

DISTRICT ATTORNEYS' RETIREMENT SYSTEM

(See Title 11 - Section 1-292 and Sections 1601-1702 of the Revised Statutes)

A SUMMARY OF PRINCIPAL PLAN PROVISIONS

THIS "EXPLANATION OF BENEFITS" APPLIES ONLY TO THOSE PERSONS WHO CAME INTO THE SYSTEM ON OR AFTER JULY, 1990, OR THOSE PERSONS WHO NOTIFIED THE BOARD OF TRUSTEES, IN WRITING BEFORE JANUARY 1, 1991, OF THEIR INTENTION TO COME UNDER THE PROVISIONS OF ACT 381 OF 1990.*

* NOTE: Act 234 of 1993 extended the date by which members could elect to come under the provisions of Act 381 of 1990 to December 31, 1993.

GENERAL INFORMATION

The District Attorneys' Retirement System is an IRS qualified 401(a) defined benefit pension plan that provides retirement allowances and other benefits. The following summary of plan provisions is for general informational purposes only and does not constitute a guarantee of benefits. This summary of principal plan provisions shall not be construed to create any contract or obligation on the part of District Attorneys' Retirement System (DARS) to or for the benefit of any member. This summary defers to and is controlled by the statutory provisions and any amendments thereto found in Title 11 of the Revised Statutes and any other applicable laws.

ADMINISTRATION

The District Attorneys' Retirement System (DARS) is operated by a Board of Trustees, an Office of the Director and an Actuary.

Six active and contributing members of the Board of Trustees are elected by the active members of the Louisiana District Attorneys' Retirement System, one of which must be an assistant district attorney. One retired member is also elected to the Board of Trustees by the retired members of the system. In addition, the Chairmen or their designees of both the Senate and House Retirement Committees are ex-officio members of the Board.

MEMBERSHIP

All District Attorneys and Assistant District Attorneys who earn more than the minimum salary specified by the board, are required to be members of the system as a condition of their employment. Membership is mandatory unless the person does not earn, from all sources, at least the minimum salary specified by the Board of Trustees (currently \$18,000 per annum). Persons employed by the District Attorneys' Retirement System and the Louisiana District Attorneys Association are also eligible to be members of the system. Should one terminate employment in the District Attorney's office, the District Attorneys' Retirement System and/or the Louisiana District Attorneys Association, active membership ceases.

CONTRIBUTION RATES

Members contribute to the retirement system based on their total salary from all sources - salary paid by the State of Louisiana; by the Parish(es); or any other governing body of a parish or political subdivision of the State of Louisiana, etc. Currently, the retirement fund is financed by employee contributions of 8% of gross salary for active members. In addition, the fund receives a portion of revenue sharing funds as appropriated by the legislature and ad valorem taxes as determined by the Public Retirement Systems' Actuarial Committee up to a maximum of .2% of the ad valorem taxes shown to be collected. In the event that the contributions from ad valorem taxes and revenue sharing funds are insufficient to provide for the gross employer actuarially required contribution, the employer or government agency responsible for employer contributions are required to make direct contributions as determined by the Public Retirement Systems' Actuarial Committee (PRSAC) and affirmed by the Trustee Board.

CONTRIBUTION REFUNDS

Upon withdrawal from service, members not entitled to a retirement allowance may request a refund of accumulated contributions or leave the funds with DARS to preserve the service credit. Receipt of such a refund cancels all accrued rights in the system. If such a person is reemployed by system employer, he must be an active contributing member of DARS for six months before the refund can be repaid.

RETIREMENT BENEFITS

Members who joined the system before July 1, 1990, and who have elected not to be covered by the subsequent provisions, are eligible to receive a normal retirement benefit if they have ten or more years of creditable service and are at least age sixty-two, or if they have eighteen or more years of service and are at least age sixty, or if they have twenty-three or more years of service and are at least age fifty-five, or if they have thirty years of service regardless of age. The normal retirement benefit is equal to 3% of the member's average final compensation for each year of creditable service. Members are eligible for early retirement at age sixty if they have at least ten years of creditable service or at age fifty-five with at least eighteen years of creditable service. Members who retire prior to age sixty with less than twenty-three years of service credit receive a retirement benefit reduced 3% for each year of age below sixty. Members who retire prior to age sixty-two who have less than eighteen years of service receive a retirement benefit reduced 3% for each year of age below sixty-two. Retirement benefits may not exceed 100% of final average compensation.

For members who joined the system after July 1, 1990, or who elected to be covered by the new provisions, are eligible to receive normal retirement benefits if they are age sixty and have ten years of service credit, are age fifty-five and have twenty-four years of service credit, or have thirty years of service credit regardless of age. The normal retirement benefit is equal to 3.5% of the member's final average compensation multiplied by years of membership service. A member is eligible for an early retirement benefit if he is age fifty-five and has at least eighteen years of service credit. The early retirement benefit is equal to the normal retirement benefit reduced 3% for each year the member retires in advance of normal retirement age. Benefits may not exceed 100% of average final compensation.

ELIGIBILITY FOR RETIREMENT

(A) Normal Retirement

<u>Minimum Age</u>	<u>Service</u>	<u>Benefits</u>
Any age	30 or more years	Full Benefits
55	At least 24 years but less than 30 years	Full Benefits
60	At least 10 years but less than 24 years	Full Benefits

(B) Early Retirement

<u>Minimum Age</u>	<u>Service</u>	<u>Benefits</u>
55	At least 18 years but less than 24 years	Benefit reduced 3.00% for each year retirement is taken in advance of normal retirement

(C) Disability Retirement

<u>Minimum Years</u>	<u>Conditions or Requirements</u>
10	Disability retirement subject to examination of Medical Disability Board. Approval by Board of Trustees. Three and one-half (3½) percent times years of actual service times best average three year salary with a minimum of 15 years, or actual service plus number of years to 60, whichever is less.

FORMULA FOR COMPUTING RETIREMENT BENEFITS

The basic formula for retirement was altered by Act 515 of the 2012 Regular Legislative Session. The final average compensation calculation was changed from an amount equaling the three (3) highest consecutive salary years to an amount equaling the five (5) highest consecutive salary years.

This change will be “rolled” into effect so as not to reduce any earned benefits. Therefore, for members retiring one month after the effective date of Act 515 of the 2012 Regular Legislative Session, the final average compensation is based on the 37 highest consecutive months’ salary; for members retiring two months after the effective date of Act 515 of the 2012 Regular Legislative Session the amount is based on the 38 highest months’ salary; etc.

Subject to the “rolling” effect above, the formula for **normal retirement** is 3.50% multiplied by years of creditable service, multiplied by the average salary based on the five (5) highest consecutive years, not to exceed 100% of salary.

The calculation of average salary restricts increases in non-state compensation to 110% for each of the final two years utilized. Fees earned in connection with official duties are not included in average final compensation.

EXAMPLE: Member retires at age 58 with 25 years of service and average 5 year salary of \$50,000.

$$25 \times 3.50\% \times \$50,000 = \$43,750.00/\text{year} = \$3,645.83 \text{ per month}$$

The formula for **early retirement** benefits is a modification of the normal retirement formula. Members who retire under the early retirement provisions receive a benefit which is reduced 3.00% for each year in advance of normal retirement age.

EXAMPLE: Member retires at age 58 with 20 years of service and average salary for 5 years of \$50,000. With 20 years of service, the member's normal retirement age is 60; hence, retirement is 2 years in advance of age 60. The member's benefit is reduced 6.0% and he received 94% of the normal retirement benefit.

$$20 \times (94\% \times 3.50\% = 3.290\%) \times \$50,000 = \$32,900/\text{year} = \$2,741.67 \text{ per month}$$

Optional benefits are available at the time of retirement. These benefits have to be computed on an actuarial basis at that time based on the member's age and that of the named beneficiary. These options are covered under Section 8.

APPLICATION FOR RETIREMENT

You must make application for retirement and other benefits. Benefit payments are not automatic. Please contact the DARS office (225.267.4824) for the required forms, or visit the DARS website at www.LADARS.org. Application should be filed in advance of separation from employment so there will be no delay in receiving retirement benefits.

RETIREMENT PLANS & OPTION ALLOWANCES

Members may receive their benefits as a life annuity, or in lieu of such receive a reduced benefit, according to the option selected which is the actuarial equivalent of the maximum benefit.

Maximum Plan

The largest possible benefits are paid to the member throughout life. No benefits, or refunds of any kind, are due to the estate or a beneficiary, at the death of the member.

Option I

If the member dies before receiving in annuity payments the total of the accumulated contributions, with interest, the balance is paid in a lump sum to the beneficiary or legal representative. The member may at any time nominate or change the beneficiary by written designation, duly acknowledged, and filed with the Board.

Option II

The member nominates a beneficiary at the time of retirement. If the beneficiary survives the member, the same allowance as the member received at the time of his death is paid to the beneficiary throughout life. The member cannot, at a later date, nominate any other beneficiary. In the event that the designated beneficiary does not survive the member, all retirement allowance payments shall cease at the death of the member.

Option III

The member nominates a beneficiary at the time of retirement. If the beneficiary survives the member, one-half of the member's allowance at the time of his death shall be continued throughout the life of the beneficiary. The member cannot change the beneficiary. In the event the designated beneficiary does not survive the member, all retirement allowance payments shall cease at the death of the member.

Option IV

Any other benefit structure paid either to the member or to such person(s) as he shall have nominated, provided such other benefit, together with the reduced retirement allowance, shall not exceed the actuarial equivalent of the regular allowance. If this option is selected by the member, the proposed retirement plan should be outlined in a letter attached to the application and approved by the Board of Trustees.

NOTE: No change in the option selected shall be permitted after the application has been officially filed, and the first check is received.

DISABILITY RETIREMENT (Not eligible for regular retirement)

Should a member become disabled and not able to work after having acquired ten years of service in the system, the member may be eligible for disability retirement benefits. The disability benefit shall be based on the member's actual service plus the number of months necessary to reach 15 years of service or age 60, whichever is less.

Any member who has at least ten years of creditable service may be retired by the Board of Trustees providing the Medical Disability Board after a medical examination, shall certify that the member is mentally or physically incapacitated for the further performance of duty; that such incapacity is likely to be permanent; and that the member should be retired. Upon application for disability retirement the Board of Trustees must be provided with a complete medical statement from the attending physician concerning the nature and seriousness of the disability.

The Board of Trustees may require certain reviews during the period of disability retirement by a board appointed physician, at the disabled member's expense, to approve the continuation of the disability benefit. These reviews occur only prior to the age that the member would be eligible for regular retirement. Under certain circumstances, such reviews can lead to the discontinuation of disability benefits.

The Board of Trustees may request a notarized earnings statement from disability retirees each year. The statement would include the amount of outside earnings and the amount of any out-

side benefits or financial awards related to the disability. Should the annual equivalent to these items exceed the member's final average compensation, the disability benefit may be reduced or discontinued.

SURVIVOR'S BENEFITS

- A. Upon the death of any active contributing member with less than five years of creditable service, his accumulated contributions and interest thereon shall be paid to his surviving spouse, if he is married, otherwise to his designated beneficiary if any, or to the member's estate.
- B. Upon the death of any active, contributing member with five or more years of creditable service, or any member with twenty-three years of service who has not retired, the following benefits shall be paid:
- (1) **Surviving spouse with or without minor children** - The member shall be deemed to have been eligible to retire and to have exercised Option 2 benefits on behalf of the surviving spouse who shall be paid such benefits just as though the member had retired and elected Option 2 benefits on the day following death. Benefits shall be based on salary and creditable service through the date of death. However, the reduction in benefits resulting from the application of R.S. 16:1042 (5) and the Option 2 factors used shall be based on the presumption that the member continued in service to the date he would have first become eligible for retirement under R.S. 16:1042 (5).
 - (2) **Surviving minor children; no surviving spouse** - The aggregate amount payable to all surviving minor children shall be eighty percent of the member's benefits accrued through his date of death. Such accrued benefits shall be based on salary and creditable service through the date of death. However, any reduction in benefits resulting from the application of R.S. 16:1042 (5) shall not be in excess of the reduction resulting from the presumption that the member continued in service to the date he would have first become eligible for retirement under R.S. 16:1042 (5). Benefits payable to minor children shall be paid in equal shares with shares reallocated as each child's benefit ceases.
 - (3) **No surviving spouse or minor children** - If a member of the fund has no surviving spouse or minor children, his accumulated contributions and interest thereon shall be paid to his designated beneficiary, if any, or the member's estate.
 - (4) If benefits are initially paid out under the provisions of Paragraph (1) of the Subsection, upon the death of the surviving spouse benefits shall begin under Paragraph (2) of this Subsection if applicable.
 - (5) For purposes of this Section, "surviving spouse" shall mean the spouse to whom the member was married and living with for at least one year prior to death; surviving minor children shall include children under the age of eighteen, children over the age of eighteen and under the age of twenty-three who are attending an institution of higher learning, and children over the age of eighteen who are physically and mentally disabled and who are dependent upon the member for

support.

- (6) In lieu of any of the benefits provided in Paragraph (1) or (2), the surviving spouse or minor children may at their option receive a refund of the member's accumulated contributions with interest thereon.

BACK DEFERRED RETIREMENT OPTION (BACK-DROP) (EFFECTIVE JULY 1, 2008)

In lieu of receiving a full-service retirement allowance, an active contributing member who has accrued more years of service than are required for a normal retirement and which are sufficient to qualify for the BACK-DROP period selected may make an irrevocable election at the time of retirement to receive a BACK-DROP benefit. At the time of retirement, the member selects a BACK-DROP period specified in whole months. The BACK-DROP period cannot exceed the lesser of thirty-six whole months or the number of months of creditable service accrued after the member first became eligible for regular retirement. The BACK-DROP period is the most recent calendar period corresponding to the member's accrued creditable service. The member's BACK-DROP monthly benefit accrual is calculated based on the provisions applicable for service retirement subject to the following conditions:

- Accrued service at retirement, utilized for the purpose of calculating the BACK-DROP monthly benefit, is reduced by the BACK-DROP period.
- Final average compensation, utilized for the purpose of calculating the BACK-DROP monthly benefit, is calculated by excluding all earnings during the BACK-DROP period.
- Employer and employee contributions received by the retirement system during the BACK-DROP period and any interest that has accrued on employer and employee contributions received during the period shall remain with the retirement system and are not refunded to the member.
- The member's BACK-DROP monthly benefit is calculated based upon the member's age and service and the system provisions in effect on the last day of creditable service before the BACK-DROP period.
- At retirement, the member's maximum monthly retirement benefit payable as a life annuity is equal to the BACK-DROP monthly benefit.
- The member may elect to receive a reduced monthly benefit based upon the member's age and the age of the member's beneficiary as of the actual date of retirement by selecting a retirement Option.
- In addition to the member's monthly benefit, the member receives a lump-sum benefit equal to the BACK-DROP maximum monthly retirement benefit multiplied by the number of months selected as the BACK-DROP period.
- The member may defer receipt of all or a part of the lump-sum BACK-DROP payment. All amounts which remain credited to the individual's BACK-DROP subaccount after termination of participation in the program are segregated into a subaccount identified for the benefit of the individual, and such funds are placed in

liquid asset money market investments at the discretion of the board of trustees. Such subaccounts are credited with interest at the actual rate of return earned in such subaccount investments.

- Cost-of-living adjustments are not payable based on the BACK-DROP account or lump-sum benefit.
- Upon the member's death, any remaining unpaid account balance in the BACK-DROP account will be paid to the member's named beneficiary or, if none, to the member's estate.

Note: Upon the death of an active, BACK-DROP eligible member, the surviving spouse may exercise a BACK-DROP option.

COST OF LIVING INCREASES

Under certain conditions, the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of 3% of their original benefit, (not to exceed \$60 per month) and all retired members and widows who are sixty five years of age and older a 2% increase in their original benefit. In lieu of other cost of living increases, the board may grant an increase to retirees in the form "X(A+B)" where "A" is equal to the number of years of credited service accrued as retirement or death of the member or retiree and "B" is equal to the number of years since death of the member or retiree to June 30 of the initial year of increase and "X" is equal to any amount available for funding such increase up to a maximum of \$1. In order for the board to grant any of these increases, the system must meet certain criteria detailed in the statute related to funding status and interest earnings.

This resume' is not intended to fully cover every situation or all facets of the law. The laws have changed on a number of occasions, and it is possible other changes may occur in the future. For more information, please call the DARS office at (225) 267-4824.

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