

ACT No. 652

2016 Regular Session

HOUSE BILL NO. 58

BY REPRESENTATIVES LEGER AND BAGNERIS

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AN ACT

To amend and reenact R.S. 11:3385.1(H)(2) and (N), relative to the Deferred Retirement Option Plan in the Firefighters' Pension and Relief Fund in the city of New Orleans; to provide relative to benefit options for members electing to participate in such plan; to provide with respect to account funds and interest thereon; to provide with respect to administrative fees charged to such accounts; and to provide for related matters.

Notice of intention to introduce this Act has been published as provided by Article III, Section 13 and Article X, Section 29(C) of the Constitution of Louisiana.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 11:3385.1(H)(2) and (N) are hereby amended and reenacted to read as follows:

§3385.1. Deferred Retirement Option Plan

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H.
* * *

(2)(a) Beginning January 1, 2015, and continuing each year thereafter, upon expiration of the participation period or termination of employment, if earlier, and each year until the member's DROP account is distributed in its entirety, interest shall be allocated annually to all member DROP accounts based on a five-year

1 rolling average of the composite rate of return of the pension fund as determined by
 2 the system actuary, less an administrative fee as determined by the board of trustees.
 3 Prior to January 1, 2015, interest shall be allocated each year based on the one-year
 4 composite rate of return of the pension fund, less an ~~administration~~ administrative
 5 fee determined by the board of trustees, not to exceed two percent. The balance of
 6 ~~the a~~ member's DROP account shall not be diminished or impaired: ,except as
 7 otherwise provided in Subparagraph (c) of this Paragraph.

8 (b) Notwithstanding the provisions of Subparagraph (a) of this Paragraph,
 9 upon expiration of the participation period or termination of employment if earlier,
 10 a member's DROP account shall be placed in liquid asset money market investments
 11 at the discretion of the board of trustees. The DROP account shall be credited with
 12 interest at the actual rate of return earned on such money market investments.

13 (c) Notwithstanding the provisions of Subparagraph (a) or (b) of this
 14 Paragraph, if a member participating in the Deferred Retirement Option Plan on or
 15 after January 1, 2016, upon expiration of the participation period or termination of
 16 employment if earlier, makes an irrevocable written election to waive the guarantees
 17 contained in Subparagraphs (a) and (b) of this Paragraph and to authorize the fund
 18 to debit his DROP account if the fund's investment portfolio experiences a negative
 19 earning rate and to permanently reduce the value of his DROP account if the fund
 20 assets are devalued by a negative earning rate, that member's DROP account may
 21 earn interest at a rate based on a five-year rolling average of the composite rate of
 22 return of the fund's investment portfolio as determined by the actuary, less a two
 23 percent administrative fee assessed by the board of trustees.

* * *

25 N. Notwithstanding any other provision of law to the contrary, a member
 26 ~~may electing to participate in the Deferred Retirement Option Plan provided by this~~
 27 ~~Section and also make an election to~~ shall not be eligible to receive an initial lump-
 28 sum benefit as set forth in R.S. 11:3385.2.

* * *

1 Section 2. This Act shall become effective upon signature by the governor or, if not
2 signed by the governor, upon expiration of the time for bills to become law without signature
3 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
4 vetoed by the governor and subsequently approved by the legislature, this Act shall become
5 effective on the day following such approval.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____