
DIGEST

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Arnold

HB No. 55

Abstract: Relative to the Harbor Police Retirement System, increases 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" includes interest earned on the employee's contributions. Proposed law retains present law for employees hired on or before June 30, 2013. Proposed law provides that for employees hired on or after July 1, 2013, "accumulated contribution" shall 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 handicapped 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 handicap 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, 2013. For employees hired on or after July 1, 2013, 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 timeframe 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.

Effective July 1, 2013.

(Amends R.S. 11:3682(1) and (18), 3685(A)(2)(intro. para.) and (d) and (e) and (C)(6), (7)(intro para.), (9), (10), (13), and (14)(intro. para.), 3686(A) and (D)(1) and (2), and 3688(A)(intro. para.) and (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. Limits the effect of proposed change to the definition of "accumulated contribution" such that it affects employees hired.
2. Removes provision in proposed law requiring disabled children of deceased members to be under age 18 in order to qualify for a survivor benefit. Allows a disabled child of any age to receive such benefit, if certain conditions are met.

3. Adds provision requiring legal guardian of disabled child to submit proof of disability. Further requires the legal guardian to notify the system if the child ceases being dependent on the legal guardian or if any changes in other assistance received by the child from other state agencies occurs.
4. Limits the effect of proposed change in eligibility for disability benefits such that it affects employees hired on or after July 1, 2013.