

# MPERS

## Municipal Police Employees' Retirement System

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**Member Handbook**

July 2008

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# INTRODUCTION

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## I. INTRODUCTION

The purpose of this Summary of Plan Provisions is to provide you with general information about your Retirement System. This publication is not a legal document nor is it intended to serve as a basis for legal interpretation. It may not answer all your questions about the Retirement System, nor cover every provision of law. Members who were merged into this system from previous local retirement plans or funds may be subject to certain other provisions as well as these provisions. Write, call or schedule an appointment to visit our office for answers to your specific questions. Please provide your social security number and employing municipality in all correspondence.

The information listed in this publication is valid as of July 1, 2008, and is based upon provisions found under LSA-R.S.11:2211-2233 in Subtitle III, Chapter 8, and certain provisions applicable to all state and statewide retirement systems found under LSA-R.S.11:1-309 in Subtitle I, Chapters 1 through 4, as amended through the Regular Legislative Session of 2008, and the Policies adopted by the Board of Trustees. All of the information contained in this publication is subject to legislative revision or policy changes by the Board of Trustees.

Membership in the Municipal Police Employees' Retirement System represents a sizeable investment in your future. It is important that you, as well as your family, understand the benefits discussed in the publication. Please study the provisions and benefits described herein and discuss them with your family or person who will be responsible for your estate after your death. Please keep this publication in a safe place together with the member account statement which is provided to you annually.

### **ADDRESS CORRESPONDENCE TO:**

Municipal Police Employees' Retirement System  
7722 Office Park Boulevard, Suite 200  
Baton Rouge, LA 70809-7601

### **TELEPHONE:**

(225) 929-7411 **or**

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Regular office hours are 8:00 a.m. to 4:30 p.m., Monday through Friday. The office is closed on all state holidays.

# GENERAL INFORMATION

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## II. GENERAL INFORMATION

### A. ESTABLISHMENT OF RETIREMENT SYSTEM; POWERS AND PRIVILEGES

Act 189 of 1973 established a statewide retirement system, effective July 1, 1973, which was placed under the management of a Board of Trustees for the purpose of providing retirement allowances and other benefits for full-time municipal police officers and employees in the state of Louisiana, secretaries to chiefs of police, and employees of this retirement system.

The system has the powers and privileges of a corporation and its Board of Trustees is domiciled in East Baton Rouge Parish.

### B. BOARD OF TRUSTEES

#### Chiefs District I

Chief K.M. Halphen (Bossier City)  
Chief K.P. Gibson (Crowley)

#### Term Expires

6/30/2012  
6/30/2013

#### Chiefs District II

Chief Thomas Buell (Mandeville)  
Chief Jeffrey L. Wesley (Denham Springs)

6/30/2013  
6/30/2012

#### Non-Chief District I

Sgt. Samuel Wyatt (Bossier City)

6/30/2011

#### Non-Chief District II

Sgt. Kelly Gibson (Lafayette)

6/30/2010

#### Non-Chief District III

Lt. Henry W. Dean (New Orleans)

6/30/2009

#### Retiree District I

Willie Joe Greene (Shreveport)

6/30/2012

#### Retiree District II

Larry Reech (New Orleans)

6/30/2012

#### Ex-Officio

Representative Joel C. Robideaux  
Senator D.A. Butch Gautreaux

Chairman of House Retirement Committee  
Chairman of Senate Retirement Committee

# Board of Trustees and Administrative Personnel

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## C. ADMINISTRATIVE PERSONNEL

Kathy Bourque	kathy@lampers.org.....	Director
Daphne Rusk	daphne@lampers.org .....	Administrative Assistant
Karen Correll	karen@lampers.org.....	Membership Analyst
Sarah Daniel	sarah@lampers.org .....	Receptionist/Contributions
Melanie Ruiz	melanie@lampers.org.....	Accounting/Investments

## D. CONTRACT SERVICES

General Counsel.....	R. Randall Roche
Special Counsel .....	Randy P. Zinna
Actuary .....	Hall Actuarial Associates
Auditor .....	Duplantier, Hrapmann, Hogan & Maher, CPA's
Custodian Bank .....	JPMorgan Chase
Investment Consultant.....	Summit Strategies

# MEMBERSHIP AND SERVICE CREDIT

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## III. MEMBERSHIP AND SERVICE CREDIT

**Employee** [R.S.11:2213(11)] shall mean any of the following classifications:

1. (a) Any full-time police officer empowered to make arrests.  
(b) Any full-time police officer, decommissioned due to illness or injury, employed by a municipality of the state of Louisiana, and engaged in law enforcement.  
(c) Any person in a position as defined in the municipal fire and police civil service system who is employed on a full-time basis by a police department of any municipality of this state, who is under the direction of a chief of police, and who is paid from the budget of the applicable police department.  
(d) Any person listed in these classifications shall only be defined as an employee if he is earning at least \$375 per month excluding state supplemental pay.
2. Any elected chief of police whose salary is at least \$100 per month.
3. Any academy recruit, who shall be defined as a full-time municipal employee, who is participating in or who is awaiting participation in, a formal training program as required by Peace Officer Standards and Training Certification, previous to commission as a municipal police officer, with complete law enforcement officer authority.
4. Any full-time secretary to an appointed chief or elected chief of police.
5. Any full-time employee of the Municipal Police Employees' Retirement System.
6. Employee **shall not** mean a city or ward marshal or deputy marshal, nor shall this term be construed to include any elected councilman or mayor of any city.

**Employer** means any municipality in the state of Louisiana which employs an employee, as defined above, or which has an elected chief of police whose salary

## Membership (cont.)

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is at least \$100 per month, and the Municipal Police Employees' Retirement System. [R.S.11:2213(12)].

### **A. MEMBERSHIP**

1. Persons who were members on September 7, 1977 shall remain members as a condition of employment.
2. Any person who becomes an employee as defined in R.S.11:2213(11) on or after September 9, 1977, shall become a member as a condition of employment, provided he is under age 50 on the date of employment.
3. The mandatory membership provisions shall be inapplicable with respect to any municipality which, on or before January 1, 1978, enacts an ordinance exempting the municipality from such provisions.
4. To be eligible for membership in the system, an employee hired on or after July 1, 2003, shall complete an enrollment process. The enrollment process begins with filling out the Member Enrollment Form and Medical History, having a physical examination to be paid for by the employing municipality, and sending the forms to MPERS office. A standardized physical examination form shall be adopted by the Board of Trustees and used by all employing municipalities. An employee will be required to execute a waiver for any preexisting physical or mental condition as indicated on the standardized physical examination form. The enrollment process must be completed within six (6) months of the date of employment. If a new employee fails to complete the enrollment process, the employee is still covered for disability retirement except for preexisting conditions unless the member can prove that the condition did not pre-exist membership.
5. Any person who is an employee as defined in R.S. 11:2213(11) and who, prior to September 9, 1977, was eligible for membership, but which membership was not mandatory, may become a member of this system at his option, provided he is under age 50 at the time of application.
6. Persons employed as full-time police officers by a municipality which is



mandatorily covered by social security and has not excluded its police officers from such coverage **are not** mandated to become members. Membership in this retirement system shall be at the sole option of the employee. If the employee elects not to join MPERS, then the employer must obtain a statement from the employee verifying his election. Any person who was previously enrolled in MPERS and chose to terminate membership and receive a refund under these provisions may choose to re-enroll in MPERS only upon a lump-sum repayment of the refunded contributions plus interest. [R.S.11:157].

7. Any person who is a member of the Louisiana State Employees' Retirement System (LASERS), who has creditable membership service of at least ten years in that system, and who becomes employed in other public employment where he is no longer eligible for membership in LASERS, but is eligible for membership in the Municipal Police Employees' Retirement System (MPERS), shall have the right to remain a member of LASERS in lieu of membership in MPERS by filing a notice of election to remain in LASERS, in writing to that system, within thirty days after the effective date of employment. Such election shall be irrevocable.
8. The membership of this System also includes:
  - a. persons who transferred from other public retirement systems in the state of Louisiana under the provisions of the transfer statutes as they read from 1972 through the present. [R.S.11:143].
  - b. persons who have reciprocal transfer agreements between this system and another public retirement system or systems in the state of Louisiana. [R.S.11:142].
  - c. persons who became members because of a merger agreement entered into between a local police pension fund and this retirement system.
9. In any case of doubt, the Board of Trustees shall be the sole judge as to eligibility for membership.

## Cancellation of Membership

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### **B. CANCELLATION OF MEMBERSHIP**

Membership in the system ceases when:

1. The member is absent from service for more than five years, and is not entitled to a delayed annuity.
2. The member withdraws his accumulated contributions.
3. The member withdraws from active service with a retirement allowance or begins to receive his delayed annuity.
4. The member dies.

### **C. REFUND OF ACCUMULATED CONTRIBUTIONS**

1. Any member who ceases to be an employee except by death or retirement under the provisions of this system may apply for and obtain a refund of the amount of the accumulated employee contributions standing to his credit. A refund shall not be paid unless an application form furnished by the system has been completed by the member, certified by the appointing authority or personnel officer of the municipality, and filed with the system no earlier than the day after termination or resignation.
2. Refunds of accumulated employee contributions shall not be made until the requesting member has separated from all employment as an employee as defined in R.S.11:2213, and has remained out of such employment for a period of at least sixty days and until all contributions for the member have been submitted by his employing municipality. Transferring employment to another municipality's police department does not constitute a separation from employment. Refund payments are issued on the 5<sup>th</sup> and the 20<sup>th</sup> of each month.
3. No interest shall be credited to any individual account and no interest shall be paid on refunds of employee contributions.

4. Upon acceptance of a refund of contributions, the member forfeits all accrued rights and creditable service in the system.
5. Should a member die before retirement and not leave a surviving spouse or minor child(ren), the employee contributions standing to his credit at the time of his death shall be paid to his named beneficiary or to his estate.
6. Any person who is enrolled in both MPERS and Social Security may choose to terminate membership and receive a refund of contributions. Any member who elects not to become a member of MPERS shall, before such election can become valid, execute and file with the retirement system an affidavit stating that his election not to be a member is of his own free will and is his own voluntary act and deed. Any member who files such an affidavit of election with MPERS shall not be eligible to rejoin the system while he is employed by the same municipality which has its employees covered under the federal Social Security program, unless he repays his previously refunded employee contributions, within sixty days of reenrollment in the system, in one lump sum, plus interest at the board-approved actuarial valuation rate in effect at the time of such repayment, calculated from the date of the refund until the date of repayment. [R.S.11:157].

### **D. DESIGNATION OF BENEFICIARY**

Upon enrollment in the system, the member shall designate a primary beneficiary or beneficiaries as well as provide information regarding possible beneficiaries (spouse, children, parents, etc.). The designation of primary beneficiary or beneficiaries may be changed at any time prior to retirement.

### **E. REGAINING MEMBERSHIP AND RESTORING SERVICE CREDIT**

Any person who has terminated membership in the system, who has withdrawn his contributions, and who later becomes a member of this system shall be eligible to obtain credit for his previously withdrawn membership service after having met all the eligibility requirements of a new employee and after completing eighteen months of new service and membership. In order to obtain credit for membership service previously canceled by a refund of contributions,

## Creditable Service

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the member must repay the amount of the refund plus compounded interest from the date of refund until the date paid. The compound interest rate to be used in computing the amount the member must pay back into the system shall be the board-approved actuarial valuation rate in effect at the time of the repayment, but shall not be less than five percent compounded annually.

### F. CREDITABLE SERVICE

1. **Prior service:** credit for service rendered prior to the enrollment of an employee into this retirement system as a municipal police officer, a state trooper or as a sheriff or deputy sheriff in Louisiana for which credit is not given in any other retirement system. Under no circumstances shall service credit be allowable for any out-of-state service, nor shall any prior service credit be given to any person who became a member after July 31, 1976. Prior service credit becomes null and void if membership ceases.
2. **Membership service:** service rendered while an active contributing member of this retirement system.
3. **Military service:** credit currently under the provisions of R.S.11:1523. Regular military service shall mean any state or federal full-time active duty military service. Nonregular military service shall mean any state or federal military service, which is not regular service, for which retirement points are assigned. Any member shall be entitled to purchase credit up to four years of either regular or nonregular military service or a combination of both not exceeding four years total provided application is filed with the system together with proof of the inclusive dates of military service performed (copy of DD214). Member must have been honorably released from service.

Applications shall include payment of \$125.00 made payable to the system's actuary in order to obtain a projection of the member's (applicant's) cost to purchase such military service credit.

In order to obtain such credit, the member shall pay into the system an amount which, on an actuarial basis, totally offsets the increase in accrued liability of the system resulting from the purchase of the credit. The amount

to be paid shall be paid in one lump sum or in such installments as approved by the board of trustees, but all such payments shall be paid in full within three years after the date of any application for such service and prior to retirement.

- a. No member shall receive more than four years of total military service credit under any provision of law.
- b. No credit for military service shall be given for service in any state national guard or in the reserve forces of the United States other than when actually called into active duty service for training purposes or in the interest of national defense.
- c. There shall be no duplication of credit for military service, and no member shall be entitled to purchase or receive credit for military service if he has previously received credit for such in any other public retirement system or pension fund from which plan the member is drawing a regular retirement benefit, based on age and service.
- d. Military service credit obtained under these provisions **can not be used for purposes of acquiring eligibility for disability or survivor's benefits, and** shall only be used for purposes of acquiring eligibility for normal (regular) retirement benefits, provided that such military service credit **can not be used to meet the minimum eligibility requirement of any regular retirement of twenty years or less.**
- e. Military service credit shall not be used as the highest thirty-six successive months or the highest thirty-six successive joined months of employment where interruption of service occurred, in computing the average compensation for retirement benefit computation.
- f. A member of MPERS or Sheriff's Pension and Relief Fund shall be entitled to purchase or receive credit for military service regardless of whether he has previously received credit for such service in any retirement plan for members of the armed forces of the United States, from which the member is drawing a regular retirement benefit, based

on age and service.

- g. **Military Service Relief Act:** [LSA-R.S.29:411-415.1] Act 6 of the First Extraordinary Session of 1991 provides for a broad range of benefits for persons who are called to military service for the security of the nation. The provisions of the law are effective for military service rendered on and after August 3, 1990, which includes service in Operation Desert Shield/Desert Storm. Special rules and provisions apply to those persons whose active membership in the retirement system is/was interrupted as a result of being called to active military service. If you are or have been called to active military service while a contributing member of the retirement system, you must contact the retirement system office immediately in order to obtain information regarding continued membership status in the system or the purchase of such military service credit if you are/were on a leave-without-pay status. For purposes of this Act, "military service" also means state active duty by members of the National Guard who are activated pursuant to a call of the governor as provided for in LSA-R.S.29:7.
4. **Purchase of service:** for which credit has not been received and is not established in any other system.
  - a. Any active contributing member may purchase and receive credit for service rendered as an employee as defined in R.S.11:2213(11) for which he has not received credit.
  - b. Any active contributing member may purchase and receive credit for service as a law enforcement officer rendered with another public entity in the state of Louisiana for which he did not receive credit in any retirement system or fund or as a police cadet, provided that at the time he served as a police cadet he was between the ages of seventeen and nineteen years inclusively, and successfully met all of the requirements for the position of police officer, other than age, and upon reaching the minimum age requirement for police officer, and after continuous employment was automatically promoted to the rank of police officer with no additional testing being required for said promotion.

- c. The cost of such purchases shall equal the amount which, on an actuarial basis, totally offsets the increase in accrued liability of the system resulting from the receipt of the credit by the member. The amount payable shall be calculated by use of the actuarial funding method, assumptions, and tables in use by the system at the time of the member's application for credit. The member's application shall include payment of \$125.00 made payable to the system's actuary in order to obtain a projection of the member's (applicant's) cost to make such service credit purchase.
5. **Leave conversion:** these provisions are limited in scope and coverage and only apply to members whose employing municipality irrevocably elects such coverage.
- a. All unused earned annual and sick leave which has been accrued and accumulated by an employee, except as hereinafter provided, and for which payment cannot be made in accordance with law at the time of retirement, shall be credited at the time of retirement to the member on the following basis:

<u>Days</u>	<u>Percentage of a Year</u>
1-26	10
27-52	20
53-78	30
79-104	40
105-130	50
131-156	60
157-182	70
183-208	80
209-234	90
235-260	100

- b. There shall be no limit on the amount of unused earned sick and annual leave that a member may convert to retirement credit on the basis of the above formula. Benefits will not be paid until payment for converted unused leave from the city is received. No member, survivor or beneficiary shall use any unused earned sick and annual leave to attain

## Transfer of Service

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eligibility for any benefits provided under MPERS provisions.

- c. At the time a member retires from service, the employer shall submit to MPERS a report of unused earned sick and annual leave, computed in days only, plus unreported earnings and contributions.
- d. When extending credit for unused earned leave, fractional days of one-half or more shall be granted as one day and less than one-half days shall be disregarded. Any member who had previously terminated his employment for any period of time, but who later becomes reemployed as an active contributing member, shall have contributed to the system for not less than eighteen months subsequent to his reemployment date before using converted leave for purposes of benefit computation. Additional membership service obtained by conversion of unused earned sick and annual leave shall not be used on computation of average compensation.
- e. The annual actuarial cost of providing the leave conversion shall be borne solely by the municipality that employed the member and funds from the Insurance Premium Tax Fund shall not be used to pay such cost in whole or in part.

### G. TRANSFER OF SERVICE

Any person who leaves or has left another public retirement system to become a member of the Municipal Police Employees' Retirement System or who leaves MPERS to become a member of another public system within the state of Louisiana may request one of the following options:

1. **Reciprocal Agreement:** involves the recognition of service credit only, with no associated cost to the member. This type of transfer allows a person with credit in two or more state, parochial or municipal retirement systems to combine his service credits for regular retirement; disability retirement and survivor benefit eligibility purposes without affecting a transfer of retirement contributions to any single system. The system which originally received the contributions would retain such contributions when the member moved



to another public system and would retain the liability for paying a prorated benefit based upon the service credit and average compensation established in that system when the member's combined credit makes him eligible for benefits. In order to qualify for a reciprocal agreement, a member must have at least six months of credited service in his current system. A member may make application for a reciprocal agreement immediately upon becoming a member of the new system; however, the reciprocal agreement will not be officially recognized until the member acquires the minimum six months service credit with the new system. [R.S.11:142]

2. **Actuarial Transfer:** involves the transfer of service credit and accumulated employee and employer contributions, plus applicable interest. This type of transfer allows a person with credit in two or more state, parochial or municipal retirement systems to combine the service credits and funds accrued in other systems with those accumulating in his current retirement system. The member applying for an actuarial transfer may be required to remit additional monies to his current system if certain funding conditions are not met. The current retirement system assumes the full liability of paying the future benefit based on total service credit; however, the retirement percentage factor of the transferring system will be used by the current system to compute retirement benefits for the credit so transferred.

In order for an actuarial transfer to be made, the member must file an application with the current system including payment of \$125.00 payable to the system's actuary in order to obtain a transfer cost estimate. The current system must receive an amount equal to the actuarial expense of paying the future benefit. The transferring system will transfer the employee and employer contributions, plus interest thereon, to the member's current system. In order to receive full credit for the service being transferred, the member may be required to remit additional monies to his current system if the amounts being transferred do not equal the contributions, plus interest, that would have been paid in his current system had the service credit being transferred been originally subject to that system or if the funds, plus interest, being transferred do not equal at least 100% of the increase in accrued liability that his current system will incur because of the transfer. The member may accept prorated service credit based on the amount of

## Contributions

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contributions and interest transferred from the other system in lieu of paying the difference in the actuarial cost and the funds transferred. The retirement percentage factor of the transferring system shall be used to calculate the member's retirement benefit based on the transferred credit. [R.S.11:143]

The advantage of an actuarial transfer, as opposed to a reciprocal agreement, is that upon retirement the member's total credited service, including the transferred credit will be based on the member's final average compensation in his current system. In order to qualify for an actuarial transfer, the member must have at least six months of credited service in his current system. There is no minimum service credit that may be transferred from other systems.

- 3. Repayment of Refund for Transfer To or From Other System(s):** for purposes of a reciprocal or an actuarial transfer, a member of any state, parochial, or municipal retirement system who has credit for at least six months in any such system may repay refunded contributions, plus compounded interest at the board-approved actuarial valuation rate thereon from date of refund until paid, to any other state, parochial, or municipal retirement system in order to reestablish such credited service. [R.S.11:144]

## H. CONTRIBUTIONS

**Employee:** 7.50 % of earnable compensation as of July 1, 2008

**Employer:** 9.50% of earnable compensation as of July 1, 2008\*.

\*The difference between the annual actuarially required employer contribution rate and the 9.50% rate established by statute is funded through assessments against casualty insurers in the state. Such assessments are deposited into a special account with the State Treasurer and are drawn once a year in an amount determined by the Public Retirement Systems' Actuarial Committee.

No further contributions shall be required of the member after he has earned benefits equal to 100% of his final average compensation; however, the member continues to earn service credit in the Retirement System. Generally, this occurs

once a member accrues 30 years of creditable service ( $3.333\% \times 30 \text{ years} = 100\%$ ). The municipality in which the member is employed shall continue to pay the employer's contribution until such time that the member retires or enters the DROP program.

### I. EARNABLE COMPENSATION

For purposes of determining the salary and compensation on which retirement contributions are to be made and on which final average compensation shall be based, "earnable compensation" means the full amount earned by an employee for a given month, which shall not include overtime, but **will include**:

1. Regular base salary;
2. State supplemental pay;
3. Differential pay when it is that extra amount of pay which is added to a police officer's regular compensation when assigned duties of a higher ranking officer for a period of time. The additional pay brings his regular salary to the higher level during that period;
4. Millage and tenure pay;
5. Longevity pay;
6. Incentive pay if it is paid by the municipality in the same amounts each month;
7. Salary paid during periods while on sick leave or vacation.

When an entire department is required, due to an emergency or ongoing situation, to work overtime, that such overtime hours are eligible for contributions to the retirement system. This situation does not allow individuals to be singled out to receive overtime and thus enhance their retirement benefit.

When such emergency overtime is to be reimbursed by a third party, the third party shall be required to pay wages, including overtime, plus related benefits. The related benefits would include both the full amount of the employer and the employee contributions based upon the regular and overtime hours of service.

### J. FINAL AVERAGE COMPENSATION

For purposes of benefit computation, "average compensation" shall mean the average annual earned compensation of an employee based on the thirty-six highest successive months of employment or on the highest thirty-six successive joined months of employment where interruption of service occurred. The earnings to be considered for the 13th through the 24th month shall not exceed 125% of the earnings of the 1st through the 12th month. The earnings to be considered for the 25th through the 36th month shall not exceed 125% of the earnings of the 13th through the 24th month. [R.S.11:231].

### K. WORKER'S COMPENSATION

1. In the event a member begins receiving worker's compensation payments and the municipality reduces the salary being paid by them, the municipality shall deduct retirement contributions from the reduced salary being paid and state supplemental pay in an amount equal to that which would have been deducted had the member not received worker's compensation payments and continued to receive his full salary from the municipality and state supplemental pay, provided the reduced salary is sufficient to cover the full deduction. The municipality shall continue the payment of employer contributions due by them on the same basis. This provision is **mandatory** if the reduced salary is sufficient to cover full employee contributions due.
2. In the event the reduced salary is not sufficient to cover the full employee contributions due, the member may elect to pay the deficit for each payroll period directly to the municipality to be forwarded to the retirement system. Employer contributions shall also be due and payable on his full salary and supplemental pay if the member elects to pay the deficit in the employee contributions. This provision is **optional** when the salary is reduced below a level that would cover full employee contributions.
3. If the member does not elect to pay the deficit to make whole the amount that would have been deducted had he not begun receiving worker's compensation payments, that member, for such periods, shall receive service credit for eligibility determination purposes only and not for computation of benefits.

## **IV. BENEFIT PROVISIONS**

### **A. ELIGIBILITY FOR REGULAR RETIREMENT**

Eligibility for regular retirement shall be attained when a member has:

- 25 years or more service, at any age;
- 20 years or more service, at age 50 or thereafter;
- 12 years or more service, at age 55 or thereafter.

Members who establish reciprocal agreements between this system and another public retirement system in the state of Louisiana under R.S.11:142 must meet the highest minimum age and years of service requirements of each system in which he has membership service credit; however, service in any one system sufficient to meet the eligibility requirements of that system shall qualify the member for benefits from that system. For purposes of benefits payable under the provisions of R.S.11:142, no member shall be eligible to receive benefits from any system so long as he is contributing to another system.

### **B. DELAYED RETIREMENT**

A member may leave covered employment after obtaining the minimum number of years of service credit needed to retire, but before obtaining the required age, and leave his contributions on deposit with MPERS in order to qualify for monthly benefits upon reaching the minimum age for regular retirement. This deferred benefit is not automatic. The inactive member must file the proper application for retirement with the retirement system, preferably thirty to sixty days prior to his birthday. Delayed retirement benefits shall not be retroactive under any circumstances.

### **C. VESTING**

Members are not considered fully vested until they have attained both the age and the years of service requirement which entitle them to receive regular retirement benefits. The laws are subject to legislative change and the law in effect at the time the member attains eligibility shall prevail.

### D. EARLY RETIREMENT

Any member who has completed twenty or more years of creditable service, and who leaves employment before attaining age fifty, shall, regardless of age, be entitled to elect early retirement and receive an **actuarially reduced** retirement benefit. Any member retiring under this provision shall not be eligible for a cost-of-living adjustment until one full fiscal year after attaining age fifty, nor shall the member be eligible to participate in the deferred retirement option plan (DROP). [R.S.11:2220A(1)(b)]

The actuarial reduction is based on the number of months the member is under age fifty on the effective date of such retirement. This reduced benefit is payable for life; it **is not** re-computed upon attainment of age fifty.

### E. ESTIMATE OF BENEFITS

The retirement system will compute an estimate of benefits payable under all options based on the expected date of retirement upon request of the member. The estimate shall be computed using the member's current final average compensation and not on projected compensation. The system recommends that each member have a retirement estimate computed three months prior to making application for retirement or DROP.

### F. APPLICATION FOR RETIREMENT; EFFECTIVE DATE

1. An application for retirement shall be considered officially filed with the Board of Trustees when received in the office of the Director. The application should be filed at least thirty days prior to the effective date of retirement in order to ensure that all records are in order and the first check may be issued on a timely basis.
2. Retirement benefits normally become effective on the day after the member terminates his employment, if he is fully vested as to the minimum age and service requirements. In the case of a delayed retirement (terminated employment prior to attaining age 55 or 50, as the case may be), retirement benefits shall become effective on the day the age requirement is met.

3. Payment of benefits is not automatic and the member must file the proper application for retirement with the retirement system before benefit payments can be made effective. In the case of a deferred benefit, the inactive member must make application, usually thirty to sixty days prior to his birthday. Retirement benefit payments shall not be retroactive under any circumstances.
4. The Board of Trustees shall approve or deny all retirement benefits or allowances; however, payment of benefits or allowances may begin without having been approved, subject to the condition of termination of benefits if board approval is not forthcoming.[R.S.11:232].

### G. COMPUTATION OF RETIREMENT BENEFITS

Any member who meets the eligibility requirements for normal or early retirement may elect to receive his benefit in an equal monthly retirement allowance payable throughout life (**Maximum**), or he may elect to receive the actuarial equivalent at the time of retirement in a reduced equal monthly retirement allowance payable throughout life (**Optional plan**). The Maximum retirement allowance shall not exceed 100% of the member's final average compensation.

#### FORMULA

$3.333\% \times \text{number of years creditable service} = \text{total percentage} \times \text{annual final average compensation} = \text{annual benefit divided by 12 months} = \text{amount of maximum monthly benefit.}$

**Example:** Member retires at age 50 with 20 years of creditable service and his annual final average compensation is \$20,000.

$3.333\% \times 20 \text{ years} = 66.666\% \times \$20,000 \text{ average compensation} = \$13,332.00$  annually divided by 12 = \$1,111.00 Maximum benefit per month.

### H. OPTIONAL RETIREMENT PLANS

The designated beneficiary under any optional retirement plan or the

## Optional Retirement Plans

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retirement plan selected cannot be changed after the effective date of retirement or DROP, except in the event of divorce as provided by R.S. 11:2224(C).

**MAXIMUM PLAN** — is the result of the retirement formula. The maximum plan pays the largest monthly benefit the retiree is eligible to receive, but does not provide for a monthly benefit to be paid to a named beneficiary after the retiree's death. **All monthly benefits cease upon the death of the retiree.** However, if the retiree dies prior to receiving in retirement benefits an amount equal to his employee contributions paid into the system before retirement, his designated beneficiary shall receive the difference in one lump sum payment. If there is no designated beneficiary, the difference will be paid to the member's estate. A retiree usually receives in benefits an amount equal to his accumulated contributions anywhere from ten to fifteen **months** after retirement.

**OPTION 1** — pays the retiree a retirement allowance that is slightly reduced from the Maximum. Option 1 pays a lump sum refund of the unused portion of the retiree's accumulated contributions to the retiree's designated beneficiary or estate upon his death. This plan differs from the Maximum in that only a **portion** of the retiree's monthly benefit (rather than the entire amount) is charged to his accumulated contributions so that the receipt of "his own" funds is distributed over his expected lifetime. The retiree usually will exhaust the amount of his accumulated contributions in about ten to fifteen years after retirement, depending on his age at retirement. Should the retiree die after his contributions are exhausted, the beneficiary will not receive any refund. This plan does not provide for a monthly benefit to be paid to a beneficiary after the death of the retiree. The system will compute an estimate of the benefit payable under Option 1 only upon specific request of the member.

**OPTION 2** - pays the retiree a retirement allowance that is reduced from the Maximum. Option 2 pays the same amount (100%) of the retiree's monthly benefit for life to the designated beneficiary after the death of the retiree. The benefit payable is based upon the ages of both the retiree and the beneficiary. **The beneficiary may not be changed after retirement.**

**OPTION 2a** - pays the same type benefit as the regular Option 2 Plan (100% survivorship) except that the reduction from the Maximum will be slightly greater



in order to provide that if the beneficiary predeceases the retiree, the retiree's benefit amount automatically reverts to the Maximum Plan, which is with no reduction, effective on the first day of the month following the beneficiary's death. It is the responsibility of the retiree to notify the retirement system of the beneficiary's death and to provide a copy of the death certificate. **The beneficiary may not be changed after retirement.**

**OPTION 3** — pays the retiree a retirement allowance that is reduced from the Maximum, but not as much as in Option 2 above, Option 3 pays one-half (50%) of the retiree's monthly benefit for life to the designated beneficiary after the death of the retiree. The benefit payable is based upon the ages of both the retiree and the beneficiary. **The beneficiary may not be changed after retirement.**

**OPTION 3a** - pays the same type benefit as the regular Option 3 Plan (50% survivorship) except that the reduction from the Maximum will be slightly greater in order to provide that if the beneficiary predeceases the retiree, the retiree's benefit amount automatically reverts to the Maximum Plan, which is with no reduction, effective on the first day of the month following the beneficiary's death. It is the responsibility of the retiree to notify the retirement system of the beneficiary's death and to provide a copy of the death certificate. **The beneficiary may not be changed after retirement.**

**OPTION 4** — upon the death of the retiree, some other benefit designated by the retiree at the time of his retirement shall be paid, in equal monthly payments, throughout the life of and to any person he shall designate in writing at the time of retirement, provided such survivor benefit, together with the retiree's reduced monthly retirement allowance, shall be certified by the actuary to be of equivalent actuarial value to his retirement allowance, and approved by the board of trustees. The system's actuary will compute the amount that the retiree will receive per month based on the amount that the retiree designates for his beneficiary. **The beneficiary may not be changed after retirement.**

### I. GUARANTEED RETURN OF CONTRIBUTIONS

Each member is guaranteed that he or his beneficiary or his estate

## Consent of Spouse

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(singularly or collectively) shall receive from the retirement system an amount at least equal to his accumulated employee contributions in a refund, monthly benefit or survivor benefit or any combination thereof.

### **J. CONSENT OF SPOUSE TO SELECTION OF RETIREMENT OPTION**

Retiring members must either select an option that provides at least fifty percent (50%) of the benefit payable to the retiree's spouse or obtain the spouse's consent to select some other option or beneficiary. Options 2, 2a, 3 and 3a meet this requirement, provided the spouse is the named beneficiary. The retiree may select the Maximum plan or Option 1 or name another individual as beneficiary, only if the spouse agrees with the choice and provides an affidavit to substantiate such agreement.

### **K. CHANGE IN RETIREMENT OPTION OR BENEFICIARY IN THE EVENT OF DIVORCE**

No change in the option elected by the retiree, other than as specifically provided, shall be permitted after the effective date of retirement. A retiree cannot change the designation of beneficiary after the effective date of retirement unless the retirement was approved under Option 1, other than as specifically provided. **R.S. 11:2224(C)** provides:

If an option other than Option 1 was selected, and the retiree's spouse was designated as the beneficiary, and a judgment of divorce is rendered with respect to the retiree and the spouse, and, in connection therewith, the spouse, irrevocably, **by court order**, relinquishes the spouse's survivorship rights under the option originally selected by the retiree, the originally selected option shall be considered revoked and the retiree shall be considered as retired under the Maximum benefit, subject to reduction.

The benefits payable to the retiree shall be increased to the amount the retiree would have received had the retiree selected the Maximum benefit, adjusted for any cost-of-living increase granted to the retiree, less any amount required as a result of the change in retirement status to render the new benefit to be the actuarial equivalent of the Maximum benefit.

## Deferred Retirement Option Plan (DROP)

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The retiree or member who is or has participated in the Deferred Retirement Option Plan (DROP) may select an option, other than Option 1, and designate a new beneficiary based upon the new maximum benefit.

The retiree shall be required to reimburse the system, by way of a one-time deduction from the retiree's next benefit check, the reasonable cost incurred by the system to have these calculations made.

The retiree shall be required to contractually hold the system harmless in the event that the former spouse ever successfully asserts a property right relative hereto which has any adverse effect upon the system.

It shall be the responsibility of the retiree to notify the system of these circumstances, to present satisfactory evidence of same, and to request the re-computation of benefits.

Adjustment of benefits shall not be retroactive, and shall be effective on the first day of the next month following official approval of the application for recomputation of benefits.

### **L. DEFERRED RETIREMENT OPTION PLAN (DROP)**

In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to receive a normal retirement allowance may elect to participate in the deferred retirement option plan (DROP) and defer the receipt of benefits until he terminates his employment.

#### **Summary of DROP program provisions:**

##### **1. Eligibility**

- a. Eligible to receive a service retirement allowance:
  - (1) 25 years or more service, at any age
  - (2) 20 years or more service, at age 50 or thereafter
  - (3) 12 years or more service, at age 55 or thereafter
- b. Reciprocal credit under R.S.11:142 included for eligibility purposes

## Deferred Retirement Option Plan (DROP) (cont.)

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only. Reciprocal credit shall not be included in MPERS benefit calculation.

### 2. **Duration of Participation**

- a. Must be specified on application and cannot exceed three (3) years.
- b. May participate only once.
- c. Cannot withdraw from participation prior to specified ending date except by termination of employment.

### 3. **Membership and Contributions**

- a. A DROP participant shall be treated as an active member except that:
  - (1) No employer or employee contributions will be due to the retirement system while the employee is participating in DROP
  - (2) The payment of survivor benefits on behalf of an active contributing member shall be inapplicable
  - (3) A DROP participant shall not be eligible to serve in an active member position on the Board of Trustees.
- b. Average compensation and total creditable service shall remain the same as existed on the effective date of commencement of participation in the DROP program.

### 4. **Application for DROP Participation**

- a. Proper application for DROP participation shall be considered officially filed with the Board of Trustees when received in the office of the Director. The application must be received at least thirty days prior to the effective date of participation. No DROP deposit can occur prior to the retirement system receiving the applicant's salary and contributions through the effective date of DROP from the employer.
- b. The member may cancel his application for participation prior to the effective date of participation. He may not cancel his application on or after the effective date of participation.
- c. Members cannot participate retroactively.

## Deferred Retirement Option Plan (DROP) (cont.)

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- d. Members interested in participating in the DROP program are encouraged to contact the retirement system for additional information, if necessary, and to obtain an estimate of benefits payable under all options before actually signing up for the program.

### 5. DROP Account Deposits

- a. Monthly deposits are made to the participants account, equal to the monthly retirement benefit that would have been payable had the member elected to terminate employment and receive a benefit as computed under the retirement option plan elected by the participant.
- b. Deposits do not earn interest during the period of participation.
- c. Participants are not eligible to receive cost-of-living adjustments (COLA's) while participating.
- d. Participants are not eligible for a COLA until their employment has been terminated for at least one full fiscal year.

### 6. Interest on DROP Account for Eligible Participants Prior to January 1, 2004

- a. With respect to any individual who was eligible to participate in the Deferred Retirement Option Plan prior to January 1, 2004, once the member has terminated participation, his individual DROP account shall earn interest equal to 0.5% less than MPERS' actuarially realized rate of return as certified by the system's actuary in his annual end-of-the-fiscal-year valuation report. No minimum interest rate is guaranteed by MPERS. If the calculated DROP interest rate is less than zero, then no interest will be posted to the DROP account.
- b. DROP interest is posted once a year retroactively, after completion of the annual valuation report, based on the balance in the individual's account on the last day of each month during the preceding fiscal year (July 1st through June 30th).

7. **Interest on DROP Account for Eligible Participants On or After January 1, 2004**

- a. With respect to any individual who became or becomes eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, the member has the option to earn interest on his DROP account based on the MPERS investment portfolio return or a money market investment return. All members entering DROP must complete an irrevocable written election selecting the method in which his DROP account will earn interest at the completion of DROP. **Once the application and interest election is filed with MPERS, it cannot be changed.**
  
- b. With respect to any individual who elects to participate in the money market investment return method, once the member has terminated participation, his individual DROP account shall be placed in liquid asset money market investments. Such account balances may be credited with interest at the actual rate of return earned on such account balance less one-fourth of one percent per annum or, at the option of the Retirement System, the funds may be transferred to a self-directed subaccount. When funds are transferred to a self-directed subaccount, the Retirement System is authorized to hire a third party provider to act as an agent of the system for purposes of investing balances in the self-directed subaccounts of the participant as directed by the participant. The participant in the self-directed portion of this plan agrees that the benefits payable to participant are not the obligations of the state or the Retirement System. Money market DROP accounts are managed by the Louisiana Asset Management Pool (LAMP). Interest from the money market DROP accounts is posted monthly. Information on rates of return on LAMP accounts can be found at [www.lamppool.com](http://www.lamppool.com). **Once the application and interest election is filed with MPERS, it cannot be changed.**
  
- c. With respect to any individual who elects to participate in the MPERS investment portfolio return method, any member may make an irrevocable written election when entering DROP to waive his rights as protected by

the Constitution of Louisiana relative to the interest earned by his DROP account. Once the member who has made this irrevocable election has terminated participation, his individual DROP account shall earn interest equal to 0.5% less than MPERS' actuarially realized rate of return as certified by the system's actuary in his annual end-of-the-fiscal-year valuation report. No minimum interest rate is guaranteed by MPERS. However, by making such an election, the person shall expressly acknowledge that his account shall be debited in the event the system's investment portfolio experiences a rate of return of less than a positive one-half of one percent, or a negative earnings rate. The member shall further expressly acknowledge his consent to having the value of his account balance permanently reduced as a result of the devaluation of system assets caused by such a rate. As a precondition of making this election, the member shall expressly acknowledge his understanding of the possibility of such account reductions. If an account is required to be debited and insufficient monies are available in the account for this purpose, the member's monthly retirement benefit shall be suspended or reduced until such time as such debit has been recouped in full by the system. DROP interest is posted once a year retroactively, after completion of the annual valuation report, based on the balance in the individual's account on the last day of each month during the preceding fiscal year (July 1st through June 30th). **Once the application and interest election is filed with MPERS, it cannot be changed.**

### 8. Termination of Employment after Participation

- a. Any DROP participant who chooses to terminate employment with the police department upon completion of his DROP participation period will begin receiving his monthly benefit amount following his termination date. The monthly benefit amount will be in the same amount as was previously being deposited in his DROP account. No change in the retirement option plan selected is allowable.
- b. Payments to the DROP account stop and the retiree may make withdrawals from the DROP account according to the approved withdrawal method selected by retiree.

## Deferred Retirement Option Plan (DROP) (cont.)

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- c. The police department of the municipality in which the participant was employed must certify the participant's official termination date to the retirement system before any withdrawal payments may be issued.

### 9. Continuation of Employment after Participation

- a. Any participant who chooses to continue employment with the police department after his ending date of participation shall begin to actively contribute to the retirement system once again, as shall his employer. In the event the member had 30 years or more of creditable service on the effective date of his commencement of participation in the DROP, the employee contributions shall not be due or payable; however, the employer contributions shall be due and payable until the member terminates employment.
- b. Payments to the DROP account stop and the member shall not be entitled to make any withdrawals from his DROP account.
- c. After the period of additional service, and upon termination of employment, the retiree will begin receiving his monthly benefit check. The retiree will receive an additional benefit based on his additional service rendered after his DROP participation ended, subject to the following:
  - (1) If the additional service is less than 36 months, the final average compensation figure used to calculate the additional benefit shall be the same as used to calculate the original benefit.
  - (2) If the additional service is 36 months or more, the final average compensation figure used to calculate the additional benefit shall be based on his average compensation during the period of additional service.
  - (3) The option used shall be that applicable to the original benefit.
  - (4) In no event shall the additional benefit exceed an amount which,



## Deferred Retirement Option Plan (DROP) (cont.)

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when combined with the original benefit, equals 100% of the average compensation figure used to compute the additional benefit.

- (5) If the member dies or becomes disabled during the period of additional service, he shall be considered as having retired on the date of death or commencement of disability.

## Deferred Retirement Option Plan (DROP) (cont.)

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Examples of how the final benefit is calculated with years of service after the completion of DROP:

### **Entered DROP with 25 years**

If AFC\* is \$45,000.00, 83.325%\*\* equals \$3,124.69 per month

#### **Worked 2 years after DROP**

6.666%\*\* of the AFC used when entering DROP

\$45,000.00 equals \$249.98 additional per month

\$3,124.69	DROP Benefit
+ \$249.98	Additional Benefit
\$3,374.67	TOTAL BENEFIT

\*Average Final Compensation

\*\*3.333% per year

Benefits are based on your individual circumstances

### **Entered DROP with 25 years**

If AFC\* is \$45,000.00, 83.325%\*\* equals \$3,124.69 per month

#### **Worked 5 years after DROP**

16.665%\*\* of the new AFC \$60,000.00

Equal \$833.25 additional per month

\$3,124.69	DROP Benefit
+ \$833.25	Additional Benefit
\$3,957.94	TOTAL BENEFIT

In this example, the total service equaled 30 years. However, the monthly benefit is not calculated at 100% of the final AFC due to the break in service while in DROP.

\*Average Final Compensation

\*\*3.333% per year

Benefits are based on your individual circumstances

**\*The above calculations are for example purposes only\***

## **Entered DROP with 30 years**

If AFC\* is \$45,000.00, 100%\*\* equals \$3,750.00 per month

### **Worked 2 years after DROP**

The yearly benefit cannot exceed the yearly AFC.

Total benefit remains unchanged since AFC is the same.

\$3,750.00	DROP Benefit
+ \$0.00	Additional Benefit
\$3,750.00	TOTAL BENEFIT

\*Average Final Compensation

\*\*3.333% per year

Benefits are based on your individual circumstances

## **Entered DROP with 30 years**

If AFC\* is \$45,000.00, 100%\*\* equals \$3,750.00 per month

### **Worked 5 years after DROP**

16.665%\*\* of the new AFC \$60,000.00

Equal \$833.25 additional per month

\$3,750.00	DROP Benefit
+ \$833.25	Additional Benefit
\$4,583.25	TOTAL BENEFIT

\*Average Final Compensation

\*\*3.333% per year

Benefits are based on your individual circumstances

**\*The above calculations are for example purposes only\***

### 10. **Death during DROP Participation or Continued Employment after DROP**

- a. A spouse beneficiary shall be entitled to receive, at his or her option, a lump sum payment of the participant's DROP account balance or he or she may elect any other method of payment approved by the board of trustees as would have been available to the participant had he retired on the date of death.
- b. Non-spouse beneficiary entitled to receive monthly benefits under the option selected by the participant shall be entitled to receive, at his or her option, a lump sum payment of the participant's account balance or he or she may elect to receive the balance in the account under any approved method that will cause a total distribution of the account over a period not to exceed five (5) years.
- c. If the designated beneficiary is not entitled to receive a monthly benefit under the option selected by the participant, the beneficiary shall be entitled to receive a lump sum payment of the participants DROP account balance.
- d. If there is no designated beneficiary, a lump sum payment of the participant's account balance shall be paid to his estate.
- e. The normal benefits payable to the designated beneficiary under the option selected shall become payable.

### 11. **DROP Account Withdrawal Methods and Changes (retired under age 50)**

Withdrawal Methods are selected at the time of termination of employment:

- a. Lump sum payment equal to balance standing in the account; or
- b. Monthly/yearly withdraws in the amount chosen by the retiree; or
- c. Any other structured method as approved by the board of trustees in accordance with applicable federal tax laws.

Changes in Withdrawal Methods are allowed twice per year after selection, unless electing a lump sum payment of the remaining balance in the account, **provided that** each year the amount withdrawn equals or exceeds the previous year's withdrawal. Withdrawals will only be issued once a month on the 1<sup>st</sup> of the month in conjunction with payment of retirement benefits. Withdrawal requests must be received in the MPERS office by the 15<sup>th</sup> of the month to be processed on the 1<sup>st</sup> of the following month. MPERS is required to withhold a minimum of 20% of the withdrawal amount for federal taxes, unless the withdrawal is a direct rollover.

### 12. **DROP Account Withdrawal Methods and Changes (retired at or over age 50)**

Withdrawal Methods are selected at the time of termination of employment:

- a. Leave balance on deposit until further notice; or
- b. Withdraw a specified amount on specified date(s); or
- c. Lump sum payment equal to balance standing in the account; or
- d. Monthly/yearly withdraws in the amount chosen by the retiree; or
- e. Any other structured method as approved by the board of trustees in accordance with applicable federal tax laws.

If you retired at age 50 or over, you are no longer required to take a minimum mandatory withdrawal. The DROP funds can be withdrawn as the retiree chooses. Withdrawals will only be issued once a month on the 1<sup>st</sup> of the month in conjunction with payment of retirement benefits. Withdrawal requests must be received in the MPERS office by the 15<sup>th</sup> of the month to be processed on the 1<sup>st</sup> of the following month. MPERS is required to withhold a minimum of 20% of the withdrawal amount for federal taxes, unless the withdrawal is a direct rollover.

### **M. INITIAL BENEFIT OPTION (IBO)**

This option allows a retiring member, who has not participated in DROP, the opportunity to receive an initial lump-sum payment which may equal a total of up to 36 months of the member's regular maximum retirement benefit. In

## Initial Benefit Option (cont.)

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exchange for receiving this initial payment, the member and his beneficiary agree to accept a reduced monthly benefit over their lifetimes. The reduced monthly benefit will be actuarially determined based on the lump-sum payment amount and the retirement age of the member and his beneficiary. In general, a member who chooses the IBO could expect an 8-25% monthly lifetime reduction in benefits depending on the amount of the initial lump-sum payment. Those who choose the IBO must also choose a retirement option: Maximum, Option 2, Option 2A, Option 3 or Option 3A as described above. An individual calculation is required in order to determine the exact reduction for an individual member. **This option is not for everyone and should be carefully considered in view of the fact that the monthly benefit reduction is permanent.**

### 1. Interest on IBO Account for Eligible Participants Prior to January 1, 2004

- a. With respect to any individual who was eligible to participate in the Initial Benefit Option prior to January 1, 2004, once the member has terminated participation, his individual IBO account shall earn interest equal to 0.5% less than MPERS' actuarially realized rate of return as certified by the system's actuary in his annual end-of-the-fiscal-year valuation report. No minimum interest rate is guaranteed by MPERS. If the calculated IBO interest rate is less than zero, then no interest will be posted to the IBO account.
- b. IBO interest is posted once a year retroactively, after completion of the annual valuation report, based on the balance in the individual's account on the last day of each month during the preceding fiscal year (July 1st through June 30th).

### 2. Interest on IBO Account for Eligible Participants On or After January 1, 2004

- a. With respect to any individual who became or becomes eligible to participate in the Initial Benefit Option on or after January 1, 2004, the member has the option to earn interest on his IBO account based on the MPERS investment portfolio return or a money market investment

return. All members entering IBO must complete an irrevocable written election selecting the method in which his IBO account will earn interest at the completion of IBO. **Once the application and interest election is filed with MPERS, it cannot be changed.**

- b. With respect to any individual who elects to participate in the money market investment return method, once the member has terminated participation, his individual IBO account shall be placed in liquid asset money market investments. Such account balances may be credited with interest at the actual rate of return earned on such account balance less one-fourth of one percent per annum or, at the option of the Retirement System, the funds may be transferred to a self-directed subaccount. When funds are transferred to a self-directed subaccount, the Retirement System is authorized to hire a third party provider to act as an agent of the system for purposes of investing balances in the self-directed subaccounts of the participant as directed by the participant. The participant in the self-directed portion of this plan agrees that the benefits payable to participant are not the obligations of the state or the Retirement System. Money market IBO accounts are managed by the Louisiana Asset Management Pool (LAMP). Interest from the money market IBO accounts is posted monthly. Information on rates of return on LAMP accounts can be found at [www.lamppool.com](http://www.lamppool.com). **Once the application and interest election is filed with MPERS, it cannot be changed.**
- c. With respect to any individual who elects to participate in the MPERS investment portfolio return method, any member may make an irrevocable written election when entering IBO to waive his rights as protected by the Constitution of Louisiana relative to the interest earned by his IBO account. Once the member who has made this irrevocable election has terminated participation, his individual IBO account shall earn interest equal to 0.5% less than MPERS' actuarially realized rate of return as certified by the system's actuary in his annual end-of-the-fiscal-year valuation report. No minimum interest rate is guaranteed by MPERS. However, by making such an election, the person shall expressly acknowledge that his account shall be debited in the event

the system's investment portfolio experiences a rate of return of less than a positive one-half of one percent, or a negative earnings rate. The member shall further expressly acknowledge his consent to having the value of his account balance permanently reduced as a result of the devaluation of system assets caused by such a rate. As a precondition of making this election, the member shall expressly acknowledge his understanding of the possibility of such account reductions. If an account is required to be debited and insufficient monies are available in the account for this purpose, the member's monthly retirement benefit shall be suspended or reduced until such time as such debit has been recouped in full by the system. IBO interest is posted once a year retroactively, after completion of the annual valuation report, based on the balance in the individual's account on the last day of each month during the preceding fiscal year (July 1st through June 30th). **Once the application and interest election is filed with MPERS, it cannot be changed.**

### 3. **IBO Account Withdrawal Methods and Changes (retired under age 50)**

Withdrawal Methods are selected at the time of termination of employment:

- a. Lump sum payment equal to balance standing in the account; or
- b. Monthly/yearly withdraws in the amount chosen by the retiree; or
- c. Any other structured method as approved by the board of trustees in accordance with applicable federal tax laws.

Changes in Withdrawal Methods are allowed twice per year after selection, unless electing a lump sum payment of the remaining balance in the account, **provided that** each year the amount withdrawn equals or exceeds the previous year's withdrawal. Withdrawals will only be issued once a month on the 1<sup>st</sup> of the month in conjunction with payment of retirement benefits. Withdrawal requests must be received in the MPERS office by the 15<sup>th</sup> of the month to be processed on the 1<sup>st</sup> of the following month. MPERS is required to withhold a minimum of 20% of the withdrawal amount for federal taxes, unless the withdrawal is a direct rollover.



### 4. **IBO Account Withdrawal Methods and Changes (retired at or over age 50)**

Withdrawal Methods are selected at the time of termination of employment:

- a. Leave balance on deposit until further notice; or
- b. Withdraw a specified amount on specified date(s); or
- c. Lump sum payment equal to balance standing in the account; or
- d. Monthly/yearly withdraws in the amount chosen by the retiree; or
- e. Any other structured method as approved by the board of trustees in accordance with applicable federal tax laws.

If you retired at age 50 or over, you are no longer required to take a minimum mandatory withdrawal. The IBO funds can be withdrawn as the retiree chooses. Withdrawals will only be issued once a month on the 1<sup>st</sup> of the month in conjunction with payment of retirement benefits. Withdrawal requests must be received in the MPERS office by the 15<sup>th</sup> of the month to be processed on the 1<sup>st</sup> of the following month. MPERS is required to withhold a minimum of 20% of the withdrawal amount for federal taxes, unless the withdrawal is a direct rollover.

## **N. RETURN TO EMPLOYMENT AFTER RETIREMENT**

Regardless of age, if a retiree of this system becomes an employee as defined in R.S.11:2213(11), payment of retirement benefits shall be suspended and the employee and employer shall contribute to the system toward creditable service.

1. Upon termination of employment, the monthly benefit which had been suspended shall resume being paid to the retiree. The retiree may not change the option which was originally selected or the beneficiary originally designated.
2. The retiree shall receive an additional benefit based on his additional service rendered since re-employment, which shall be added to the original benefit that had been suspended. In no event shall the original benefit be

## Disability Retirement Benefits

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recomputed. The method of computing the additional benefit shall be as follows:

- a. for additional service of less than 36 months, the additional benefit shall be based on the average compensation figure used to compute the original benefit.
  - b. for additional service of 36 months or more, the additional benefit shall be based on the average compensation earned during the period of re-employment.
  - c. the additional benefit plus the original benefit shall not exceed an amount which equals 100% of the average compensation figure used to compute the additional benefit.
3. In no event shall an employed retiree who becomes re-enrolled in the system due to re-employment after retirement be allowed to participate in the deferred retirement option plan (DROP).

### O. DISABILITY RETIREMENT BENEFITS

Specific procedures for disability retirement are described and provided for in R.S.11:208, R.S.11:216 through R.S.11:224 and R.S.11:2223.

The Board of Trustees may award benefits to those eligible members who have been certified as disabled by the State Medical Disability Board. The application must be filed with the Board of Trustees through the office of the Director prior to the date of termination of employment.

#### 1. Eligibility

- a. Must be an active contributing member of the retirement system at the time the application for disability retirement is filed with the system. If the application is not filed while the member is in active service, it shall be presumed that the disability was not incurred while the member was an active member and such presumption may be overcome only by clear, competent and convincing evidence that the disability was incurred while the member was in active service.

**Exception** — any member who has 20 years or more of credited

## Disability Retirement Benefits (cont.)

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service and has terminated active membership in the system prior to the attainment of age fifty is eligible to apply for disability benefits in the event of total and permanent disability incurred after leaving covered employment and is still under the age of fifty. If approved, the benefit will be the lesser of a non-service connected benefit or the normal vested retirement benefit. The full vested benefit will begin upon attainment of the normal vested retirement age.

- b. Service connected (job related) — no minimum creditable service requirement
- c. Non-service connected — minimum of ten (10) years creditable service required if employed on or after July 1, 2008. Minimum of five (5) years creditable service required if employed prior to July 1, 2008.
- d. Employee is totally and permanently disabled from performing the duties of a police employee or any other position currently available in the police department which pays the same salary.
- e. Any disability claimed by a member of the retirement system must have been incurred after commencement of membership in the system. Disability claims shall not be honored in the case of preexisting conditions.

## 2. Application and Examination Procedures

- a. The member shall make application on the proper forms through his department's personnel office. The following information must be furnished:
  - (1) Application for disability retirement.
  - (2) Copy of application for employment with police department.
  - (3) Certified statement from the Chief of Police that the applicant is totally and permanently disabled from performing his duties and that there is no position in the department where the applicant can be placed in which he could continue to earn the same salary.

## Disability Retirement Benefits (cont.)

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- (4) Typed, narrative medical reports from the doctor giving diagnosis, prognosis, treatment rendered, medication taken by the applicant, and doctor's opinion as to whether or not applicant is totally and permanently disabled from performing the duties of a police officer.
  - (5) Certification from City giving the date applicant will exhaust all sick and annual leave. (This is on application form)
  - (6) Certification from City stating whether or not the applicant is receiving workers' compensation payments due to this injury or illness.
  - (7) Copy of official job description certified by the employer.
  - (8) Copy of Employer's Report of Occupational Injury or Disease, if applicable.
- b. Upon receipt of all required forms and information, the retirement system may schedule an appointment for the applicant to be examined by a member of the State Medical Disability Board (Medical Board) whose area of specialty most closely relates to the nature of the claimed disability. The direct expense of the examination shall be paid by the system. The examining physician shall submit to the system a report with his findings, conclusions and recommendations relative to the applicant's claim for disability.

**NOTE:** A medical examination by a member of the Medical Board may be waived if obvious and overwhelming medical evidence of disability exists to his satisfaction.

- c. A member's application for disability retirement must be approved by both the Medical Board and the Board of Trustees before disability benefits shall become payable. In cases where the application is not approved by the Medical Board or the Board of Trustees, certain appeal procedures are available.
- d. Disability benefits become effective on the date the application for disability retirement is filed in the office of the Director or the day following the exhaustion of all sick leave or vacation leave claimed by

the applicant, whichever is later.

- e. The processing of an application for disability retirement generally requires approximately ninety days, but may take up to one hundred twenty days from the date the claim was filed.

### 3. Disability Benefit Computation

- a. Upon approval of an application for retirement due to a total and permanent disability caused solely as the result of injuries sustained in the performance of his official duties, a member shall receive a disability benefit equal to three percent of his final average compensation multiplied by his years of creditable service, but not less than forty percent, nor more than sixty percent of final average compensation.
- b. Upon approval of an application for retirement due to a total and permanent disability, any member with at least five years creditable service if hired before July 1, 2008 or with at least ten years creditable service if hired on or after July 1, 2008, shall receive a disability benefit equal to three percent of his final average compensation multiplied by his years of creditable service, but not less than forty percent, nor more than sixty percent of final average compensation.
- c. At the time of attainment of normal retirement age, a service-connected disability benefit recipient shall have the option to continue to receive his disability retirement benefit or his vested retirement benefit for the remainder of his life, provided that if he elects to receive his vested retirement benefit, such benefit shall be equal to the greater of his disability benefit or his vested retirement. Such election to receive his vested benefit filed with the retirement system shall become irrevocable thirty days after receipt.
- d. Upon attainment of normal retirement age, a non service-connected disability benefit recipient shall receive the greater of his disability retirement benefit or his vested benefit.

## Disability Retirement Benefits (cont.)

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- e. Any disability retiree who is in a coma or who is paraplegic, when such condition is caused solely as the result of injuries sustained in the performance of his official duties and such condition is certified by the Medical Board, shall receive a benefit equal to his final average compensation, provided such benefit became effective on or after September 12, 1987. Any disability retiree who is blinded or who loses the total use of a limb solely as a result of injuries sustained on or after July 1, 2003, in the performance of his official duties, and whose condition is certified by the State Medical Disability Board, shall receive a benefit equal to his final average compensation.
- f. Surviving spouse and minor children are protected under the provisions of survivor benefits applicable to active members for so long as disability benefits are payable. In the event a disability benefit recipient elects to receive his vested benefit upon attainment of normal retirement age, he must select an option to provide benefits to a beneficiary upon his death.

### 4. Certification of Continuing Eligibility

- a. Once each year during the first five (5) years following retirement of a member on a disability allowance, and once in every three-year period thereafter, the Board of Trustees may require any disability retiree who has not attained the equivalent age of regular retirement to undergo a medical examination, at the disability retiree's expense.
- b. Refusal by a disability retiree to submit to at least one medical examination in any such year shall be cause for the discontinuation of his disability allowance, and should his refusal continue for one year all rights in and to his disability pension shall be revoked by the Board of Trustees.
- c. Upon receipt of a final and binding medical report declaring a disability retiree's total disability to have ceased, the Board of Trustees shall order the discontinuation of the disability allowance.

- d. Neither the former receipt of, nor the involuntary termination of disability benefits shall affect the right of any person to any regular retirement benefit based upon age and service for which he is eligible.
- e. Every disability retiree shall submit to the board of trustees by May first of every year a notarized annual earnings statement detailing his earned income from employment in the previous tax year. Should a disability retiree refuse to submit such an earnings statement by May first, his allowance may be discontinued, without retroactive reimbursement, until the statement is filed. Should his refusal continue for the remainder of the calendar year, all his rights in and to his disability pension may be revoked by the Board of Trustees.
- f. Every disability retiree of MPERS who has attained the age of sixty-two years shall be exempt from submitting an annual earnings statement.

### 5. **Authority of Board of Trustees to Modify Benefits**

- a. Every disability retiree is required to submit a notarized annual earnings statement detailing his **earned** income from employment in the previous tax year. Failure to comply with certification requirements may result in suspension or discontinuance of disability benefits. However, disability retirees who, as a result of an injury sustained in the line of duty are 100% disabled from the performance of the duties of a police officer are not required to submit an annual earnings statement.
- b. Should the Board of Trustees determine that a disability retiree is engaged in gainful employment which pays more than the difference between his disability benefit and his final average compensation, the amount of his pension shall be reduced to an amount which, when added to his earnable income, does not exceed his final average compensation. The earning capacity of disability retirees is evaluated annually and benefit modifications (if any) are adjusted accordingly.
- c. If a disability retiree receives other financial awards solely as a result

## Disability Retirement Benefits (cont.)

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of his disability, either as a monthly payment or a lump sum settlement, his disability benefit shall be modified when the amount of the other financial award, together with his disability benefit, exceeds his final average compensation. For purposes of determining the effect of a lump sum award on a monthly basis, such award is converted to the equivalent of a whole life annuity.

- (1) Modification computations shall include worker's compensation.
- (2) Individual private insurance settlements, separate private retirement accounts and other similar private resources shall be specifically exempt from modification computations.
- (3) Should these outside benefits or awards be reduced, exhausted or terminated, modified benefits are increased accordingly, but in no case increased to an amount greater than that to which the retiree was originally entitled at retirement.

**Note:** For purposes of determining the amount of other income allowable, there shall be an annual cost-of-living adjustment to the final average compensation figure used in the modification computations. This cost-of-living adjustment shall be based upon and directly reflect the annual percentage increase or decrease in the Consumer Price Index (CPI) for the preceding calendar year.

- d. Any disability retiree whose disability is non-service connected and who has credit for the number of years of service required for normal retirement shall, upon attainment of the age required for normal retirement, begin to receive his full normal retirement benefit. Such conversion is optional for any disability retiree whose disability is service connected.

### 6. Exemptions from Restrictions on Other Income

Any disability retiree receiving disability benefits as a result of an injury sustained in the line of duty shall be exempt from the provisions of R.S.11:221 or any



other law which provides for reduction of disability benefits if the recipient, subsequent to his disability, becomes gainfully employed provided as a result of his disability, he is:

- a. permanently and completely confined to a wheelchair for movement of person, or
- b. permanently and legally blind, or
- c. an amputee to a degree that he would be disqualified from serving as a police officer.
- d. a disability retiree who suffered a bilateral knee injury.

### **7. Restoration to Active Service**

If any disability retiree who is under the age of 60 is restored to active employment, his retirement allowance shall cease, he shall again become a member of the system and contribute thereafter at the rate in effect at the time of re-employment and all previous service credits will be restored to full force and effect. If he contributes for at least three years after restoration to active employment, the period of time on disability shall be counted as accredited service, but solely for the purpose of establishing regular retirement eligibility and not for the computation of benefits.

### **8. Disability from injury occurring in the line-of-duty; federal income tax consequences**

Only that portion of the disability benefit attributable to service credit in excess of thirteen and one-third years is subject to federal income tax. All members are guaranteed a minimum benefit equal to 40% of their final average compensation. Only that portion above the 40% minimum is subject to federal income tax, if the disability is service connected.

## **P. SURVIVOR BENEFITS**

Survivor benefits are payable to the surviving spouse or surviving minor child(ren) of a deceased active contributing member or a deceased disability retiree under the provisions of R.S.11:2220B. Survivor benefits **are not** payable

## Survivor Benefits (cont.)

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to the survivors of retirees receiving benefits under the provisions of early or normal service retirement. Survivor benefits are effective the day after the death of the member or disability retiree and are basically payable as follows:

1. **Surviving Spouse** — Maximum survivor's benefit equal to the regular retirement formula, disregarding age, but not less than 40% nor more than 60% of the deceased member's final average compensation. If the surviving spouse remarries prior to the attainment of age 55, the benefit shall cease. The benefit will resume after a subsequent termination of the new marriage and approval of the Board of Trustees. If the active contributing member is killed in the line of duty, the remarriage of the surviving spouse shall not cause the termination of survivor benefits. No minimum years of creditable service required. Where the board of trustees determines that an active member is killed as a result of injuries sustained in the line of duty and if the injury occurs on or after January 1, 2001, the surviving spouse shall receive a benefit equal to 100% of the deceased member's final average compensation less any survivor benefits payable to a child or children as provided under the provisions of R.S. 11:2220B; however, no increase in survivor benefits shall be paid for any period before July 1, 2003 and the sum of the benefits paid to the surviving spouse and children shall not exceed 100% of the deceased member's final average compensation.
2. **Surviving Spouse** — If the member was eligible for regular retirement at the time of death, benefit payable is equal to the Option 2 plan under regular retirement, or the benefit payable under #1 above, whichever is greater. Benefit under the Option 2 plan is payable for the life of survivor, regardless of remarriage. Election of benefit by the surviving spouse is irrevocable once payments commence.
3. **Minor Child(ren) In Addition To Surviving Spouse** — Each child under age 18 shall be paid survivor benefits equal to 10% of the deceased member's final average compensation or \$200.00 per month, whichever is greater. However, benefits payable on account of each child, when added to the benefits payable to the surviving spouse, shall not exceed an aggregate of 100% of the deceased member's final average compensation. Benefits for a surviving child cease upon the child's attainment of age 18 or

upon marriage, whichever occurs first. Except that benefits shall continue:

- a. for a surviving child to age 23 provided the child is a full-time, unmarried student at a recognized institution of higher education, high school, or vocational-technical school, or
  - b. for a surviving totally physically handicapped or mentally retarded child if such child was totally physically handicapped or mentally retarded at the time of death of the member or became so prior to the attainment of age eighteen and is dependent upon the surviving spouse or other legal guardian for subsistence.
4. **Minor Child(ren) But No Surviving Spouse** — Each child under age 18 shall be paid a survivor benefit equal to 30% of the deceased member's final average compensation. Benefits paid on account of each child shall not exceed an aggregate of 60% of the final average compensation. If there are more than two surviving minor children, each child shall receive an equal share of the 60% of average compensation payable. In the event the deceased member is survived by only one minor child, the child shall be paid not less than 40% percent of the deceased member's final average compensation. Benefits shall continue after the minor child attains age 18 as provided in #3 above.
5. **Reciprocal Recognition of Service for Survivorship Eligibility** – qualified survivors of deceased members of any state, municipal or parochial retirement system may combine the service of that member in any of those systems for the purpose of acquiring eligibility for survivor's benefits. The deceased member must have had at least six (6) months of service in his last system. Application must be made to the last system in which the deceased member had credit.
6. **Out of Active Service** — any member who has 12 or more years of service credit established in the system and who ceases covered employment and leaves his accumulated contributions in the system for a deferred retirement shall be covered by the survivor benefit provisions.

7. **Guaranteed Return of Employee Contributions** — Should a member die before retirement and not have any survivors who are entitled to survivor's benefits, the amount of his accumulated contributions shall be paid to his estate or duly designated beneficiary in one lump sum payment.

## V. AUTHORITY OF THE BOARD OF TRUSTEES

### A. BOARD OF TRUSTEES; COMPOSITION; ELECTION R.S. 11:2225

1. The general administration and responsibility for the proper operation of the retirement system is vested in a Board of Trustees. The Board consists of **eleven** trustees as follows: seven members elected by the membership, three of whom are active contributing members of the system with ten or more years of creditable service and four of whom are active contributing chiefs of police with four or more years of creditable service; two members elected by the retirees; and two ex-officio members who shall be the chairman of the House of Representatives Committee on Retirement, or his designee, and the chairman of the Senate Committee on Retirement, or his designee.
2. Board members serve for a term of five years on a staggered basis and election of members shall be conducted under rules and regulations as established by the Board of Trustees. For purposes of statewide member and retiree representation on the Board of Trustees, the composition of the Board is determined according to districts:

**Chiefs District I** (2 members) — includes the parishes of Acadia, Allen, Assumption, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Caldwell, Cameron, Catahoula, Claiborne, Concordia, DeSoto, East Carroll, East Feliciana, Evangeline, Franklin, Grant, Iberia, Iberville, Jackson, Jefferson Davis, Lafayette, Lafourche, LaSalle, Lincoln, Madison, Morehouse, Natchitoches, Ouachita, Pointe Coupee, Rapides, Red River, Richland, Sabine, St. James, St. Landry, St. Martin, St. Mary, Tensas, Terrebonne, Union, Vermillion, Vernon, Webster, West Carroll, West Feliciana, and Winn.

**Chiefs District II** (2 members) — includes the parishes of Ascension, East Baton Rouge, Jefferson, Livingston, Orleans, Plaquemines, St. Bernard, St. Charles, St. Helena, St. John the Baptist, St. Tammany, Tangipahoa, Washington, and West Baton Rouge.

**Non-Chief District I** (1 member) — includes the parishes of Allen, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Caldwell, Catahoula, Claiborne, Concordia, DeSoto, East Carroll, East Feliciana, Evangeline, Franklin, Grant, Jackson, LaSalle, Lincoln, Madison, Morehouse, Natchitoches, Ouachita, Rapides, Red River, Richland, Sabine, Tensas, Union, Vernon, Webster, West Carroll, West Feliciana, and Winn

**Non-Chief District II** (1 member) — includes the parishes of Acadia, Ascension, Assumption, Calcasieu, Cameron, East Baton Rouge, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Plaquemines, Pointe Coupee, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermillion, Washington, and West Baton Rouge

**Non-Chief District III** (1 member) — includes only Orleans Parish.

**Retired Trustee District I** (1 member) — same boundaries as Chiefs District I.

**Retired Trustee District II** (1 member) — same boundaries as Chiefs District II.

All members are reminded of the importance of keeping the retirement office informed of your current mailing address. This is particularly important in regards to the election process in order that all members can be contacted and given an opportunity to participate.

3. R.S. 11:183 - Any member of a state or statewide retirement system board of trustees who does not hold an office by virtue of an election conducted pursuant to the Louisiana Election Code shall be deemed a public employee for purposes of compliance with Chapter 15 of Title 42 of the Louisiana

## Authority of the Board of Trustees

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Revised Statutes of 1950 (Code of Governmental Ethics).

4. R.S. 11:184 - By December 1<sup>st</sup> of each year, the board of trustees shall submit to the House and Senate committees on retirement a proposed schedule of all board and committee meetings for the following calendar year.
5. R.S. 11:185 - Every member of the board of trustees shall complete continuing education or professional development training, during each twelve-month period from September 1<sup>st</sup> to August 31<sup>st</sup>. Each year, every board member shall attend at least eight hours of investment training, two hours of actuarial information education, one hour of education regarding the laws, rules and regulations applicable to his system and one hour of ethics education. These training hours may be conducted by Retirement System staff or by outside experts. No board member may receive per diem until he has completed the ethics and legal requirements and at least one hour each of investment and actuarial training. The Retirement System must submit evidence of training compliance to the speaker of the House of Representatives and the president of the Senate within fourteen days after completion. Additionally, no newly elected board member shall be permitted to vote on any matter until he has completed one hour each of ethics, investment, legal, and actuarial education.
6. R.S. 42:1124.2.1 – Every member of the board of trustees holding that position on or after July 1, 2008 shall be required to file a financial disclosure. The report required shall be filed on a form prescribed by the Board of Ethics submitted no later than May 15 for each previous year the board member serves. The disclosure required under this provision of law requires that information be filed as follows:
  - a. The full name and mailing address of the individual who is required to file.
  - b. The full name of the individual's spouse, if any, and the spouse's occupation and principal business address.
  - c. The name of the employer, job title, and a brief job description of each full-time or part-time employment position held by the individual or spouse.

- d.
  1. The name, address, brief description of, and nature of association with and the amount of interest in each business in which the individual or spouse is a director, officer, owner, partner, member, or trustee, and in which the individual or spouse, either individually or collectively, owns an interest which exceeds ten percent of that business.
  2. The name, address, brief description of, and nature of association with a nonprofit organization in which the individual or spouse is a director or officer.
- e. The name, address, type, and amount of each source of income received by the individual or spouse, or by any business in which the individual or spouse, either individually or collectively, owns an interest which exceeds ten percent of that business, which is received from any of the following:
  1. The state or any political subdivision as defined in Article VI of the Constitution of Louisiana.
  2. Services performed for or in connection with a gaming interest as defined in R.S. 18:1505.2(L)(3)(a).
- f. A certification that such individual has filed his federal and state income tax returns, or has filed for an extension of time for filing such tax return.
- g. One of the following:
  1. A certification that neither the individual nor any member of his immediate family had a personal or financial interest in any entity, contract, or business or a personal or financial relationship that in any way posed a conflict of interest which affected the impartial performance of the individual's duties as a member of the board or commission.
  2. A statement describing each conflict and any action the individual took to resolve or avoid the conflict.

### **B. COST-OF-LIVING ADJUSTMENTS (COLA's)**

1. The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the original retirement, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is

## Investments

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authorized to provide an additional 2% COLA to all retirees, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

2. No retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least **one full fiscal year** (from July 1 of one year to June 30 of the following year) and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year (on January 1). Additionally, no COLA shall be authorized unless the actuary for the system and the legislative actuary certify that the funded ratio of the system, as of the end of the previous fiscal year, equals or exceeds the target ratio as of that date. In simpler terms, COLAs are not guaranteed and when they are authorized, the recipient must have been receiving benefits for a minimum of 18 months, at the time such COLA is actually paid. [R.S.11:242].
  
3. A member who was merged from the Police Pension fund for the Police Department of the City of New Orleans shall have his benefits calculated in accordance with MPERS provisions; however, if such calculation results in the member being deprived of any cost-of-living adjustments that were paid to or are payable to members of the Police Pension Fund for the Police Department of the City of New Orleans for which he would have been eligible except for having been merged, then the member shall receive such cost-of-living adjustments payable retroactively to the effective date of such adjustments and prospectively as a component of his benefits that are paid from MPERS. The funding for these adjustments shall be paid from the Insurance Premium Tax Fund. R.S. 11:2220(F).

## C. INVESTMENTS

The Board of Trustees of MPERS strengthens the financial status of the system by investing its available trust funds, in accordance with law and sound fiduciary standards. The Board and its consultant conduct a periodic asset allocation review. This review results in a decision-making process that produces a well diversified allocation of MPERS' investment funds. Investment results also are reviewed periodically by the consultant and the system's actuary. Earnings



from invested assets, together with the employee and employer contributions, provide the necessary funding to pay benefits.

### **D. ACTUARIAL VALUATIONS**

The law provides that an approved actuarial advisor make an annual valuation of the system's assets and liabilities. The purpose of this valuation is to determine the financial condition of the retirement fund and to determine the contribution rates necessary to fully fund the plan. MPERS' actuarial advisor investigates the death, disability, withdrawal and retirement experience of the system. He compares the forecasting assumptions against the actual system experience.

### **E. CORRECTION OF ERRORS**

Should any change or error in the records result in any member or beneficiary receiving from the system more or less than he would have been entitled to receive had the records been correct, the Board of Trustees shall correct the amount payable to the correct amount, and is authorized to recover any overpayment by reducing the corrected benefit such that the amount of overpayment will be repaid within a reasonable number of months.

## **VI. OTHER PROVISIONS**

### **A. BENEFITS PAID TO MERGED RETIREES, SURVIVORS AND BENEFICIARIES**

Those persons who were already retired and receiving benefits prior to the merger of their former retirement plan or fund with this retirement system will continue to receive those same benefits, plus any cost-of-living increase authorized by the Board of Trustees. The same applies to survivors and beneficiaries who were already receiving benefits at the time of the merger. When such retiree dies, the surviving spouse will be entitled to benefits as provided by the old plan under which he retired.

### B. APPLICABILITY OF CERTAIN COURT ORDERS

**Contact the retirement office for a copy of sample court orders which meet MPERS requirements.** Proposed court orders should be submitted to MPERS for compliance determination prior to submitting them to a court for signature.

Any benefit or return of employee contributions shall be subject to a temporary restraining order or injunction issued by a court in connection with an action which involves a member or retiree of a state or statewide retirement system and his/her spouse or former spouse and provides that community assets not be disbursed, disposed of, alienated or otherwise encumbered, but only after a certified copy of such order or judgment is received by the retirement system.

Any benefit or return of employee contributions shall be subject to a court order issued by a court upon or after termination of a community property regime, which order recognizes the community interest of a spouse or former spouse of a member or retiree of the retirement system and provides that a benefit or a return of employee contributions be divided by the retirement system with the spouse or former spouse, but only after a certified copy of such order has been received by the retirement system and has been determined by the retirement system to be in compliance with applicable laws, rules and regulations governing the retirement system.

### C. EXEMPTION FROM SEIZURE

The return of contributions, the pension, annuity, or retirement allowance itself, any optional benefit or any other right accrued, or accruing to any person under the provisions of law for this retirement system and the monies in the various funds created within the system are exempt from any state or municipal tax and exempt from levy and sale, garnishment, attachment, or any other process whatsoever, **with two (2) exceptions:** 1) garnishment or assignment for child support, and 2) assignment of refunds of employee contributions to any municipal employees' credit union in consideration of a loan.

**Be aware** that the paragraph above refers only to state law; since federal law preempts state law, federal agencies such as the IRS may attach your MPERS benefit.

### **D. EXEMPTION FROM LOUISIANA STATE TAX**

All monies paid by MPERS are exempt from Louisiana State Income Tax and any Municipal Tax. This includes monthly benefits, refund of tax sheltered contributions, and DROP withdrawals. [R.S. 11:2228].

### **E. PROTECTION AGAINST FRAUD**

Any person who shall knowingly make any false statement or shall falsify or permit to be falsified any record or records of this retirement system in any attempt to defraud the system shall be guilty of a misdemeanor, and on conviction thereof by any court of competent jurisdiction shall be punished by a fine not exceeding \$500.00 or imprisonment in the parish jail not exceeding six months, or both such fine and imprisonment at the discretion of the court. [R.S.11:2231].

### **F. DUAL EMPLOYMENT; DUAL MEMBERSHIP**

Any person who is employed by more than one public entity within this state and who, by reason of such employment, is eligible, as a condition of such employment, to be a member of the public retirement system or fund applicable to employees in each of such public entity, shall be a contributing member of each such retirement system or fund during the term of his employment. In no event shall such person be allowed to earn more than one year of service credit in any one year. Service credit earned in more than one retirement system or fund in any one year shall not be transferred or recognized reciprocally to attain more than one year of service credit in any one system in any one year.

Any person who was a member of any public retirement system or fund on September 6, 1991, who was employed by more than one public entity within this state and who was not allowed to become a member of the other retirement system or fund applicable to such public employment shall be allowed to

## Pension Protection Act of 2006

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purchase the service credit to which he would have been entitled had he been an active contributing member of the other retirement system during the full term of his employment, by paying to that retirement system an amount that totally offsets the actuarial cost of the receipt of the service credit. The employer for that employment may pay one-half of the actuarial cost for all employees purchasing service credit under this provision. All purchases of service credit under this provision shall be completed by January 1, 1994. [R.S.11:191]

### G. PENSION PROTECTION ACT OF 2006

In August of 2006, President Bush signed into law the Pension Protection Act of 2006. One of the provisions of this Act permits eligible Public Safety Officers retired from MPERS to exclude the employee portion of qualified health insurance and/or long term care insurance premiums from his/her gross retirement income.

There are certain restrictions that apply:

1. The maximum amount of qualified health insurance and or long term care insurance premiums that can be excluded in a calendar year is \$3,000. The exclusion applies to a tax year, so in effect, if you elect this exclusion at any time during the year, it can be applied retroactively to the entire tax year.
2. The health insurance premiums must be paid directly to a third party provider (e.g. Blue Cross/Blue Shield) by the employer or retirement system. To comply with this law, the retiree **cannot** pay the premiums directly to the insurance provider.
3. The retiree must be determined to be eligible for this benefit by virtue of having retired as a "Public Safety Officer" (PSO) as defined by the Department of Justice. This would include, but not necessarily be limited to the positions of Firefighter, Police/Law Enforcement Officer, and Emergency Medical Technician. Retirement from the agencies that provide these services does not necessarily constitute eligibility for this benefit.
4. Although health and long term care insurance premiums paid by the eligible retired member for dependent coverage (e.g. spouse, dependent children) **DO** qualify for the exclusion, premiums paid by a surviving spouse or other survivor of a deceased retired member **DO NOT** qualify for the exclusion.

In order to avail yourself of this potential tax-saving benefit, you must complete and return to the Retirement Office, the affidavit whereby you are affirming that you retired as an eligible “Public Safety Officer”. This affidavit will be provided at retirement.

### **H. SPECIAL SCHOLARSHIPS BY STATE OF LOUISIANA**

Any child of a commissioned, full-time police officer who was killed or is permanently disabled after January 1, 1973, in the course and scope of the performance of his duties, which child is otherwise eligible and meets all of the entrance requirements of a state supported college or university situated in Louisiana, shall be admitted to such college or university without the payment of any fees for tuition, books or other charges, including room and board charges, as long as such child meets the academic standards and complies with the rules and regulations of such college or university required for attendance therein as a full-time student. Such exemption shall exist for such child for the number of semesters required of a full-time student to obtain one bachelor degree offered by such college or university. In no event shall such scholarship exceed **eight** semesters for any one child. R.S.17:1681 AND 1681.1

For further information and application procedures regarding special scholarships, please contact the Admissions, Registrar’s or Financial Aid office of the state supported college or university at which your child seeks admittance. These scholarships **are not** funded or provided by the retirement system.

### **I. PAYMENT TO SURVIVING SPOUSE AND CHILDREN BY STATE OF LOUISIANA**

**R.S.33:2201** — provides some financial security for the surviving spouse and children of law enforcement officers when such officers suffer death as a result of any injury arising out of and in the course of the performance of his official duties as such officer, or arising out of any activity, while on or off duty, in the protection of life or property. Within ten days after the employing authority has knowledge of the death of a law enforcement officer under these circumstances, notification shall be made to the Law Enforcement Officers and Firemen’s Survivor Benefit Review Board.

## Payment to Survivors by U.S. Department of Justice

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In case of death described above, a lump sum payment shall be paid to the surviving spouse and, in addition, if the officer is survived by dependent children, a lump sum payment shall be paid for each dependent child. Payment shall be made by the state risk manager out of the Self-Insurance Fund created in R.S. 39:1533(A). Within ten days after the employing authority has knowledge of the death of a law enforcement officer.

Further information may be obtained from the office of the Attorney General.

### **J. PAYMENT TO SURVIVORS BY U.S. DEPARTMENT OF JUSTICE**

The Public Safety Officers' Benefits (PSOB) Program provides a one-time financial benefit to the eligible survivors of federal, state, and local police, fire and emergency public safety officers killed in the line of duty and to officers who are permanently and totally disabled as the result of traumatic injuries sustained in the line of duty.

The Public Safety Officers' Educational Assistance (PSOEA) Program provides financial support for higher education to the spouses and children of public safety officers killed or permanently and totally disabled in the line of duty.

There are specific rules for qualification for this benefit and eligible survivors are specifically defined. For more information regarding a claim you should contact the municipality for which the deceased or disabled public safety officer worked or the U.S. Department of Justice. The U.S. Department of Justice will make the final determination on whether and to whom a benefit should be paid. They may be contacted at:

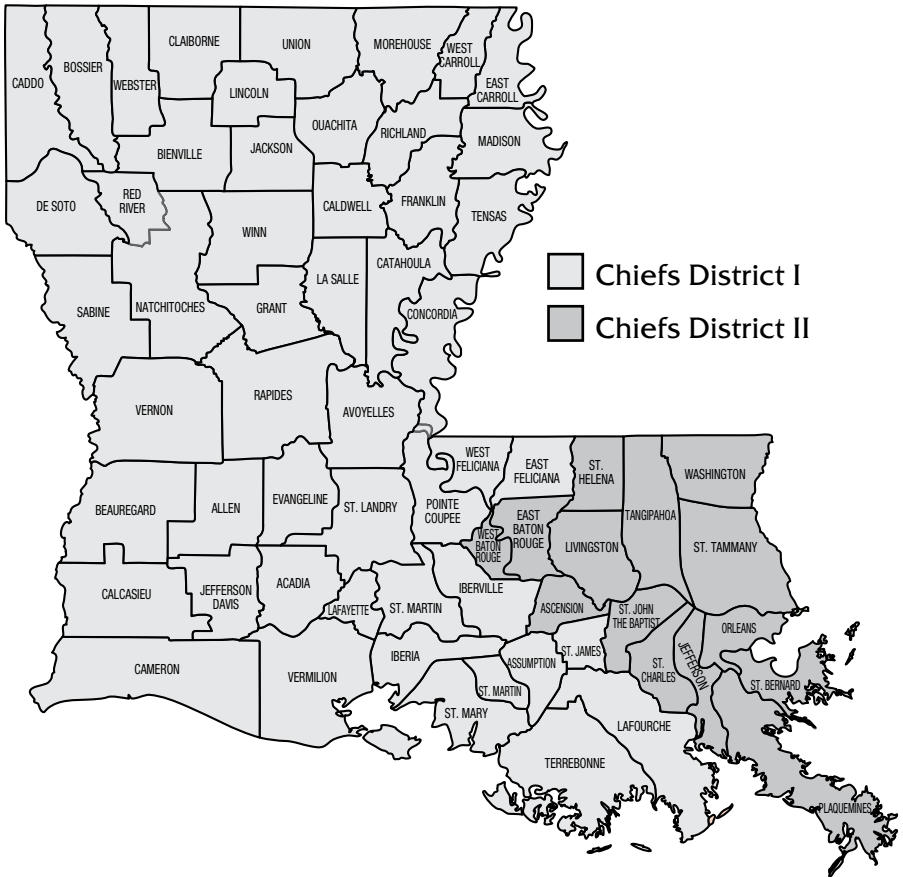
Bureau of Justice Assistance  
Public Safety Officers' Benefits Program  
810 Seventh Street NW  
Washington, DC 20531  
Toll Free 1-888-744-6513  
[www.ojp.usdoj.gov/BJA](http://www.ojp.usdoj.gov/BJA)

## **K. KEEPING RECORDS CURRENT**

The system strongly urges all members to keep their retirement records current as to beneficiary designation and mailing address.

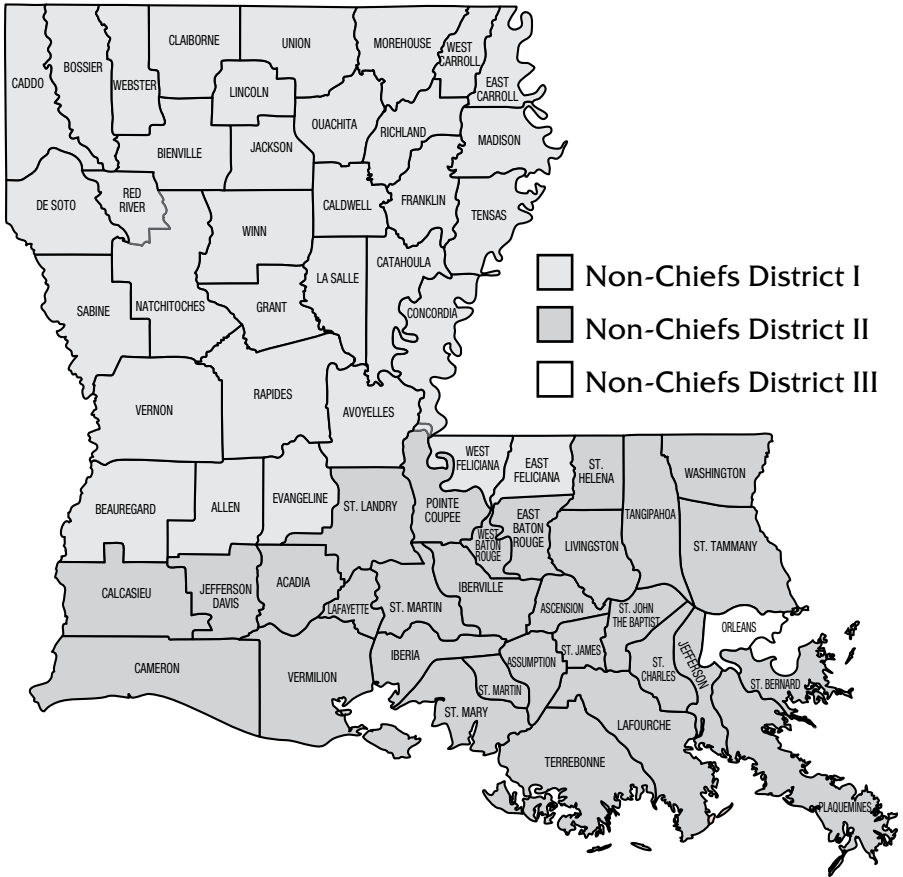
It is important for a member to keep the system informed as to his beneficiary and possible beneficiaries for survivor benefit purposes. A change of beneficiary form may be obtained from the retirement system.

From time to time the retirement system mails notices covering various subjects to its membership, in addition to board election notices, tax information, newsletters and other memoranda. If the member has moved and failed to notify the system, many of the notices will not be delivered, and as such the member will not be kept abreast of current information. Notice of address changes must be submitted to the system in writing and include member's signature.



The MPERS Board of Trustees includes 2 Chiefs of Police each from 2 districts. Those districts are outlined in the map above. One Retiree Trustee each is elected from these same districts.





The MPERS Board of Trustees includes 1 non-Chief each from 3 districts. Those districts are outlined in the map above.

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