

PLAN B
2012 LEGISLATIVE CHANGES

FIVE (5) YEAR FINAL AVERAGE COMPENSATION

ACT NO. 524 (Senate Bill No. 7 by Senator Guillory) amended the statute that governs the final average compensation for retirement and DROP.

“Final compensation” means the average monthly earnings during the highest sixty (60) consecutive or joined months.

For those members retiring or entering DROP on or after January 1, 2013, and on or before December 31, 2014, and whose first employment making them eligible for membership in the system began on or before June 30, 2006, the period used to calculate monthly average final compensation shall be thirty-six (36) months plus the number of whole months since January 1, 2013.

DROP - If the period of additional service is less than the number of months used in the computation of the original benefit months, the average compensation figure used to calculate the additional benefit shall be that used to calculate the original benefit.

If the period of additional service is equal to or more than the number of months used in the computation of the original benefit, the average compensation figure used to calculate the additional benefit shall be based on the compensation during the period of additional service.

In no event shall the additional benefit exceed an amount which, when combined with the original benefit, equals one hundred (100) percent of the monthly final compensation figure used to compute the additional benefit.

The act became effective as law on July 1, 2012.

NORMAL RETIREMENT

- 30 Years of creditable service at any age (hired before 1/1/2013)
- 10 Years of creditable service at 60 years of age (hired before 1/1/2013)
- Accrual rate is 2% for each year of creditable service or 2.5% if you hold an elected position (hired before 1/1/2013)
- Members who retire on or after February 1, 2013, and on or before December 31, 2014, whose membership began before July 1, 2006, your final average compensation used to calculate your benefit shall be the highest consecutive or joined thirty-six (36) months of salary plus the number of whole months since January 1, 2013.
- Members who retire on or after January 1, 2015, whose membership began before July 1, 2006, your benefit is calculated on your final average compensation for the sixty (60) highest consecutive or joined months of salary.
- Your benefit is calculated on your final average compensation for the sixty (60) highest consecutive or joined months of salary if your membership began on or after July 1, 2006

CONTINUE TO WORK AFTER DROP

- After Drop is completed and you decide to continue to work, you will begin contributing your 5% to the retirement system and accrue additional service credit
- If you became a contributing member before July 1, 2006,

and you entered DROP on or before January 1, 2013 and you work less than 3 years after you have completed DROP then retire, your additional benefit will be calculated using your final average compensation used to calculate your original DROP benefit

If you entered DROP on or before January 1, 2013 and work three (3) years or more after you have completed DROP then retire, your additional benefit will be calculated using your final average compensation for the number of months worked after completing DROP up to sixty (60) months.

If you enter DROP on or after February 1, 2013, and your additional service is less than the number of months used to compute your original DROP benefit, your additional benefit will be calculated using your final average compensation used to calculate your original DROP benefit.

If you enter DROP on or after February 1, 2013, and your additional service is equal to or more than the number of months used to compute your original DROP benefit, then the final average compensation used to compute your additional benefit shall be based on the number of months worked after DROP up to sixty (60) months.

- If you became a contributing member on or after July 1, 2006,

and you worked five (5) years after you have completed DROP then retire, your additional benefit will be calculated using your final average compensation for your last 5 years

If you worked less than five (5) years after you have completed DROP then retired, your additional benefit will be calculated using your final average compensation used to calculate your original DROP benefit