



# LOUISIANA OFFICE OF STATE FIRE MARSHAL

## Chief Fire Officer Certification Course

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NOVEMBER 30, 2023



# FIREFIGHTERS' RETIREMENT SYSTEM

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**3100 Brentwood Drive  
Baton Rouge, LA 70809**

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**Website: [www.ffret.com](http://www.ffret.com)**

# FRS Overview

Created in 1980 by State Legislature

One of 9 statewide retirement systems

Governed by ten-member (soon to be 11) board of trustees

144 Fire Departments

## Defined Benefit Plan

RETIREMENT BENEFITS  
ARE BASED UPON A  
DEFINED BENEFIT  
FORMULA

EMPLOYEE AND EMPLOYER  
CONTRIBUTIONS DO NOT  
DETERMINE BENEFITS

EMPLOYER  
CONTRIBUTIONS INCREASE  
OR DECREASE BASED  
UPON THE UNFUNDED  
ACCRUED LIABILITY

# Qualified Plan

Employee contributions reported on a tax-sheltered basis

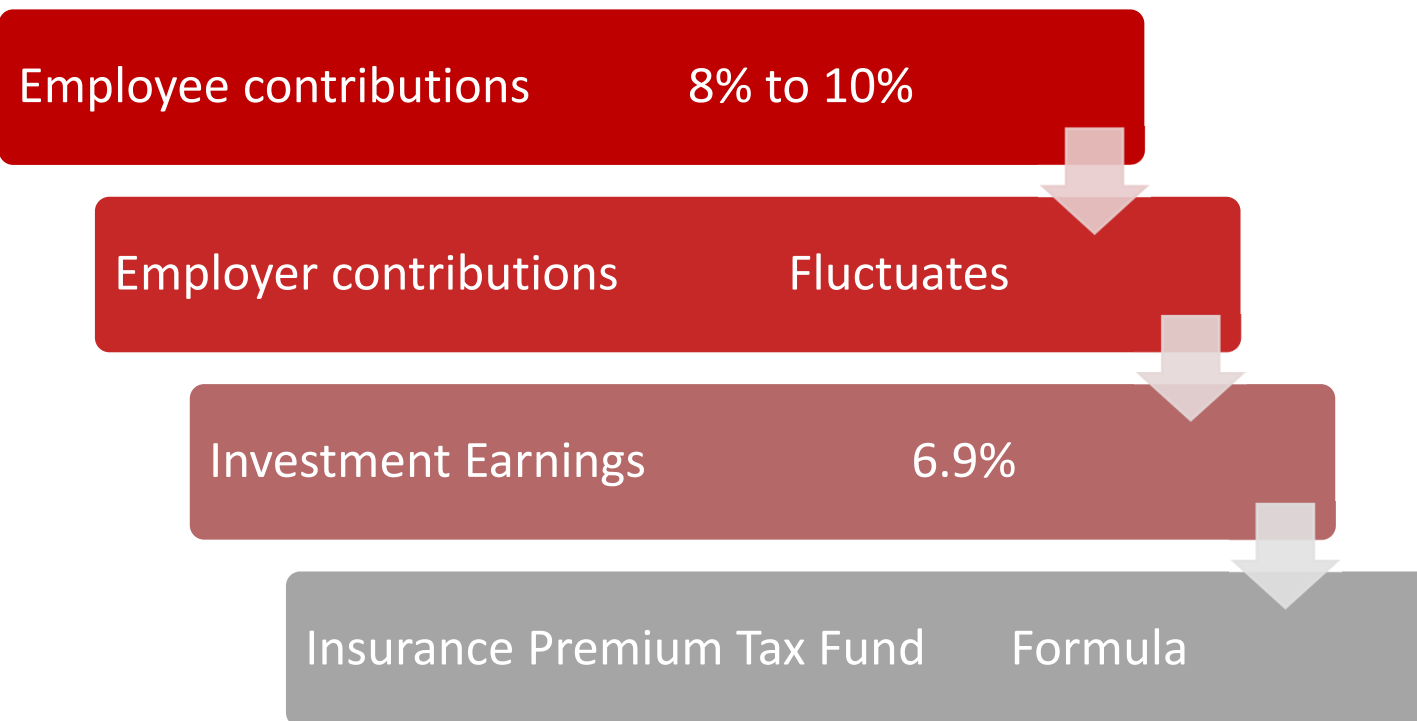
Permitted to “rollover” distributions IRA’s, employer sponsored plans (457), qualified plans to avoid paying taxes on distribution until it is withdrawn

All withdrawals reported as taxable income. Required to withhold 20% federal tax at time of withdrawal. May be responsible for additional taxes and 10% IRS penalty

Additional 10% IRS tax penalty; common exceptions:

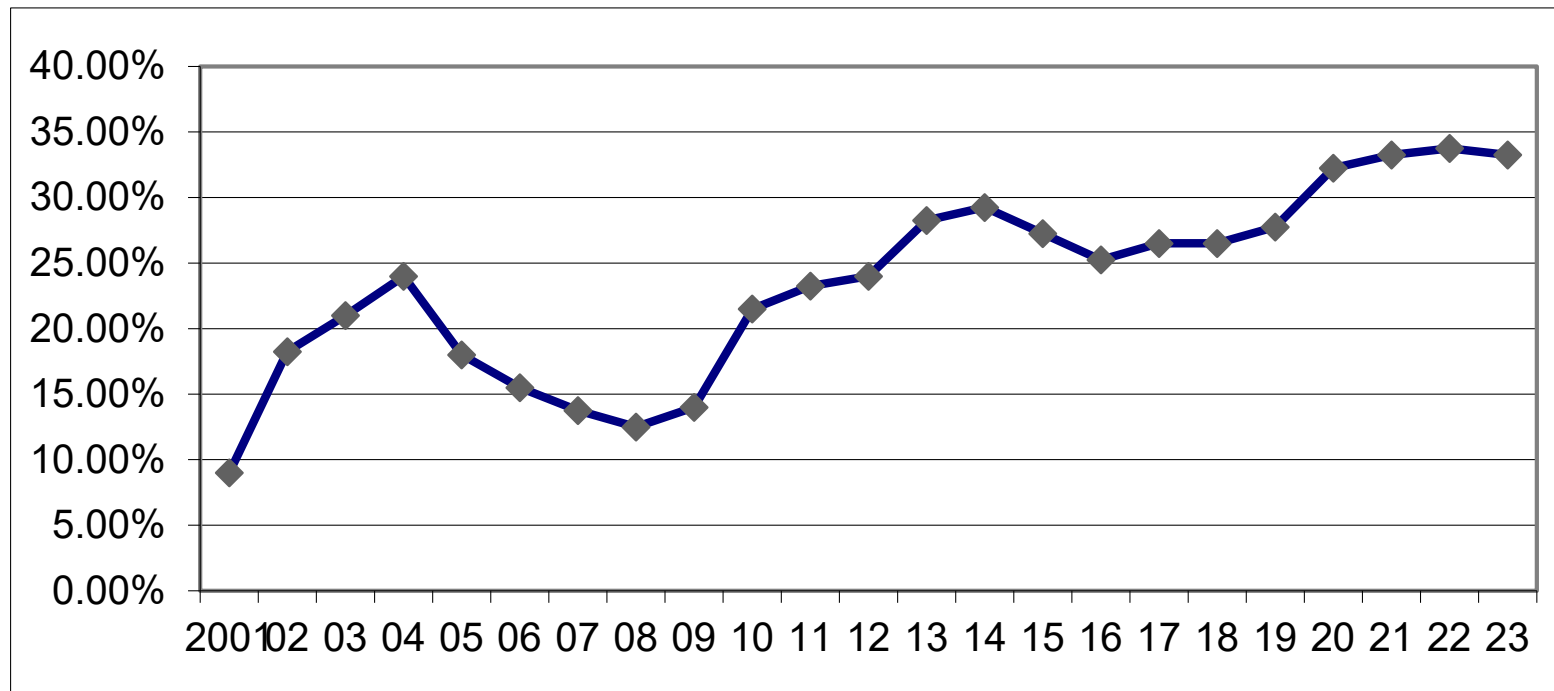
- a) Retire in the calendar year in which you turn age 50
- b) Withdrawals are made after age 59½
- c) Annuitize your DROP Account
- d) Death benefits
- e) Must begin receiving minimum distributions at age 73 (changed in 2023)

# Funding



# Actuarial Valuation

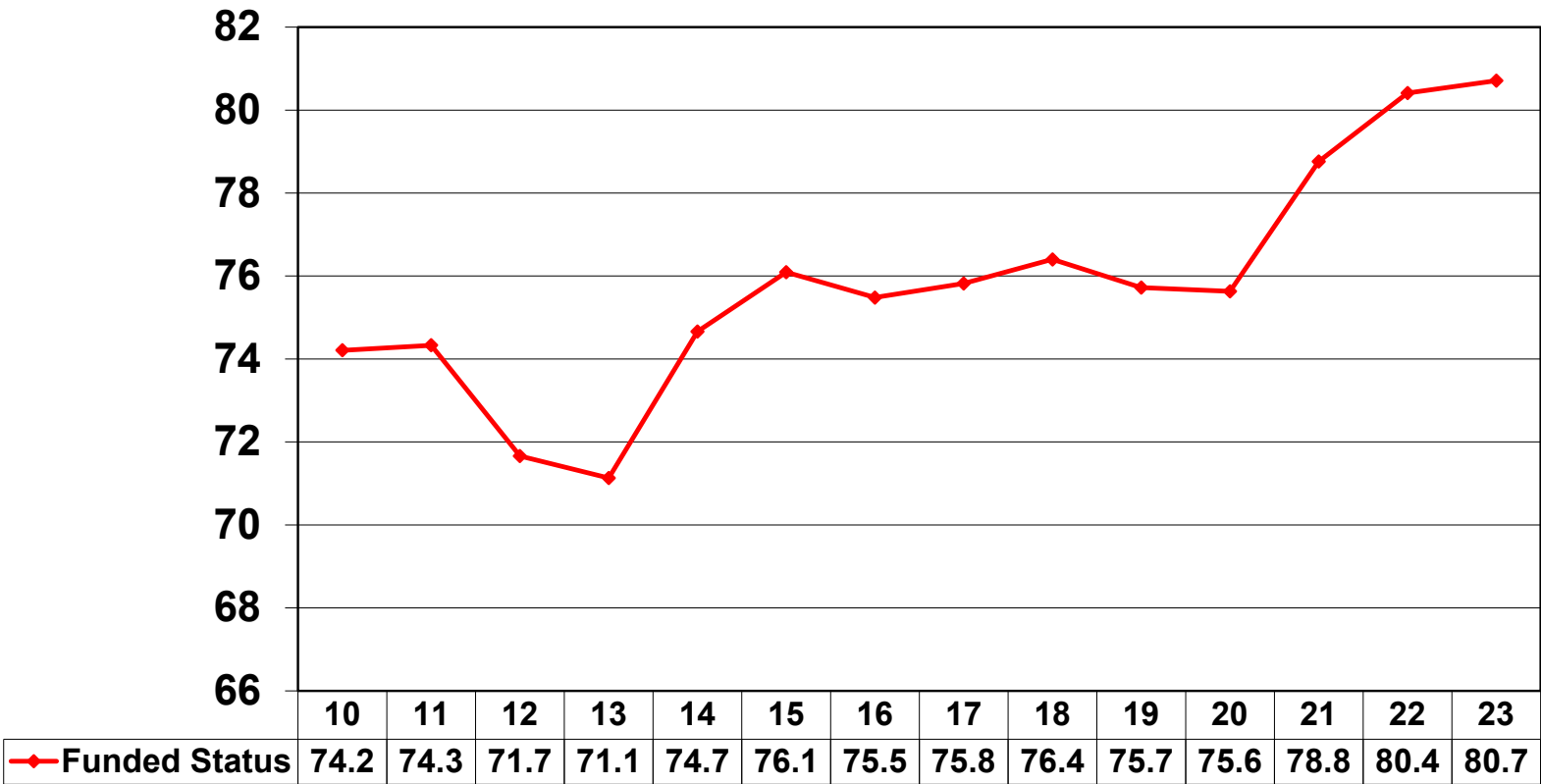
	2000	2022	2023
<b>Active Members</b>	3,098	4,394	4,443
<b>Retired/Survivors</b>	1,155	2,669	2,744
<b>Enrolled in DROP</b>	155	229	248
<b>Vested Members</b>	18	123	130
<b>Benefit Payments</b>	\$25,932,694	\$114,949,681	\$120,336,832
<b>Value of Assets</b>	\$646,609,069	\$2,079,446,096	\$2,272,795,475
<b>Unfunded Liability</b>	\$132,932,249	\$491,237,338	\$456,965,908
<b>Actuarial Liability</b>	\$779,541,318	\$2,784,575,320	\$2,925,476,136
<b>Funded Ratio</b>	82.95%	80.41%	80.71%



# Historical Employer Rates



# Funded Ratio Trend 2010 - 2023



## MEMBERSHIP

Any person employed by a municipality, parish or fire protection district shall become a member of FRS as a condition of employment

Any person in a position as defined in the municipal fire and police civil service system (position does not have to be Civil Service)

No person who has attained age 50 or over shall become a member of FRS unless by reason of merger

No person receiving a disability retirement benefit from another pension plan shall be eligible for membership in FRS

Any employee whose employer is also covered by mandatory social security may elect not to become a member of FRS by filing an affidavit with FRS. The employee shall be refunded his employee contributions.



The election to “Opt-Out” is a one-time irrevocable election if the employee remains employed with an employer that is also covered by mandatory social security.

## Optional Membership

# Benefit Formula

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AVERAGE FINAL COMPENSATION  
(AFC)

X 3.33%

X YEARS OF SERVICE

=

MAXIMUM RETIREMENT BENEFIT

Years of Service	Age	Percentage
12	55	40%
20	50	66%
25	Any	83%

# Retirement Eligibility



## Average Final Compensation (AFC)

Average of the Highest 36 Months of Earned Compensation

Full amount earned on a regular tour of duty including holiday pay, educational and seniority pay, step-up pay and state supplemental pay

DOES NOT include payments in lieu of unused annual or sick leave, bonuses, terminal pay, severance pay, or ANY type of irregular or nonrecurring payment

DOES NOT include overtime that is scheduled outside the regular tour of duty (emergency, call-in, held-over, trading shifts, special events, staffing shortage)

Maximum – Benefit ceases  
upon death

Option 1 – Unused portion  
of contributions payable  
upon death

Option 2 – Same benefits to  
beneficiary upon death

Option 3 – One-half of  
benefits to beneficiary upon  
death

Option 4 – Pays a  
discretionary monthly  
benefit to the  
retiree/beneficiary. Limited  
to spouse/minor  
child/handicapped child

## Benefit Options

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## “POP UP Provision”

Option 4-2 – Same as 2 BUT benefits convert to maximum if beneficiary dies 1<sup>st</sup>



Option 4-3 – Same as 3 BUT benefits convert to maximum if beneficiary dies 1<sup>st</sup>



If you name your spouse as beneficiary and then become divorced after retirement you may remove your former spouse as beneficiary:

Former spouse must consent to being removed as beneficiary by court order

Retiree's benefit would be restored to the maximum benefit payable less the time the former spouse was the option beneficiary

May Not select another option or name another beneficiary



# COLA and TAXES

May elect to receive an annual 2.5% COLA by taking an actuarially reduced benefit. Average reduction to initial benefit is 18-20%.

COLA is payable annually on your anniversary retirement date beginning after age 55

You may request an ESTIMATE for the Automatic COLA by contacting the retirement office

May be eligible to receive an exclusion on federal income taxes for post tax insurance premiums withheld from your FRS benefit.

FRS benefits are exempt from LA state income taxes

If you rollover DROP funds those funds may no longer be exempt from state taxes

Social Security benefits may be reduced based upon receiving benefits from FRS (Windfall Elimination Provision)

Eligibility at 20 years and age 50 / 25 years at any age

Up to 3 years in duration

If you continue working after DROP:

- Part A = Benefit Calculation at the time of DROP (original benefit)
- Part B = Additional Benefit after DROP
- Part C = Revised Benefit Amount
  - Less than 36 months: AFC used to calculate additional benefit is the same as AFC used to calculate original benefit
  - 36 Months or More: AFC used to calculate additional benefit is based upon revised AFC calculated during period of additional service (additional benefit when combined with original benefit cannot exceed 100% of AFC used to calculate additional benefit)

## Deferred Retirement Option Plan (DROP)

## DROP Withdrawals

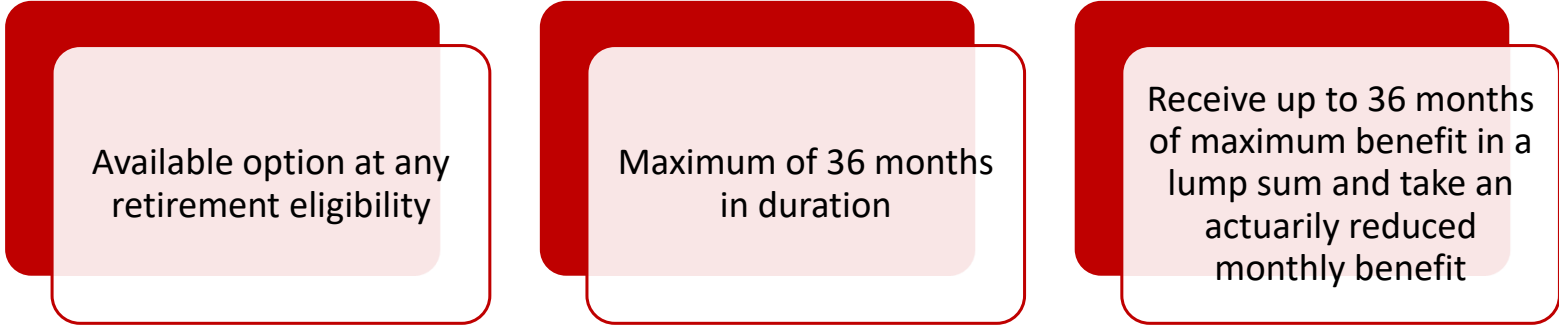
May “roll-over” ALL or PART of your account to any other account eligible to receive direct rollovers

Types of withdrawals:

- Lump Sum payment of your account balance (subject to negative rate of return if you selected the portfolio account)
- One-Time withdrawals with no limits on frequency
- Monthly withdrawals – can stop and change withdrawal at any time (i.e., you need a one-time withdrawal)
- Annual withdrawals – can stop and change withdrawal at any time

May convert your DROP account to a “True Annuity” paid over your lifetime

THERE MAY BE TAX CONSEQUENCES WITH ANY WITHDRAWAL OPTIONS – PLEASE CONSULT YOUR TAX PROFESSIONAL



Available option at any retirement eligibility

Maximum of 36 months in duration

Receive up to 36 months of maximum benefit in a lump sum and take an actuarially reduced monthly benefit

## Initial Benefit Option (IBO)

OPTION	Regular Retire	DROP	IBO (36)	IBO (24)
Lump Sum	NONE	\$113,815 (opt 2)	\$124,988 (opt 2)	\$83,325 (opt 2)
Maximum	\$3,472	\$3,472	\$2,582	\$2,878
Option 1	\$3,463	\$3,463	Not Available	Not Available
Option 2	\$3,161	\$3,161	\$2,351	\$2,621
Option 3	\$3,309	\$3,309	\$2,461	\$2,744

## DROP/IBO Comparison

AFC = \$50k   Yrs. of Svc = 25   Retiree Age = 50   Ben Age = 50

# DROP/IBO Interest

## Options

Money Market: Will earn interest at the money market rate of return upon ending DROP participation. Interest is posted monthly.

Portfolio: Will earn interest at the portfolio rate of return upon separation of employment. Interest is posted once a year in December for the previous fiscal year. Accounts are subject to negative rates of returns.

May split your DROP account between both money market and portfolio. May convert DROP account to a true annuity at time of retirement

# Survivor Benefits: Active Contributing Member Not Eligible to Retire

## Not in the Line of Duty:

Surviving Spouse: 3% of AFC x Years of Service  
(Not less than 40% or more than 60% of AFC)

## In the Line of Duty

Surviving Spouse: Receives  $\frac{2}{3}$  of AFC

## No Surviving Spouse:

If survived by one child, the child receives 40% of AFC. If survived by two or more children each child receives 30% of AFC (not to exceed 60% of AFC)

## Benefit for Surviving Minor/Handicapped Children

With Surviving Spouse: 10% of AFC or \$200.00  
(whichever is greater)

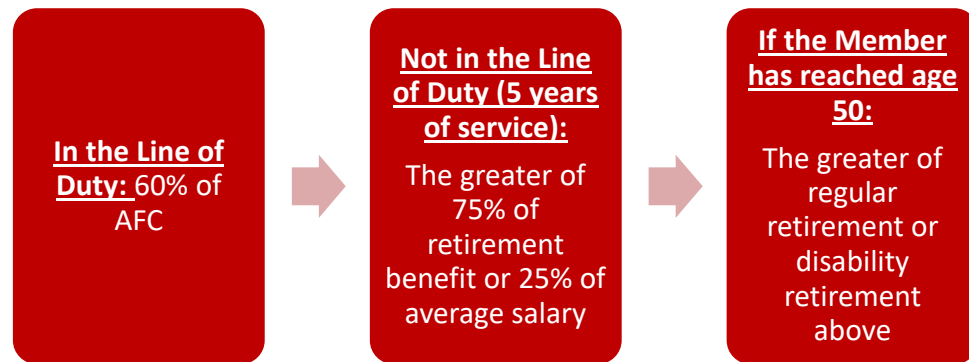
SURVIVING SPOUSE  
RECEIVES BENEFITS  
AS THOUGH THE  
MEMBER HAD  
RETIRED ON THE  
DATE OF DEATH AND  
SELECTED OPTION 2  
NAMING THE  
SPOUSE AS  
BENEFICIARY.

IF NO SURVIVING  
SPOUSE BENEFITS  
ARE PAYABLE TO THE  
DESIGNATED  
BENEFICIARY.

## Survivor Benefits: Active Contributing Member Eligible to Retire



# Disability Benefits



Disability retirees must submit annual earnings statement. Total income is limited to 100% of AFC in combination of FRS benefit, workers' compensation benefits, and outside earned income. Any lump sum settlements from workers' compensation must specify any amount attributed to medical expenses.

## Additional Information

Refunds – Payable after approval of the board of trustees at a meeting at least 30 days after the date of termination

Repay Refunds – May repay a refund after 18 months of additional service

Transfers – After 6 months of service, may transfer service from other public retirement system

Military service – Eligible to purchase up to 4 years of active duty, reserve, or national guard service

Rehired Retiree:

Full-time - retirement benefits cease, must contribute to FRS and accrue an additional benefit

Part-time - retirement benefit continues, employer contributes to FRS and do not accrue an additional benefit

## Additional Information

Scholarship Provision – The spouse and child of a firefighter disabled or killed in the line of duty may be admitted to any state college or university without payment of any fees or tuition including room and board. Also, may apply to disability retiree. Financial aid department of the college or university is responsible for this provision of law.

Community Property – Any and all benefits or refund of contributions are subject to court orders dividing FRS benefits with a spouse or former spouse.

Child Support – Any benefit or refund of contributions is subject to garnishment.

PENSION TECHNOLOGY GROUP (PTG)  
– PENSION PRO TM



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graph TD; A[PENSION TECHNOLOGY GROUP (PTG)  
– PENSION PRO TM] --> B[FIREFIGHTERS' RETIREMENT SYSTEM  
(FRS) WEBPAGE FUNCTIONALITY]; B --> C[NEW FACES AT FRS];
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FIREFIGHTERS' RETIREMENT SYSTEM  
(FRS) WEBPAGE FUNCTIONALITY

NEW FACES AT FRS

WHAT'S NEW?

## PTG Pension Pro Software

- Web-Based System
- Portal Accessible Through FRS Website
- Pension Administration Software Suite
  - Employee Self Service
  - Employer Reporting
  - Electronic Document Management Capabilities

# Current FRS Webpage Functionality & Highlights – FFRET.COM

Home E-mail Links Trustees

**Firefighters' Retirement System of Louisiana**

Home Board Members Staff Members Meeting notices & Agendas Minutes Members Info Forms & Publications Benefits Finance GASB Reporting Investment LLC's Trustees Presentations COLA Study Committee Recordings Certificates Social Security Legislative

[Firefighter Suicide Hotline](#)

[Custody REP 2023](#)

[Custody Q and A 2023](#)

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[COLA Study Committee](#)

[Instructions to Investment Managers / Marketeers](#)

[Current Employer Contribution Rates](#)

[To Make a Request for Public Records](#)

[Press Releases](#)

[FAQs](#)

[Index of Louisiana - Revised Statutes Governing FRS](#)

[USERRA Military Service Credit FAQs](#)

[Public Attendance Protocols for Zoom Audio-Video Board/Committee Meetings](#)

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**NOTICES**

[COST OF LIVING ALLOWANCE NOTICE - 11.30.23](#)

[ONE TIME PAYMENT INFO](#)

[ONE TIME PAYMENT - TAX INFO](#)

[2023 SUPPLEMENTAL PAY MEMO](#)

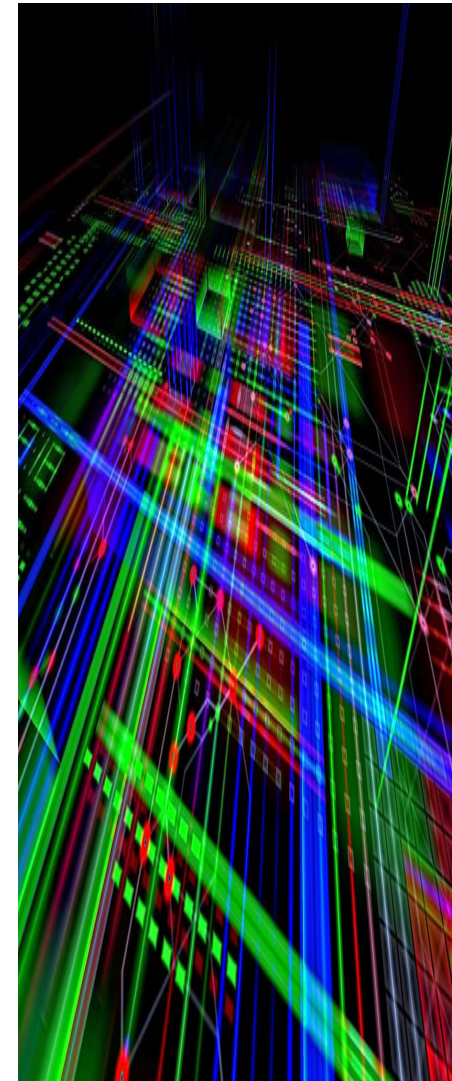
FRS phone: +1 (225) 925 - 4060  
FRS fax: +1 (225) 925 - 4062  
Email: [frs@ffret.com](mailto:frs@ffret.com)  
Address: 3100 Brentwood Drive, Baton Rouge, LA 70809

Welcome to the Firefighters' Retirement System (FRS). This site is intended to provide information for active members, retired members, and other interested browsers. Explore the FRS site and keep checking back periodically for new developments.

# Enhancements to the FRS Webpage and Functionality

[www.lafrs.org](http://www.lafrs.org)

- Mobile Device Optimization
- Search Optimization
- Secure
- ADA Compliance and Certification
- Compact Design
  - ✓ Fewer Tabs
  - ✓ Member, Employer, Trustee
  - ✓ PTG Link





# FRS Staff – New Faces

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- Marella Houghton, CPA – Deputy Director  
Interim Executive Director
- Caitlin Myers - Benefits Manager
- Ashley Vicknair – Employer Liaison
- William Hall - Benefits Analyst
- Rose Biscoe – Administrative Assistant
- Daniel Loper – Investment Analyst



## QUESTIONS

