

Firefighters'  
Retirement System

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**HANDBOOK**

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Revised February 2006

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## 2006 FRS BOARD OF TRUSTEES

The general administration and responsibility for the proper operation of the retirement system is vested in the board of trustees.



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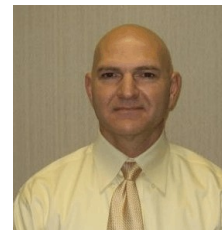
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STATE SENATOR  
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STATE REPRESENTATIVE  
M.P. "PETE" SCHNEIDER, III

## ADMINISTRATION

The Firefighters' Retirement System ("FRS") is a statewide system, established effective January 1, 1980, to provide benefits for full-time firefighters and for persons in a position defined in the municipal fire and police civil service system who are employed by a fire department of any municipality, parish, or fire protection district of the state of Louisiana (excepting Orleans) and who is earning at least \$375 dollars per month excluding state supplemental pay.

FRS is administered by the foregoing board of trustees. The board employs the following personnel to manage the system:



Steven S. Stockstill, B.A., J.D.  
Executive Director  
Legal Counsel



Kelli Chandler, B.S., M.P.A., C.P.A.  
System Controller/Administrator



Jason Starns  
Benefits Manager



Debbie Charleville  
Administrative Specialist



Rita Smith, B.S.  
Administrative Specialist



Gary Curran, F.C.A., A.S.A.  
System Actuary

## TABLE OF CONTENTS

	PAGE
BOARD OF TRUSTEES	-i-
ADMINISTRATION	-iv-
TABLE OF CONTENTS	-vi-
INTRODUCTION	1
SUMMARY PLAN DESCRIPTION	4
Retirement Eligibility Criteria	4
Benefit Options	5
Disability Benefits	6
Survivor Benefits	7
DROP	10
Initial Benefit Option Plan (IBO)	11
CORPORATE STATUS	13
DEFINITIONS	13
MANDATORY MEMBERSHIP	17
PURCHASE OF SERVICE CREDIT	19
REPAYMENT OF A REFUND	20
TRANSFERS BETWEEN SYSTEMS	20
RECIPROCAL RECOGNITION	24
CREDIT FOR MILITARY SERVICE	27
BENEFITS AND REFUNDS	28
REFUND OF CONTRIBUTIONS	35
DROP PLAN	36
DISABILITY RETIREMENT	39
DISABILITY APPLICATION	45

EARNINGS STATEMENTS	48
OPTIONAL ALLOWANCES	49
INITIAL BENEFIT OPTION (IBO)	51
ADMINISTRATION	52
COST OF LIVING ADJUSTMENTS	55
CONSTITUTION BENEFITS	56
EXEMPTION FROM EXECUTION	57
COMMUNITY PROPERTY INTEREST	57
SEIZURE FOR CHILD SUPPORT	59
PROTECTION AGAINST FRAUD	59
PUBLIC MEMBER INFORMATION	60

## INTRODUCTION

**THIS IS NOT A LEGAL DOCUMENT, NOR IS IT INTENDED TO SERVE AS A BASIS FOR LEGAL INTERPRETATION.**

**THIS HANDBOOK IS PROVIDED TO YOU FOR INFORMATIONAL PURPOSES ONLY AND IN NO WAY CONSTITUTES A CONTRACT BETWEEN YOU AND THE RETIREMENT SYSTEM.**

Your membership in the Firefighters' Retirement System may be the largest investment you make in your life. Please study the benefits described in this handbook and discuss them with your family or with the person who will be responsible for your estate after your death.

There are numerous federal laws, state laws, and internal policies that are necessary to administer the Firefighters' Retirement System. A retirement system is complex and difficult to explain. To help you understand your retirement system, this handbook is provided to you and you are encouraged to contact the Firefighters' Retirement System if you have any questions concerning the provisions herein.

Any questions you may have regarding your rights under these provisions or any other matter regarding

the retirement system should first be directed to the retirement administrator. If further clarification or assistance is required, a formal request in writing should be presented to the board of trustees. Please provide your social security number and employing agency in all correspondence.

Louisiana Revised Statutes 11:2251 through 2270 (See also R.S. 11:131 et seq.) govern the Firefighters' Retirement System. In general, these provisions do not apply to individuals who retired from another firefighter pension fund and are now receiving benefits under a merger agreement.

The information contained in this Handbook is valid through the 2005 regular legislative session and is subject to continuing legislative revision. The rules and regulations adopted by the board of trustees may be changed by the board or by legislative revision.

ADDRESS CORRESPONDENCE TO:  
Firefighters' Retirement System  
Post Office Box 94095, Capitol Station  
Baton Rouge, LA 70804-9095

OUR OFFICE LOCATION IS:  
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Baton Rouge, LA 70809

TELEPHONE # (225) 925-4060  
FAX # (225) 925-4062

WEBSITE:  
[www.lafirefightersret.com](http://www.lafirefightersret.com)

Information available on website:

- Publications
- Handbook
- Benefit Calculator
- Financial Statements
- Actuarial Statements
- Investment Reports
- Legislative Bills
- Minutes
- Notices

## SUMMARY PLAN DESCRIPTION

### I. RETIREMENT ELIGIBILITY CRITERIA:

<u>Years Of</u> <u>Service</u>	<u>Age</u>
12	55
20	50
25	Any

Member must have at least one year of service in this plan (combined with service from another plan) in order to be eligible for retirement.

The benefit accrual rate is 3 $\frac{1}{3}$ % of average final compensation for each year of service.

Member's maximum benefit cannot exceed 100% of average final compensation.

The following formula can be used to calculate the amount of annual benefits for any member who meets the eligibility requirements for regular retirement (not including any benefit reductions occurring due to selection of an optional benefit).

$$\text{Years of Service} \times 3\frac{1}{3}\% \times \text{Average Final Compensation} = \text{\$Annual Benefit Value}$$

### Contribution Rates

Employee – 8% of earnable compensation.

Employer – 9% baseline rate, plus any additional amount required by R.S. 11:103.

Other – Annual allocation of insurance premium tax funds payable pursuant to R.S. 22:1419.

### II. BENEFIT OPTIONS:

MAXIMUM PLAN The maximum plan pays the largest monthly benefit that the retiree is eligible to receive, but makes no provision for monthly benefits to continue being paid to a beneficiary. All benefits cease upon the death of the retiree.

Option 1 If the member dies before receiving all of his contributions, the balance will be paid to his beneficiary.

Option 2 Upon death, the member's reduced benefits will continue throughout the life of the designated beneficiary, in the same amount that was being paid to the member.

Option 3 Upon death, one-half of the member's reduced benefits will continue throughout the life of his beneficiary.

Option 4 Upon death of the member, any amount of benefits chosen by the member will be paid throughout the life of his beneficiary, provided the benefits, together with the reduced retirement allowance, is the equivalent value of the member's retirement allowance. With this option, a member can also select a "pop up" feature meaning the member's benefit returns to the maximum level if he is predeceased by his beneficiary.

Option 4-2 and 4-3 The benefits payable under either of these options are similar to those payable under Option 2 or 3 above, except that the reduced benefits will be increased to an amount equaling the maximum benefit amount if the designated beneficiary dies before the member. These are called "pop up options."

Beginning from the date of retirement, the named option beneficiary(s) under Options 2, 3, & 4 may not be changed

### **III. DISABILITY BENEFITS:**

Job Related – In case of total disability, a member who is injured on the job will be entitled to a monthly pension equal to 60% of his average final compensation at the time of the disability.

Non Job Related – In case of disability due to

continued illness or as a result of injury received while not in the line of duty, a member who has five years of creditable service will be entitled to a monthly pension equal to the greater of 75% of the retirement benefit to which he would be entitled if he were eligible for regular retirement or 25% of his average final compensation.

### **IV. SURVIVOR BENEFITS:**

#### **A. DEATH OF AN ACTIVE MEMBER**

Job related death – If an active member dies in the line of duty, the surviving eligible spouse will receive an annual benefit equal to  $\frac{2}{3}$  of the deceased member's average final compensation, payable monthly.

Non job related death – If an active member's death is not in the line of duty, the surviving eligible spouse will receive an annual benefit, paid monthly, equal to 3% of the deceased member's average final compensation multiplied by his years of creditable service; however, the annual benefit will not be less than 40% nor more than 60% of the deceased member's average final compensation.

The phrase "surviving eligible spouse" means the spouse who was married to and living with the member at the time of his death. If a member dies

before retirement and is not entitled to provide survivor's benefits, then his accumulated contributions are payable to his estate or to the person he designated in writing and filed with the board of trustees.

If the surviving spouse receiving benefits remarries, such benefits shall continue without interruption, regardless of when the remarriage occurs.

Children – Benefits are payable to surviving children as follows:

If an active contributing member or disability retiree dies leaving in addition to a surviving spouse one or more children under the age of 18, each child receives the greater of 10% of the member's final average compensation or \$200.00, but the benefits when added to those of the spouse cannot exceed 100% of the final average compensation.

If an active contributing member or disability retiree dies and leaves no surviving spouse but one child under the age of 18, the child will be paid 40% of the member's final average

compensation. If there are 2 or more children, they are paid 30% each, but not more than 60% for all children.

Benefits continue past age 18 for any child who is enrolled in an institution of higher learning on a full time basis for up to four years or through age 22.

Physically handicapped or mentally disabled children receive the same benefits as minor children for the entire period they are dependent on the surviving spouse or legal guardian for subsistence.

If a deceased member creates a trust under Louisiana law for the benefit of his surviving child, and FRS has been provided with a certified copy of the trust document, then the survivor benefit due the minor child will be paid to the trustee for addition to the trust property.

#### B. DEATH OF ACTIVE MEMBER WHO WAS ELIGIBLE TO RETIRE

The designated beneficiary of a member who is eligible for regular retirement, but dies before

retiring will receive the Option 2 benefit as though the member had retired on the date of his death.

### C. DEATH OF A DISABLED RETIREE

The surviving eligible spouse of a member who is on disability retirement will receive a monthly benefit of \$200.00. Also, the surviving spouse of a disabled retiree who chose the SURVIVOR OPTION will receive an additional 50% of the benefit being paid to the retiree immediately prior to his death.

### V. DEFERRED RETIREMENT OPTION PLAN (DROP)

A member must have at least 20 years of service and be eligible to receive retirement benefits.

The maximum period of participation is 3 years and a member can only participate once.

For DROP participants who do not terminate employment at the end of participation, interest will not be posted to their account until after termination of employment, and no funds are payable from the account until such termination.

Members that become eligible for DROP after

01/01/2004 will begin to accrue interest at the money market rate of return upon completing participation in the plan.

### VI. INITIAL BENEFIT OPTION PLAN (IBO)

The IBO is only available to members who are eligible for regular retirement (not disability retirement) and choose not to participate in the DROP plan. If the IBO is selected, the member cannot thereafter participate in the DROP plan. Once the IBO is selected, a member can choose any of the options providing for benefits to continue being paid to a surviving spouse or beneficiary.

A member who selects the IBO will receive an initial benefit, plus reduced monthly retirement benefits, but the initial benefit added together with the reduced monthly retirement benefit must be the actuarial equivalent of his maximum retirement allowance. The initial benefit, as determined by the member, cannot exceed an amount equal to 36 monthly payments of the member's maximum retirement benefit.

The member has the option of receiving the initial benefit as a lump-sum payment or it can be placed in an account, with interest credited thereto and

monthly or other periodic payments made from the account.

The monthly retirement benefit received by the retiree and the beneficiary or survivor is based on the amount otherwise payable under the retirement option selected by the member, which is then actuarially reduced by an amount calculated to offset the cost of the IBO payment.

Cost-of-living adjustments granted to retirees who select the IBO are computed on the basis of each retiree's regular monthly retirement benefit or on the basis of each beneficiary or survivor's benefit based on the option selected as reduced.

## **GENERAL PROVISIONS**

### **CORPORATE STATUS**

The Firefighters' Retirement System (FRS) was created effective January 1, 1980, for the purpose of providing retirement allowances and other benefits for firefighters employed by any municipality, parish, or fire protection district of the state of Louisiana. FRS is a statutorily chartered governmental corporation, placed under the management of the board of trustees.

### **DEFINITIONS**

"Accumulated contributions" means the sum of all the amounts deducted from the earnable compensation of a member and credited to his individual account.

"Actuarial equivalent" means a benefit of equal value when computed upon the basis of such mortality tables adopted by the board of trustees and regular interest.

"Average final compensation" means the average annual earned compensation of an employee for any period of 36 successive or joined months of service as an employee during which the earned compensation was the highest. In case of

interruption of employment, the 36 month period is computed by joining employment periods immediately preceding and succeeding the interruption.

"Beneficiary" means any person designated to receive a pension, an annuity, a retirement allowance, or other benefit.

"Board of trustees" means the board provided for by law to administer FRS.

"Creditable service" means service for which credit is allowable by law.

"Director" means the executive director of FRS.

"Earnable compensation" means the full amount of compensation earned by an employee on a regular tour of duty, including state supplemental pay, but not overtime. For purposes of calculating the amount of contributions payable by an employer and employee and for computing average compensation, earnings or earned compensation, or its equivalent, the term "earnable compensation" means the full amount earned by an employee for a given pay period. Earnable compensation does not include overtime unless it is required to be worked in the employee's regular tour of duty, operating expenses, use of automobile or motor

vehicles, the cost of any insurance paid by the employer, any allowance for expenses incurred as an incident of employment, payments made in lieu of unused annual or sick leave, bonuses, terminal pay, severance pay, deferred salary, or any other type of irregular or nonrecurring payment, except that amounts deducted for deferred salary shall be included to calculate the amount of contributions payable by an employer and employee and to compute average compensation.

"Employee" means any full-time firefighter or any person in a position as defined in the municipal fire and police civil service system who is employed by a fire department of any municipality, parish, or fire protection district of the state of Louisiana, excepting Orleans Parish, and who is earning at least \$375 per month excluding state supplemental pay.

"Employer" means any municipality, parish, or fire protection district in the state of Louisiana, excepting Orleans Parish, which employs a full-time fireman, and the Firefighters' Retirement System.

"Medical board" means the State Medical Disability Board.

"Member" includes any employee, included in the

membership of this system.

"Member's annuity" means that monthly payment provided by the member's accumulated contributions at the time of regular retirement, or death, computed upon the basis of such mortality tables adopted by the board of trustees and regular interest.

"Membership service" means service as an employee or elected official while a member of FRS.

"Overtime" means the additional hours worked above the regular tour of duty required by the local governing authority for which the member works and the compensation therefor. "Overtime" also means additional compensation over the regular rate of pay as required under the federal Fair Labor Standards Act.

"Retirement" means withdrawal from active service with a retirement allowance.

"Retirement allowance" means any benefit paid to a member or any optional benefit payable in lieu thereof.

"Retirement system" means the Firefighters' Retirement System.

"Service" means service rendered as an employee.

"Survivor's benefit" means any benefit paid to a survivor of a member.

"Surviving eligible spouse" means the spouse who was married to and living with the member at the time of his death.

### **MANDATORY MEMBERSHIP**

Any person who becomes an employee on or after January 1, 1980, must become a member of FRS as a condition of his employment. The employee contribution rate for members of the system equals 8%.

No person who has attained age 50 or over can become a member of FRS, unless the person becomes a member by reason of a merger or unless the retirement system received his application for membership before he attained age 50.

The mandatory membership provisions do not apply to any municipality, parish, or fire protection district which on or before January 1, 1980, enacted an ordinance exempting the municipality, parish, or fire protection district from participating in FRS.

Any person who, after becoming a member, is absent from service for more than 18 months and is not entitled to a deferred annuity, or any person who withdraws his accumulated contributions, thereupon ceases to be a member.

Any FRS member who transfers to other public employment where he is no longer eligible for membership in FRS, but becomes a member of another actuarially funded public retirement system who has service credit in FRS for at least 10 years, has the right to retain membership in FRS and, in the event he becomes eligible for retirement under the second system, he is entitled to receive a prorated benefit from each system, with each benefit being calculated on the years of service credit and the formula in use in the system from which the benefit is paid.

Any person employed in more than one public employment, who by reason of such employment is eligible, as a condition of such employment, to be a member of the public retirement system applicable to employees in each of such public employments, must be a contributing member of each such retirement system or fund during the term of his employment. In no event can 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 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 employed by a municipality, parish, or fire protection district whose employees are covered under federal Social Security and which has not previously excluded its firefighters from coverage under Social Security, can elect not to be a member of FRS. Any member who elects not to be a member of FRS must be refunded his employee contributions that were received by FRS, without interest.

In any case of doubt, the FRS board of trustees is the sole judge as to eligibility for membership.

#### **PURCHASE OF SERVICE CREDIT**

The only time a member can purchase service credit is when the laws specifically define the type of credit that can be purchased. In order to purchase service credit, the member must pay the greater of either:

- An amount which, on an actuarial basis, totally offsets the increase in accrued liability of the system resulting from the purchase of the credit; or

- The employee and employer contributions that would have been paid to the system, plus compound interest, from the time the contributions would have been paid.

## **REPAYMENT OF A REFUND**

Any member who terminated his FRS membership and withdrew his contributions and who later becomes a member once again shall, after 18 months of additional service, be eligible to obtain credit for his previous service, provided that he reimburses FRS the amount of contributions that was refunded to him, plus interest from date of refund until date paid.

For purposes of transferring service credit between public retirement systems, a member having credit for at least six months in any such system may repay refunded contributions, plus interest to any other public retirement system in order to reestablish such credited service.

## **TRANSFERS BETWEEN SYSTEMS**

Regular Transfer. Any person who is in active service and is a member of any public retirement system, who has been a member of such system for at least six months and who has membership credit in or who transferred service credit from any other

such system can transfer all of his credit from every such system he is currently contributing to or to the system to which he last contributed. All credit that the employee had in the system from which he is transferring must be transferred, with certain limited exceptions.

The system from which the person transfers credit must transfer to the receiving system an amount which is the lesser of the following:

- The greater of, the actuarial cost to the receiving system for the service transferred, or all employee contributions from the transferring system; or
- All employee contributions, all employer contributions, plus interest for each year of contribution to the date of transfer.

If the amount of funds transferred is less than the actuarial cost of the service transferred in the receiving system, the person transferring must pay the difference, plus interest. In lieu of paying the difference plus interest, the person may at his option, but only at the time of transfer, be granted an amount of credit in the receiving system which is based on the amount of funds actually transferred by the transferring system.

If the person transferring had any free service credit in the transferring system, he can transfer that service to the receiving system, but only upon payment of the employer and employee contributions that would have been paid if he had been a member of the receiving system at the time of service, plus interest.

If a person completes a transfer, the retirement percentage factor of the transferring system is used to calculate his retirement benefit based on the number of years transferred. After the date on which the transfer is completed, the system from which the member transfers has no future liability with respect to the person who transferred.

No governing authority can approve a transfer in which the transferred amount is less than 100% of the increase in accrued liability to the receiving system created by such transfer; however, the person can pay the difference in the assets to be transferred and the actuarial cost to the receiving system.

A survivor, heir, or the estate of a deceased member cannot request a transfer.

Reverse Transfer. Any member who transfers credit to the system which he last contributed is subject to the following rules:

- A person can only execute a reverse transfer one time and it must be executed immediately prior to retirement from the receiving system.
- The request for a reverse transfer must be accompanied by the member's application for retirement from the receiving system, and, on the day of the transfer, the member must terminate employment that made him eligible to be a member of the transferring system, and the member's date of retirement must be made effective on the next business day following the transfer.
- The member can apply such transferred credit toward attainment of the retirement eligibility requirements of the receiving system.
- Any member who would not be eligible to retire from the receiving system after the transfer cannot execute such a reverse transfer.
- Any member who executes a reverse transfer and is reemployed by an employer who is covered by the transferring system is ineligible for membership in the transferring system after the effective date

of the transfer.

- After the transfer is executed, the member who is transferring credit is ineligible for active contributing membership in the receiving system, unless the member is: Employed in a capacity that requires membership in the receiving system as a condition of employment, and he complies with all applicable laws regarding the reemployment of a retiree.

For purposes of transferring service credit, a member of any state or local retirement system having credit for at least six months in any such system can repay any previously refunded contributions, plus compounded interest, to any other state or local retirement system in order to reestablish service credit therein.

### **RECIPROCAL RECOGNITION OF SERVICE CREDIT**

A member of any state or local retirement system who has service credit in any other state or local retirement system, or an eligible survivor of a member, has the option of combining all service for which the member has credit in every such retirement system in order that eligibility for regular retirement, disability retirement, and

survivor's benefits may be acquired, but such other service credit cannot be recognized unless the member has earned at least six months service credit in the member's current system. To exercise such option, a member must make application to the system in which he is currently contributing or to which he last contributed if he is not actively contributing to any system at the time of application, or an eligible survivor must make application to the system in which the member last contributed.

Eligibility for disability or regular retirement, or for survivor's benefits, requires the member to meet the highest 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, but, for the purposes of benefits, no member can be eligible to receive benefits from any system while he is contributing to another system.

Each system in which a member has service credit must compute the benefits due from that system using its benefit formula in effect on the date of retirement, or on the date of death while in service, and in addition, the following provisions apply:

- Only the compensation and years of service actually earned or credited while in that system is used in the computation.
- If the benefit computation of any system requires the use of a minimum number of years, and the member has credit in the system for fewer than the minimum number of years, the benefit shall be prorated based on the service actually to his credit in this system, of what the benefit would be if he had credit for the minimum required years of membership service.
- No more than one year of service can be credited for any one calendar or fiscal year, and there can be no duplication of service credit for any period, including military service.
- The total benefits payable from all systems cannot exceed 100% of the highest average compensation on which benefits are based, or the highest benefit that any one of the systems would provide if all service had been credited in that system.

For purposes of reciprocally recognizing service credit, a member of any state or local retirement system having credit for at least six months in any

such system can repay any previously refunded contributions, plus compounded interest, to any other state or local retirement system in order to reestablish service credit therein.

### **CREDIT FOR MILITARY SERVICE**

Any FRS member is eligible to purchase up to four years of credit for regular or nonregular military service. Regular military service means any state or federal full-time active duty military service. Nonregular military service means any state or federal military service, which is not regular service, for which retirement points are assigned for participation in such service, including but not limited to duty served in the state national guard, coast guard, or any reserve component of the US armed forces.

In order to purchase credit for military service, the member must pay into FRS the amount required as calculated on an actuarial basis. The amount due must be paid in full within three years after the date of application for such credit.

No duplication of military service credit is allowed. Military service can only be used to acquire eligibility for regular retirement benefits, but not disability or survivor's benefits. Military service cannot be used to meet the eligibility requirement

of any regular retirement of less than twenty years. Military service credit cannot be used as the highest 36 successive months in computing the average compensation for retirement benefit computation. No member who has been released or discharged from service under less than honorable conditions can purchase credit for military service.

**BENEFITS AND REFUND OF CONTRIBUTIONS**

Retirement Age and Service Criteria

	Regular Retirement	
	Years of	
—	<u>Service</u>	<u>Age</u>
	25	Any
	20	50
	12	55

Any FRS member who has attained the required age and years of service as shown above can retire from FRS, provided he has been a member of FRS for at least one year.

Deferred Vested Retirement. Any member who has completed the years of service required for retirement, at least one as a member of FRS, but who leaves employment before attaining the

required age, is entitled to a retirement benefit upon attaining the required age. Any such member can select an optional retirement allowance at any time up to 30 days before his benefits are scheduled to commence. The member can change the option selected or his beneficiary within the same time period.

Upon retirement, a member is paid an annual retirement benefit equal to 3⅓% of his average final compensation multiplied by his total years of service. However, the annual retirement allowance cannot exceed 100% of his average final compensation. (A benefit calculator is available on the FRS website.)

Reemployment of a Retiree. Upon returning to work as a full-time employee covered by FRS, retirement benefits cease and the employee and employer must contribute to the system towards creditable service. The member cannot change the option which was selected under the first retirement computation.

Spousal/Beneficiary Benefits. Benefits are payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified:

- Job Related. If any active contributing member is killed in the line of duty before

he is eligible to retire, and leaves a surviving eligible spouse, the spouse is paid, on a monthly basis, an annual benefit equal to  $\frac{2}{3}$  of the deceased member's average final compensation.

- Non Job Related. If any active contributing member dies before he is eligible to retire from a cause not in the line of duty and leaves a surviving eligible spouse, the spouse is paid, on a monthly basis, an annual benefit equal to 3% of the deceased member's average final compensation multiplied by his total years of creditable service; however, in no event can the annual benefit be less than 40% nor more than 60% of the deceased member's average final compensation.

If a surviving spouse who is receiving benefits remarries, the benefits continue without interruption, regardless of when the remarriage occurs.

If an active contributing member who is eligible for retirement dies before retiring, then his designated beneficiary is automatically paid benefits as though the member had retired on the date of the death and elected Option 2.

Surviving Children. Benefits are payable to the surviving child or children of a deceased member or retiree as specified:

- If any active contributing member or a disability retiree dies and leaves in addition to a surviving spouse, one or more children under 18 years of age, each child under age 18 is paid, on a monthly basis, an annual benefit equal to 10% of the deceased member's or retiree's average final compensation, or \$200 per month, whichever is greater. The benefits payable on account of each child, when added to the benefits payable to the surviving eligible spouse, cannot exceed an aggregate of 100% of the deceased member's average final compensation.
- If any active contributing member or a disability retiree dies and does not leave a surviving spouse but leaves two or more children under the age of 18, each child under age 18 is paid, on a monthly basis, an annual benefit equal to 30% of the deceased member's or retiree's average final compensation. Benefits paid on account of all children cannot exceed, on a monthly basis, an annual benefit in the aggregate of 60% of the deceased member's

average final compensation.

In the event the deceased member or disability retiree is survived by only one minor child, the child is paid, on a monthly basis, an annual benefit of not less than 40% of the deceased member's or retiree's average final compensation.

- Benefits for a surviving child cease upon the child's attaining age 18 years or upon marriage, whichever occurs first, except that benefits continue for an unmarried surviving child who is totally and permanently mentally or physically disabled.

Benefits are payable to the surviving totally and permanently mentally or physically disabled child or children of a deceased member or retiree in the same manner as for minor children, if the child was disabled at the time of death of the member or retiree and the child is dependent upon the surviving spouse or other legal guardian for subsistence.

The benefits of any unmarried surviving child who graduates from high school and enrolls on a full-time basis in an institute of higher education continue to be paid as long as he remains enrolled

on a full-time basis and remains unmarried; however, the benefit payments cannot extend past four additional years nor past the surviving child's 22nd birthday.

Scholarship. The spouse and child of any firefighter who is injured in the performance of his duties, which injury causes death or serious injury resulting in an inability to be employed, will be admitted to any state college or university without the payment of any fees, tuition or other charges, including room and board charges, provided the person meets all of the entrance requirements of such college or university. The person must meet the academic requirements and maintain a "C" average for each semester and comply with the rules and regulations of the college or university required of full-time students. The person is entitled to a cash grant of \$250.00 per semester paid from funds appropriated from the state. The person is allowed these entitlements for up to ten semesters. To obtain more information, please contact the Financial Aid Department of the college or university being attended.

When the surviving spouse does not have legal custody of the minor child, then benefits must be paid to such minor child in accordance with the law, except, if a trust has been created under Louisiana law by the deceased member for the

benefit of the child, and where the terms of the instrument creating the trust so provide, and FRS has been provided with a certified copy of the trust document, then the survivor benefit due the minor child must be paid to the trustee for addition to the trust property. If the trust is contested by any party, then FRS must withhold all survivor benefit payments or deposit them in the registry of the court if a concursus proceeding is filed, until there is a final binding legal agreement or judgment regarding the proper payment of the survivor benefits.

If a member dies before retirement and no one is entitled to survivors' benefits, the amount of his accumulated employee contributions are paid to his estate or to such person that he designated.

Whenever benefits are paid to a retiree, beneficiary, or survivor which is not due them, the board of trustees must adjust the amount payable to the correct amount, and the board can recover any overpayment by reducing the corrected benefit. The board must notify the person of the amount of overpayment in benefits and the amount of the adjustment in benefits thirty days prior to any reduction from the benefit amount.

## **REFUND OF EMPLOYEE CONTRIBUTIONS**

Any member who ceases to be an employee, except by death or retirement, can apply for and obtain a refund of his accumulated employee contributions, but a refund cannot be paid if the applicant becomes employed again prior to the processing of his refund application. No interest is paid on funds withdrawn from the retirement system.

In order to obtain a refund, the member must complete and submit an application form furnished by FRS. The member's application form must be certified by the employer, but no earlier than 30 days after termination or resignation. (An application for refund form can be obtained from the FRS website.)

Refunds of accumulated employee contributions cannot be paid until at least 90 days after termination or resignation, but not until all employee contributions for the member have been received by the retirement system. However, the board of trustees can authorize a refund after at least 45 days have lapsed after termination or resignation, provided any such accelerated refund is based on a bona fide emergency circumstance. An accelerated refund must first be approved by the board at a board meeting before the refund is paid.

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

Instead of terminating employment and accepting retirement benefits, any member who has at least 20 years of service and who is eligible to retire can elect to participate in the DROP plan. The duration of participation in DROP must be specified and cannot exceed three years. A member can only participate in DROP one time.

Upon commencement of participation in DROP, membership in FRS terminates and neither employee nor employer contributions are payable. Compensation and credited service remain as they existed on the date of commencement of DROP participation. The monthly retirement benefits that would have been payable, had the member elected to cease employment and receive retirement benefits are paid into the member's DROP account. Upon termination of employment, DROP benefits become payable to the member.

A DROP participant is not eligible to receive a cost-of-living increase from the retirement system while participating in DROP and is still not eligible until one year after retirement.

Pre 2004. With respect to any person who was eligible to participate in DROP before January 1,

2004, after such a person who participates in DROP has terminated his employment, his DROP account balance earns interest at a rate equal to the rate of the system's investment portfolio, less certain specified costs. The interest is credited to the person's account balance on an annual basis. However, if such person returns to employment, his account balance does not earn interest while he remains employed.

Post 2004. With respect to any person who becomes eligible to participate in DROP on or after January 1, 2004, all amounts credited to his account after termination of participation in DROP are placed in liquid asset money market investments. Such account balances are credited with interest at the actual rate of return earned on such money market investments less  $\frac{1}{4}$  of 1% per annum; or, at the option of the system, the funds may be credited to third party, self directed investment accounts.

Upon termination of employment at the end of DROP participation, a participant can receive, at his option, a lump sum payment equal to the balance of the account, or a true annuity based upon his account, or he can elect any other method of payment if approved by the board of trustees. The monthly benefits that were being paid into the DROP account during the period of participation

begin being paid to the retiree.

If a person dies while participating in DROP, a lump sum payment equal to his account balance is paid to his beneficiary or, if none, to his estate; in addition, normal survivor benefits are payable.

If a participant terminates employment before the end of the specified period of DROP participation he receives, at his option, a lump sum payment equal to the balance of the account, or a true annuity based upon his account balance, or he can elect any other method of payment if approved by the board of trustees.

**Additional Benefits.** If employment is not terminated at the end of the period specified for DROP participation, payments into the account cease and payments from the account are not made until employment is terminated. The person then resumes active contributing membership in the system.

Upon termination of employment, the monthly benefits which were being paid to the fund shall begin being paid to him. He cannot change the option which was originally selected. He receives an additional retirement benefit based on his additional service rendered since termination of participation in the fund, using the normal method

of computation of benefit, subject to the following:

- If his period of additional service is less than 36 months, the average final compensation figure used to calculate the additional benefit is the same as that used to calculate his original benefit.
- If his period of additional service is 36 or more months, the average final compensation figure used to calculate the additional benefit is based on his average final compensation during the period of additional service.
- The option used is the same as the one applicable to his original benefit.
- In no event can the additional benefit exceed an amount which, when combined with the original benefit, equals 100% of the average compensation figure used to compute the additional benefit.

## **DISABILITY RETIREMENT**

A member who becomes disabled, and who files for disability benefits while in service, and who upon medical examination and certification is found to be totally disabled solely as the result of

injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, is entitled to disability benefits.

An application for disability benefits must be filed within 30 days after the exhaustion of all sick and annual leave for which the applicant is eligible. Disability benefits accrue from the later of filing date of the application for disability retirement or the exhaustion of sick and annual leave.

If the application for disability benefits is not filed while the member is in service, it is presumed that the disability was not incurred while the member was an active contributing member in active service. Such presumption can be overcome only by clear, competent, and convincing evidence that the disability was incurred while the member was an active contributing member in active service.

The board of trustees must award disability benefits to eligible members who have been officially certified as disabled by the State Medical Disability Board. Any disability claimed by a member must have been incurred after commencement of membership in FRS. Disability claims cannot be honored in the case of preexisting

conditions.

Any member who has completed 20 years of creditable service, and who has withdrawn from active service prior to the age at which he is eligible to begin receiving retirement benefits, is eligible in the event of total and permanent disability, for the lesser of all nonservice related disability benefits or the normal vested retirement benefit. Upon attaining the normal vested retirement age, his disability benefit ceases and he receives his full vested regular retirement.

**Heart and Lung Disease.** Any disease or infirmity of the heart or lungs which develops during a period of employment in the classified fire service is considered to be an employment related disease or infirmity. The affected employee is entitled to all rights and benefits granted by the state to which one suffering a duty related occupational disease is entitled, regardless of whether he is on duty at the time he is stricken with the disease or infirmity. The disease or infirmity is presumed to have developed during employment and is presumed to have been caused by or to have resulted from the nature of the work performed whenever it manifests at any time after the first five years of employment.

**Cancer Related Occupational Disease.** When a

firefighter who has 10 or more years of classified service is unable to perform his regular duties by reason of a disabling cancer, the cancer is considered to be a duty related occupational disease. The disease or infirmity is presumed to have been caused by or to have resulted from the work performed. This presumption is rebuttable by evidence meeting judicial standards, and is extended to a member following termination of service for a period of three months for each full year of service not to exceed 60 months. The disabling cancer is limited to the type of cancers that are caused by exposure to heat, smoke, radiation, or a known or suspected carcinogen as defined by the International Agency for Research on Cancer. The disabling cancer is also limited to cancers originating in the bladder, brain, colon, liver, pancreas, skin, kidney, or gastrointestinal tract, and leukemia, lymphoma, multiple and myeloma. The affected firefighter is entitled to all rights and benefits granted by state law to which one suffering a duty related occupational injury is entitled.

The disability benefit is determined as follows:

Under Age 50. Upon retirement for disability, any member under the age of 50 years receives retirement benefits equal to whichever of the following is applicable:

- A member who is totally disabled from an injury received in the line of duty, is paid on a monthly basis, an annual pension of 60% of the average final compensation being received at the time of disability, even though he may have less than five years of service.
- Any member of the system who becomes disabled or incapacitated because of continued illness or as a result of any injury received, even though not in the line of duty, and who has at least five years of service, but is not yet eligible for retirement can apply for disability benefits equal to 75% of the regular retirement benefits to which he would be entitled if he were eligible for retirement or 25% of the member's average salary, whichever is greater.

Over Age 50. Upon retirement for disability, any member who has attained at least age 50 will receive either a retirement allowance based on his years of service or the benefit payable to disability retirees under age 50, whichever is greater.

Disability Conversion. A retired member or a DROP plan participant who becomes disabled can apply for conversion of a service retirement to a

service connected disability retirement. To convert to a service connected disability retirement, the applicant must demonstrate by clear and convincing evidence that the conditions causing the disability occurred during active employment as a firefighter, even though the actual physical disability may not have become manifest until after the effective date of either commencement of participation in DROP or commencement of a service retirement. The authority of a retired member or a DROP participant to convert from a service retirement to a service connected disability retirement ceases on July 1, 2006.

If a member who is on disability retirement dies and leaves a surviving spouse, the surviving spouse receives a benefit of \$200 per month. A member who takes disability retirement can take an actuarially reduced benefit in which case his surviving spouse receives 50% of the disability benefit being paid immediately prior to the death of the disabled retiree. The \$200 monthly benefits cease if the surviving spouse remarries, but resume upon a subsequent divorce or death of the new spouse.

When any member is being paid a disability benefit from the retirement system, the disability benefit payable for any month that the member is also receiving workers' compensation benefits may be

reduced, if necessary, so that the total of both benefits do not exceed the member's average final compensation.

If any member who is on disability retirement ceases to be disabled, the disability benefit being paid by the retirement system must cease, and the former employing agency must reemploy the member in the same rank and position that he held at the time of the occurrence of his disability, and at the same rate of pay. If no such rank and position is available in the fire service of the former employing agency, the member must be reemployed in a comparable position in the municipality or parish of the former employing agency if such a position is available.

#### **DISABILITY APPLICATION PROCEDURES**

Any member who becomes disabled can apply for disability benefits. The supervisor of the applicant must submit to the board of trustees a report including a brief history of the case and the supervisor's opinion as to the applicant's present ability to perform the normal duties required of him.

The applicant must be examined by a member of the State Medical Disability Board whose area of specialty most closely relates to the nature of the

claimed disability or by an outside physician designated by the board. The cost of the initial examination, including costs of laboratory tests, X-rays, and other such direct examination procedures are paid by FRS.

The examining physician submits to the board of trustees an in-depth report including a medical evaluation and his conclusions as to the applicant's claimed disability. An applicant is certified totally disabled if, in the in-depth report submitted by the examining physician to the board of trustees, the physician declares the applicant to be totally incapacitated for the further performance of his normal duties and states that such incapacity is likely to be permanent.

Should the examining physician's decision be contested by either the applicant or the board of trustees, the contesting party has the right to a second medical examination if a written appeal is filed within 30 days of notification of the certification decision. The second examination must also be performed by a member of the State Medical Disability Board, or by a board designated physician and shall be at the expense of the requesting party. The second physician must also submit an in-depth report to the board of trustees which must include his medical evaluation and conclusions as to the applicant's claimed disability.

If the second examining physician agrees in the findings and recommendations of the first physician, the first physician's original decision on certification stands as final and binding and is not subject to further appeal other than through the courts.

If the second examining physician disagrees with the findings and recommendations of the first physician, the two physicians select a third specialist to conduct another examination and prepare and file a third report. The majority opinion of the three examining physicians is final and binding and not subject to further appeal other than through the courts. The cost of the third medical examination is borne by FRS if the applicant is certified as disabled, or by the applicant if his disability claim is denied.

Once each year during the first five years following retirement of a member on disability, and once in every three-year period thereafter, the disability beneficiary who has not yet attained the equivalent age of regular retirement, must undergo a medical examination at the beneficiary's expense. The examining physician must submit a report to the board of trustees recommending either the continuation or cessation of the beneficiary's disability status. A contested decision is handled under the appeal procedures.

If any disability beneficiary refuses to submit to at least one medical examination per year by a medical board physician, his benefits must be discontinued until his withdrawal of such refusal, and should his refusal continue for one year all his rights in and to his disability pension must be revoked by the board of trustees.

The board of trustees, upon receipt of a final and binding report from a member of the State Medical Disability Board declaring a beneficiary's total disability to have ceased, must order the discontinuation of the disability benefits.

#### **MODIFICATION OF DISABILITY BENEFITS; EARNINGS STATEMENTS**

If a disability beneficiary works in a gainful occupation paying more than the difference between his retirement benefit and his average final compensation, then the amount of his benefits must be reduced to an amount, which, together with the amount of his earnings, equals the amount of his average final compensation.

Every disability beneficiary must submit to the board of trustees by May 1<sup>st</sup> of every year a notarized annual earnings statement detailing his earned income from employment in the previous

tax year. If a beneficiary refuses to submit an earnings statement by May 1<sup>st</sup>, his allowance will be discontinued, without retroactive reimbursement, until the statement is filed. If his refusal continues for the remainder of the calendar year, all his rights in and to his disability pension may be revoked by the board of trustees.

Any member who retires while in service on a disability retirement and who has credit for the years of service required for normal retirement is, upon attainment of the age required for normal retirement, eligible to receive full normal retirement benefits. To receive such benefits, the member must file an application with FRS. Upon commencement of regular retirement benefits, disability benefits shall cease.

#### **OPTIONAL ALLOWANCES**

No optional selection is effective if a member dies within 30 days after retirement and such a member is considered to have been an active member at the time of death. Until the first payment of any benefit becomes due, a member can elect to receive his benefit payable throughout life, or he can elect to receive retirement benefits in a reduced amount payable throughout life, with the provision that:

- Option 1. If he dies before he has received

all of his employee contributions, the balance will be paid to his beneficiary; or

- Option 2. Upon his death, his reduced retirement benefits will continue throughout the life and payable to his designated beneficiary in the same amount that was being paid to the member; or
- Option 3. Upon his death, one-half of his reduced retirement will continue throughout the life and payable to his designated beneficiary; or
- Option 4. Some other amount of benefits will be paid to the member or to such person or persons that he designates, provided such other benefits, together with the reduced retirement benefits, are certified by the actuary to be of equivalent value to his retirement benefits and approved by the board of trustees.

If a member is not married at the time of retirement and then after retirement becomes married, the retiree may select an option for his new spouse, provided the member and the spouse have been married for a period of 12 months prior to selection of the option. The benefit paid to the member who selects a different option must be actuarially

equivalent to the benefit payable immediately prior to the election.

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

The IBO is available to a member who has not participated in the DROP plan and any person who elects the IBO cannot participate in the DROP plan. If a member selects the IBO, the member can receive an initial benefit plus a reduced monthly retirement benefit, provided the initial benefit together with the reduced monthly retirement benefit must equal the actuarially equivalent amount of his maximum retirement benefit.

The initial benefit, as determined by the member, cannot exceed an amount equal to 36 payments of the member's maximum retirement benefit. At the option of the member, the initial benefit must be paid as a lump-sum payment or placed in an account called an "initial benefit account", with interest credited thereto and monthly payments made from the account in accordance therewith.

The monthly retirement benefit received by the retiree and the beneficiary or survivor must be based on the amount otherwise payable under the retirement option selected by the member, which must be actuarially reduced by an amount calculated to offset the cost of the initial benefit

payment. If a change in option selection is allowed, the monthly benefit payable must be actuarially reduced by a prorated amount calculated to offset the cost of the initial benefit payment.

A person who retires under a disability retirement cannot select the IBO.

Cost-of-living adjustments granted to retirees who select the IBO must be computed on the basis of each retiree's regular monthly retirement benefit or on the basis of each beneficiary or survivor's benefit based on the option selected as reduced and shall not be computed on the initial benefit received.

## **ADMINISTRATION**

The general administration and responsibility for the operation of FRS is vested in a board of trustees which must be domiciled in East Baton Rouge Parish. The board consists of the following ten trustees:

- Two members of the Professional Fire Fighters Association (PFFA) who are members of the system and who are elected by a majority of the officers of the PFFA for a term of five years.

- A fire chief who is chief of a fire department participating in the system and who is a member of the system who is elected for a term of five years.
- Two mayors appointed by the Louisiana Municipal Association (LMA) from municipalities having fire departments participating in the system, to serve at the pleasure of the LMA.
- A retiree of the system, who is elected by a majority vote of the members of the FRS board from at least three nominees submitted by the retired members of the system, for a term of five years.
- The chairman of the House of Representatives Committee on Retirement and the chairman of the Senate Committee on Retirement, or their designees.
- The state treasurer or his designee.
- The commissioner of administration or his designee.

If an active member dies while serving on the board, the vacancy is filled for the unexpired term in the same manner as the office was previously filled. If an active member's status changes such that he would no longer qualify for the position he holds on the board of trustees, or if an active member retires or a member terminates employment after participating in the DROP plan

and retires, while serving on the board, he can continue to serve until his term expires. If any other vacancy occurs in the office of a trustee, the vacancy is filled for the unexpired term in the same manner as was previously filled. Should the term of a board member expire during the period of participation in the DROP plan, he can seek reelection to his position while participating in the DROP plan.

The trustees are paid a per diem of \$75 for attending each meeting of the board, not to exceed fifteen meetings per year, and they are reimbursed for all necessary expenses that they may incur through service on the board.

Each trustee is entitled to one vote on the board. An affirmative vote by a majority of the board of trustees is necessary for a decision by the trustees at any meeting of the board. The phrase "affirmative vote" means that the vote of each member making up the majority must be cast in favor of approving any motion.

A majority of the board of trustees must elect from its membership a chairman. The board of trustees must engage such actuarial and other services as are required to transact the business of the retirement system. The compensation of all persons engaged by the board of trustees, and all other

expenses of the board necessary for the operation of the retirement system are paid at such rates and in such amounts as the board of trustees approve.

## **COST OF LIVING ADJUSTMENTS**

The board of trustees can use interest earnings on investments of the system in excess of normal requirements, as determined by the actuary, to provide cost-of-living adjustments. The cost-of-living adjustments must be computed on the current retirement or survivor's benefit. The cost-of-living adjustment must not be more than 3% in any year.

In addition, the board of trustees can provide from excess interest earnings on investments, a supplemental cost-of-living adjustment to all retirees and beneficiaries who are 65 years of age or over, which consists of an amount equal to 2% of the retiree's original benefit.

A cost-of-living increase cannot be granted until the lapse of at least one-half of the fiscal year, and unless the actuary for FRS and the legislative auditor 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 for that system. The "target ratio" is the lesser of:

- 100% funded status; or
- The sum of: (i) The funded ratio as of the 1986 fiscal year end; (ii) The number of fiscal years elapsed since the 1986 fiscal year end multiplied by one-thirtieth of the difference between 100% and the funded ratio of the system as of the 1986 fiscal year end; (iii) The amount of each change in funded ratio due to mergers or changes in actuarial methods or assumptions occurring after the fiscal 1986 year end; and (iv) For each change in funded ratio due to mergers or changes in actuarial methods or assumptions occurring after the 1986 fiscal year end, an amount of opposite arithmetic sign from such change in funded ratio equal in absolute value to the number of fiscal years since the change in funded ratio multiplied by one-thirtieth of the original change in funded ratio due to the merger or change in actuarial methods or assumptions.

### **CONSTITUTIONALLY PROTECTED CONTRACTUAL BENEFITS**

The Louisiana Constitution provides that membership in FRS is a contractual relationship between the employee and employer. All assets, proceeds, or income of FRS, and all contributions

and payments made to the system to provide for retirement and related benefits must be held, invested, or disbursed as in trust for the exclusive purpose of providing such benefits, refunds, and administrative expenses under the management of the board of trustees and cannot be encumbered for or diverted to any other purpose. The accrued benefits of members of FRS cannot be diminished or impaired. Future benefit provisions for members of FRS can only be altered by legislative enactment.

### **EXEMPTION FROM EXECUTION**

The right of a person to receive retirement benefits, the return of contributions, any optional benefit, or any other right accrued to the person is exempt from any state or local tax and exempt from levy and sale, garnishment, attachment, or any other process whatsoever, except with regard to community property rights and child support obligations, and the benefits are unassignable except with regard to the lawful assignment of accumulated employee contributions to a firefighters credit union.

### **COMMUNITY PROPERTY INTEREST**

Any benefit or a return of employee contributions is subject to a temporary restraining order or

injunction or any other 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 FRS and provides that a benefit or a return of employee contributions must be divided by FRS with the spouse or former spouse, but only after a certified copy of such order has been received by FRS and has been determined by FRS to be in compliance with applicable laws, rules, and regulations governing FRS.

In those instances where no certified copy of an injunction, temporary restraining order, or court order for division of a benefit or a return of employee contributions has been received, FRS must pay the entire amount of any benefit or return of employee contributions to the member, retiree, designated beneficiary, survivor benefit recipient, or the estate of a deceased member and payment so made constitutes a release of all accrued rights of every kind and nature against FRS, including but not limited to community property rights of a spouse or former spouse and any rights of an heir or legatee of such spouse or former spouse.

If the spouse or former spouse with whom FRS is to divide a benefit or a return of employee contributions dies, then FRS must pay the entire amount of the benefit or return of employee

contributions to the member, retiree, designated beneficiary, survivor benefit recipient, or the estate of a deceased member and payment so made constitutes a release of all accrued rights of every kind and nature against FRS, including but not limited to any rights of an heir or legatee of the spouse or former spouse.

FRS cannot pay any funds to any persons until such funds normally become payable as provided by the laws governing the system.

#### **SEIZURE FOR CHILD SUPPORT**

Any retirement allowance, benefit, or refund of accumulated contributions paid to any member, former member, or retiree, or the portion of a retirement allowance, benefit, or refund of accumulated contributions paid to a spouse or former spouse is subject to garnishment or court-ordered assignment to pay child support.

#### **PROTECTION AGAINST FRAUD**

It is a misdemeanor offense punishable by a fine not to exceed \$1,000, or imprisonment in the parish jail for a period not to exceed 12 months, or both, for any person who knowingly:

- Makes any false statement or who falsifies or permits to be falsified any record or records of FRS in an attempt to defraud this system.
- Fails to provide full and complete medical evidence of present physical condition or of any preexisting medical conditions upon application for membership in FRS or upon submission of a claim for disability benefits.

#### **PUBLIC AVAILABILITY OF MEMBER INFORMATION**

Any person of the age of majority can inspect, copy or reproduce, or obtain a reproduction of the following information from the records of any active member of FRS:

- The name of the employing agency or agencies and the dates of any employment of the member in which the member has been eligible for membership in FRS.
- The salary reported by the member's employer or employers for the purpose of determining contributions paid or payable to FRS and the number of years of service credited to the member's account.

- The amount of benefits paid or payable to the member's DROP plan account, if any.

Any person of the age of majority can inspect, copy or reproduce, or obtain a reproduction of the following information from the records of any retired member of FRS:

- The retired member's benefit allowance, final average compensation, and years of creditable service, and the names of the agencies with which he was employed and the dates of such employment.

Information of a financial nature, cannot be given to persons who call the retirement office. All requests for financial information must be submitted to FRS in writing.

