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DIGEST

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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.