

Present law establishes the Harbor Police Retirement System in the city of New Orleans (HBPOL). Proposed law would have made various corrections to HBPOL including changes to disability benefits, the board of trustees, and actuarial assumptions of the system, as more fully explained below.

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

Present law provides that the term "accumulated contribution" means amounts credited to an employee's retirement and includes interest earned on the employee's contributions. Proposed law would have provided that for employees hired on or after July 1, 2014, "accumulated contribution" did not include interest on the employee's contributions.

Present law provides for payment benefits to surviving spouses and children of members; only applies to children who are minors. Proposed law would have provided that a surviving totally physically or mentally disabled child, regardless of age, who is dependent on a legal guardian for subsistence is also entitled to receive benefits. Would have required the legal guardian to notify the board if the child became independent or if there were any changes in the assistance being received from other state agencies. Further, would have required the legal guardian to provide proof of the child's physical or mental disability. Would have authorized 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 who does not have a wife or children dies, the member's parents may receive survivor benefits. Proposed law would have removed 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 would have made technical changes to this plan.

Present law provides for disability retirement and provides that a member may retire with disability benefits after five years of creditable service. Proposed law would have required 10 years of creditable service for employees hired on or after July 1, 2014, 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 would have repealed this provision.

Present law establishes the governing board of the system and provides terms of office for the board members. Proposed law would have extended the terms of office for certain board members. Proposed law further would have removed the secretary of the board as a member. Would have added a new member to the board and established a three-year term for such member. Would have provided for election of such 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 would have repealed 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 would have required the governing board to adopt interest and mortality rates to be used in determining actuarial equivalents. Would have retained present law authorizing use of rates for actuarial equivalents that were different from rates used for other purposes.

(Proposed to amend 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); proposed to repeal R.S. 11:3685(B) and 3687(A)(7))

#### VETO MESSAGE

"House Bill No. 22 by Representative Pearson contains language that it shall become effective only if House Bill No. 1278 does not become effective.

"On this date, I have signed House Bill No. 1278; however, it contains five separate sections with two different effective dates, one of which does not occur until July 1, 2015, and depends on a future action taken by the Public Retirement Systems' Actuarial Committee. Due to the length of time prior to all sections of House Bill No. 1278 becoming effective and the uncertainty this would cast over the implementation of House Bill No. 22, the author has requested a veto of House Bill No. 22.

"For these reasons I have vetoed House Bill No. 22 and hereby return it to the House."