

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. 11:1732(22) and (23) and 1763(A) and to enact R.S. 11:1789  
3 through 1789.5 and R.S. 11:1808 through 1808.5, relative to the Municipal  
4 Employees' Retirement System; to provide relative to membership, employee  
5 contributions, benefit calculation, survivor benefits, disability benefits, and  
6 retirement eligibility for future system members; to provide an effective date; and  
7 to provide for related matters.

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

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 11:1732(22) and (23) and 1763(A) are hereby amended and  
11 reenacted and R.S. 11:1789 through 1789.5 and R.S. 11:1808 through 1808.5 are hereby  
12 enacted to read as follows:

13 §1732. Definitions

14 The following words and phrases, as used in this Chapter, unless a different  
15 meaning is plainly required by the context, shall have the following meaning:

16 \* \* \*

17 (22) "Plan A" means the revised plan to replace a combination of the regular

1 and supplemental plans, to be effective October 1, 1978, as outlined in Part III.  
 2 **"Plan A" shall be comprised of two subplans, Tier 1 for members hired on or**  
 3 **before December 31, 2012 and Tier 2, for members hired on or after January**  
 4 **1, 2013.**

5 (23) "Plan B" means the revised plan to replace the regular plan, to be  
 6 effective October 1, 1978, as outlined in Part IV. **"Plan B" shall be comprised of**  
 7 **two subplans, Tier 1 for members hired on or before December 31, 2012 and**  
 8 **Tier 2, for members hired on or after January 1, 2013.**

9 \* \* \*

10 §1763. Deferred Retirement Option Plan

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

19 \* \* \*

20 **§1789. Creation; application**

21 **There is hereby created a subplan within Plan A of this system for**  
 22 **persons who would otherwise be eligible for membership in the Municipal**  
 23 **Employees' Retirement System of Louisiana Plan A but whose first employment**  
 24 **making them eligible for membership in this system occurred on or after**  
 25 **January 1, 2013. Such subplan shall be known as the "MERS Plan A Tier 2".**  
 26 **Any other provisions of this Chapter or any other laws to the contrary**  
 27 **notwithstanding, the retirement of such persons shall be governed by the**  
 28 **provisions of Plan A Tier 2; however, the provisions of this Chapter applicable**  
 29 **to Plan A Tier 1 shall apply to members of Tier 2 for any matter on which this**

1           **Subpart is silent.**

2           **§1789.1. Application; definitions**

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

6                   **(1) "Final compensation" shall mean the average monthly earnings**  
7                   **during the highest sixty consecutive months, or joined months if service was**  
8                   **interrupted. The earnings to be considered for the thirteenth through the**  
9                   **twenty-fourth months shall not exceed one hundred fifteen percent of the**  
10                   **earnings for the first through the twelfth months. The earnings to be considered**  
11                   **for the twenty-fifth through the thirty-sixth month shall not exceed one hundred**  
12                   **fifteen percent of the earnings for the thirteenth through the twenty-fourth**  
13                   **month. The earnings to be considered for the thirty-seventh through the**  
14                   **forty-eighth month shall not exceed one hundred fifteen percent of the earnings**  
15                   **for the twenty-fifth through the thirty-sixth month. The earnings to be**  
16                   **considered for the final twelve months shall not exceed one hundred fifteen**  
17                   **percent of the earnings of the thirty-seventh through the forty-eighth month.**

18                   **(2) "Member" shall include persons who would be eligible for system**  
19                   **membership pursuant to R.S. 11:1751 but whose first employment making them**  
20                   **eligible for membership in one of the state systems occurred on or after January**  
21                   **1, 2013.**

22           **§1789.2. Eligibility for membership**

23                   **Each person who would be eligible for membership pursuant to R.S.**  
24                   **11:1751 but whose first employment making him eligible for membership in this**  
25                   **system occurred on or after January 1, 2013, shall become a member of the**  
26                   **MERS Plan A Tier 2 of the system as a condition of employment.**

27           **§1789.3. Eligibility for retirement**

28                   **A member of MERS Plan A Tier 2 shall be eligible for retirement if he**  
29                   **has:**

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

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

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

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

12           §1789.4. Computation of normal retirement allowances; return of accumulated  
13                   contributions

14           The monthly amount of the retirement allowance for any member of  
15           MERS Plan A Tier 2 shall consist of an amount equal to three percent of the  
16           member's final compensation multiplied by his years of creditable service. In  
17           addition:

18                   (1) Any city marshal or deputy city marshal, excluding those members  
19                   serving as city marshals and deputy city marshals of Bossier City or Ruston on  
20                   June 30, 2003, shall receive an additional regular retirement benefit computed  
21                   as follows: the monthly average of the seventy-two highest consecutive or joined  
22                   months of supplemental marshals' earnings on which contributions were paid  
23                   to the retirement system multiplied by the number of years contributions were  
24                   paid to the retirement system on supplemental marshals' earnings multiplied  
25                   by three percent for all service as a city marshal or deputy city marshal. Should  
26                   the period for which contributions are paid to the retirement system for  
27                   supplemental marshals' earnings be less than seventy-two months, then the  
28                   actual period on which contributions were paid shall be used to determine  
29                   average supplemental marshals' earnings used to compute this benefit.

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

6                   §1789.5. Employee contributions

7                   Each member of Plan A Tier 2 shall contribute a percentage of his  
 8                   earnings from each and every payment of earnings, which contributions shall  
 9                   be credited to Annuity Savings Fund A, and which percentage shall be set by the  
 10                   board for each fiscal year within a range from eight percent to ten percent and  
 11                   shall become effective as of the next payroll period reportable on the employee's  
 12                   W-2 for that fiscal year.

13   \*       \*       \*

14                   §1808. Creation; application

15                   There is hereby created a subplan within the retirement Plan B of this  
 16                   system for persons who would otherwise be eligible for membership in the  
 17                   Municipal Employees' Retirement System of Louisiana Plan B but whose first  
 18                   employment making him eligible for membership in this system occurred on or  
 19                   after January 1, 2013. Such subplan shall be known as the MERS Plan B Tier  
 20                   2. Any other provisions of this Chapter or any other laws to the contrary  
 21                   notwithstanding, the retirement of such persons shall be governed by the  
 22                   provisions of Plan B Tier 2; however, the provisions of this Chapter applicable  
 23                   to Plan B Tier 1 shall apply to members of Tier 2 for any matter on which the  
 24                   provisions of Plan B Tier 2 are silent.

25                   §1808.1. Application; definitions

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

29                   (1) "Final compensation" shall mean the average monthly earnings

1 during the highest sixty consecutive months, or joined months if service was  
2 interrupted. The earnings to be considered for the thirteenth through the  
3 twenty-fourth months shall not exceed one hundred fifteen percent of the  
4 earnings for the first through the twelfth months. The earnings to be considered  
5 for the twenty-fifth through the thirty-sixth month shall not exceed one hundred  
6 fifteen percent of the earnings for the thirteenth through the twenty-fourth  
7 month. The earnings to be considered for the thirty-seventh through the  
8 forty-eighth month shall not exceed one hundred fifteen percent of the earnings  
9 for the twenty-fifth through the thirty-sixth month. The earnings to be  
10 considered for the final twelve months shall not exceed one hundred fifteen  
11 percent of the earnings of the thirty-seventh through the forty-eighth month.

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

15 §1808.2. Eligibility for membership

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

20 §1808.3. Eligibility for retirement

21 Any member of MERS Plan B Tier 2 shall be eligible for retirement if  
22 he has:

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

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

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

26 D. Twenty-five years of service credit at any age, exclusive of military  
27 service and unused annual and sick leave. However, any member retiring  
28 under this Subsection shall have his benefit, inclusive of military service credit  
29 and allowable unused annual and sick leave, actuarially reduced from the

1 earliest age at which he would be entitled to a vested deferred benefit under any  
2 provision of this Section, if he had continued in service to that age. Any member  
3 who retires under this Subsection is not eligible to participate in the Deferred  
4 Retirement Option Plan.

5 §1808.4. Computation of normal retirement allowances; return of accumulated  
6 contributions

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

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

16 (2) Any city marshal or deputy city marshal, excluding those members  
17 -serving as city marshals and deputy city marshals of Bossier City or Ruston on  
18 June 30, 2003, shall receive an additional regular retirement benefit computed  
19 as follows: the monthly average of the seventy-two highest consecutive or joined  
20 months of supplemental marshals' earnings on which contributions were paid  
21 to the retirement system multiplied by the number of years contributions were  
22 paid to the retirement system on supplemental marshals' earnings multiplied  
23 by two percent for all service as a city marshal or deputy city marshal. Should  
24 the period for which contributions are paid to the retirement system for  
25 supplemental marshals' earnings be less than seventy-two months, then the  
26 actual period on which contributions were paid shall be used to determine  
27 average supplemental marshals' earnings used to compute this benefit.

28 §1808.5. Employee contributions

29 Each member of MERS Plan B Tier 2 shall contribute an amount equal

1            **to a percentage of his earnings from each and every payment of earnings, which**  
2            **contributions shall be credited to Annuity Savings Fund B, and which**  
3            **percentage shall be set by the board for each fiscal year in a range from four**  
4            **percent to six percent and shall become effective as of the next payroll period**  
5            **reportable on the employee's W-2 for that fiscal year.**

6            Section 1. This Act shall become effective on July 1, 2012; if vetoed by the governor  
7            and subsequently approved by the legislature, this Act shall become effective on July 1,  
8            2012, 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 Laura Gail Sullivan.

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#### DIGEST

Guillory (SB 49)

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)