

2018 Regular Session

HOUSE BILL NO. 9

BY REPRESENTATIVE IVEY

RETIREMENT/FIREFIGHTERS: Provides for definitions relative to rollovers of sums to the Firefighters' Retirement System from other qualified plans under the provisions of the Internal Revenue Code

1 AN ACT

2 To amend and reenact R.S. 11:2254(D), relative to the Firefighters' Retirement System; to
3 provide relative to direct rollovers of sums from qualified plans into the system; to
4 provide for definitions; and to provide for related matters.

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

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 11:2254(D) is hereby amended and reenacted to read as follows:

10 §2254. Creditable service

11 * * *

12 ~~D(1) The system shall permit direct rollovers from other qualified retirement~~
13 ~~plans. "Direct rollovers" for purposes of this Section shall mean trustee to trustee~~
14 ~~transfers of sums from other qualified plans which are permitted to roll over sums~~
15 ~~to other qualified plans under the provisions of the Internal Revenue Code of 1986,~~
16 ~~as amended. Notwithstanding any other provision of law to the contrary that would~~
17 ~~otherwise limit a distributee's election under this Subsection, a distributee may elect,~~
18 ~~at the time and in the manner prescribed by the plan administrator, to have any~~
19 ~~portion of an eligible rollover distribution paid directly to an eligible retirement plan~~

1 specified by the distributee in a direct rollover. Amounts so rolled over may be used
2 to purchase service credits at the accrual rate established by the system actuary using
3 actuarial assumptions consistently applied, subject to the limitations of Section
4 415(n) of the Internal Revenue Code of 1986, as amended. Any such service credit
5 may only be purchased if authorized by statutory authority, other than this
6 Subsection, specifically identifying the type of credit authorized to be purchased.
7 Amounts may not be rolled over which are in excess of the amounts which may be
8 used to purchase creditable service under Section 415(n). No member shall receive
9 a benefit for purchased creditable service if to do so would cause the member to
10 receive a retirement benefit for the same service under more than one retirement
11 plan. The system shall also permit members and retirees to make direct trustee to
12 trustee rollovers of those distributions which are eligible for tax-free rollover
13 treatment to other qualified plans as provided in Section 401(a)(31) of the Internal
14 Revenue Code of 1986, as amended.

15 (2) If a mandatory distribution greater than one thousand dollars is made on
16 or after March 28, 2005, and the distributee does not elect to have such distribution
17 paid directly to an eligible retirement plan specified by the distributee in a direct
18 rollover or to receive the distribution directly, then the plan administrator shall pay
19 the distribution in a direct rollover to an individual retirement plan designated by the
20 plan administrator. For purposes of determining whether a mandatory distribution
21 is greater than one thousand dollars, the portion of the distributee's distribution
22 attributable to any rollover contribution is included.

23 (3) For purposes of this Subsection, the following words and phrases shall
24 have the following meanings:

25 (a) "Direct rollovers" shall mean trustee to trustee transfers of sums from
26 other qualified plans which are permitted to roll over sums to other qualified plans
27 under the provisions of the Internal Revenue Code of 1986, as amended.

1 (b)(i) "Eligible rollover distribution" shall mean any distribution of all or any
2 portion of the balance to the credit of the distributee. An eligible rollover distribution
3 shall not include:

4 (aa) Any distribution that is one of a series of substantially equal periodic
5 payments, not less frequently than annually, made for the life or life expectancy of
6 the distributee, or the joint lives or joint life expectancies of the distributee and the
7 distributee's designated beneficiary, or for a specified period of ten years or more.

8 (bb) Any distribution to the extent such distribution is required under Section
9 401(a)(9) of the Internal Revenue Code.

10 (cc) The portion of any distribution that is not includible in gross income,
11 determined without regard to the exclusion for net unrealized appreciation with
12 respect to employer securities.

13 (dd) Any other distribution that is reasonably expected to total less than two
14 hundred dollars during a year.

15 (ii) A portion of the distribution shall not fail to be an eligible rollover
16 distribution merely because the portion consists of after-tax employee contributions
17 which are not includible in gross income. Such portion may be transferred only to
18 one of the following:

19 (aa) A traditional individual retirement account or annuity described in
20 Section 408(a) or (b) of the Internal Revenue Code or a Roth IRA or annuity
21 described in Section 408A of the Internal Revenue Code.

22 (bb) A qualified defined contribution, defined benefit, or annuity plan
23 described in Section 401(a) or 403(b) of the Internal Revenue Code, or to an annuity
24 contract described in Section 403(b) of the Internal Revenue Code, if such plan or
25 contract provides for separate accounting for amounts so transferred, including
26 interest thereon, including separately accounting for the portion of such distribution
27 which is includible in gross income and the portion of such distribution which is not
28 so includible.

29 (c) "Eligible retirement plan" shall mean:

1 (i) An eligible plan described in Section 457(b) of the Internal Revenue Code
2 which is maintained by a state, political subdivision of a state, or any agency or
3 instrumentality of a state or political subdivision of a state and which agrees to
4 separately account for amounts transferred into such plan from this system.

5 (ii) A traditional individual retirement account.

6 (iii) An annuity plan described in Section 403(b) of the Internal Revenue
7 Code.

8 (iv) A qualified defined benefit or defined contribution plan described in
9 Section 401(a) of the Internal Revenue Code that accepts the distributee's eligible
10 rollover distribution.

11 (v) A distribution to a surviving spouse or to a spouse or former spouse who
12 is the alternative payee under a qualified domestic relations order as defined in
13 Section 414(p) of the Internal Revenue Code.

14 (d)(i) "Distributee" shall mean:

15 (aa) A member or former member.

16 (bb) A member's or former member's surviving spouse, or a member's or
17 former member's spouse or former spouse who is the alternate payee under a
18 qualified domestic relations order as defined in Section 414(p) of the Internal
19 Revenue Code are distributees with regard to the interest of the spouse or former
20 spouse.

21 (cc) For distributions occurring in plan years beginning after December 31,
22 2009, the member's or former member's nonspouse designated beneficiary if the
23 direct rollover is made only to a traditional individual retirement account or a Roth
24 IRA that is established on behalf of the designated beneficiary and is treated as an
25 inherited individual retirement account pursuant to the provisions of Section
26 402(c)(11) of the Internal Revenue Code. In this case, the determination of any
27 required minimum distribution under Section 401(a)(9) of the Internal Revenue Code
28 that is ineligible for rollover shall be made in accordance with Notice 2007-7, Q&A

