

Regular Session, 2011

SENATE BILL NO. 3

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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~~

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

8 * * *

9 §2178. Disability benefits; retirement benefits; death benefits

10 * * *

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

14 (1) (a) * * *

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

23 (ii) For the purpose of this Subsection, for any member whose first
 24 employment making him eligible for membership in the system began on or
 25 after July 1, 2006, final average compensation is defined as the member's
 26 average salary for the sixty highest successive months of employment, or the
 27 highest sixty successive joined months of employment where interruption of
 28 service occurred. If the member has been employed for a period of less than
 29 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 or any member who in the**
19 **performance of his official duties as a commissioned law enforcement officer**
20 **suffers a violent act or accident during the pursuit, apprehension, or arrest of**
21 **a criminal suspect and as a result becomes totally and permanently disabled or**
22 **dies, shall be paid a monthly sum equal to three and one-third percent of the**
23 **member's average monthly salary for the sixty highest successive months of**
24 **employment, or the highest sixty successive joined months of employment where**
25 **interruption of service occurred, multiplied by the number of years of**
26 **creditable service in the fund.**

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

1 (cc) Transferred service with an accrual rate of less than three and one-
2 third percent shall not be used to meet the requirement of thirty or more years
3 of creditable service unless the member elects to purchase the accrual rate for
4 application to his transferred credit pursuant to the provisions of R.S.
5 11:2174.2.

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

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

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

28 (4)(a) For those members whose first employment making them eligible
29 for membership in the system began prior to July 1, 2006, The ~~the~~ retirement

1 pension under this Subsection shall in no case exceed the average monthly salary of
2 ~~the deputy or sheriff~~ for the thirty-six highest successive months of employment, or
3 the highest thirty-six successive joined months of employment where interruption
4 of service occurred.

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

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

17 * * *

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

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

26 Option 1. If the member dies before receiving in annuity payments the
27 present value of the member's annuity as it was at the time of the member's
28 retirement, the balance shall be paid to the member's legal representative or
29 representatives or to such person as the member shall nominate by written

1 designation duly acknowledged and filed with the board.

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

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

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

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

Option 4. Some other benefit or benefits shall be paid either to the participant or to the spouse to whom the member was married and living with at the time of retirement, if living, or to the minor child or children, until the age of majority, or to the disabled child or children, as long as the disability exists, otherwise to such other dependent as the member shall have nominated until the age of majority or for a period of ten years, whichever is greater, provided such other benefit or benefits, together with the reduced retirement allowance, shall be certified by the actuary to be of equivalent actuarial value to the member's retirement allowance and approved by the board.

Option 5. Ninety percent 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, fifty percent of the member's ~~maximum~~ benefit shall be paid to the surviving spouse during said spouse's lifetime.

* * *

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 was prepared by Lauren Bailey. The following digest, which does not constitute a part of the legislative instrument, was prepared by Nancy Vicknair.

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 3 1/3% of the member's average monthly salary for the 36 highest successive months of employment, or the highest 36 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 3 1/3% of the member's average monthly salary for the 60 highest successive months of employment, or the highest 60 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 a 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 3% of the member's average monthly salary for the 60 highest successive months of employment, or the highest 60 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 30 or more

years of creditable service, or any member who, in the performance of his official duties as a commissioned law enforcement officer, suffers a violent act or accident during the pursuit, apprehension, or arrest of a criminal suspect and as a result becomes totally and permanently disabled or dies, shall be paid a monthly sum equal to 3 1/3% of the member's average monthly salary for the 60 highest successive months of employment, or the highest 60 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 30 or more years of creditable service. Transferred service with an accrual rate of less than 3 1/3% shall not be used to meet the requirement of 30 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 12 or more years of creditable service and who separates from service before attaining the age of 55 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 12 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 50 years with at least 20 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 55.

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 50 years with at least 20 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 60. 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 36 highest successive months of employment, or the highest 36 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 60 highest successive months of employment, or the highest 60 successive joined months of employment where interruption of service occurred.

Present law provides any active, contributing member who has completed 10 years of service, has attained the age of 60, 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.

Senate Floor Amendments to engrossed bill.

1. Adds any member who suffers a violent act or accident during the performance of his official duties as a commissioned law enforcement officer and becomes totally and permanently disabled or dies to the group who continues to be entitled to 3-1/3 % .