuming continuous service.

Proposed law retains present law for members whose first employment making them eligible for membership in the system began prior to January 1, 2012.

Present law provides various retirement options for members. Proposed law retains present

law options.

Present law provides in Option 5 for 90% of the member's maximum retirement and upon death, if survived by a surviving spouse to whom the member was married and living with at the time of retirement, 50% of the member's maximum benefit shall be paid to the surviving spouse during said spouse's lifetime.

Proposed law provides in that the surviving spouse in Option 5 receive 50% of the members elected benefit during the spouse's lifetime.

Effective July 1, 2011.

(Amends R.S. 11:2174.2 and 2178(B)(1)(b), (C) and (I)(1))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Retirement to the original bill.

1. Makes technical corrections.