

Regular Session, 2010

SENATE BILL NO. 315

BY SENATOR MORRISH

SCHOOL EMPLOYEES RET. Authorizes certain persons who entered the Deferred Retirement Option Plan of the system before July 1, 2001, to have their pre-DROP retirement benefits recalculated at an accrual rate of 3 1/3% per year under certain circumstances. (7/1/10)

1 AN ACT

2 To amend and reenact R.S. 11:62(4) and 1144(B)(2)(a), and to enact R.S. 11:1144(B)(2)(c),  
3 relative to the Louisiana School Employees' Retirement System; to increase the  
4 employee contribution rate; to authorize recalculation of retirement benefits in  
5 limited circumstances; to provide for an effective date; and to provide for related  
6 matters.

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

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 11:62(4) and 1144(B)(2)(a) are hereby amended and reenacted and  
10 R.S. 11:1144(B)(2)(c) is hereby enacted to read as follows:

11 §62. Employee contribution rates established

12 Employee contributions to state and statewide public retirement systems shall be paid  
13 at the following rates:

14 \* \* \*

15 (4) Louisiana School Employees' Retirement System - ~~7.5~~ **8.0**%.

16 \* \* \*

17 §1144. Retirement allowance; regular, minimum, and supplemental

\* \* \*

B. Minimum allowance.

\* \* \*

(2)(a) The provisions of this Paragraph shall apply to any member who retires on or after July 1, 2001, **except as provided in Subparagraph (c) of this Paragraph.**

\* \* \*

**(c) Any person who was participating in the Deferred Retirement Option Plan on July 1, 2001, or any person who continued in employment after completing participation in the Deferred Retirement Option Plan and was employed on July 1, 2001, shall have his base retirement benefit recalculated effective July 1, 2010, under the benefit formula contained in this Paragraph, using the final average compensation and years of service credit applicable at the time of entry into the Deferred Retirement Option Plan. The balance in the employee's Deferred Retirement Option Plan account shall be unaffected by the recalculation of the base retirement benefit. The adjustment of benefits pursuant to this Subparagraph shall not be retroactive and shall apply only to retirement benefits due and payable on or after July 1, 2010.**

\* \* \*

Section 2. The cost of this Act, if any, shall be funded with additional employer contributions in compliance with Article X, Section 29(E)(5)(b) of the Constitution of Louisiana.

Section 3. This Act shall become effective on July 1, 2010; if vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on July 1, 2010, or on the day following such approval by the legislature, whichever is later.

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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Lauren B. Bailey.

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DIGEST

Present law provides for employee contributions to the Louisiana School Employees' Retirement System (LSERS) to be 7.5% of pay.

Proposed law increases the employee contributions for LSERS from 7.5% to 8.0%.

Present law (R.S. 11:1152(E)) provides that upon entering the LSERS' Deferred Retirement Option Plan (DROP), a DROP participant's active membership in LSERS shall terminate and the person shall be considered retired.

Present law provides for a 3 1/3% per year accrual rate for all years of service for members of LSERS, who retire on or after July 1, 2001.

Proposed law retains present law, and applies the 3 1/3% accrual rate to all years of service of LSERS members who were in DROP or who had completed DROP and continued their LSERS employment as of July 1, 2001. Specifies that any adjustment of benefit pursuant to proposed law shall not be retroactive and shall apply only to benefits due and payable on or after July 1, 2010.

Effective July 1, 2010.

(Amends R.S. 11:62(4) and 1144(B)(2)(a); adds R.S. 11:1144(B)(2)(c))