SENATE BILL NO. 7

## BY SENATOR GUILLORY

1	AN ACT
2	To amend and reenact R.S. 11:1732(15) and 1763(J)(1), (2), and (3), relative to the
3	Municipal Employees' Retirement System; to provide for final average
4	compensation; to provide for calculation of additional benefits following
5	participation in the Deferred Retirement Option Plan; to provide for transitional
6	provisions; 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. 11:1732(15) and 1763(J)(1), (2), and (3) are hereby amended and
10	reenacted to read as follows:
11	§1732. Definitions
12	The following words and phrases, as used in this Chapter, unless a different
13	meaning is plainly required by the context, shall have the following meaning:
14	* * *
15	(15)(a) "Final compensation", for a member whose first employment making
16	him eligible for membership in the system began on or before June 30, 2006, means
17	the average monthly earnings during the highest thirty-six consecutive months or
18	joined months if service was interrupted. The earnings to be considered for the
19	thirteenth through the twenty-fourth months shall not exceed one hundred fifteen
20	percent of the earnings for the first through the twelfth months. The earnings to be
21	considered for the final twelve months shall not exceed one hundred fifteen percent
22	of the earnings of the thirteenth through the twenty-fourth months.
23	(b) "Final compensation", for a member whose first employment making him
24	eligible for membership in the system began on or after July 1, 2006, means the
25	average monthly earnings during the highest sixty consecutive months or joined
26	months if service was interrupted. The earnings to be considered for the thirteenth
27	through the twenty-fourth months shall not exceed one hundred fifteen percent of the

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earnings for the first through the twelfth months. The earnings to be considered for the twenty-fifth through the thirty-sixth months shall not exceed one hundred fifteen percent of the earnings for the thirty-seventh through the twenty-fourth months. The earnings to be considered for the thirty-seventh through the forty-eighth months shall not exceed one hundred fifteen percent of the earnings for the twenty-fifth through the thirty-sixth months. The earnings to be considered for the final twelve months shall not exceed one hundred fifteen percent of the earnings of the thirty-seventh through the forty-eighth months.

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## §1763. Deferred Retirement Option Plan

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J. If employment is not terminated at the end of the period specified for participation in the plan, payments into the plan fund shall cease and the person shall resume active contributing membership in the system. Payments from the plan fund shall not be made until employment is terminated, nor shall the monthly benefits which were being paid into the plan fund during the period of participation be payable to the person until he terminates employment. Upon termination of employment, the person shall receive a lump sum payment from the plan fund equal to his account in that fund, a true annuity based upon his account in that fund, or any other method of payment approved by the board of trustees. If a person elects to receive a true annuity or other method of payment approved by the board of trustees, funds shall be transferred from the plan fund to the annuity reserve fund to provide for the annuity payments. Also upon termination of employment, the monthly benefits which were being paid into the plan fund shall begin to be paid to the retiree and he shall receive an additional benefit based on his additional service rendered since termination of participation in the fund, using the normal method of computation of benefit, subject to the following:

(1)(a) If his first employment making him eligible for membership in the system began on or before June 30, 2006, and his period of additional service is less than thirty-six the number of months used in the computation of his original

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1	benefit months, the average compensation figure used to calculate the additional
2	benefit shall be that used to calculate his original benefit.
3	(b) If his first employment making him eligible for membership in the system
4	began on or after July 1, 2006, and his period of additional service is less than sixty
5	months, the average compensation figure used to calculate the additional benefit
6	shall be that used to calculate his original benefit.
7	(2)(a) If his first employment making him eligible for membership in the
8	system began on or before June 30, 2006, and his period of additional service is
9	thirty-six months or more, the average compensation figure used to calculate the
10	additional benefit shall be based on his compensation during the period of additional
11	service.
12	(b) If his first employment making him eligible for membership in the system
13	began on or after July 1, 2006, and his period of additional service is sixty or equal
14	to or more than the number of months used in the computation of his original
15	benefit, the average compensation figure used to calculate the additional benefit
16	shall be based on his compensation during the period of additional service.
17	(3) In no event shall the additional benefit exceed an amount which, when
18	combined with the original benefit, equals one hundred percent of the monthly
19	average <b>final</b> compensation figure used to compute the additional benefit.
20	* * *
21	Section 2. This Act shall be implemented according to the provisions of this Section.
22	(A) For transitional purposes, the provisions of R.S. 11:1732(15) shall be phased in
23	as follows:
24	(1) For members retiring or entering the Deferred Retirement Option Plan before
25	January 1, 2013, and whose first employment making them eligible for membership in the
26	system began on or before June 30, 2006, the provisions of R.S. 11:1732(15) shall apply as
27	they existed before the effective date of this Act.
28	(2) For those members retiring or entering the Deferred Retirement Option Plan on
29	or after January 1, 2013, and on or before December 31, 2014, and whose first employment
30	making them eligible for membership in the system began on or before June 30, 2006, the

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1	period used to calculate monthly average final compensation shall be thirty-six months plus
2	the number of whole months since January 1, 2013.
3	(B) Notwithstanding any other provision of this Section to the contrary, the monthly
4	final compensation expressed in dollars used to compute a member's benefit after the
5	effective date of this Act shall not be less than the dollar amount of the average monthly
6	earnings during the member's highest thirty-six consecutive months or joined months of
7	service earned for employment before January 1, 2013.
8	Section 3. This Act shall become effective July 1, 2012; if vetoed by the governor
9	and subsequently approved by the legislature, this Act shall become effective on July 1,
10	2012, 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: \_\_\_\_\_