

SENATE BILL NO. 8

BY SENATOR PEACOCK

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

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AN ACT

To enact R.S. 11:143.1 and 888.1 and to repeal R.S. 11:896, 1119, and 2214.1, relative to enrollment in certain state and statewide retirement systems; to provide for the correction of enrollment errors, including the transfer of monies, service credit, and liabilities; to provide for the payment of costs of the transfer; to provide for an effective date; and to provide for related matters.

Notice of intention to introduce this Act has been published.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 11:143.1 and 888.1 are hereby enacted to read as follows:

**§143.1. Correction of membership errors**

**A. The provisions of this Section shall be applicable to all employees in positions covered by state and statewide public retirement systems.**

**B.(1) If a person is employed in a position that on the date of employment was covered by a system to which this Section applies, but was by error enrolled in another public pension or retirement system, plan, or fund, and has not retired from or participated in the deferred retirement option plan of the incorrect system, he shall be enrolled in the correct system if he remains eligible for membership in that system, and all service credit and the funds required by Subsection C of this Section shall be transferred to the correct system.**

**(2) Within thirty days of the date the error is discovered, the incorrect system shall notify the employee and the employer of the error and shall initiate the transfer with the correct system.**

**(3)(a) If the employee previously received a refund of employee contributions from the incorrect system, the employee shall be given the opportunity to restore the forfeited service credit before the transfer by repaying to the incorrect system the refunded contributions plus interest at the**

1 board-approved actuarial valuation interest rate of the incorrect system. Upon  
2 receiving notification of the enrollment error, the employee shall have ninety  
3 days to restore the forfeited service credit as provided in this Paragraph.

4 (b) If the refund is not repaid within ninety days, then the service credit  
5 associated with the refund shall not be restored before the transfer. Once the  
6 transfer is complete, the employee may still restore the forfeited service credit  
7 by paying to the incorrect system the amount required by this Paragraph. Upon  
8 repayment, the restored service credit shall be transferred immediately to the  
9 correct system in accordance with R. S. 11:143; however, notwithstanding the  
10 provisions of R.S. 11:143(D)(4) to the contrary, the retirement percentage factor  
11 of the correct system shall be used to calculate the retirement benefit based on  
12 the number of years transferred.

13 C.(1) The correct system shall determine the employee contributions that  
14 system would have received if the employee had been properly enrolled on the  
15 date of employment. That system shall notify the incorrect system and the  
16 employee of the calculation.

17 (2)(a) The incorrect system shall determine the contributions made by  
18 the employee, any employee contributions paid by the employer, the employer  
19 contributions paid on the earnable compensation of the employee, and interest  
20 on those contributions compounded annually at the board-approved actuarial  
21 valuation interest rate of the incorrect system and the total of these amounts.  
22 The incorrect system shall provide these calculations to the employee, the  
23 employer, and the correct system.

24 (b) If the amount of employee contributions calculated pursuant to  
25 Paragraph (1) of this Subsection is less than the amount of contributions made  
26 by the employee as determined by the incorrect system in Subparagraph (a) of  
27 this Paragraph, the incorrect system shall pay to the employee the amount of  
28 the overpayment.

29 (c) The incorrect system shall transfer to the correct system the total  
30 calculated pursuant to Subparagraph (a) of this Paragraph less any payment to

1 the employee pursuant to Subparagraph (b) of this Paragraph.

2 D.(1) The correct system shall calculate the amount necessary to fund the  
3 receipt of the service credit as provided in this Subsection.

4 (2)(a) If the transfer occurs within three years of the enrollment error,  
5 the correct system shall receive an amount equal to all employee and employer  
6 contributions that would have been received by the correct system had the  
7 employee been properly enrolled on the date of employment, plus interest at the  
8 correct system's board-approved actuarial valuation interest rate.

9 (b) If the transfer occurs more than three years after the enrollment  
10 error, the correct system shall receive the greater of:

11 (i) An amount equal to all employee and employer contributions that  
12 would have been received by the correct system had the employee been properly  
13 enrolled at employment plus interest compounded annually at the correct  
14 system's board-approved actuarial valuation interest rate.

15 (ii) The actuarial cost to the correct system for the service credit  
16 transferred, calculated in accordance with R.S. 11:158(C)(1)(a) and (2). The  
17 employer shall pay any fee or cost for this calculation.

18 (3) If the amount transferred from the incorrect system pursuant to  
19 Subparagraph (C)(2)(c) of this Section is not sufficient to pay the amount  
20 required by the provisions of Paragraph (2) of this Subsection, the employer  
21 shall pay any difference to the correct system.

22 (4) If the amount transferred from the incorrect system pursuant to  
23 Subparagraph (C)(2)(c) of this Section exceeds the amount required by the  
24 provisions of Paragraph (2) of this Subsection, the correct system shall credit  
25 to the employer's account the amount of the overpayment.

26 E. Upon transfer of all monies required pursuant to Subparagraph  
27 (C)(2)(c) of this Section, all of the employee's service credit shall be transferred  
28 to the correct system and the employee's refundable contribution balance in the  
29 correct system shall be equal to the employee contributions that would have  
30 been paid to the correct system had the employee been properly enrolled in the

1 correct system at employment. The retirement percentage factor of the correct  
2 system shall be used to calculate the employee's retirement benefit based on the  
3 number of years transferred.

4 F. After the date on which the transfer of the funds required pursuant  
5 to Subparagraph (C)(2)(c) is completed, the system from which the employee  
6 transfers shall have no future liability with respect to the service credit, liability,  
7 or contributions transferred to the correct system.

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9 §888.1. Service for which credit has not been received

10 If a person is employed in a position in which he should have been  
11 enrolled in this system on the date of employment, but was not enrolled in any  
12 public retirement system, he shall become a member of this system. He may  
13 establish service credit for the time he should have been a member of this  
14 system only under the provisions of R.S. 11:888.

15 Section 2. R.S. 11:896, 1119, and 2214.1 are hereby repealed.

16 Section 3. The cost of this Act, if any, shall be funded through additional employer  
17 contributions, as provided in R.S. 11:143.1(D)(3), in compliance with Article X, Section  
18 29(F) of the Constitution of Louisiana.

19 Section 4. This Act shall become effective on June 30, 2017; if vetoed by the  
20 governor and subsequently approved by the legislature, this Act shall become effective on  
21 June 30, 2017, or on the day following such approval by the legislature, whichever is later.

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PRESIDENT OF THE SENATE

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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GOVERNOR OF THE STATE OF LOUISIANA

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