

Regular Session, 2012

HOUSE BILL NO. 1030

BY REPRESENTATIVE TALBOT

RETIREMENT/SCHOOL EMPS: Prohibits members of the La. School Employees' Retirement System from remaining in that system after taking a job that is covered by a different retirement system

1 AN ACT

2 To amend and reenact R.S. 11:1118 and 1120(A) and to enact R.S. 11:1120(C), relative to
3 certain members of the Louisiana School Employees' Retirement System; to provide
4 for termination of membership in certain circumstances for certain members; to
5 provide relative to transfers of service credit in certain circumstances; to provide
6 limitations; to provide for reinstatement; and to provide for related matters.

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

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 11:1118 and 1120(A) are hereby amended and reenacted and R.S.
12 11:1120(C) is hereby enacted to read as follows:

13 §1118. Other employment; membership

14 A. Notwithstanding any other provisions of law to the contrary, any active
15 contributing member of this system whose first employment making him eligible for
16 membership in one of the state systems occurred on or before December 31, 2012,
17 and who becomes engaged in employment which would normally require him to join
18 and become a member of ~~any other~~ another public retirement system or fund shall
19 have the option of joining and becoming a member of such other public retirement
20 system and thereby cease to be a contributing member of this system. If he

1 terminates the employment which makes him eligible for membership in another
2 public system or fund, he shall again become an active contributing member of this
3 system as a condition of employment for as long as he is employed in a position
4 which makes him eligible for membership in this system.

5 B. Any active contributing member of this system whose first employment
6 making him eligible for membership in one of the state systems occurred on or after
7 January 1, 2013, and who becomes engaged in employment which would normally
8 require him to join and become a member of another public retirement system or
9 fund shall cease to be a contributing member of this system. If he terminates the
10 employment which makes him eligible for membership in another public system or
11 fund, he shall again become an active contributing member of this system as a
12 condition of employment for as long as he is employed in a position which makes
13 him eligible for membership in this system.

14 * * *

15 §1120. Members employed in other state or public employment

16 A. Notwithstanding any enrollment error occurring prior to January 1, 1992,
17 any person whose first employment making him eligible for membership in one of
18 the state systems occurred on or before December 31, 2012, and who is a member
19 of the Louisiana School Employees' Retirement System, who has creditable
20 membership service of at least five years in this system, and who becomes employed
21 in any other state or public employment where he is no longer eligible for
22 membership in this system but is eligible for membership in the Teachers'
23 Retirement System of Louisiana or the Louisiana State Employees' Retirement
24 System, shall have the right to remain a member of this system in lieu of
25 membership in the Teachers' Retirement System of Louisiana or the Louisiana State
26 Employees' Retirement System by filing a notice of election to remain in this system,
27 in writing, with the board of trustees within thirty days after the effective date of
28 employment. Such election shall be irrevocable.

29 * * *

1 C. Any active contributing member of this system whose first employment
2 making him eligible for membership in one of the state systems occurred on or after
3 January 1, 2013, and who becomes employed in any other state or public
4 employment where he is no longer eligible for membership in this system shall cease
5 to be an active contributing member of this system. If he terminates the employment
6 which makes him eligible for membership in another public system or fund, he shall
7 again become an active contributing member of this system as a condition of
8 employment for as long as he is employed in a position which makes him eligible for
9 membership in this system.

10 Section 2.(A) Prior to January 1, 2013, any member of Louisiana School Employees'
11 Retirement System or any member of another state system whose employment would make
12 him eligible for membership in Louisiana School Employees' Retirement System, may
13 transfer to the Louisiana School Employees' Retirement System all of his accredited service
14 which was earned in any other state retirement system as an active contributing member.
15 An application for transfer pursuant to this Section shall be received by the Louisiana School
16 Employees' Retirement System prior to January 1, 2013.

17 (B) The system from which the member transfers such credit shall transfer to the
18 Louisiana School Employees' Retirement System all employee and employer contributions
19 contributed by or for the transferring member plus interest at the lesser of seven and one-half
20 percent compounded annually from each year of contribution to the date of transfer or the
21 actuarial value of the transferred service credit.

22 (C) If the amount of funds transferred is less than the amount which would have
23 been contributed by the member and his employer including interest earned thereon at the
24 rate of seven and one-half percent compounded annually or the actuarial value, whichever
25 is less, had all of the credit originally been credited in the Louisiana School Employees'
26 Retirement System or at the accrual rate of the transferring system, the member, except as
27 provided for in this Section, shall pay the deficit or difference including the interest thereon.

28 (D) If the funds transferred are less than the liability as determined by the Louisiana
29 School Employees' Retirement System's actuary for the service credit transferred, the

1 member may pay the difference or may, at his option, but only at the time of transfer, be
2 granted an amount of credit in the Louisiana School Employees' Retirement System based
3 on the amount of funds actually transferred based on a year-to-year comparison.

4 (E) All transfers under this Section shall be subject to payment of the actuarial cost
5 related thereto. However, the member may pay for such credit at any time prior to
6 submitting his written application for retirement. If, upon application for retirement, the
7 member has not paid the full actuarial cost for the transferred credit, he shall be granted
8 credit commensurate to the amount that he has paid. No duplication of credit shall result
9 from a transfer under this Section.

10 Section 3. This Act shall become effective on July 1, 2012; if vetoed by the governor
11 and subsequently approved by the legislature, this Act shall become effective on July 1,
12 2012, 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)]

Talbot

HB No. 1030

Abstract: Prohibits an active contributing member of the La. School Employees' Retirement System (LSERS) hired after Dec. 31, 2012, from remaining in the system if the member obtains employment covered by another retirement system. Requires the member to rejoin LSERS if he becomes employed once again in a position covered by LSERS.

Present law for LSERS (R.S. 11:1118) permits any member of the system to elect to leave LSERS if he obtains employment that is covered by another public retirement system.

Proposed law limits applicability of present law to members whose first employment making him eligible for membership in one of the state systems occurred on or before Dec. 31, 2012, and prohibits a member whose first employment making them eligible for membership in one of the state systems occurred on or after Jan. 1, 2013, from staying in LSERS upon obtaining employment that is covered by another public retirement system.

Present law requires a member to reenter LSERS upon obtaining employment covered by the system. Proposed law retains present law and its applicability to members whose first employment making them eligible for membership in one of the state systems occurred on or after Jan. 1, 2013.

Present law for LSERS (R.S. 11:1120) authorizes any member of LSERS who has at least five years of creditable service with the system to stay in LSERS if he is employed in a position that is covered by the Teachers' Retirement System of La. (TRSL) or the La. State Employees' Retirement System (LASERS).

Proposed law limits the applicability of present law to members whose first employment making him eligible for membership in one of the state systems occurred on or before Dec. 31, 2012, and prohibits a member whose first employment making him eligible for membership in one of the state systems occurred on or after Jan. 1, 2013, from staying in LSERS upon obtaining employment that is covered by another public retirement system.

Proposed law allows any member of LSERS or any member of another state system whose employment would make him eligible for membership in LSERS to transfer to LSERS all of his accredited service earned in any other state retirement system. Requires all applications for such transfers to be received by LSERS prior to Jan. 1, 2013.

If the amount of funds transferred to the system is not enough to purchase the same amount of time in LSERS, the member may pay the difference, take the total years of service at the accrual rate applicable to the other system, or take a lesser number of years based on the number of years his transferred funds will fund at the LSERS accrual rate.

Requires that the member participating in such a transfer pay the actuarial cost relating to the transfer prior to retiring. If he has not, he may only receive credit commensurate with the amount of money that he has paid.

Effective July 1, 2012.

(Amends R.S. 11:1118 and 1120(A); Adds R.S. 11:1120(C))

Summary of Amendments Adopted by House

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

1. Changes applicability of proposed law who take a position outside of LSERS on or after Jan. 1, 2013, to members whose first employment making them eligible for membership in a state retirement system occurs on or after Jan. 1, 2013.
2. Adds provisions relative to transfers of service credit into LSERS.
3. Adds effective date of July 1, 2012.