Regular Session, 2011

HOUSE BILL NO. 571

BY REPRESENTATIVE ROBIDEAUX

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

RETIREMENT/STATE SYSTEMS: Relative to state retirement systems, makes changes to provisions affected by Act No. 992 of the 2010 R.S.

AN ACT

To amend and reenact R.S. 11:62(4), 203(B)(1), 471.1(C), 613, 614, 616, 620(A), (B), (C), and (D), 621(B) and (C)(1), 783(A)(3)(a), 786(A), 1002(6)(b) and (c), 1141(A) and (C)(1)(a), 1144(B)(4), 1147(C)(2)(a)(ii) and (iii) and (b), 1151(A), 1151.1(A) and (C), 1152(A), 1323(C), and 1345.9 and to enact R.S. 11:618(D), relative to the Louisiana State Employees' Retirement System, the Teachers' Retirement System of Louisiana, the Louisiana School Employees' Retirement System, and the State Police Pension and Retirement System; to make certain technical, remedial, and substantive changes to provisions of the law affected by Act No. 992 of the 2010 Regular Session of the Legislature and other provisions of law to conform with such Act; to provide with respect to benefits, survivors' benefits, disability benefits, membership, retirement eligibility, Deferred Retirement Option Plan participation, retirement options, transfers, and the Hazardous Duty Services Plan; to provide an effective date; and to provide for related matters.

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

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Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 11:62(4), 203(B)(1), 471.1(C), 613, 614, 616, 620(A), (B), (C), and (D), 621(B) and (C)(1), 783(A)(3)(a), 786(A), 1002(6)(b) and (c), 1141(A) and (C)(1)(a), 1144(B)(4), 1147(C)(2)(a)(ii) and (iii) and (b), 1151(A), 1151.1(A) and (C), 1152(A), 1323(C), and 1345.9 are hereby amended and reenacted and R.S. 11:618(D) is hereby enacted to read as follows:

§62. Employee contribution rates established

Employee contributions to state and statewide public retirement systems shall be paid at the following rates, except as otherwise provided by law:

* * *

(4) Louisiana School Employees' Retirement System:

(a) Employees whose first employment making them eligible for membership in one of the state systems occurred on or before ~~December 31, 2010~~ June 30, 2010 - 7.5%.

(b) Employees whose first employment making them eligible for membership in one of the state systems occurred on or after ~~January 1, 2011~~ July 1, 2010 - 8%.

* * *

§203. Teachers' Retirement System

* * *

B.(1) A person whose first employment making him eligible for membership in one of the state systems occurred on or before December 31, 2010, applying for a disability benefit shall have five years of actual credited service in order to qualify for a disability benefit. ~~Such member shall not use credit earned while receiving workers' compensation in order to meet the minimum five-year eligibility requirement.~~

* * *

§471.1. Survivors' benefits; members hired on or after January 1, 2011

* * *

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C.(1) In addition to the amount payable in accordance with Subsection B of this Section, for the benefit of the surviving minor ~~or handicapped child, or mentally disabled~~ child, or children, there shall be paid for each such child, subject to a maximum of two children, per month fifty percent of the benefit to which a spouse would be entitled under Subsection B of this Section. Benefits shall be payable to such children even if no spouse is eligible for survivor benefits, provided the member had at least five years of service credit. Benefits for a child shall cease when the child is no longer a minor child as defined by this Chapter. No surviving minor child shall receive more than one survivor's benefit at any one time. If two benefits are applicable, only the larger shall be paid.

(2)(a) In addition to the amount payable in accordance with Subsection B of this Section, the surviving totally physically handicapped or mentally disabled child or children of a deceased member, whether under or over the age of eighteen years, shall be entitled to the same benefits, payable in the same manner, as are provided by this Section for minor children, if the child was totally physically handicapped or mentally disabled at the time of the death of the member and is dependent upon the surviving spouse or other legal guardian.

(b) The surviving spouse or legal guardian shall provide adequate proof of handicap or mental disability of such surviving child or children and shall notify the board of any subsequent changes in the child's condition which cause the child to no longer be dependent upon the surviving spouse or legal guardian and any changes in the assistance being received from other state agencies. The board may require a certified statement of the child's eligibility status at the end of each calendar year.

* * *

§613. Eligibility for plan membership

A. Each person who becomes an employee in state service in one of the positions defined in R.S. 11:612(2) shall become a member of the Hazardous Duty Services Plan of the system as a condition of employment.

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B. Notwithstanding the provisions of Subsection A of this Section, no person who participated in the Deferred Retirement Option Plan as a member of any other retirement plan in this system or who retired under the provisions of any other retirement plan in this system who is reemployed under Option 1 or Option 3 as provided in R.S. 11:416 shall be eligible for membership in the Hazardous Duty Services Plan.

§614. Eligibility for retirement

A. Any member of this plan shall be eligible for retirement if he has:

(1) Twenty-five years or more of service, at any age.

(2) Twelve years or more of service, at age fifty-five or thereafter.

(3) Twenty years of service credit at any age, exclusive of military service and unused annual and sick leave, but any person retiring under this Paragraph shall have his benefit, inclusive of military service credit and allowable unused annual and sick leave, actuarially reduced. Any member retiring under this Paragraph who is in state service at the time of his retirement shall have his benefit actuarially reduced from the earliest age that he would normally become eligible for a regular retirement benefit under Paragraph (1) or (2) of this ~~Section~~ Subsection if he had continued in service to that age. Any member retiring under this Paragraph who is out of state service at the time of his retirement shall have his benefit actuarially reduced from the earliest age that he would normally become eligible for a regular retirement benefit under Paragraph (1) or (2) of this ~~Section~~ Subsection based upon his years of service as of the date of retirement. Any employee who elects to retire under the provisions of this Paragraph shall not be eligible to participate in the Deferred Retirement Option Plan provided by R.S. 11:447 or the Initial Benefit Option provided by R.S. 11:446(A)(5).

B.(1) Notwithstanding the provisions of R.S. 11:441(A)(2)(b) or any other provision of law to the contrary, any member of this plan who is not eligible for retirement under Subsection A of this Section may elect to retire under the provisions

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of R.S. 11:441(A)(2)(b)(i) with five years or more of service credit at age sixty or thereafter.

(2)(a) The retirement benefit and survivor benefit provisions of this Subpart, including but not limited to R.S. 11:615 and 621, shall not apply to any member of this plan who elects to retire under the provisions of R.S. 11:441(A)(2)(b)(i).

(b) Any member of this plan who elects to retire under the provisions of R.S. 11:441(A)(2)(b)(i) shall receive a retirement benefit equal to two and one-half percent of his average compensation for every year of creditable service.

(c) Retirement benefits for any member of this plan who elects to retire under the provisions of R.S. 11:441(A)(2)(b)(i) shall be paid in accordance with R.S. 11:446.

* * *

§616. Deferred Retirement Option Plan; Initial Benefit Option; Annual Cost-of-Living Adjustment Option

A. A member who is eligible for regular retirement may elect to participate in the Deferred Retirement Option Plan in accordance with the provisions of R.S. 11:447 through 454, or the Initial Benefit Option provided by R.S. 11:446(A)(5).

B. Any member of this plan may elect to participate in the Annual Cost-of-Living Adjustment Option provided by R.S. 11:446(A)(6).

* * *

§618. Survivors' benefits for members killed in the line of duty

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D. The provisions of this Section shall not apply to any member of this plan who:

(1) Has participated in the Deferred Retirement Option Plan; or

(2) Is a retiree of the system who is reemployed under Option 1 or Option 3 as provided in R.S. 11:416.

* * *

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§620. Transfer of other service credit

A. Any member of this system or of another state or statewide system, who would otherwise be eligible for benefits under the plan except that his first employment making him eligible for membership in any state system occurred on or before December 31, 2010, and who has not participated in the Deferred Retirement Option Plan in the system of which he is a member and who is not a reemployed retiree of his system or a retiree of this system reemployed under Option 1 or Option 3 as provided in R.S. 11:416, shall have the right to irrevocably elect to become a member of the plan by submitting an application to the board of trustees to be effective on or after January 1, 2011.

B. Any member who elects to join the Hazardous Duty Services Plan from an existing system or plan shall have the option of:

(1)(a) Maintaining prior service credit in the existing system or plan pursuant to the provisions of that system or plan and accruing service credit and benefits in the Hazardous Duty Services Plan after the date he joins the plan.

(b) For any member who joins the Hazardous Duty Services Plan after the effective date of this Subparagraph, if such member elects to maintain prior service credit in his existing system or plan and that election results in an actuarial cost to this system, then the member shall pay the system the amount of such actuarial cost prior to his retirement.

(2)(a) An internal actuarial transfer from plan to plan in accordance with the provisions of R.S. 11:143(C) and (D) ~~in which this system is both the transferring and receiving system~~ in which the member transfers all of his service credit from each other system or plan ~~in this system~~ and maintains prior service credit at the accrual rate at which it was earned in the existing system or plan prior to joining the Hazardous Duty Services Plan. In the event that the amount of funds transferred is less than the actuarial cost of the service transferred to the plan, the member transferring, except as otherwise provided in this Section, shall pay the deficit or

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difference including the interest thereon at the board-approved actuarial valuation rate of the system.

(b) In lieu of paying the deficit or difference plus interest, the member may at his option, but only at the time of transfer, be granted an amount of credit in the plan which is based on the amount of funds actually transferred plus any additional funds less than the deficit paid by the member.

(c) Except as otherwise provided in Subparagraph (d) of this Subsection, a member who completes a transfer under the provisions of this Section shall have his retirement benefit calculated using the accrual rate of the system or plan from which he transferred based on the number of years transferred.

(d) A member choosing an internal actuarial transfer shall be eligible to upgrade ~~any~~ the service credit that was actuarially transferred pursuant to this Subsection to the accrual rate of the Hazardous Duty Services Plan by paying an amount that totally offsets the increase in actuarial liability resulting from the upgrade in accordance with R.S. 11:158.

C.(1) An employee who is a contributing member of any other plan in this or another state or statewide system who would otherwise be required to become a member of this plan as a condition of employment in a position which would otherwise qualify him for such membership on or after January 1, 2011, may elect at the time of his employment in such position to remain a contributing member of the last plan in this system of which he was a member or of such other system for which he remains eligible for membership.

(2) For an employee who elects to remain a member of a plan in this system, applicable to members employed in hazardous duty positions, which plan was in existence on or before December 31, 2010, service credit earned on or after January 1, 2011, in one of the hazardous duty positions defined in R.S. 11:612(2) shall be deemed as service credit earned in a position covered by such plan.

D. A member whose first employment making him eligible for membership in a state retirement system occurred on or before December 31, 2010, who elects to

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~~transfer to~~ join this plan shall thereafter for purposes of all state retirement systems be treated as an employee whose first eligibility for membership occurred on or after January 1, 2011.

* * *

§621. Survivors' benefits for former or retired members

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B. The surviving spouse of a deceased retired member or Deferred Retirement Option Plan participant shall receive a benefit in an amount equal to seventy-five percent of the monthly retirement benefit that was being paid to the decedent on the date of death.

C.(1) If there is no surviving spouse eligible to receive benefits pursuant to Subsection A or B of this Section, the ~~minor~~ children of the decedent shall be entitled to benefits as provided in R.S. 11:471.1.

* * *

§783. Selection of option for method of payment after death of member

A.

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(3) Initial Lump-Sum Benefit. (a) If a member has not participated in the Deferred Retirement Option Plan provided by the provisions of this Chapter ~~and~~, he shall be eligible to select an initial lump-sum benefit. The initial lump-sum benefit shall be available to any member of the system whose first employment making him eligible for membership in one of the state retirement systems occurred on or before December 31, 2010, and who has thirty years of creditable service, or is age fifty-five and has twenty-five years of creditable service, or is age sixty and has ten years of creditable service~~, and~~. Any member of the system whose first employment making him eligible for membership in one of the state retirement systems occurred on or after January 1, 2011, may select the initial lump-sum benefit if he is age sixty and has five years of service. ~~if~~ If the maximum benefit, Option 2, 2A, 3, 3A, 4, or

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4A above is chosen, then the member may further elect to receive a reduced retirement allowance plus an initial benefit. The creditable service referenced in this Paragraph shall not include unused accumulated sick leave and unused accumulated annual leave.

* * *

§786. Deferred Retirement Option Plan

A.(1) In lieu of terminating employment and accepting a retirement allowance, any member of this system whose first employment making him eligible for membership in one of the state retirement systems occurred on or before December 31, 2010, and who is not covered by R.S. 11:801 and who has thirty years of service credit at any age, twenty-five years of service credit and is at least age fifty-five, or has twenty years of service credit exclusive of military service and is at least age sixty-five may elect to participate in the Deferred Retirement Option Plan. A member with ten years of service credit exclusive of military service and who is at least age sixty may elect to participate in the plan, but all benefits payable at any time shall only be calculated using a two percent benefit formula. ~~Any member of this system who is covered by the provisions of R.S. 11:801 who has thirty years of service credit and is at least age fifty-five or has ten years of service credit and is at least age sixty may elect to participate in the Deferred Retirement Option Plan.~~

(2) Any member of this system whose first employment making him eligible for membership in one of the state retirement systems occurred on or after January 1, 2011, and who is not covered by R.S. 11:801 and who has five years of service credit and is at least age sixty may elect to participate in the Deferred Retirement Option Plan.

(3) Any member of this system who is covered by the provisions of R.S. 11:801 who has thirty years of service credit and is at least age fifty-five or has ten years of service credit and is at least age sixty may elect to participate in the Deferred Retirement Option Plan.

* * *

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§1002. Definitions

As used in this Chapter, the following words and phrases shall have the meanings ascribed to them in this Section unless a different meaning is plainly required by the context:

* * *

(6)

* * *

(b) "Average compensation", for a member whose first employment making him eligible for membership in the system began on or after July 1, 2006, whose first employment making him eligible for membership in one of the state systems occurred on or before ~~December 31, 2010~~ June 30, 2010, shall be based on the sixty highest successive months of employment, or on the highest sixty successive joined months of employment where interruption of service occurred; however, the average compensation amount for the thirteenth through the twenty-fourth month shall not exceed the actual compensation amount for the first through the twelfth month by more than ten percent. The amount for the twenty-fifth through the thirty-sixth month shall not exceed the lesser of the maximum allowable compensation amount or the actual compensation amount for the thirteenth through the twenty-fourth month by more than ten percent. The amount for the thirty-seventh through the forty-eighth month shall not exceed the lesser of the maximum allowable compensation amount or the actual compensation amount for the twenty-fifth through the thirty-sixth month by more than ten percent. The amount for the forty-ninth through the sixtieth month shall not exceed the lesser of the maximum allowable compensation amount or the actual compensation amount for the thirty-seventh through the forty-eighth month by more than ten percent. The limitations on the computation of average compensation contained in this Paragraph shall not apply to any twelve-month period during which compensation increased by more than one hundred ten percent over the previous twelve-month period solely because

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of an increase in compensation by legislative act or by a city/parish system-wide salary increase.

(c) "Average compensation", for a member whose first employment making him eligible for membership in one of the state systems occurred on or after ~~January 1, 2011~~ July 1, 2010, shall be based on the sixty highest successive months of employment, or on the highest sixty successive joined months of employment where interruption of service occurred; however, the average compensation amount for the thirteenth through the twenty-fourth month shall not exceed the actual compensation amount for the first through the twelfth month by more than fifteen percent. The amount for the twenty-fifth through the thirty-sixth month shall not exceed the lesser of the maximum allowable compensation amount or the actual compensation amount for the thirteenth through the twenty-fourth month by more than fifteen percent. The amount for the thirty-seventh through the forty-eighth month shall not exceed the lesser of the maximum allowable compensation amount or the actual compensation amount for the twenty-fifth through the thirty-sixth month by more than fifteen percent. The amount for the forty-ninth through the sixtieth month shall not exceed the lesser of the maximum allowable compensation amount or the actual compensation amount for the thirty-seventh through the forty-eighth month by more than fifteen percent. The limitations on the computation of average compensation contained in this Subparagraph shall not apply to any twelve-month period during which compensation increased by more than one hundred fifteen percent over the previous twelve-month period solely because of an increase in compensation by legislative act or by a city/parish system-wide salary increase.

* * *

§1141. Retirement benefits; application; eligibility requirements; effective date; cancellation

A. Any member whose first employment making him eligible for membership in one of the state systems occurred on or before ~~December 31, 2010~~ June 30, 2010, may retire upon written application to the board of trustees, if the

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member at the time of application has attained the age of sixty years and has credit for ten years of accredited service or has attained the age of fifty-five years and has credit for twenty-five or more years of accredited service or at any age with thirty or more years of accredited service. Any member whose first employment making him eligible for membership in one of the state systems occurred on or after ~~January 1, 2011~~ July 1, 2010, may retire upon written application to the board of trustees, if the member at the time of application has attained the age of sixty years and has credit for five years of accredited service. An application for retirement shall be officially filed with the board when received in the office of the director. Retirement benefits shall become effective as of the date an application for retirement is filed in the office of the director or the day after the member terminates from service, whichever is later. A member may only cancel his application for retirement prior to negotiating, cashing, or depositing any benefit check including an estimated benefit check.

* * *

C.(1)(a) Notwithstanding the provisions of Subsection A of this Section, any member ~~whose first employment making him eligible for system membership occurred on or before June 30, 2010,~~ shall be eligible for retirement if he has twenty years of service credit at any age, exclusive of military service and unused annual and sick leave, but any person retiring under this Subsection shall have his benefit inclusive of military service credit and allowable unused annual and sick leave actuarially reduced from the earliest age that he would normally become eligible for a regular retirement benefit pursuant to Subsection A of this Section if he had continued in service to that age.

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§1144. Retirement allowance; regular, minimum, and supplemental

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B. Minimum allowance.

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(4) The provisions of this Paragraph shall apply to any member whose first employment making him eligible for membership in one of the state systems occurred on or after ~~January 1, 2011~~ July 1, 2010. The minimum allowance for such members shall be no less than an amount which provides a total allowance equal to two and one-half percent multiplied by the total years of accredited service and multiplied by the average compensation for such person as provided in R.S. 11:1002(6)(c).

* * *

§1147. Disability retirement

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C.

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(2)(a)

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(ii) A disability retiree whose membership in the system began on or after July 1, 2006, but on or before June 30, 2010, who is not eligible to receive a regular service retirement allowance and who has at least ten years of creditable service, shall receive a disability retirement allowance equal to three percent of his average compensation multiplied by his years of creditable service.

(iii) A disability retiree whose first employment making him eligible for membership in one of the state systems occurred on or after ~~January 1, 2011~~ July 1, 2010, shall receive a maximum disability retirement benefit which shall be equivalent to the regular retirement formula without reduction by reason of age.

(b)(i) If a disability retiree whose eligibility for membership in one of the state systems occurred on or before ~~December 31, 2010~~ June 30, 2010, dies and leaves a surviving spouse who had been married to the deceased disability retiree for at least two years prior to the death of the disability retiree, the surviving spouse shall receive a survivor's benefit equal to seventy-five percent of the benefit being received by the disability retiree at his death. Benefits shall cease upon remarriage.

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(ii) For disability retirees whose first employment making him eligible for membership in one of the state systems occurred on or after ~~January 1, 2011~~ July 1, 2010, selection of a retirement option shall be made when application for disability is filed. If the disability retiree dies, the option selected upon disability retirement shall be applied to his disability retirement benefit.

* * *

§1151. Survivor benefits; members hired on or before ~~December 31, 2010~~ June 30, 2010

A. This Section shall apply to members whose first employment making them eligible for membership in one of the state systems occurred on or before ~~December 31, 2010~~ June 30, 2010. Survivor's benefits are payable upon application therefor and become effective as of the day following the death of the member.

* * *

§1151.1. Survivors' benefits; members hired on or after ~~January 1, 2011~~ July 1, 2010

A. Survivor benefits shall be due and payable by the system effective the first day of the next month following the death of a member whose first employment making him eligible for membership in one of the state systems occurred on or after ~~January 1, 2011~~ July 1, 2010, but shall not be paid until a properly completed and acceptable application is received by the system and all proper certifications have been received by the system.

* * *

C.(1) In addition to the amount payable in accordance with Subsection B of this Section, for the benefit of the surviving minor ~~or handicapped child, or mentally disabled~~ child, or children, there shall be paid for each such child, subject to a maximum of two children, per month fifty percent of the benefit to which a spouse would be entitled under Subsection B of this Section. Benefits shall be payable to such children even if no spouse eligible for survivor benefits is present, provided the

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member had at least five years of service credit. Benefits for a child shall cease when the child is no longer a minor child as defined by this Chapter. No surviving minor child shall receive more than one survivor's benefit at any one time. If two benefits are applicable, only the larger shall be paid.

(2)(a) In addition to the amount payable in accordance with Subsection B of this Section, the surviving totally physically handicapped or mentally disabled child or children of a deceased member, whether under or over the age of eighteen years, shall be entitled to the same benefits, payable in the same manner, as are provided by this Section for minor children, if the child was totally physically handicapped or mentally disabled at the time of the death of the member and is dependent upon the surviving spouse or other legal guardian.

(b) The surviving spouse or legal guardian shall provide adequate proof of handicap or mental disability of such surviving child or children and shall notify the board of any subsequent changes in the child's condition which cause the child to no longer be dependent upon the surviving spouse or legal guardian and any changes in the assistance being received from other state agencies. The board may require a certified statement of the child's eligibility status at the end of each calendar year.

* * *

§1152. Deferred Retirement Option Plan

A. In lieu of terminating employment and accepting a service retirement allowance pursuant to this Part, any member who ~~has ten or more years of creditable service at sixty years of age, twenty-five or more years of creditable service at fifty-five years of age, or thirty or more years of creditable service at any age~~ is eligible for regular retirement may elect to participate in the Deferred Retirement Option Plan and defer the receipt of benefits in accordance with the provisions of this Section.

* * *

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§1323. Death of employee not in performance of duty; employees hired on or after January 1, 2011

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C.(1) In addition to the amount payable in accordance with Subsection B of this Section, for the benefit of the surviving minor ~~or handicapped child, or mentally disabled~~ child, or children, there shall be paid for each such child, subject to a maximum of two children, per month fifty percent of the benefit to which a spouse would be entitled under Subsection B of this Section. Benefits shall be payable to such children even if no spouse eligible for survivor benefits is present, provided the member had at least five years of service credit. Benefits for a child shall cease when the child is no longer a minor child as defined by this Chapter. No surviving minor child shall receive more than one survivor's benefit at any one time. If two benefits are applicable, only the larger shall be paid.

(2)(a) In addition to the amount payable in accordance with Subsection B of this Section, the surviving totally physically handicapped or mentally disabled child or children of a deceased member, whether under or over the age of eighteen years, shall be entitled to the same benefits, payable in the same manner, as are provided by this Section for minor children, if the child was totally physically handicapped or mentally disabled at the time of the death of the member and is dependent upon the surviving spouse or other legal guardian.

(b) The applicant shall provide adequate proof of handicap or mental disability of such surviving child or children and shall notify the board of any subsequent changes in the child's condition to such an extent that the child is no longer dependent upon the surviving spouse or legal guardian and any changes in the assistance being received from other state agencies. The board may require a certified statement of the child's eligibility status at the end of each calendar year.

* * *

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§1345.9. Survivors' benefits for death other than in the line of duty

The surviving spouse or children of any active member whose death occurs other than in the performance of his duties shall have the same pension rights as provided in R.S. 11:~~1320~~ 1323.

Section 2. The cost of this Act, if any, shall be funded with additional employer contributions in compliance with Article X, Section 29(F) of the Constitution of Louisiana.

Section 3. 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.

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)]

Robideaux HB No. 571

Abstract: Relative to the four state retirement systems: La. State Employees' Retirement System (LASERS), the Teachers' Retirement System of La. (TRSL), the La. School Employees' Retirement System (LSERS), and the State Police Pension and Retirement System (STPOL), makes certain technical, remedial, and substantive changes to provisions of the law affected by Act No. 992 of the 2010 R.S.

Present law, pursuant to Act No. 992 of the 2010 R.S., generally made sweeping changes to the benefit structure of the four state retirement systems for persons whose first employment making them eligible for membership in any state retirement system occurs on or after Jan. 1, 2011, in the following respects:

(1) Employee contribution rates.

(2) Final average compensation.

(3) Benefit accrual rates.

(4) Retirement eligibility.

(5) Disability benefits.

(6) Survivor benefits.

Proposed law makes certain technical, remedial, and substantive changes to provisions of the law affected by Act No. 992 of the 2010 R.S.

SURVIVOR BENEFITS

Present law, relative to LASERS, LSERS, and STPOL, for members whose first employment making them eligible for membership in any of the state retirement systems occurs on or after Jan. 1, 2011, provides that a spouse with children shall receive 50% of the

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amount that the member's normal retirement benefit would have been. Additionally, any minor or handicapped children shall each receive 50% of what the spouse would be entitled to under present law. Provides further that the child's benefit shall cease upon his having reached the age of majority.

Proposed law provides that the survivor benefit payable to mentally or physically handicapped children shall not cease upon reaching the age of majority, but shall continue past the age of majority, subject to certain requirements.

DISABILITY BENEFITS

Present law (R.S. 11:203(B)(1)), relative to TRSL, requires a member hired on or before Dec. 31, 2010, applying for disability benefits to have five years of service credit in order to qualify for such benefits. Provides that credit earned on workers' compensation shall not be used toward meeting the five years of service.

Proposed law retains present law but removes prohibition and, thus, provides that credit earned on workers' compensation may be used toward meeting the five years of service required to qualify for disability benefits.

DEFERRED RETIREMENT OPTION PLAN (DROP) ELIGIBILITY

Present law (R.S. 11:786), relative to TRSL members, allows for DROP participation if the member has:

(1) 30 years of service at any age.

(2) 25 years of service at age 55.

(3) 20 years of service at age 65.

(4) 10 years of service at age 60.

Proposed law retains present law with regard to TRSL members hired on or before Dec. 31, 2010. With regard to members hired on or after Jan. 1, 2011, allows for DROP participation if the member has five years of service credit at age 60 to conform with the retirement eligibility provisions provided by Act No. 992 of the 2010 R.S. for such members.

Present law (R.S. 11:1152), relative to LSERS members, allows for DROP participation if the member has:

(1) 30 years of service at any age.

(2) 25 years of service at age 55.

(3) 20 years of service at age 65.

(4) 10 years of service at age 60.

Proposed law provides that a LSERS member shall be eligible for DROP participation upon reaching regular retirement eligibility.

INITIAL LUMP-SUM BENEFIT (ILSB) OPTION

Present law (R.S. 11:783(A)(3)) provides for a payment option at retirement known as the ILSB, which allows a member to receive a lump-sum benefit upon retirement subject to an actuarial reduction in monthly benefits. Provides that a member may select the ILSB if the member has:

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(1) 30 years of service at any age.

(2) 25 years of service at age 55.

(3) 10 years of service at age 60.

Proposed law retains present law with regard to TRSL members hired on or before Dec. 31, 2010. With regard to members hired on or after Jan. 1, 2011, allows for ILSB participation if the member has five years of service credit at age 60 to conform with the retirement eligibility provisions provided by Act No. 992 of the 2010 R.S. for such members.

HAZARDOUS DUTY SERVICES PLAN (LASERS)

Membership

Present law (R.S. 11:611-621), relative to LASERS, generally creates the Hazardous Duty Services Plan (HDSP) within LASERS for certain law enforcement personnel whose first employment making them eligible for membership in any state retirement system occurs on or after Jan. 1, 2011, who are members of LASERS, and provides that members of existing hazardous duty plans may retain membership in those plans or become members of the HDSP subject to certain conditions.

Proposed law prohibits anyone having participated in LASERS' Deferred Retirement Option Plan (DROP), as well as certain rehired retirees from becoming members of the HDSP.

Retirement Eligibility

Present law (R.S. 11:614), pursuant to the provisions of the HDSP, provides that any hazardous duty personnel whose first employment making them eligible for membership in any state retirement system hired on or after Jan. 1, 2011, shall be eligible to retire with:

(1) 12 years of service at age 55.

(2) 25 years of service at any age.

(3) 20 years of service at any age, but subject to an actuarial reduction of benefits.

Present law provides a 3.33% accrual rate for calculation of retirement benefits under the HDSP.

Present law (R.S. 11:441) also provides that certain rank-and-file members of LASERS shall be eligible to retire with:

(1) Five years of service at age 60.

(2) 20 years of service at any age, but subject to an actuarial reduction of benefits.

Present law (R.S. 11:444) provides for a 2.5% accrual rate for the calculation of retirement benefits for rank-and-file members of LASERS.

Proposed law allows any member of the HDSP, if he does not meet retirement eligibility under the HDSP, to retire under rank-and-file provisions with five years of service at age 60. Provides that such member's retirement benefit will be calculated using a 2.5% accrual rate.

Retirement Options

Present law (R.S. 11:616) allows members of the HDSP to enter DROP upon reaching retirement eligibility.

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Proposed law additionally allows members of the HDSP to select the Initial Benefit Option (IBO), which allows a member to receive a lump-sum benefit upon retirement subject to an actuarial reduction in monthly benefits. Further clarifies that HDSP may select an optional Cost-of-Living Adjustment (COLA), available to members of this system and others, which provides a lifetime COLA subject to an actuarial reduction in monthly benefits.

Survivor Benefits for DROP Participants

Present law (R.S. 11:618), relative to the HDSP, provides for survivor benefits for the surviving spouse and children of a member who dies in the line of duty, in the amount of 80% of the member's Final Average Compensation (FAC).

Present law (R.S. 11:621), relative to the HDSP, also provides a benefit for the surviving spouse and children of a retiree who dies. A surviving spouse shall receive 75% of the member's retirement benefit. If no spouse, surviving children shall each receive a benefit under present law (R.S. 11:471.1(C)) (25% of the member's benefit for each child).

Proposed law, clarifies that the 80% FAC in-the-line-of-duty survivor benefit of present law (R.S. 11:618) shall not apply to DROP participants or certain rehired retirees. Rather, the provisions of present law (R.S. 11:621) shall apply.

Transfer Provisions

Present law (R.S. 11:620) generally requires hazardous duty personnel in LASERS hired on or after Jan. 1, 2011, to become members of the HDSP. Present law (R.S. 11:620(B)(1) and (2)) also allows a member of LASERS, hired on or before Dec. 31, 2010, to become a member of the HDSP under the following options:

(1) Maintaining prior service credit in his previous plan under the provisions of that plan but accruing service and benefits in the HDSP going forward.

(2) Electing an internal actuarial transfer within LASERS, in which the member transfers his funds from the previous plan into the HDSP, but maintains the accrual rate of the previous plan. Such member may pay to upgrade his prior service to the 3.33% accrual rate of the HDSP.

Proposed law allows members of other state and statewide retirement systems, who would otherwise be eligible for membership in the HDSP, except they were hired on or before Dec. 31, 2010, to utilize the above transfer provisions to join the HDSP.

Proposed law provides that if any member chooses (1) above (after proposed law becomes effective) and it results in an actuarial cost to the system, the member shall pay such cost to the system upon his retirement.

Proposed law further provides that if any member chooses (2) above and elects to upgrade his prior service to the 3.33% accrual rate of the HDSP, he shall upgrade all of such service.

Present law (R.S. 11:620(C)) allows a member of another plan or system, whose employment would qualify him for membership in the HDSP if it were on or after Jan. 1, 2011, to remain a member of such plan or system.

Proposed law further clarifies that if a member of another hazardous duty plan within LASERS chooses to remain in that plan his service credit going forward will be considered having been earned in that plan.

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LSERS BENEFIT PROVISIONS

Present law (R.S. 11:62(4)) establishes the employee contribution rate for members of LSERS. Provides that members hired on or before Dec. 31, 2010, shall pay 7.5%, and that members hired on or after Jan. 1, 2011, shall pay 8%.

Proposed law provides instead that members hired on or before June 30, 2010, shall pay 7.5%, and members hired on or after July 1, 2010, shall pay 8%.

Present law (R.S. 11:1002(6)) provides that average compensation for a member hired on or after July 1, 2006, but on or before Dec. 31, 2010, shall be calculated over five years. Furthermore, anti-spiking provisions prohibit a year-over-year increase in earnings of more than 10% each year of such period. Present law further provides that for members hired on or after Jan. 1, 2011, the anti-spiking provisions relative to such persons prohibit a year-over-year increase in earnings of more than 15% each year of such period.

Proposed law provides instead that members hired on or after July 1, 2006, but on or before June 30, 2010, shall have a five-year average compensation period and a 10% anti-spiking provision and that members hired on or after July 1, 2010, shall have a five-year average compensation period and a 15% anti-spiking provision.

Present law provides for retirement eligibility for members of LSERS. Members hired on or before Dec. 31, 2010, may retire: (1) at the age of 60 with 10 years of service credit; (2) at the age of 55 with 25 years of service credit; (3) at any age with 30 years of service credit; and (4) at any age with 20 years of service credit, but subject to an actuarial reduction in benefits. Proposed law provides instead that these eligibility provisions shall apply to members hired on or before June 30, 2010.

Present law provides that members hired on or after Jan. 1, 2011, may retire: (1) at age 60 with five years of service credit; and (2) at any age with 20 years of service credit, but subject to an actuarial reduction of benefits. Proposed law provides instead that these eligibility provisions shall apply to members hired on or before July 1, 2010.

Present law (R.S. 11:1144(B)), provides for accrual rates of 2.5%, 3%, or 3-1/3%, depending on the member's retirement date, for members hired on or before Dec. 31, 2010. Proposed law provides instead that these accrual rates shall apply to members hired on or before June 30, 2010.

Present law (R.S. 11:1144(B)(4)) provides that members whose first employment making them eligible for membership in any state retirement system occurs on or after Jan. 1, 2011, shall receive an accrual rate of 2.5%. Proposed law provides instead that the 2.5% accrual rate shall apply to members hired on or after July 1, 2010.

Present law (R.S. 11:1147(C)(2)(a)) provides for a disability benefit accrual rate of 3% for members hired on or before Dec. 31, 2010, and a 2.5% accrual rate for members hired on or after Jan. 1, 2011. Proposed law provides instead for a 3% disability accrual rate for members hired on or before June 30, 2010, and a 2.5% accrual rate for members hired on or after July 1, 2011.

Present law provides that, for members hired on or before Dec. 31, 2010, upon the death of a member not yet retired, a surviving spouse with children shall receive 75% of FAC, 1/3 of which shall be allocated to the spouse and 2/3 to be allocated to the children. Children with no surviving spouse shall receive 75% of FAC. A spouse with no child shall receive 50% of FAC. Proposed law provides that such provisions shall apply to members hired on or before June 30, 2010.

Present law, for members hired on or after Jan. 1, 2011, provides that a spouse with children shall receive 50% of the amount that the member's normal retirement benefit would have

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been. Additionally, any children shall each receive 50% of what the spouse would be entitled to under present law. A spouse with no children shall receive an actuarially reduced benefit. Proposed law provides instead that such provisions shall apply to members hired on or after July 1, 2010.

Proposed law provides that the cost of proposed law, if any, shall be funded with additional employer contributions in compliance with Const. Art. X, §29(F).

Effective July 1, 2011.

(Amends R.S. 11:62(4), 203(B)(1), 471.1(C), 613, 614, 616, 620(A), (B), (C), and (D), 621(B) and (C)(1), 783(A)(3)(a), 786(A), 1002(6)(b) and (c), 1141(A) and (C)(1)(a), 1144(B)(4), 1147(C)(2)(a)(ii) and (iii) and (b), 1151(A), 1151.1(A) and (C), 1152(A), 1323(C), and 1345.9; Adds R.S. 11:618(D))

Summary of Amendments Adopted by House

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

1. Relative to LSERS, changes various benefit provisions which are applicable to members hired on or before Dec. 31, 2010, to make them applicable to members hired on or before June 30, 2010.

2. Relative to LSERS, changes various benefit provisions which are applicable to members hired on or after Jan. 1, 2011, to make them applicable to members hired on or after July 1, 2010.

Committee Amendments Proposed by House Committee on Appropriations to the engrossed bill.

1. Deleted proposed law adding additional employees in the office of state fire marshal who are required to be Firefighter I or First Responder to members of the Hazardous Duty Service Plan (HDSP).

2. Deleted proposed law providing that campus police chiefs of public institutions of higher education, who are hired on or after Jan. 1, 2011, shall no longer be members of TRSL and shall be members of the HDSP.

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