

Summary of Act 992 Provisions for LASERS Members Not In Hazardous Duty

Act 992 of the 2010 Regular Session of the Louisiana Legislature is effective January 1, 2011. The Act made changes to the four state retirement systems.

It applies to members whose first employment making them eligible for membership in any state system occurs on or after January 1, 2011. Changes that apply to LASERS are summarized below.

Act 992 creates three plans in LASERS for new employees:

- Rank-and-file
- Judges
- Hazardous Duty

The changes made by the Act for rank-and-file members are highlighted in the chart below:

	Hired Pre 7/1/2006	Hired 7/1/2006 – 1/1/2011	Hired After 1/1/2011
Contribution Rate	7.5%	8.0%	8.0%
Retirement Eligibility	10 at 60 25 at 55 30 at any 20 at any, actuarially reduced	10 at 60 Changes to this rule after January 1, 2011 →	5 at 60 20 at any, actuarially reduced
Anti-Spiking Rate	25%	15%	15%
FAC	Highest 36 months	Highest 60 months	Highest 60 months
Survivor Benefits	75% of FAC, if spouse & children 50% FAC, if no children	75% of FAC, if spouse & children 50% FAC, if no children	Significant changes, See below

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Contribution rates for new hires on or after January 1, 2011, are as follows:

- Rank-and-file - 8.0%
- Judges - 13.0%
- Hazardous Duty - 9.5%

Act 992 rank-and-file includes: court officers, law clerks, governor, lieutenant governor, legislators, treasurer, clerk and sergeant-at-arms of the house, and secretary and sergeant-at-arms of the senate.

Average compensation for Act 992 rank-and-file and Act 992 Judges shall be calculated using:

- 60-month FAC
- 15% anti-spiking

Retirement eligibility for LASERS members is impacted by Act 992 as follows:

- No changes to Pre-Act 75 rank-and-file or to the current specialty plans.
- Effective January 1, 2011, Act 75 rank-and-file retirement eligibility will be:
 - 5 years service at age 60
 - 20 years service at any age, actuarially reduced
- Act 992 Rank-and-file and Act 992 Judges retirement eligibility will be:
 - 5 years service at age 60
 - 20 years service at any age, actuarially reduced
- No change to the survivor benefits for existing plans.

There are significant changes in **survivor benefits** for Act 992 rank-and-file members and Act 992 Judges, as described below:

Survivor Benefits of Rank & File Members with Surviving Spouse with Child/Children:

Eligibility

- Member must have been an active member with at least five years of service, at least two of which were immediately prior to death, or 20 or more years of service regardless of whether the member was active at the time of death.

Benefit

- Benefit is equal to the greater of 50% of the benefit the member would have been entitled to if he retired on the date of death regardless of years of service or \$600.
- Benefit ceases upon remarriage. Benefits resume upon death of or divorce from new spouse.
- Benefits shall not cease upon remarriage if the member was eligible for retirement on the date of death.
- When all children cease to be eligible for a survivor benefit, the surviving spouse's eligibility and benefit amount are determined based on the provisions for a surviving spouse without a child.

Survivor Benefits for Rank and File Members with Surviving Child/Children (No Spouse)

Eligibility

- The member must have had at least five years of service.
- There is no requirement that the member be an active member or that the member have two years of service immediately prior to death.

Benefit

- The amount of the benefit is equal to 50% of the benefit for a surviving spouse with child/children (even if there is no surviving spouse eligible for a benefit) for each child up to a maximum of two children.
- This amount shall be divided equally among all eligible children.
- The benefits for a child cease when the child no longer meets the definition of a minor child.
- No surviving child may receive more than one survivor's benefit. If two benefits are applicable, only the larger benefit shall apply.
- Survivor benefits are payable to surviving child/children even if the member has retired.
- Survivor benefits would be in addition to any optional retirement benefit payable to the named beneficiary.
- The benefits for child/children shall be paid to the person with custody of the child/children or to a trust for the benefit of the child/children.

Additional rule regarding the amount of benefits payable to the surviving spouse and child/children:

- If benefits are payable to a surviving spouse and a child or children, then the total amount paid shall not be less than the Option 2A equivalent which would be paid to the spouse.
- This rule shall apply for as long as the spouse and child/children are eligible for survivor benefits.

Survivor Benefits for Rank and File Members with Surviving Spouse (No Children)

Eligibility

- The surviving spouse must have been married to the member for at least one year prior to death, and the member must have been an active member with at least 10 years of service, at least two of which were immediately prior to death, or 20 years of service regardless of whether the member was active at the time of death.

Benefit

- Benefit is equal the greater of the Option 2A equivalent of the benefit based upon years of service using the applicable accrual rate or \$600.
- Benefit ceases upon remarriage. Benefits resume upon death of or divorce from new spouse.
- Benefits shall not cease upon remarriage if the member was eligible for retirement on the date of death.

Example of Surviving Spouse with 3 children:

Member benefit	= \$2,000
Spouse benefit (50% of member)	= \$1,000
Child benefit (50% of Spouse) for each child (maximum of 2)	= \$1,000 (\$500 x 2)

The total benefit amount available for the children is \$1,000 because there are two or more children. (The benefit would have been \$500 if there was just one eligible child).

- The \$1,000 benefit will be split equally among all eligible children. The three children in this example will split the \$1,000 benefit three ways (\$333.33 each).

- When one child is no longer eligible, the benefit will still be \$1,000 ($\500×2 children) split equally between the two (\$500 each).
- When the next child becomes ineligible, the benefit will be \$500 for the remaining child.