



1           (5)(a) ~~"Average~~ Except as provided in Subparagraph (b) of this Paragraph,  
2           "average final compensation" shall mean the average annual earned compensation  
3           of an employee for any period of thirty-six successive or joined months of service  
4           as an employee during which the ~~said~~ earned compensation was the highest. In case  
5           of interruption of employment, the thirty-six month period shall be computed by  
6           joining employment periods immediately preceding and succeeding the interruption.  
7           The earnings to be considered for the thirteenth through the twenty-fourth months  
8           shall not exceed one hundred fifteen percent of the earnings for the first through the  
9           twelfth months. The earnings to be considered for the final twelve months shall not  
10          exceed one hundred fifteen percent of the earnings of the thirteenth through the  
11          twenty-fourth months.

12           (b) For any member who elects to participate in the Deferred Retirement  
13          Option Plan for longer than thirty-six months pursuant to R.S. 11:2257(C)(2),  
14          "average final compensation" shall mean the average annual earned compensation  
15          of an employee for any period of sixty successive or joined months of service as an  
16          employee during which the earned compensation was the highest. In case of  
17          interruption of employment, the sixty month period shall be computed by joining  
18          employment periods immediately preceding and succeeding the interruption. The  
19          earning to be considered for the thirteenth through the twenty-fourth months shall  
20          not exceed one hundred fifteen percent of the earnings for the first through the  
21          twelfth months. The earnings to be considered for the twenty-fifth through the  
22          thirty-sixth months shall not exceed one hundred fifteen percent of the earnings for  
23          the thirteenth through the twenty-fourth months. The earnings to be considered for  
24          the thirty-seventh through the forty-eighth months shall not exceed one hundred  
25          fifteen percent of the earnings for the twenty-fifth through the thirty-sixth months.  
26          The earnings to be considered for the final twelve months shall not exceed one  
27          hundred fifteen percent of the earnings of the thirty-seventh through the forty-eighth  
28          months.

\* \* \*

1 §2257. Deferred Retirement Option Plan

2 \* \* \*

3 C.(1) The duration of participation in the plan shall be specified and shall not  
4 exceed ~~three years~~. the following:

5 (a) Three years for any member who has less than thirty years of creditable  
6 service.

7 (b) Five years for any member who has at least thirty years of creditable  
8 service. A member who chooses to participate in the plan for a period longer than  
9 three years shall have all benefits calculated using average final compensation as  
10 defined in R.S. 11:2252(5)(b).

11 (2) The decision made by the member regarding the duration of participation  
12 plan is irrevocable.

13 \* \* \*

14 K.(1) If employment is not terminated at the end of the period specified for  
15 participation, the plan participant shall resume active contributing membership in the  
16 system, and upon termination of employment, he shall receive an additional  
17 retirement benefit based on his additional service rendered since termination of  
18 participation in the fund, using the normal method of computation of benefit,;

19 (2) If the plan participant selects a period of participation that is less than or  
20 equal to thirty-six months, the additional benefit is subject to the following:

21 (a) If his period of additional service is less than thirty-six months, the  
22 average compensation figure used to calculate the additional benefit shall be that  
23 used to calculate his original benefit.

24 (b) If his period of additional service is thirty-six or more months, the  
25 average compensation figure used to calculate the additional benefit shall be based  
26 on his compensation during the period of additional service.

27 (3) If the plan participant selects a period of participation that is longer than  
28 thirty-six months, the additional benefit shall be calculated using a figure for average  
29 final compensation as defined by R.S. 11:2252(5)(b).





1 participating employees decreases by at least three or the number of participating  
2 employees is zero.

3 (ii) The number of participating employees of the employer as of the thirtieth  
4 of June is at least fifty fewer than the number of participating employees of the  
5 employer as of the thirtieth of June of the prior year.

6 B.(1) Any amount due pursuant to Subsection A of this Section shall be  
7 determined by the actuary employed by the system and shall be amortized over  
8 fifteen years in equal payments with interest at the system's valuation rate. Payments  
9 for withdrawals that occur on or after July 1, 2021, shall be payable beginning the  
10 first of July of the second fiscal year following the determination by the actuary and  
11 in the same manner as regular payroll payments to the system. Beginning on the first  
12 of July of the fiscal year following withdrawal, interest shall accrue at the system's  
13 actuarial valuation rate, compounded annually.

14 (2) If the number of participating employees of an employer subject to  
15 Paragraph (A)(2) of this Section returns to at least the number of participating  
16 employees as of the thirtieth of June immediately preceding the withdrawal, the  
17 payments required by this Section shall cease on the first of July following the  
18 determination by the actuary that a sufficient increase in participating employees has  
19 occurred, and no further payments shall be due with respect to the withdrawal. Any  
20 payments made pursuant to this Section shall be credited as an offset of any amounts  
21 due by the employer attributable to any subsequent withdrawal that occurs within  
22 fifteen years of the payments.

23 C. If an employer fails to make a payment timely, the amount due shall be  
24 collected in any of the following manners:

25 (1) By action in a court of competent jurisdiction against the delinquent  
26 employer. The amount due shall include interest calculated by the system's actuarial  
27 valuation rate, compounded annually. The employer shall also be liable for any legal  
28 and actuarial fees incurred by the system in the collection of amounts pursuant to this  
29 Section.







department's portion of the UAL to the system according to the percent included in the prior fiscal year's employer pension report. Provides the amount due to the system shall include interest at the system's valuation interest rate.

Proposed law provides that if an employer partially dissolves its fire department, it shall pay a pro rata portion of the system's UAL.

Proposed law provides that a partially dissolved fire department meet one of the following criteria:

- (1) The number of participating employees of the employer as of June 30 is 70% less than June 30 of the previous year and either the number of participating employees decreases by at least three or participating employees is zero.
- (2) The number of participating employees of the employer, as of June 30 is at least 50 fewer than the previous year.

Proposed law provides that payments due to the system be determined by the system's actuary and amortized over 15 years in equal payments.

Proposed law provides that if the number of employees of a partially dissolved employer returns to the number participating prior to withdrawal, payments will cease and payments made will be credited as an offset of any amount due by the employer attributable to any subsequent withdrawal that occurs within 15 years of payment.

#### **Collection of Unpaid Amounts**

Present law provides for collection of funds if an employer fails to make payments by either:

- (1) Action in a court of competent jurisdiction against the employer. The employer is responsible for legal fees incurred by the system.
- (2) The board of trustees may submit a resolution and certification to the state treasurer of the name of the delinquent employer and amount owed. The state treasurer shall deduct monies payable to the employer and remit said monies directly to the system.

Proposed law provides that attorney fees and court costs are recoverable by FRS if delinquent payments are recovered in court or through a concursus proceeding.

#### **Employee Contributions and Credit Loans**

Present law authorizes a member of FRS to assign the accumulated contributions he has made to the system to a firefighters' credit union in consideration of a loan. If a member with less than 12 years of creditable service leaves employment, present law requires that his contributions be paid to the credit union.

Proposed law requires payment of such contributions to the credit union if the member has 12 or more years of creditable service and dies without a survivor who is entitled to benefits.

(Amends R.S. 11:2252(5), 2257(C) and (K), 2262(D)(2)(b), and 2265(A)(2); Adds R.S. 11:2262(D)(2)(c) and 2262.1)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Retirement to the original bill:

1. Provide that if a member chooses to participate in DROP for more than three years, his benefits are calculated using a five year final average compensation.
2. Provide that the decision of how long a member participates in DROP is irrevocable.
3. Provide for recovery of attorney fees and court costs through a concursus proceeding.
4. Relative to partial department dissolutions where the number of participating employees is less than 70% of what it was, change the number of employee positions that must be lost from two to three.