

Prior law, relative to the Louisiana State Employees' Retirement System (LASERS), provides, in part, for retirement of probation and parole officers employed by the Dept. of Public Safety and Corrections (DPS&C) in the office of adult services.

Prior law provided for a "primary component" and a "secondary component" of LASERS for certain DPS&C employees. Provided that the secondary component applies to wardens, correctional officers, probation and parole officers, and security personnel who are hired on or after Jan. 1, 2002. Prior law provided that any employee hired before Jan. 1, 2002, to whom the provisions of the secondary component would otherwise apply may elect to become a member of the secondary component. Provided for special retirement eligibility and benefit calculation for persons in the secondary component.

Prior law provided that the secondary component shall not include any other members of the primary component or members of any other retirement system to which the state makes contributions. New law retains prior law.

#### Benefit Calculation

Prior law provided for calculation of benefits for LASERS members, including probation and parole officers in the primary component. Provided that a LASERS member who retires effective on or after July 1, 1973, shall receive a maximum retirement allowance equal to 2.5% of average final compensation for every year of creditable service. New law retains prior law.

Prior law provided for calculation of benefits for members of the secondary component. Provided that a member of the secondary component shall receive a maximum retirement allowance equal to 3-1/3% of average final compensation for every year of creditable service.

New law provides that adult probation and parole officers who were employed on or before Dec. 31, 2001, who opted to remain in the primary component pursuant to prior law, and who retire or enter the Deferred Retirement Option Plan (DROP) on or after July 1, 2014, shall receive a maximum retirement allowance equal to 3% of average compensation for service prior to July 1, 2014, and 3-1/3% of average compensation for service on or after July 1, 2014. Provides that such a probation and parole officer who entered DROP before July 1, 2014, and who continues in employment after participation in DROP shall receive a supplemental benefit calculated using the 3% accrual rate for post-DROP employment before July 1, 2014, and using the 3-1/3% accrual rate for post-DROP employment on or after July 1, 2014.

Prior law provided for transfer from the primary component to the secondary component. Provides that an employee who transfers to the secondary component may transfer service credit from the primary component to the secondary component on an actuarial basis or may transfer the service credit at the accrual rate earned in the primary component. Provided that an employee whose transfer to the secondary component was not on an actuarial basis may pay the actuarial cost to "upgrade" his primary component service credit to the secondary component accrual rate of 3-1/3%.

New law provides that, notwithstanding prior law, any adult probation and parole officer employed before Jan. 1, 2002, who elected to transfer from the primary component to the secondary component but who opted not to transfer his primary component service credit on an actuarial basis, who did not upgrade his service credit as permitted pursuant to prior law, and who retires or enters DROP on or after July 1, 2014, shall receive a benefit calculated at an accrual rate of 3% for all creditable service in the system earned before the date the member transferred to the secondary component.

#### Adult Probation and Parole Officer Retirement Fund

Prior law provided for the "Adult Probation and Parole Officer Retirement Fund", a special fund in the state treasury. Provides that monies in the fund shall remain in the fund until the legislature provides for enhanced benefits for adult probation and parole officers who have service credit in the primary component. New law provides for such benefit enhancements.

New law provides that until any actuarially accrued liability for retirement benefits for adult probation and parole officers created pursuant to new law has been fully funded, the monies in the fund shall be used exclusively for the purpose of providing funding for such actuarially accrued liability and for normal costs.

Prior law provided that after such actuarially accrued liability has been fully funded, the monies in the fund shall be made available to the DPS&C to defray the costs of supervision of persons on probation and parole. New law retains prior law and adds payment of the normal cost of retirement benefits for employees of the department who are members of LASERS as an authorized use of the funds pursuant to prior law.

New law provides that on March 30, 2015, the treasurer shall remit to LASERS from the fund \$1,000,000 to cover the initial increase in cost due to enactment of new law as well as help pay any UAL created due enactment of new law.

New law further provides that on April 1 of each year, beginning with FY 2015-2016, the treasurer shall allocate and distribute to LASERS from the fund the amount of any amortization payment and normal cost approved by the Public Retirement Systems' Actuarial Committee (PRSAC) to be paid from the fund. In addition, the treasurer shall remit to LASERS all money in the fund in excess of \$50,000. Furthermore, on at least a quarterly basis, the treasurer shall remit to LASERS all money in the fund in excess of \$50,000.

New law requires that any unpaid portion of an amortization payment provided for in new law for a particular fiscal year shall be paid as provided in prior law.

Prior law (R.S. 11:102(B)(3)(d)(v)) provided for a 30-year amortization period for changes in actuarial liability to LASERS resulting from actuarial gains and losses, changes in the method of valuing assets, changes in actuarial assumptions, and changes in actuarial accrued liability, including the changes in actuarial liability resulting from adult probation and parole officers' benefits.

Present constitution (Art. X, §29(F)) requires a future benefit provision of LASERS that has an actuarial cost to identify a funding source sufficient to pay the cost within 10 years of the effective date of the benefit provision.

New law required that the amount of the unfunded actuarially accrued liability, if any, resulting from the implementation of new law and a required amortization payment for such liability shall be determined by PRSAC as part of the annual adoption of the official actuarial valuation for LASERS. Requires that such unfunded accrued liability be amortized as a separate liability forming level dollar payments over a 10-year period. Provides that if the monies available from the fund created pursuant to new law are insufficient to pay any year's amortization payment or normal cost, then the balance of such payment shall be paid as provided in prior law.

New law provides that benefits provided for pursuant to new law shall not be suspended, reduced, or denied unless a final, nonappealable judgment declaring new law unconstitutional has been rendered by a court of competent jurisdiction.

New law provides that in the case of any conflict between new law and any other Act of the 2014 R.S., new law shall supersede and control regardless of the order of passage.

Prior law provided for election of an actuarially equivalent benefit in lieu of a maximum benefit, allowing the member who is retiring to designate a beneficiary to continue to receive a lifetime annuity after the member's death. Specified that for a married member, the designated beneficiary is the person's spouse unless the spouse has consented to the contrary in writing.

In the absence of spousal consent, prior law required LASERS to establish the member's benefit as if the member had selected to designate a spouse who survives him to receive 50% of the member's annuity.

New law retains prior law. Clarifies that the establishment of this option occurs at the time of retirement.

Prior law provided for contributions to resume if a Deferred Retirement Option Plan (DROP) participant continues in employment. Specified that for certain public safety employees, the contribution rate shall be the rate prescribed in prior law.

New law retains prior law and clarifies that the prior law rates are applicable to every position covered by LASERS.

Prior law provided for survivor benefits for a member's spouse and certain children. Provides for payment of the benefits to a child if that child is a minor or is handicapped or mentally disabled.

Prior law further provided for the benefits under prior law to be paid to eligible minor children even if the LASERS member is retired at the time of death.

New law retains prior law and extends these benefits to all eligible children.

Effective June 30, 2014.

(Amends R.S. 11:446(F), 450(B), 471.1(G), and 546(C); adds R.S. 11:444(A)(2)(d), 546(D) and (E), and 605(D))