

Regular Session, 2014

HOUSE BILL NO. 22

BY REPRESENTATIVE PEARSON

RETIREMENT/LOCAL: Provides generally relative to the Harbor Police Retirement System in the city of New Orleans

1 AN ACT

2 To amend and reenact R.S. 11:3682(1) and (18), 3685(A)(2)(introductory paragraph), (d),
3 and (e) and (C)(introductory paragraph), (6), (7)(introductory paragraph), (9), (10),
4 (13), and (14)(introductory paragraph), 3686(A) and (D)(1) and (2), and 3688(A)(1),
5 (2), and (8) and (D)(5) and to repeal R.S. 11:3685(B) and 3687(A)(7), relative to the
6 Harbor Police Retirement System; to provide for technical changes; to provide for
7 definitions; to provide relative to eligibility for disability benefits; to provide relative
8 to payments of benefits to a child with a disability; to provide relative to the board
9 of trustees; to provide relative to certain benefits; and to provide for related matters.

10 Notice of intention to introduce this Act has been published
11 as provided by Article III, Section 13 and Article X, Section
12 29(C) of the Constitution of Louisiana.

13 Be it enacted by the Legislature of Louisiana:

14 Section 1. R.S. 11:3682(1) and (18), 3685(A)(2)(introductory paragraph), (d), and
15 (e) and (C)(introductory paragraph), (6), (7)(introductory paragraph), (9), (10), (13), and
16 (14)(introductory paragraph), 3686(A) and (D)(1) and (2), and 3688(A)(1), (2), and (8) and
17 (D)(5) are hereby amended and reenacted to read as follows:

1 §3682. Definitions

2 The following words and phrases, as used in this Subpart, unless expressly
3 indicated to the contrary or unless a different meaning is plainly required by context,
4 shall have the following meanings:

5 (1)(a) "Accumulated contribution" for an employee hired on or before June
6 30, 2014, means the sum of all the amounts deducted from the compensation of a the
7 member and credited to his individual account in the Annuity Savings Fund together
8 with regular interest thereon as provided in R.S. 11:3688.

9 (b) "Accumulated contribution" for an employee hired on or after July 1,
10 2014, means the sum of all the amounts deducted from the compensation of the
11 member and credited to his individual account.

12 * * *

13 (18) "Medical board" means the ~~board of physicians~~ group of licensed
14 medical professionals provided for in R.S. 11:3688.

15 * * *

16 §3685. Benefits

17 A.

18 * * *

19 (2) Benefits shall be payable to survivors of a deceased member; ~~with who~~
20 had at least five years of creditable service; and who dies before retirement as
21 specified in the following:

22 * * *

23 (d) ~~If a member dies leaving no surviving spouse or children, his mother~~
24 ~~and/or his father who were dependent upon him as their sole means of support shall~~
25 ~~be paid monthly benefits equal to forty percent of the average final compensation of~~
26 ~~the member prior to his death.~~

27 (i) If a deceased member leaves a surviving child who has a total physical
28 disability or mental disability, the child, regardless of age, shall be entitled to the
29 benefits for children under eighteen years of age pursuant to Subparagraph (c) or (e)

1 of this Paragraph if the child had a total physical disability or mental disability at the
2 time of the death of the member, and the child is dependent upon his legal guardian
3 for subsistence.

4 (ii) The legal guardian shall provide adequate proof of physical or mental
5 disability of such a surviving child and shall notify the board of any subsequent
6 changes in the child's condition that cause the child to no longer be dependent upon
7 the legal guardian and of any changes in the assistance being received from other
8 state agencies. The board may require a certified statement of the child's eligibility
9 status at the end of each calendar year.

10 (e) ~~Provided that in~~ In the case of death of any member resulting from injury
11 received in line of duty, survivors' benefits shall be paid regardless of the number of
12 years of service and shall be sixty percent of his final salary payable to his ~~widow~~
13 surviving spouse until ~~she~~ the spouse remarries or to his surviving children under
14 eighteen years of age if there is no eligible surviving ~~widow, or to his surviving~~
15 parents if there is no eligible surviving widow or child spouse.

16 * * *

17 C. The provisions of this Subsection shall apply to those persons enrolled in
18 the Deferred Retirement Option Plan ~~on or after July 1, 1995.~~

19 * * *

20 (6) A member ~~shall~~ may participate in the Harbor Police Retirement System
21 DROP only once.

22 (7) The duration of participation in the DROP shall ~~be for a specified period~~
23 ~~of time, which shall~~ not exceed either of the following:

24 * * *

25 (9) ~~The~~ Upon entering DROP, the member shall contractually agree with the
26 retirement system to be bound by the provisions of this Subsection. The member
27 shall therein specifically agree to cease employment at the end of the ~~specified~~
28 period of participation, and specifically ~~agrees~~ agree to the results stipulated for
29 failure to abide by ~~such~~ the terms of the contract.

1 (10) Prior to sixty days before the end of the ~~specified~~ period of
2 participation, the board of trustees shall give notice of same, by certified mail, return
3 receipt requested, to the member.

4 * * *

5 (13) The Deferred Retirement Option Plan Account shall not earn interest
6 during the period of participation. However, the board of trustees shall annually set
7 a percentage rate, and its manner of compounding, to represent the interest rate that
8 would be earned thereby if ~~same~~ the account did earn interest. If the member ceases
9 employment at the end of the ~~specified~~ period of participation as contractually
10 agreed, or dies during ~~or at the end of the specified~~ period of participation as
11 ~~contractually agreed~~, a sum equal to the amount the individual account would have
12 earned, if the representative interest rate, as compounded, had been applicable to
13 such account, shall be added to this account. Thereafter, the account, if maintained
14 as otherwise authorized by this Subsection, shall earn interest at a rate compounded,
15 as set annually by the board of trustees. Such actual rate of interest and manner of
16 compounding shall be equal to the representative rate and compounding in effect for
17 the same period of time. If the member does not abide by the terms of the contract
18 and cease employment at the end of the period of participation as contractually
19 agreed, payments into the Deferred Retirement Option Plan Account shall
20 immediately cease and the member shall immediately be paid a lump sum payment
21 from the member's individual account balance in the Deferred Retirement Option
22 Plan Account equal to its balance, without the addition of any sum representing
23 interest, and such member's account shall be terminated. Such member shall not be
24 considered as retired, but shall remain as a member of the retirement system, in an
25 inactive status. Only upon actual cessation of employment shall the member be
26 considered as a retiree and entitled to the receipt of retirement benefits. This account
27 shall not be subject to any fees or charges of any kind for any purpose, except as
28 otherwise provided herein.

1 (14) If the member remains an employee for ~~a specified~~ the period of
2 participation in the DROP and then immediately thereafter terminates employment,
3 the member shall become a retiree and shall receive, at the retiree's option, any one
4 of the following:

5 * * *

6 §3686. Disability retirement

7 A.(1) Upon the application of a member to his employer, any member whose
8 date of hire was on or before June 30, 2014, and who has ~~had~~ at least five years of
9 creditable service may be retired by the board of trustees, ~~not less than thirty and not~~
10 ~~more than ninety days next following the date of filing such application,~~ on a
11 disability retirement allowance, ~~provided that~~ if the medical board, after a medical
12 examination, ~~shall certify~~ certifies that he is mentally or physically incapacitated for
13 the further performance of duty, that such incapacity is likely to be permanent, and
14 that he should be retired.

15 (2) Upon the application of a member to his employer, any member whose
16 date of hire was on or after July 1, 2014, and who has at least ten years of creditable
17 service may be retired by the board of trustees on a disability retirement allowance
18 if the medical board, after a medical examination, certifies that he is mentally or
19 physically incapacitated for the further performance of duty, that such incapacity is
20 likely to be permanent, and that he should be retired.

21 * * *

22 D.(1) Once each year during the first five years following retirement of a
23 member on a disability retirement allowance, and once in every ~~three year~~ three-year
24 period thereafter, the ~~Board of Trustees~~ board of trustees may, ~~and upon his~~
25 ~~application~~ shall; require any disability beneficiary who has not yet attained the age
26 of sixty years to undergo a medical examination, such examination to be made at the
27 place of residence of ~~said~~ the beneficiary or other place mutually agreed upon, by a
28 ~~physician or physicians~~ the medical board designated by the ~~Board of Trustees~~ board
29 of trustees. Should any disability beneficiary who has not yet attained the age of

1 (B) The board of trustees, as amended by this Act, shall fill the board position
2 created by R.S. 11:3688(A)(2)(e) as provided in this Act.

3 (C) Upon the effective date of this Act, the membership and term of the secretary
4 of the retirement board on the board of trustees shall be terminated.

5 Section 4. This Act shall become effective on June 30, 2014, but only if House Bill
6 No. 1278 of this 2014 Regular Session of the Legislature does not become effective.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Pearson

HB No. 22

Abstract: Relative to the Harbor Police Retirement System, increases service required for eligibility for disability benefits, authorizes payment of benefits to handicapped or disabled children, removes certain specified actuarial assumptions, and provides relative to the board of trustees.

Present law establishes the Harbor Police Retirement System in the city of New Orleans. Proposed law retains present law.

Present law provides definitions for the system statutes. Proposed law makes technical changes to the definition of "medical board".

Present law provides that "accumulated contribution" means amounts credited to retirement and includes interest earned on the employee's contributions. Proposed law retains present law for employees hired on or before June 30, 2014. Proposed law provides that for employees hired on or after July 1, 2014, "accumulated contribution" does not include interest on the employee's contributions.

Present law provides for payment benefits to surviving spouses and children of members. Proposed law changes the categories of people who may receive such benefits. Proposed law provides that a surviving totally physically or mentally disabled child, regardless of age, who is dependent on a legal guardian for subsistence is entitled to receive benefits. Requires the legal guardian to notify the board if the child becomes independent or if there are any changes in the assistance being received from other state agencies. Further requires the legal guardian to provide proof of the child's physical or mental disability. Authorizes the board to require a certified statement of the child's eligibility for the survivor benefit at the end of each calendar year.

Present law provides that if a member dies who does not have a wife or children, the member's parents may receive survivor benefits. Proposed law removes this provision.

Present law creates a "Deferred Retirement Option Plan" (DROP), which provides that in lieu of immediate termination of employment and receipt of a service retirement allowance, a member may continue in employment for a specified period of time and defer receipt of retirement benefits until the end of such period of employment. Proposed law makes technical changes.

Present law provides for disability retirement. Present law provides that a member may retire with disability benefits after five years of creditable service. Proposed law retains present law for employees hired on or before June 30, 2014. For employees hired on or after July 1, 2014, proposed law requires such employee to have 10 years of creditable service in order to be eligible for a disability benefit.

Present law provides a time frame within which a member who files for disability retirement may be retired by the board. Proposed law repeals this provision.

Present law establishes the governing board of the system and provides terms of office for the board members. Proposed law extends the terms of office for certain board members. Proposed law further removes the secretary of the retirement board as a member and adds a member to the board and establishes a three-year term for such member. Provides for election of the new member by the other members.

Present law provides relative to actuarial assumptions used by the governing board. Provides that unless different actuarial assumptions are formally adopted and disclosed, the following assumptions shall be used in determining actuarial equivalents:

- (1) Interest shall be compounded annually at the annual rate of 7%.
- (2) Annuity rates shall be determined on the basis of the most current mortality table recommended by the Society of Actuaries for retirement systems.
- (3) Effective July 1, 2011, interest for calculating transfers into the Harbor Police Retirement System and for buying back refunded service shall be 8.25%.

Proposed law deletes present law. Present law relative to such actuarial assumptions further authorizes the governing board to use interest and mortality rates in determining the actuarial equivalents which are different from the actuarial assumptions used for other purposes in present law. Proposed law requires the governing board to adopt interest and mortality rates. Retains present law authorizing use of rates for actuarial equivalents that are different from rates for other purposes.

Effective June 30, 2014, only if HB 1278 of the 2014 RS does not become effective.

(Amends R.S. 11:3682(1) and (18), 3685(A)(2)(intro. para.), (d), and (e) and (C)(intro. para.), (6), (7)(intro. para.), (9), (10), (13), and (14)(intro. para.), 3686(A) and (D)(1) and (2), and 3688(A)(1), (2), and (8) and (D)(5); Repeals R.S. 11:3685(B) and 3687(A)(7))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Retirement to the original bill.

1. Adds provision that Act becomes effective only if HB 1278 of the 2014 RS does not become effective.