

SENATE BILL NO. 14

BY SENATOR MARTINY

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

1 AN ACT

2 To amend and reenact R.S. 11:143, relative to transfers of service credit between public  
3 retirement systems; to provide for benefit calculation after transfer; to provide  
4 relative to reverse transfers; to allow reverse transfers to be made during active  
5 service in certain circumstances; to authorize purchase of the accrual rate of the  
6 receiving system; to allow the funding of certain accrual rate purchases by an  
7 employer; to provide limitations and requirements for an employer-funded purchase;  
8 to provide for an effective date; and to provide for related matters.

9 Notice of intention to introduce this Act has been published.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 11:143 is hereby amended and reenacted to read as follows:

12 §143. Transfers between systems

13 A.~~(1)~~ As provided in Subsection **FG** of this Section, any person who is in  
14 active service and is a member of any public retirement or pension system, fund, or  
15 plan maintained primarily for officers and employees of the state of Louisiana or of  
16 any political subdivision thereof, or of any district, board, commission, or other  
17 agency of either, or of any other such public entity who has been a member of such  
18 system, fund, or plan for at least six months and who has membership credit in or  
19 who transferred service credit from any other such system, fund, or plan shall have  
20 the option of transferring all of his credit from every such system, fund, or plan to  
21 the system, fund, or plan he is currently contributing to or to the system to which he  
22 last contributed.

1                   ~~(2)(a) Any member who transfers credit to the system, fund, or plan to which~~  
2                   ~~he last contributed shall be subject to the provisions of this Subsection.~~

3                   ~~(b) A member shall only be allowed to execute a reverse transfer one time~~  
4                   ~~and the transfer must be executed immediately prior to retirement from the receiving~~  
5                   ~~system.~~

6                   ~~(c) The request for a reverse transfer shall be accompanied by the member's~~  
7                   ~~application for retirement from the receiving system, and, on the day of the transfer,~~  
8                   ~~the member must terminate employment that made him eligible to be a member of~~  
9                   ~~the transferring system, and the member's date of retirement shall be made effective~~  
10                  ~~on the next business day following the transfer.~~

11                  ~~(d) The member shall be allowed to apply such transferred credit toward~~  
12                  ~~attainment of the retirement eligibility requirements of the receiving system.~~

13                  ~~(e) Any member who would not be eligible to retire from the receiving~~  
14                  ~~system after the transfer shall not be eligible to execute such a transfer under the~~  
15                  ~~provisions of this Paragraph.~~

16                  ~~(f) Any member who executes a reverse transfer and is reemployed by an~~  
17                  ~~employer who is covered by the transferring system shall be ineligible for~~  
18                  ~~membership in the transferring system after the effective date of the transfer.~~

19                  ~~(g) After the transfer is executed, the member who is transferring credit shall~~  
20                  ~~be ineligible for active contributing membership in the receiving system, unless the~~  
21                  ~~member is:~~

22                         ~~(i) Employed in a capacity which would require membership in the receiving~~  
23                         ~~system as a condition of employment, and~~

24                         ~~(ii) The member complies with all applicable provisions of law regarding the~~  
25                         ~~reemployment of a retiree.~~

26                  ~~(h) A reverse transfer shall be subject to the provisions of Subsection D of~~  
27                  ~~this Section.~~

28                         B. All credit that the employee had in the system, fund, or plan from which  
29                         he is transferring, whether regular service credit, prior service credit, military service  
30                         credit, or other credit, shall be transferred, except as provided below:

1 (1) In the event that the member has six months or more of concurrent  
2 service in the transferring and receiving systems, the concurrent service in the  
3 transferring system and the funds attributable to such service shall remain in the  
4 transferring system.

5 (2) In the event that the member has less than six months of concurrent  
6 service in the transferring and receiving systems, the concurrent service in the  
7 transferring system shall be canceled and the funds attributable to such service shall  
8 be transferred to the receiving system.

9 C. Except as provided in Paragraph ~~(5)~~ **D(6)** of this ~~Subsection~~ **Section** and  
10 notwithstanding ~~the provisions~~ **any provision** of law to the contrary, the system,  
11 fund, or plan from which the person transfers such credit shall transfer to the  
12 receiving system, fund, or plan an amount which is the lesser of the following:

13 (1) The greater of, the actuarial cost to the receiving system for the service  
14 transferred, or all employee contributions from the transferring system.

15 (2) All employee contributions, all employer contributions, provided that in  
16 any system, fund, or plan, where the employer contribution is not a fixed percentage  
17 of the employee's earnings, an employer contribution which is equal to the employee  
18 contribution, in addition to a sum, representing interest, equal to the board-approved  
19 actuarial valuation rate of the transferring system, fund, or plan compounded  
20 annually, of all contributions per annum for each year of contribution to the date of  
21 transfer.

22 D.(1) In the event that the amount of funds transferred is less than the  
23 actuarial cost of the service transferred in the receiving system, the person  
24 transferring, except as provided for herein, shall pay the deficit or difference  
25 including the interest thereon at the board-approved actuarial valuation rate of the  
26 receiving system.

27 (2) In lieu of paying the deficit or difference plus interest, the person may  
28 at his option, but only at the time of transfer, be granted an amount of credit in the  
29 receiving system, fund, or plan which is based on the amount of funds actually  
30 transferred by the transferring system, fund, or plan plus any additional funds less

1 than the deficit paid by the member.

2 (3) If the person transferring had any free service credit in the transferring  
3 system, he may transfer said service to the receiving system, but only upon payment  
4 of the employer and employee contributions that would have been paid if he had  
5 been a member of the receiving system at the time of service, plus interest thereon  
6 at the board approved actuarial valuation rate of the receiving system from date of  
7 such service until paid.

8 (4) ~~In~~ **Except as provided in Paragraph (5) of this Subsection, in** the event  
9 that a person completes a transfer under the provisions of this Section, the retirement  
10 percentage factor of the transferring system shall be used to calculate his retirement  
11 benefit based on the number of years transferred.

12 **(5) If the accrual rate of the receiving system is greater than the accrual**  
13 **rate of the transferring system, a person executing a transfer pursuant to the**  
14 **provisions of this Section may elect to purchase the accrual rate of the receiving**  
15 **system applicable to the member on the date of such purchase for the purpose**  
16 **of applying that accrual rate to the transferred service credit by paying an**  
17 **amount calculated on an actuarial basis which totally offsets the increase in**  
18 **accrued liability of the receiving system resulting from the accrual rate**  
19 **adjustment.**

20 ~~(5)(6)~~ Any member of the Louisiana judiciary who took office prior to July  
21 1, 1986, and who transfers service credit from the District Attorneys' Retirement  
22 System to another retirement system shall not be required to pay the actuarial cost  
23 for such transfer between systems, and the actuarial cost of such transfer shall be  
24 paid from the interest earnings of the receiving system which exceed the actuarially  
25 projected interest earnings in the fiscal years following such transfer.

26 E. After the date on which the transfer is completed, the system, fund, or  
27 plan from which the member transfers shall have no future liability with respect to  
28 the person who transferred.

29 **F. (1)(a) Except as provided in Paragraph (2) of this Subsection, any**  
30 **member who transfers credit to the system, fund, or plan to which he last**

1 contributed shall be subject to the provisions of this Paragraph.

2 (b) A member shall be allowed to execute a reverse transfer only one  
3 time, and the transfer must be executed immediately prior to retirement from  
4 the receiving system.

5 (c) The request for a reverse transfer shall be accompanied by the  
6 member's application for retirement from the receiving system. On the day of  
7 the transfer, the member must terminate employment that made him eligible  
8 to be a member of the transferring system, and the member's date of retirement  
9 shall be made effective on the next business day following the transfer.

10 (d) The member shall be allowed to apply such transferred credit  
11 toward attainment of the retirement eligibility requirements of the receiving  
12 system.

13 (e) Any member who would not be eligible to retire from the receiving  
14 system after the transfer shall not be eligible to execute such a transfer under  
15 the provisions of this Paragraph.

16 (f) Any member who executes a reverse transfer and is reemployed by  
17 an employer who is covered by the transferring system shall be ineligible for  
18 membership in the transferring system after the effective date of the transfer.

19 (g) After the transfer is executed, the member who is transferring credit  
20 shall be ineligible for active contributing membership in the receiving system,  
21 unless the member is both:

22 (i) Employed in a capacity which would require membership in the  
23 receiving system as a condition of employment.

24 (ii) Compliant with all applicable provisions of law regarding the  
25 reemployment of a retiree.

26 (h) A reverse transfer shall be subject to the provisions of Subsection D  
27 of this Section.

28 (2)(a) The provisions of this Paragraph shall apply only to persons who  
29 are not state employees and only to applications for transfer submitted to the  
30 receiving system on or before December 31, 2013.

1           **(b) Any person to whom this Section applies may execute a reverse**  
 2           **transfer from the retirement system to which he is currently contributing to any**  
 3           **other system to which he previously contributed if at the time he began**  
 4           **contributing to the current system he was legally permitted to elect instead to**  
 5           **remain a contributing member of the previous system.**

6           **(c) The member shall be allowed to apply such transferred credit toward**  
 7           **attainment of the retirement eligibility requirements of the receiving system.**

8           **(d) After the transfer is complete, the member shall be an active,**  
 9           **contributing member of the receiving system.**

10           F.G.(1) Each board of trustees or other such governing board shall adopt  
 11           such rules and regulations, not in conflict herewith, as are necessary to carry out the  
 12           provisions and intent of this Section and to prevent any duplication of credit.

13           ~~(2) Each governing authority shall determine at the first board meeting after~~  
 14           ~~January 1, 1986, if transfers into the system will be approved as provided in this~~  
 15           ~~Section, and such determination cannot be changed until the first board meeting of~~  
 16           ~~each successive year thereafter. The transfer of service credit and funds out of the~~  
 17           ~~system shall be at the sole option of the member.~~

18           ~~(3) No governing authority shall approve a transfer in which the transferred~~  
 19           ~~amount is less than one hundred percent of the increase in accrued liability to the~~  
 20           ~~receiving system created by such transfer; however, the person can pay the~~  
 21           ~~difference in the assets to be transferred and the actuarial cost to the receiving~~  
 22           ~~system.~~

23           **(3) The transfer of service credit and funds out of a system shall be at**  
 24           **the sole option of the member.**

25           G.H.(1) A member of a receiving system, fund, or plan must make a written  
 26           application to the receiving system, fund, or plan requesting a transfer under this  
 27           Section.

28           (2)(a) In the event that a member dies after a written application for a  
 29           transfer under this Section is received in the office of a receiving system, fund, or  
 30           plan which normally accepts such transfers, such system, fund, or plan shall

1 complete the transfer, and it shall be considered as completed the day before the  
2 death of the member.

3 (b) A survivor, heir, or the estate of a deceased person or member shall not  
4 be allowed to request a transfer under this Section.

5 Section 2.(A) The provisions of this Section shall apply only to members of the  
6 Firefighters' Retirement System who are employees of the St. George Fire Department who  
7 applied to transfer service credit from the New Orleans Fire Firefighters' Pension and Relief  
8 Fund into the Firefighters' Retirement System on or after August 26, 1999, and on or before  
9 December 31, 2007, and only to that service credit transferred from the New Orleans Fund  
10 during the designated time frame.

11 (B) The System members to whom this Section applies may have the benefit accrual  
12 rate of the receiving System, applicable to the service credit transferred from the Fund to the  
13 System, purchased by having their employer pay the amount required pursuant to the  
14 provisions of this Act allowing a purchase of accrual rate. The adjusted accrual rate shall  
15 be effective on the June thirtieth following the execution of the agreement required pursuant  
16 to Subparagraph (C)(2)(b) of this Section. However, this increase in benefit shall not be an  
17 accrued benefit subject to the protection of Article X, Section 29(E) of the Constitution until  
18 the System has received full payment.

19 (C)(1) In order for the benefit accrual rate adjustment authorized by this Section to  
20 be effective, there shall be paid to the System an amount calculated on an actuarial basis  
21 which totally offsets the increase in accrued liability of the System resulting from the accrual  
22 rate adjustment.

23 (2)(a) The governing authority of the St. George Fire Department is hereby  
24 authorized to pay the System the amount calculated pursuant to Paragraph (1) of this  
25 Subsection.

26 (b) Except as provided in Subsection D of this Section, the transaction authorized  
27 by this Section, if funded by the Department, shall be treated as a merger of service credit.  
28 The governing authorities of the St. George Fire Department and the System shall execute  
29 a merger note to memorialize their respective obligations. The payments shall be amortized  
30 over the period of time applicable to mergers and the Department shall make annual level

1 payments to the System. The annual interest rate applicable to the note shall be fixed at  
2 seven and one-half percent.

3 (D) No funds derived from the assessments against insurers pursuant to R.S. 22:1476  
4 shall be used to pay any increased costs or increase in liability of the System resulting from  
5 the provisions of this Section.

6 (E) Nothing in this Section shall be construed to authorize an increase in payments  
7 to any person receiving benefits before the effective date of this Section.

8 Section 3. This Act shall become effective on June 30, 2013; if vetoed by the  
9 governor and subsequently approved by the legislature, this Act shall become effective on  
10 June 30, 2013, or on the day following such approval by the legislature, whichever is later.

\_\_\_\_\_  
PRESIDENT OF THE SENATE

\_\_\_\_\_  
SPEAKER OF THE HOUSE OF REPRESENTATIVES

\_\_\_\_\_  
GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_