

Regular Session, 2014

HOUSE BILL NO. 1278 (Substitute for House Bill No. 79 by Representative Pearson)

BY REPRESENTATIVES PEARSON, HOFFMANN, HOLLIS, IVEY, MILLER, AND TALBOT

RETIREMENT/STATE EMPS: Provides for enrollment of new hires of the Harbor Police Department of the Port of New Orleans in the Hazardous Duty Services Plan in the La. State Employees' Retirement System and for merger of the existing Harbor Police Retirement System into the La. State Employees' Retirement System

1 AN ACT

2 To amend and reenact R.S. 11:102(C)(1)(l) and (4)(b), 612(introductory paragraph), 613(A),

3 615(B), the heading of Subpart G of Part II of Chapter 3 of Subtitle IV of Title 11

4 of the Louisiana Revised Statutes of 1950, 3681, 3682(1), (2), (4)(a), (7), (16), (18)

5 through (20), and (26), 3683(introductory paragraph), (1), and (3)(b), 3684(A), (D),

6 and (F), 3685(A)(1)(a) and (2)(introductory paragraph) and (d), (B)(1), (3) through

7 (6), and (8), (C)(1), (2), and (13), and (E), 3685.2(B)(introductory paragraph), (6)

8 and (7), 3686(B)(1), (D)(3), and (E), 3688(D), 3688.1, 3690(A) and (B), 3690.2,

9 3692(A), and 3695(C)(introductory paragraph), to enact R.S. 11:102(C)(1)(m),

10 416(D), 612(2.1), 620.1, Subpart E of Part VII of Chapter 1 of Subtitle II of Title 11

11 of the Louisiana Revised Statutes of 1950, comprised of R.S. 11:631, and

12 3682(20.1), and to repeal R.S. 11:3682(29), 3685(D), 3688(A) through (C) and (E),

13 3689(B) through (E), 3690 (C) and (D), 3690.1, 3691, 3693, and 3698, relative to

14 retirement for employees of the Harbor Police Department of the Port of New

15 Orleans; to provide relative to the merger of the Harbor Police Retirement System

16 into the Louisiana State Employees' Retirement System; to provide for enrollment

17 of new hires of the Harbor Police Department in the Hazardous Duty Services Plan

18 in the Louisiana State Employees' Retirement System; to provide relative to a

19 cooperative endeavor agreement with respect to the merger of the systems; to

1 provide relative to the assets of the Harbor Police Retirement System; to provide  
2 relative to benefits for members of the Harbor Police Retirement System; to provide  
3 relative to retirement benefits for new hires of the Harbor Police Department of the  
4 Port of New Orleans; to provide relative to the boards of trustees of the Louisiana  
5 State Employees' Retirement System and the Harbor Police Retirement System; to  
6 provide an effective date; and to provide for related matters.

7 Notice of intention to introduce this Act has been published  
8 as provided by Article X, Section 29(C) of the Constitution  
9 of Louisiana.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 11:102(C)(1)(l) and (4)(b), 612(introductory paragraph), 613(A),  
12 615(B), the heading of Subpart G of Part II of Chapter 3 of Subtitle IV of Title 11 of the  
13 Louisiana Revised Statutes of 1950, 3681, 3682(1), (2), (4)(a), (7), (16), (18) through (20),  
14 and (26), 3683(introductory paragraph), (1), and (3)(b), 3684(A), (D), and (F), 3685(A)(1)(a)  
15 and (2)(introductory paragraph) and (d), (B)(1), (3) through (6), and (8), (C)(1), (2), and  
16 (13), and (E), 3685.2(B)(introductory paragraph), (6) and (7), 3686(B)(1), (D)(3), and (E),  
17 3688(D), 3688.1, 3690(A) and (B), 3690.2, 3692(A), and 3695(C)(introductory paragraph)  
18 are hereby amended and reenacted and R.S. 11:102(C)(1)(m), 416(D), 612(2.1), 620.1,  
19 Subpart E of Part VII of Chapter 1 of Subtitle II of Title 11 of the Louisiana Revised Statutes  
20 of 1950, comprised of R.S. 11:631, and 3682(20.1) are hereby enacted to read as follows:

21 §102. Employer contributions; determination; state systems

22 \* \* \*

23 C.(1) This Subsection shall be applicable to the Louisiana State Employees'  
24 Retirement System effective for the June 30, 2010, system valuation and beginning  
25 Fiscal Year 2011-2012. For purposes of this Subsection, "plan" or "plans" shall  
26 mean a subgroup within the system characterized by the following employee  
27 classifications:

28 \* \* \*

1 (l) Harbor Police Retirement Plan members as provided pursuant to R.S.  
2 11:631.

3 (m) Any other specialty retirement plan provided for a subgroup of system  
4 members. If the legislation enacting such a plan is silent as to the application of this  
5 Subsection, the Public Retirement Systems' Actuarial Committee shall provide for  
6 the application to such plan.

7 \* \* \*

8 (4) For each plan referenced in Paragraph (1) of this Subsection, the  
9 legislature shall set the required employer contribution rate equal to the sum of the  
10 following:

11 \* \* \*

12 (b) The shared unfunded accrued liability rate. (i) Except as provided in  
13 Item (ii) of this Subparagraph, a ~~A~~ single rate shall be computed for each fiscal year,  
14 applicable to all plans for actuarial changes, gains, and losses existing on June 30,  
15 2010, or occurring thereafter, including experience and investment gains and losses,  
16 which are independent of the existence of the plans listed in Paragraph (1) of this  
17 Subsection, the payment and rate therefor shall be calculated as provided in  
18 Paragraphs (B)(1) and (3) of this Section.

19 (ii) The shared unfunded accrued liability rate applicable to the Harbor  
20 Police Retirement System shall not include any unfunded accrued liability incurred  
21 on or before July 1, 2015, until the earlier of:

22 (aa) July 1, 2022.

23 (bb) The date that all sums payable by the Port of New Orleans to the board  
24 of trustees of the Louisiana State Employees' Retirement System pursuant to the  
25 terms and conditions of a cooperative endeavor agreement between the board of  
26 trustees of the Louisiana State Employees' Retirement System, the board of  
27 commissioners of the Port of New Orleans, and the board of trustees of the Harbor  
28 Police Retirement System regarding the merger of the Harbor Police Retirement



1 he shall receive a retirement benefit equal to two and one-half percent of his average  
2 compensation for the actual number of years of creditable service earned in a  
3 hazardous duty position.

4 \* \* \*

5 §620.1. Transfer of other service credit; Harbor Police Retirement Plan employees

6 A. Any member of the Harbor Police Retirement Plan who would otherwise  
7 be eligible for benefits under this plan except that his first employment making him  
8 eligible for membership in the Harbor Police Retirement Plan occurred on or before  
9 June 30, 2014, and who has not participated in the Deferred Retirement Option Plan  
10 in the Harbor Police Retirement Plan shall have the right to irrevocably elect to  
11 become a member of this plan by submitting an application to the board of trustees  
12 to become effective on or after July 1, 2015.

13 B. Any eligible member who elects to transfer to the Hazardous Duty  
14 Services Plan from the Harbor Police Retirement Plan shall have the option of:

15 (1) Maintaining prior service credit in the Harbor Police Retirement Plan  
16 pursuant to the provisions of that plan and accruing service credit and benefits in the  
17 Hazardous Duty Services Plan after the date he joins the plan. If such election  
18 results in an actuarial cost to this system, the member shall pay the system the  
19 amount of such actuarial cost prior to his retirement.

20 (2)(a) An internal actuarial transfer from the Harbor Police Retirement Plan  
21 to this plan in accordance with the provisions of R.S. 11:143(C) and (D) in which the  
22 member transfers all of his service credit from the Harbor Police Retirement Plan  
23 and maintains prior service credit at the accrual rate at which it was earned in such  
24 plan prior to joining the Hazardous Duty Services Plan. If the amount of funds  
25 transferred is less than the actuarial cost of the service transferred, the member  
26 transferring, except as otherwise provided in this Section, shall pay the deficit or  
27 difference, including the interest thereon at the board-approved actuarial valuation  
28 rate of the system.





1 (4)(a) "Average compensation" for the limited purpose of applying Section  
2 415(b) of the Internal Revenue Code, means the average compensation earned by a  
3 member for the period of three consecutive years during which the member was an  
4 active member of the ~~retirement system~~ plan and had the greatest aggregate  
5 compensation from the employer.

6 \* \* \*

7 (7) "Board of trustees" or "board" means the board provided for in ~~R.S.~~  
8 ~~11:3688 to administer the retirement system~~ R.S. 11:511.

9 \* \* \*

10 (16) "Employee" means any commissioned member or employee of the  
11 Harbor Police Department of the Port of New Orleans prior to July 1, 2004, or any  
12 commissioned member of the Harbor Police Department of the Port of New Orleans  
13 on or after July 1, 2004 and hired on or before June 30, 2015.

14 \* \* \*

15 (18) "Medical board" means the board of physicians provided for in ~~R.S.~~  
16 ~~11:3688~~ R.S. 11:403.

17 (19) "Member" includes any employees, as defined in Paragraph (16) of this  
18 Section, included in the membership of this ~~system~~ plan as provided in R.S. 11:3683.

19 (20) "Membership service" means service as an employee while a member  
20 of the Harbor Police Retirement System or this system plan.

21 (20.1) "Plan" means the Harbor Police Retirement Plan established in this  
22 Subpart and administered as a plan within the Louisiana State Employees'  
23 Retirement System pursuant to R.S. 11:631.

24 \* \* \*

25 (26) "Retirement system" or "system" means the ~~Harbor Police Retirement~~  
26 ~~System as established in R.S. 11:3681~~ Louisiana State Employees' Retirement  
27 System.

28 \* \* \*



1 §3683. Membership

2 The membership of the ~~retirement system~~ plan shall be composed as follows:

3 (1) All persons who shall become employees as defined in R.S. 11:3682(16)  
4 after August 1, 1971, and on or before June 30, 2015, except those specifically  
5 excluded under Paragraph (3) of this Section, shall become members as a condition  
6 of their employment, provided they are under fifty years of age at the date of  
7 employment.

8 \* \* \*

9 (3)

10 \* \* \*

11 (b) Any employee who is employed on July 7, 2003, who has retired from  
12 service under any retirement system of this state partly or wholly financed by public  
13 funds, who is receiving retirement benefits therefrom, and who was prohibited from  
14 becoming a member of this system upon his initial employment solely on this basis  
15 shall become a member of this ~~system~~ plan from the date of his initial employment  
16 provided he meets all other eligibility requirements; however, any such employee  
17 may purchase credit for previous service only in compliance with the provisions of  
18 R.S. 11:158 relating to actuarial calculation of purchase price.

19 \* \* \*

20 §3684. Creditable service

21 A. Immediately after ~~the establishment of the system~~ August 1, 1971, the  
22 board of trustees shall request all information regarding members from the retirement  
23 system in which they have previously held membership. Upon verification of the  
24 statements of service the board shall issue a prior service certificate certifying to  
25 each member the length of prior service for which credit shall have been allowed on  
26 the basis of these certified statements of service. So long as membership continues  
27 a prior service certificate shall be final and conclusive for retirement purposes as to  
28 such service, provided that any member may, within one year from the date of

1 issuance or modification of such certificate, request the board of trustees to modify  
2 or correct his prior service certificate.

3 \* \* \*

4 D. Anything in this Subpart to the contrary notwithstanding, any person who  
5 shall have been an employee as defined in R.S. 11:3682(16) any time subsequent to  
6 September 16, 1940, who shall have entered the armed forces of the United States  
7 during time of war or have been inducted into said forces in time of peace  
8 subsequent to said date, shall be entitled to prior service credit for the period that he  
9 served in the armed forces of the United States, not to exceed four years, provided  
10 he is not granted credit for such service in any other retirement system, and provided  
11 he becomes a member of this system on ~~the date of its establishment~~ August 1, 1971.

12 \* \* \*

13 F. Any member who has terminated membership in the ~~system~~ plan for any  
14 reason and has withdrawn his contributions and who later is reemployed and  
15 becomes a member of the system, shall after eighteen months of additional service  
16 and membership, be eligible to obtain credit for his prior service in the system,  
17 provided that he pay back into the system the amount of the contributions which had  
18 been refunded to him plus compound interest from the date of the refund until the  
19 date of repurchase. The compound interest rate to be used in the computation of the  
20 amount the member must pay back into the system shall be the actuarially assumed  
21 interest rate in the most recent actuarial valuation.

22 \* \* \*

23 §3685. Benefits

24 A.(1)(a) Any member of this ~~system~~ plan who has completed at least twenty  
25 years of creditable service and attained the age of forty-five years, or any member  
26 who has completed at least twenty-five years of creditable service regardless of age,  
27 or any member who has completed at least ten years of service and attained the age  
28 of sixty years, or any member who has completed at least twelve years of creditable  
29 service and has attained the age of fifty-five years, shall be entitled to retire from

1 service and upon such retirement shall be paid a retirement allowance equal to three  
2 and one-third percent of his average final compensation multiplied by his years of  
3 creditable service, not to exceed one hundred percent of his final salary.

4 \* \* \*

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

8 \* \* \*

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

13 (ii) If a deceased member leaves a surviving child who has a total physical  
14 disability or mental disability, the child, regardless of age, shall be entitled to the  
15 benefits for children under eighteen years of age pursuant to Subparagraph (c) or (e)  
16 of this Paragraph if the child had a total physical disability or mental disability at the  
17 time of the death of the member, and the child is dependent upon his legal guardian  
18 for subsistence. The legal guardian shall provide adequate proof of physical or  
19 mental disability of such a surviving child and shall notify the board of any  
20 subsequent changes in the child's condition that cause the child to no longer be  
21 dependent upon the legal guardian and of any changes in the assistance being  
22 received from other state agencies. The board may require a certified statement of  
23 the child's eligibility status at the end of each calendar year.

24 \* \* \*

25 B. The provisions of this Subsection shall apply to those persons enrolled in  
26 the deferred retirement option plan prior to July 1, 1995.

27 (1) In lieu of terminating employment and accepting a service retirement  
28 under this Subpart, any member of this ~~system~~ plan who has not less than twenty  
29 years of creditable service and who is eligible to receive a service retirement

1 allowance may elect to participate in a deferred retirement option plan as provided  
2 for below and defer the receipt of benefits in accordance with the provisions of this  
3 Section.

4 \* \* \*

5 (3) The duration of participation in the deferred retirement option plan shall  
6 be specified and shall not exceed five years.

7 (4) A member may participate in the deferred retirement option plan only  
8 once.

9 (5) Upon the effective date of the commencement of participation in the  
10 deferred retirement option plan, active membership in the system shall terminate.  
11 Employer contributions shall continue to be payable by the employer during the  
12 member's participation in ~~the~~ such plan, but payment of employee contributions shall  
13 cease upon the effective date of the member's commencement of participation in ~~the~~  
14 such plan. For purposes of this Section, compensation and creditable service shall  
15 remain as they existed on the effective date of commencement of participation in the  
16 deferred retirement option plan. The monthly retirement benefits that would have  
17 been payable, had the member elected to cease employment and receive a service  
18 retirement allowance, shall be paid into the deferred retirement option plan account.  
19 Upon termination of employment, deferred benefits shall be payable as provided by  
20 Paragraph ~~(B)(8)~~ (8) of this Subsection.

21 (6) The deferred retirement option plan account shall earn interest not to  
22 exceed two percent less than the realized rate of investment return earned by the fund  
23 for that year. ~~A~~ Prior to July 1, 2015, a person who participates in this program shall  
24 have credited to his DROP account the same annual cost of living increase that he  
25 would have received had the member been a retiree in the system as provided in  
26 Subsection C of this Section.

27 \* \* \*

28 (8) Upon termination of employment at the end of the specified period of  
29 participation, a participant in the program shall receive, at his option, a lump sum

1 payment from the account equal to the payment to the account; or a true annuity  
2 based upon his account; or he may elect any other method of payment if approved  
3 by the board of trustees. In the event a member elects to receive a true annuity, or  
4 any other method of payment approved by the board of trustees, funds will be  
5 transferred from the DROP account into the ~~Annuity Reserve Account~~ Retiree's  
6 Annuity Reserve account to provide for the annuity payments.

7 \* \* \*

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

10 (1) As governed by the provisions of this Subsection, there exists as a part  
11 of this ~~retirement system plan~~ plan, an optional account known as the Deferred  
12 Retirement Option Plan, which may be cited as the "DROP".

13 (2) The provisions of this Subsection are applicable with respect to those  
14 otherwise eligible members of the retirement ~~system plan~~ plan whose election to  
15 participate in ~~the~~ this DROP occurs on or after July 1, 1995.

16 \* \* \*

17 (13) The Deferred Retirement Option Plan Account shall not earn interest  
18 during the period of participation. However, the board of trustees shall annually set  
19 a percentage rate, and its manner of compounding, to represent the interest rate that  
20 would be earned thereby if same did earn interest. If the member ceases employment  
21 at the end of the specified period of participation as contractually agreed, or dies  
22 during or at the end of the specified period of participation ~~as contractually agreed~~,  
23 a sum equal to the amount the individual account would have earned, if the  
24 representative interest rate, as compounded, had been applicable to such account,  
25 shall be added to this account. Thereafter, the account, if maintained as otherwise  
26 authorized by this Subsection, shall earn interest at a rate compounded, as set  
27 annually by the board of trustees. Such actual rate of interest and manner of  
28 compounding shall be equal to the representative rate and compounding in effect for  
29 the same period of time. If the member does not abide by the terms of the contract

1 and cease employment at the end of the period of participation as contractually  
 2 agreed, payments into the Deferred Retirement Option Plan Account shall  
 3 immediately cease and the member shall immediately be paid a lump sum payment  
 4 from the member's individual account balance in the Deferred Retirement Option  
 5 Plan Account equal to its balance, without the addition of any sum representing  
 6 interest, and such member's account shall be terminated. Such member shall not be  
 7 considered as retired, but shall remain as a member of the retirement system, in an  
 8 inactive status. Only upon actual cessation of employment shall the member be  
 9 considered as a retiree and entitled to the receipt of retirement benefits. This account  
 10 shall not be subject to any fees or charges of any kind for any purpose, except as  
 11 otherwise provided herein.

12 \* \* \*

13 E. The benefits provided in this Section shall not be retroactive to any  
 14 period. Further adjustments in benefits may be made each ~~January~~ July first after at  
 15 least a full year has elapsed after benefits began, subject to the limitations contained  
 16 herein.

17 \* \* \*

18 §3685.2. Computation of retirement benefits

19 \* \* \*

20 B. The annual retirement benefit of any member of the ~~retirement system~~  
 21 plan who is not a qualified participant, as defined by Paragraph ~~(2) of Subsection A~~  
 22 (A)(2) of this Section, and which is not attributable to the member's after-tax  
 23 employee contribution, cannot exceed the lesser of ninety thousand dollars or one  
 24 hundred percent of such member's average compensation. For purposes of  
 25 determining whether a member's benefit exceeds those limitations, the following  
 26 shall apply:

27 \* \* \*

28 (6) Adjustment for less than ten years of participation or service.

1 (a) If retirement ~~system~~ benefits are payable under this ~~retirement system~~  
2 plan to a member who has less than ten years of participation in the ~~retirement~~  
3 ~~system plan~~, the dollar limitation referred to in the Introductory Paragraph of this  
4 Subsection shall be multiplied by a fraction, the numerator of which is the member's  
5 number of years of participation in the ~~system plan~~, not greater than ten, and the  
6 denominator of which is ten.

7 (b) If retirement benefits are payable under this ~~retirement system plan~~ to a  
8 member who has less than ten years of service with the employer, the percentage  
9 limitation referred to in the Introductory Paragraph of this Subsection and the dollar  
10 limitation referred to in Paragraph (9) of this Subsection shall be multiplied by a  
11 fraction, the numerator of which is the member's number of years of service with the  
12 employer, not greater than ten, and the denominator of which is ten.

13 (7) Annual adjustment. The ninety thousand dollar limitation provided in  
14 this Subsection shall be adjusted annually to the maximum dollar limits allowable  
15 by the secretary of the Treasury of the United States under Section 415(d) of the  
16 Internal Revenue Code, such adjustments to take effect on the first day of each fiscal  
17 year following December 31, 1987. The adjustment shall not exceed the adjustment  
18 in effect for the calendar year in which the fiscal year of the system begins. The  
19 adjusted earlier limitation is applicable to employees who are members of the ~~system~~  
20 plan and to members who have retired or otherwise terminated their service under  
21 the ~~system plan~~ with a nonforfeitable right to accrued benefits, regardless of whether  
22 they have actually begun to receive benefits. This system shall be considered  
23 specifically to provide for such post-retirement adjustments. For any limitation year  
24 beginning after separation from service occurs, the annual adjustment factor is a  
25 fraction, the numerator of which is the adjusted dollar limitation for the limitation  
26 year in which the compensation limitation is being adjusted and the denominator of  
27 which is the adjusted dollar limitation for the limitation year in which the member

1 separated from service. No adjustment shall be permitted with respect to post  
2 October 14, 1987, limitations.

3 \* \* \*

4 §3686. Disability retirement

5 \* \* \*

6 B.(1) Upon retirement for disability, a member shall receive a retirement  
7 allowance if he has attained the age of fifty-five years; otherwise, he shall receive a  
8 disability benefit which shall be computed as follows:

9 (a) In case of total disability of any ~~harbor~~ member resulting from injury  
10 received in line of duty, a monthly pension of sixty percent of his average salary  
11 shall be paid to the disabled employee.

12 (b) Any member of the ~~system~~ plan who has become disabled or  
13 incapacitated because of continued illness or as a result of any injury received, even  
14 though not in the line of duty, and who has been a member of the ~~system~~ plan for at  
15 least five years but is not eligible for retirement under the provisions of R.S. 11:3685  
16 may apply for retirement under the provisions of this Section.

17 (c) Any disability beneficiary of the Harbor Police Retirement ~~System~~ Plan  
18 who is receiving disability benefits as a result of an injury sustained in the line of  
19 duty, and who, as a result of the disability, is permanently and completely confined  
20 to a wheelchair for movement of person, is permanently and legally blind as a result  
21 of an injury suffered in the line of duty, or as a result of his injury is an amputee to  
22 such a degree as would prevent him from serving as a law enforcement officer, shall  
23 be exempt from any provision of this Subpart or any other provision of law which  
24 provides for reduction of benefits if the recipient, subsequent to his disability,  
25 becomes gainfully employed.

26 \* \* \*

27 D.

28 \* \* \*



1           (3) Should a disability beneficiary under the age of fifty-five be restored to  
 2 active service at a compensation not less than his average final compensation, his  
 3 retirement allowance shall cease, he shall again become a member of the ~~retirement~~  
 4 ~~system plan~~, and he shall contribute thereafter at the same rate he paid prior to  
 5 disability. Any such prior service certificate on the basis of which his service was  
 6 computed at the time of his retirement shall be restored to full force and effect, and  
 7 in addition, upon his subsequent retirement he shall be credited with all his service  
 8 as a member but should he be restored to active service on or after the attainment of  
 9 the age of fifty years his pension upon subsequent retirement shall not exceed the  
 10 sum of the pension which he was receiving immediately prior to his last restoration  
 11 and the pension that he would have received on account of his service since his last  
 12 restoration had he entered service at the time as a new entrant.

13           E. Should a member cease to be an employee except by death or retirement  
 14 under the provisions of this Subpart, he shall be paid such part of the amount of the  
 15 accumulated contributions standing to ~~the his credit of his individual account~~ in the  
 16 ~~Annuity Savings Fund~~ Employees' Savings Account established in R.S. 11:532 as  
 17 he shall demand. Should a member die before retirement and not be entitled to  
 18 survivors' benefits, the amount of his accumulated contributions standing to ~~the his~~  
 19 ~~credit of his individual~~ in such account shall be paid to his estate or to such person  
 20 as he shall have nominated by written designation, duly executed and filed with the  
 21 Board of Trustees.

22   \*       \*       \*

23 §3688. ~~Administration~~ Actuary; duties and actuarial assumptions

24           D. ~~Actuary; duties and actuarial assumptions~~: (1) The Board of Trustees  
 25 ~~and the Board of Commissioners of the Port of New Orleans~~ shall ~~jointly~~ designate  
 26 an actuary who shall be the technical advisor of the Board of Trustees on actuarial  
 27 matters regarding the operation of the ~~fund~~ plan created by the provisions of this  
 28 Subpart, and shall perform such other duties as are required in connection therewith.

1 (2) The Board of Trustees shall adopt all actuarial tables, assumptions, and  
2 rates. The actuary shall make valuations and determinations based on such tables,  
3 assumptions, and rates.

4 (3) At least once in each five-year period, and upon approval of the Board  
5 of Trustees, the actuary shall make an actuarial investigation into the mortality,  
6 service and compensation experience of the members and beneficiaries of the  
7 retirement system. The Board of Trustees shall adopt for the retirement system such  
8 mortality, service, and other tables and actuarial assumptions as shall be deemed  
9 necessary.

10 ~~(4) On the basis of such tables and actuarial assumptions as the Board of~~  
11 ~~Trustees shall adopt, the actuary shall make an annual valuation of the assets and~~  
12 ~~liabilities of the funds of the system created by this Subpart.~~

13 ~~(5)~~(a) Unless different actuarial assumptions are formally adopted and  
14 disclosed, the following assumptions shall be used in determining actuarial  
15 equivalents:

16 (i) Interest shall be compounded annually at the rate of seven percent per  
17 annum.

18 (ii) Annuity rates shall be determined on the basis of the most current  
19 mortality table recommended by the Society of Actuaries for retirement systems.

20 ~~(iii) Effective July 1, 2011, interest for calculating transfers into the Harbor~~  
21 ~~Police Retirement System and for buying back refunded service shall be eight and~~  
22 ~~one-quarter percent per annum.~~

23 (b) The Board of Trustees may authorize the use of interest and mortality  
24 rates in determining the actuarial equivalents which are different from the actuarial  
25 assumptions used for other purposes in this Subpart. Any change in such actuarial  
26 assumptions shall be considered a part of this retirement system plan and shall be  
27 considered an amendment to the provisions of this Section. In order to be effective,  
28 such change must be formally adopted by the Board of Trustees and disclosed to  
29 members of the retirement system plan.

1 §3688.1. Amendments

2 A. An action of the board of trustees with respect to ~~cost-of-living~~  
3 ~~adjustments as provided in R.S. 11:3685(D)~~, employee contributions as provided in  
4 R.S. 11:154; and actuarial assumptions as provided in R.S. 11:3688(D), shall be  
5 considered amendments to the provisions of this retirement system plan.

6 B. No amendment to ~~this~~ the retirement system or plan shall operate to  
7 deprive any member of a benefit to which he is already entitled. ~~In the case of any~~  
8 ~~merger or consolidation with, or transfer of assets or liabilities to, any other~~  
9 ~~retirement system, each member in the retirement system will, if the retirement~~  
10 ~~system is then terminated, receive a benefit immediately after the merger,~~  
11 ~~consolidation, or transfer equal to or greater than the benefit he would have been~~  
12 ~~entitled to receive immediately before the merger, consolidation, or transfer, if the~~  
13 ~~retirement system had then terminated.~~

14 ~~C. Upon the termination or partial termination of the retirement system or~~  
15 ~~upon the discontinuance of contributions by the employer without formal termination~~  
16 ~~of the retirement system, the board of trustees shall reevaluate and redetermine the~~  
17 ~~benefit of each member in accordance with law, and the entire benefit of each~~  
18 ~~member may be paid or commence to be paid and distributed to such member, or in~~  
19 ~~the case of his death before such distribution, to the beneficiary or beneficiaries~~  
20 ~~designated by such member, or may be held until payment otherwise due under the~~  
21 ~~provisions of the retirement system. A member's right to his benefit is not~~  
22 ~~conditioned upon a sufficiency of plan assets in the event of termination.~~

23 \* \* \*

24 §3690. Method of financing

25 A. Employee contributions. (1) The port commission shall make deductions  
26 from any salary or wages paid by them to any member of this ~~fund~~ plan equal to nine  
27 percent of the compensation paid him in each and every payroll.

28 (2) The deductions provided for herein shall be made notwithstanding that  
29 the minimum compensation provided for by law for any member shall be reduced

1           thereby. Every member shall be deemed to consent and agree to the deductions  
2           made and provided for herein and shall receipt for his full salary or compensation,  
3           and payment of salary or compensation less said deductions shall be a full and  
4           complete discharge and acquittance of all claims and demands whatsoever for the  
5           services rendered by such person during the period covered by such payment, except  
6           as to the benefits provided under this Subpart. The employer shall certify to the  
7           board of trustees on each and every payroll or in such other manner as the board may  
8           prescribe, the amounts to be deducted; and each of ~~said~~ such amounts shall be  
9           deducted, and when deducted shall be paid into ~~said Annuity Savings Fund~~ the  
10          Employees' Savings Account established in R.S. 11:532, and shall be credited to the  
11          ~~individual account of the member from whose compensation said deduction was~~  
12          ~~made.~~

13                 B. Employer contributions. ~~(1)~~ The port commission shall annually  
14                 contribute an amount equal to the rate ~~per centum determined herein in accordance~~  
15                 ~~with Paragraphs (2) and (3) of this Subsection~~ calculated pursuant to R.S. 11:102.  
16                 Contributions shall be made monthly based on the same salary or wages used to  
17                 calculate the members' contributions.

18                         ~~(2) The normal contribution rate shall be the rate per centum of the earned~~  
19                         ~~salary of all members obtained by deducting from the total liabilities of the fund the~~  
20                         ~~amount of the funds in hand to the credit of the fund and dividing the remainder by~~  
21                         ~~one percentum of the present value of the prospective future salaries of all members~~  
22                         ~~as computed on the basis of the mortality and service tables adopted by the board of~~  
23                         ~~trustees and interest as set forth in R.S. 11:3688(D)(5)(a)(i). The normal rate of~~  
24                         ~~contributions shall be determined by the actuary after each valuation.~~

25                         ~~(3) The maximum contribution by the employer, Board of Commissioners~~  
26                         ~~of the Port of New Orleans, shall not exceed twenty percent of the earned~~  
27                         ~~compensation of the members in any one year. There shall be no contribution by~~  
28                         ~~employer other than the percentage of earned compensation of the members as~~  
29                         ~~provided in this Subpart, and subject to the maximum stated above, even in the event~~

1 ~~that the payment by employer should not be sufficient, when combined with the~~  
 2 ~~amount in the fund, to provide the retirement allowances and other benefits payable~~  
 3 ~~out of the fund.~~

4 \* \* \*

5 §3690.2. Unclaimed funds, checks, and property; retention by system

6 Any unclaimed employee contributions, other funds, checks, or any other  
 7 property held by ~~this~~ the system that could be claimed by a member or prior member,  
 8 the member's beneficiary, heirs, or estate shall never be presumed abandoned and  
 9 shall be held continuously by the system for the benefit of such member, prior  
 10 member, the member's beneficiary, heirs, or estate.

11 §3692. Protection against fraud

12 A. Any persons who shall knowingly make any false statement or shall  
 13 falsify or permit to be falsified any record or records of ~~this~~ the retirement system in  
 14 any attempt to defraud such system as a result of such act shall be guilty of a  
 15 misdemeanor, and on conviction thereof by any court of competent jurisdiction shall  
 16 be punished by a fine not exceeding five hundred dollars or imprisonment in the  
 17 parish jail not exceeding twelve months, or both such fine and imprisonment at the  
 18 discretion of the court.

19 \* \* \*

20 §3695. Direct rollover

21 \* \* \*

22 C. ~~An~~ For the purposes of this Section, an "eligible retirement plan" shall  
 23 mean any of the following:

24 \* \* \*

25 Section 2. R.S. 11:3682(29), 3685(D), 3688(A) through (C) and (E), 3689(B)  
 26 through (E), 3690(C) and (D), 3690.1, 3691, 3693, and 3698 are hereby repealed in their  
 27 entirety.

28 Section 3.(A) The board of trustees of the Louisiana State Employees' Retirement  
 29 System, the board of commissioners of the Port of New Orleans, and the board of trustees

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 of the Harbor Police Retirement System shall execute a cooperative endeavor agreement for  
2 the merger of the Harbor Police Retirement System into the Louisiana State Employees'  
3 Retirement System.

4 (B) Any cooperative endeavor agreement executed pursuant to this Section shall  
5 include provisions regarding the following:

6 (1) Rights of current participants in the Harbor Police Retirement System:

7 (a) Current participants in the Harbor Police Retirement System, including retirees  
8 and active members, shall retain all accrued benefits and shall continue to accrue benefits  
9 under the terms of the Harbor Police Retirement System plan, as specified in R.S. 11:3681  
10 through 3698, except with respect to cost-of-living adjustments which shall be governed by  
11 the laws and rules of the Louisiana State Employees' Retirement System.

12 (b) Active members the Harbor Police Retirement System who have not participated  
13 in the Deferred Retirement Option Plan may join the Louisiana State Employees' Retirement  
14 System Hazardous Duty Services Plan and exercise the option to transfer prior service credit  
15 using the procedures set out in R.S. 11:620.1.

16 (2) Liabilities of the Harbor Police Retirement System:

17 (a) The Port of New Orleans shall agree to pay to the board of trustees of the  
18 Louisiana State Employees' Retirement System sums sufficient to fund all of the accrued  
19 liability of the Harbor Police Retirement System determined using the Louisiana State  
20 Employees' Retirement System actuarial assumptions.

21 (b) The liabilities shall be paid under such terms and conditions as agreed to by the  
22 parties and shall include interest at the Louisiana State Employees' Retirement System  
23 actuarially assumed rate of return as approved by the Public Retirement Systems' Actuarial  
24 Committee.

25 (C) Any cooperative endeavor agreement executed pursuant to this Section shall be  
26 provided to the Chairman and members of the Public Retirement Systems' Actuarial  
27 Committee by October 1, 2014.

28 Section 4. The cost of this Act, if any, shall be funded with additional employer  
29 contributions in compliance with Article X, Section 29(F) of the Constitution of Louisiana.

1 Section 5.(A) The provisions of this Section and Section 3 of this Act shall become  
2 effective on June 30, 2014.

3 (B) The provisions of Sections 1, 2, and 4 of this Act shall become effective July 1,  
4 2015, but only if the Public Retirement Systems' Actuarial Committee approves the terms  
5 of the cooperative endeavor agreement provided for in Section 3 of this Act on or before  
6 December 31, 2014.

### 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. 1278

**Abstract:** Provides for enrollment of new hires of the Harbor Police Department of the Port of New Orleans in the Hazardous Duty Services Plan in the La. State Employees' Retirement System (LASERS) and for merger of the existing Harbor Police Retirement System (HBPOL) into LASERS.

#### NEW EMPLOYEES OF THE HARBOR POLICE DEPARTMENT OF THE PORT OF NEW ORLEANS

Present law establishes the Hazardous Duty Services Plan in LASERS. Such members receive a 3.33% accrual rate, have an employee contribution rate of 9.5%, and have the following retirement eligibilities:

- (1) Twenty-five years or more of service, at any age.
- (2) Twelve years or more of service, at age fifty-five or thereafter.
- (3) Twenty years of service credit at any age, actuarially reduced from age 55.

Proposed law retains present law.

Present law provides that any commissioned member of the Harbor Police Department of the Port of New Orleans on or after July 1, 2004, shall be a member of HBPOL. Proposed law retains present law for all commissioned members hired on or before June 30, 2015.

Proposed law places any commissioned employee of the Harbor Police Department of the Port of New Orleans first hired on or after July 1, 2015, in the Hazardous Duty Services Plan in LASERS.

#### MEMBERS OF THE HARBOR POLICE RETIREMENT SYSTEM AS OF JUNE 30, 2015

Present law establishes HBPOL as a local retirement system to provide for the retirement of commissioned members and employees of the Harbor Police Department of the Port of New Orleans prior to July 1, 2004, and for the retirement of commissioned members of the police department after July 1, 2004. Proposed law abolishes HBPOL as an independent retirement system and recreates it as a plan (hereafter referred to as the "HBPOL Plan") within LASERS.

Present law provides for the administration of the HBPOL by a board of trustees comprised of active, retired, and ex officio members. Proposed law repeals the HBPOL board of trustees upon the effective date of the merger of the systems. Further provides that the HBPOL Plan shall be administered by the LASERS board.

Present law authorizes the board of HBPOL to provide cost-of-living adjustments (COLAs) to retirees whenever the system experiences excess returns above what is actuarially required. Proposed law provides that future COLAs for HBPOL retirees and HBPOL Plan retirees shall be calculated and granted in the same manner as COLAs for LASERS retirees and beneficiaries.

Proposed law authorizes active members of the HBPOL Plan to transfer service credit to the Hazardous Duty Services Plan of LASERS. Requires the member to pay any actuarial cost, calculated in accordance with present law, for such service transfers.

Present law for HBPOL provides for payment benefits to surviving spouses and children of members. Proposed law for the HBPOL Plan 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 requires suspension or reduction of benefits if a LASERS retiree becomes re-employed in a LASERS-covered position. Proposed law provides an exception for a retiree of the Harbor Police Retirement System who has been retired from such system for at least one year as of July 1, 2014, and who is employed by the Port of New Orleans on July 1, 2015. The benefits of such a retiree shall not be reduced or suspended as a result of such employment with the Port of New Orleans.

#### EMPLOYER CONTRIBUTION RATES

Present law provides that employer contribution rates for HBPOL are capped at 20% of the earned compensation of the members in any one year. Provides that no further sums must be transferred to the retirement system in the event the payment from the employer is not sufficient to provide the retirement allowances and other benefits payable from the fund. Proposed law repeals present law. Requires employer contribution rates after the merger of the systems to be calculated in accordance with present law governing LASERS.

Present law, relative to LASERS employer contribution rates, provides for particularized contribution rates for plans within LASERS, such as the Hazardous Duty Services Plan. Proposed law provides for particularized contribution rates for the HBPOL Plan.

Present law for LASERS provides that part of the employer contribution rate is an amount to cover "shared" unfunded liabilities of the system. Such "shared" liability is comprised of two elements: (1) the unfunded liabilities of the system existing as of June 30, 2010, and (2) the unfunded liabilities system accrued after June 30, 2010, that are independent of the existence of the plans within LASERS (for example, losses incurred if the system does not achieve its actuarial assumed rate of return).



Proposed law provides that the HBPOL Plan contribution rate shall not include any shared UAL incurred on or before July 1, 2015 until the earlier of:

- (1) July 1, 2022.
- (2) The date all sums owed to LASERS by the Port of New Orleans pursuant to the terms and conditions of the cooperative endeavor agreement provided for in proposed law are paid in full.

#### ASSETS OF THE SYSTEM

Present law provides for the merger of HBPOL assets into the LASERS trust. Requires such funds to be managed in accordance with LASERS law.

#### COOPERATIVE ENDEAVOR AGREEMENT

Proposed law requires the boards of trustees of LASERS, HBPOL, and the board of commissioners of the Port of New Orleans to enter into a cooperative endeavor agreement for HBPOL to merge into LASERS. Provides requirements relative to the rights of HBPOL members and the liabilities of the system that shall be contained in such cooperative endeavor agreement. Requires submission of the cooperative endeavor agreement to the House and Senate committees on retirement by Oct. 1, 2014.

Effective July 1, 2015, only if the Public Retirement Systems' Actuarial Committee approves the terms of the cooperative endeavor agreement authorized pursuant to proposed law prior to December, 31, 2014.

(Amends R.S. 11:102(C)(1)(l) and (4)(b), 612(intro. para.), 613(A), 615(B), the heading of Subpart G of Part II of Chapter 3 of Subtitle IV of Title 11 of the La. Revised Statutes of 1950, 3681, 3682(1), (2), (4)(a), (7), (16), (18)-(20), and (26), 3683(intro. para.), (1), and (3)(b), 3684(A), (D), and (F), 3685(A)(1)(a) and (2)(intro. para.) and (d), (B)(1), (3)-(6), and (8), (C)(1), (2), and (13), and (E), 3685.2(B)(intro. para.), (6), and (7), 3686(B)(1), (D)(3), and (E), 3688(D), 3688.1, 3690(A) and (B), 3690.2, 3692(A), and 3695(C)(intro. para.); Adds R.S. 11:102(C)(1)(m), 416(D), 612(2.1), 620.1, 631, and 3682(20.1); Repeals R.S. 11:3682(29), 3685(D), 3688(A)-(C) and (E), 3689(B)-(E), 3690(C) and (D), 3690.1, 3691, 3693, and 3698)

#### Summary of Amendments Adopted by House

##### House Floor Amendments to the engrossed bill.

1. Changed the effective date of enrollment of new hires of the Port of New Orleans Harbor Police Department in the LASERS Hazardous Duty Services Plan from July 1, 2014, to July 1, 2015.
2. Added an exception to the reduction or suspension of benefits upon reemployment for a retiree of the Harbor Police Retirement System in certain circumstances.
3. Removed provision requiring approval of the cooperative endeavor agreement by the House and Senate committees on retirement and instead requires approval by the Public Retirement Systems' Actuarial Committee.