

Regular Session, 2012

SENATE BILL NO. 49

BY SENATOR GUILLORY

MUNICIPAL EMPLOYEE RET. Provides for a second tier of benefits for persons employed on or after 1/1/13. (7/1/12)

1 AN ACT

2 To amend and reenact R.S. 11:1763(A) and to enact R.S. 11:1789 through 1789.5 and R.S.
3 11:1808 through 1808.5, relative to the Municipal Employees' Retirement System;
4 to provide relative to membership, employee contributions, benefit calculation,
5 survivor benefits, disability benefits, and retirement eligibility for future system
6 members; to provide an effective date; and to provide for related 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. 11:2763(A) is hereby amended and reenacted and R.S. 11:1789
10 through 1789.5 and R.S. 11:1808 through 1808.5 are hereby enacted to read as follows:

11 §1763. Deferred Retirement Option Plan

12 A. In lieu of terminating employment and accepting a service retirement
13 allowance pursuant to R.S. 11:1781 and 1782, or R.S. 11:1801 and 1802, or R.S.
14 11:1789.3 and 1789.4, or 1808.3 and 1808.4, any member of Plan A who is eligible
15 for a normal retirement pursuant to R.S. 11:1781 or 1789.3(A), (B), or (C), or any
16 member of Plan B who is eligible for a normal retirement pursuant to R.S. 11:1801
17 or 1808.3(A), (B), or (C), may elect to participate in the Deferred Retirement Option

1 Plan and defer the receipt of benefits in accordance with the provisions of this
2 Section.

3 * * *

4 **§1789. Creation; application**

5 **There is hereby created a subplan within Plan A of this system for**
6 **persons who would otherwise be eligible for membership in the Municipal**
7 **Employees' Retirement System of Louisiana Plan A but whose first employment**
8 **making them eligible for membership in this system occurred on or after**
9 **January 1, 2013. Such subplan shall be known as the "MERS Plan A Tier 2".**
10 **Any other provisions of this Chapter or any other laws to the contrary**
11 **notwithstanding, the retirement of such persons shall be governed by the**
12 **provisions of Plan A Tier 2; however, the provisions of this Chapter applicable**
13 **to Plan A Tier 1 shall apply to members of Tier 2 for any matter on which this**
14 **Subpart is silent.**

15 **§1789.1. Application; definitions**

16 **Terms not specifically defined in this Section shall have the meanings**
17 **provided in R.S. 11:1732 unless a different meaning is clearly required by the**
18 **context. For purposes of Plan A Tier 2:**

19 **(1)"Final compensation" shall mean the average monthly earnings**
20 **during the highest sixty consecutive months, or joined months if service was**
21 **interrupted. The earnings to be considered for the thirteenth through the**
22 **twenty-fourth months shall not exceed one hundred fifteen percent of the**
23 **earnings for the first through the twelfth months. The earnings to be considered**
24 **for the twenty-fifth through the thirty-sixth month shall not exceed one hundred**
25 **fifteen percent of the earnings for the thirteenth through the twenty-fourth**
26 **month. The earnings to be considered for the thirty-seventh through the**
27 **forty-eighth month shall not exceed one hundred fifteen percent of the earnings**
28 **for the twenty-fifth through the thirty-sixth month. The earnings to be**
29 **considered for the final twelve months shall not exceed one hundred fifteen**

1 percent of the earnings of the thirty-seventh through the forty-eighth month.

2 (2) "Member" shall include persons who would be eligible for system
3 membership pursuant to R.S. 11:1751 but whose first employment making them
4 eligible for membership in one of the state systems occurred on or after January
5 1, 2013.

6 §1789.2. Eligibility for membership

7 Each person who would be eligible for membership pursuant to R.S.
8 11:1751 but whose first employment making him eligible for membership in this
9 system occurred on or after January 1, 2013, shall become a member of the
10 MERS Plan A Tier 2 of the system as a condition of employment.

11 §1789.3. Eligibility for retirement

12 A member of MERS Plan A Tier 2 shall be eligible for retirement if he
13 has:

14 A. Seven years or more of service, at age sixty-seven or thereafter.

15 B. Ten years or more of service, at age sixty-two or thereafter.

16 C. Thirty years or more of service, at age fifty-five or thereafter.

17 D. Twenty-five years of service credit at any age, exclusive of military
18 service and unused annual and sick leave. However, any member retiring
19 under this Subsection shall have his benefit, inclusive of military service credit
20 and allowable unused annual and sick leave, actuarially reduced from the
21 earliest age at which he would be entitled to a vested deferred benefit under any
22 provision of this Section, if he had continued in service to that age. A member
23 who elects to retire under the provisions of this Subsection is not eligible to
24 participate in the Deferred Retirement Option Plan.

25 §1789.4. Computation of normal retirement allowances; return of accumulated
26 contributions

27 The monthly amount of the retirement allowance for any member of
28 MERS Plan A Tier 2 shall consist of an amount equal to three percent of the
29 member's final compensation multiplied by his years of creditable service. In

1 Municipal Employees' Retirement System of Louisiana Plan B but whose first
2 employment making him eligible for membership in this system occurred on or
3 after January 1, 2013. Such subplan shall be known as the MERS Plan B Tier
4 2. Any other provisions of this Chapter or any other laws to the contrary
5 notwithstanding, the retirement of such persons shall be governed by the
6 provisions of Plan B Tier 2; however, the provisions of this Chapter applicable
7 to Plan A Tier 1 shall apply to members of Tier 2 for any matter on which the
8 provisions of Plan B Tier 2 are silent.

9 §1808.1. Application; definitions

10 Terms not specifically defined in this Section shall have the meanings
11 provided in R.S. 11:1732 unless a different meaning is clearly required by the
12 context. For purposes of Plan B Tier 2:

13 (1) "Final compensation" shall mean the average monthly earnings
14 during the highest sixty consecutive months, or joined months if service was
15 interrupted. The earnings to be considered for the thirteenth through the
16 twenty-fourth months shall not exceed one hundred fifteen percent of the
17 earnings for the first through the twelfth months. The earnings to be considered
18 for the twenty-fifth through the thirty-sixth month shall not exceed one hundred
19 fifteen percent of the earnings for the thirteenth through the twenty-fourth
20 month. The earnings to be considered for the thirty-seventh through the
21 forty-eighth month shall not exceed one hundred fifteen percent of the earnings
22 for the twenty-fifth through the thirty-sixth month. The earnings to be
23 considered for the final twelve months shall not exceed one hundred fifteen
24 percent of the earnings of the thirty-seventh through the forty-eighth month.

25 (2) "Member" shall include persons who would be eligible for system
26 membership pursuant to R.S. 11:1751 but whose first employment making them
27 eligible for membership in this system occurred on or after January 1, 2013.

28 §1808.2. Eligibility for membership

29 Each person who would be eligible for system membership pursuant to

1 **R.S. 11:1751 but whose first employment making him eligible for membership**
2 **in this system occurred on or after January 1, 2013, shall become a member of**
3 **the MERS Plan B Tier 2 of the system as a condition of employment.**

4 **§1808.3. Eligibility for retirement**

5 **Any member of MERS Plan B Tier 2 shall be eligible for retirement if**
6 **he has:**

7 **A. Seven years or more of service, at age sixty-seven or thereafter.**

8 **B. Ten years or more of service, at age sixty-two or thereafter.**

9 **C. Thirty years or more of service, at age fifty-five or thereafter.**

10 **D. Twenty-five years of service credit at any age, exclusive of military**
11 **service and unused annual and sick leave. However, any member retiring**
12 **under this Subsection shall have his benefit, inclusive of military service credit**
13 **and allowable unused annual and sick leave, actuarially reduced from the**
14 **earliest age at which he would be entitled to a vested deferred benefit under any**
15 **provision of this Section, if he had continued in service to that age. Any member**
16 **who retires under this Subsection is not eligible to participate in the Deferred**
17 **Retirement Option Plan.**

18 **§1808.4. Computation of normal retirement allowances; return of accumulated**
19 **contributions**

20 **The monthly amount of the retirement allowance for any member of**
21 **MERS Plan B Tier 2 shall consist of an amount equal to two percent of the**
22 **member's final compensation multiplied by his years of creditable service. In**
23 **addition:**

24 **(1) Should a retired member die without having received in retirement**
25 **benefits an amount equal to his accumulated contributions standing to his credit**
26 **at the date of his retirement, and leave no eligible survivors, any balance**
27 **remaining to his credit shall be paid to his designated beneficiary or, if none, his**
28 **estate.**

29 **(2) Any city marshal or deputy city marshal, excluding those members**

1 servicing as city marshals and deputy city marshals of Bossier City or Ruston on
 2 June 30, 2003, shall receive an additional regular retirement benefit computed
 3 as follows: the monthly average of the seventy-two highest consecutive or joined
 4 months of supplemental marshals' earnings on which contributions were paid
 5 to the retirement system multiplied by the number of years contributions were
 6 paid to the retirement system on supplemental marshals' earnings multiplied
 7 by two percent for all service as a city marshal or deputy city marshal. Should
 8 the period for which contributions are paid to the retirement system for
 9 supplemental marshals' earnings be less than seventy-two months, then the
 10 actual period on which contributions were paid shall be used to determine
 11 average supplemental marshals' earnings used to compute this benefit.

12 §1808.5. Employee contributions

13 Each member of MERS Plan B Tier 2 shall contribute an amount equal
 14 to a percentage of his earnings from each and every payment of earnings, which
 15 contributions shall be credited to Annuity Savings Fund B, and which
 16 percentage shall be set by the board for each fiscal year in a range from four
 17 percent to six percent and shall become effective as of the next payroll period
 18 reportable on the employee's W-2 for that fiscal year.

19 Section 1. This Act shall become effective on July 1, 2012; if vetoed by the governor
 20 and subsequently approved by the legislature, this Act shall become effective on July 1,
 21 2012, or on the day following such approval by the legislature, whichever is later.

The original instrument and the following digest, which constitutes no part
 of the legislative instrument, were prepared by Laura Gail Sullivan.

DIGEST

Present law provides for the Municipal Employees' Retirement System (MERS). Provides for within MERS for Plan A and Plan B.

Proposed law provides for a second tier of benefits in each plan for persons who become MERS members on or after Jan. 1, 2013.

Effective July 1, 2012.

(Amends R.S. 11:1763(A); adds R.S. 11:1789-1789.5 and R.S. 11:1808-1808.5)