

2016 Regular Session

HOUSE BILL NO. 53

BY REPRESENTATIVE FOIL

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AN ACT

To amend and reenact R.S. 11:1938(F)(2), relative to Deferred Retirement Option Plan accounts of members of the Parochial Employees' Retirement System; to provide with respect to the investment of funds in such accounts; to provide with respect to the rate of interest credited to such accounts; 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.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 11:1938(F)(2) is hereby amended and reenacted to read as follows:

§1938. Deferred Retirement Option Plan

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(2)(a) After a person terminates participation in this program, but provided that he has not terminated his employment which made him eligible to become a member of this system, all amounts which remain credited to the individual's subaccount after termination of participation in the plan shall be placed in liquid asset money market investments at the discretion of the board of trustees. ~~Such account balances may be credited with interest at the actual rate of return earned on such account balance investments, said interest to be credited to the individual's account balance on an annual basis.~~

1 (a) (b) The contributing period shall mean that time period when funds are
2 being credited to the participant's subaccount which is maintained by the system.

3 ~~(b) After the contributing period ends, the balance of the subaccount then~~
4 ~~may be transferred to a self-directed subaccount, which shall be known as the~~
5 ~~investment period. Both subaccounts shall be within the Deferred Retirement Option~~
6 ~~Plan established herein. Management of the funds shall be by the system during the~~
7 ~~contributing period. When the funds are transferred to the self-directed subaccount~~
8 ~~for the investment period, the system is authorized to hire a third party provider. The~~
9 ~~third party provider shall act as an agent of the system for purposes of investing~~
10 ~~balances in the self-directed subaccounts of the participant as directed by the~~
11 ~~participant. The participant shall be given such options that comply with federal law~~
12 ~~for self-directed plans.~~

13 (c) ~~The participant in the self-directed portion of this plan agrees that the~~
14 ~~benefits payable to the participant are not the obligations of the state or the system,~~
15 ~~and that any returns and other rights of the plan are the sole liability and~~
16 ~~responsibility of the participant and the designated provider to which contributions~~
17 ~~have been made. Furthermore, each participant, in accordance with this provision,~~
18 ~~shall expressly waive his rights as set forth in Article X, Section 29(A) and (B) of the~~
19 ~~Louisiana Constitution as it relates to his subaccount in the self-directed portion of~~
20 ~~the plan. By participating in the self-directed portion of the plan, the participant~~
21 ~~agrees that he and the provider shall be responsible for complying with all applicable~~
22 ~~provisions of the Internal Revenue Code. The participant also agrees that if any~~
23 ~~violation of the Internal Revenue Code occurs as a result of the participant's~~
24 ~~participation in the self-directed portion of the plan, it shall be the sole responsibility~~
25 ~~and liability of the participant and the provider, not the state or the system. There~~
26 ~~shall be no liability on the part of and no cause of action of any nature shall arise~~
27 ~~against the state, the system, or its agents or employees, for any action taken by the~~
28 ~~participant for choices the participant makes in relationship to the funds in which he~~
29 ~~chooses to place his subaccount balance. After the contributing period ends, the~~
30 ~~balance of the subaccount shall be credited annually with interest using the preceding~~

