

Regular Session, 2014

HOUSE BILL NO. 22

BY REPRESENTATIVE PEARSON

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:

18 §3682. Definitions

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

22 (1)(a) "Accumulated contribution" for an employee hired on or before June
23 30, 2014, means the sum of all the amounts deducted from the compensation of a the

1 member and credited to his individual account in the Annuity Savings Fund together
2 with regular interest thereon as provided in R.S. 11:3688.

3 (b) "Accumulated contribution" for an employee hired on or after July 1,
4 2014, means the sum of all the amounts deducted from the compensation of the
5 member and credited to his individual account.

6 * * *

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

9 * * *

10 §3685. Benefits

11 A.

12 * * *

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

16 * * *

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

21 (i) If a deceased member leaves a surviving child who has a total physical
22 disability or mental disability, the child, regardless of age, shall be entitled to the
23 benefits for children under eighteen years of age pursuant to Subparagraph (c) or (e)
24 of this Paragraph if the child had a total physical disability or mental disability at the
25 time of the death of the member, and the child is dependent upon his legal guardian
26 for subsistence.

27 (ii) The legal guardian shall provide adequate proof of physical or mental
28 disability of such a surviving child and shall notify the board of any subsequent
29 changes in the child's condition that cause the child to no longer be dependent upon
30 the legal guardian and of any changes in the assistance being received from other

1 state agencies. The board may require a certified statement of the child's eligibility
 2 status at the end of each calendar year.

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

9 * * *

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

12 * * *

13 (6) A member ~~shall~~ may participate in the Harbor Police Retirement System
 14 DRO only once.

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

17 * * *

18 (9) ~~The~~ Upon entering DRO, the member shall contractually agree with the
 19 retirement system to be bound by the provisions of this Subsection. The member
 20 shall therein specifically agree to cease employment at the end of the ~~specified~~
 21 period of participation, and specifically ~~agrees~~ agree to the results stipulated for
 22 failure to abide by ~~such~~ the terms of the contract.

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

26 * * *

27 (13) The Deferred Retirement Option Plan Account shall not earn interest
 28 during the period of participation. However, the board of trustees shall annually set
 29 a percentage rate, and its manner of compounding, to represent the interest rate that
 30 would be earned thereby if ~~same~~ the account did earn interest. If the member ceases

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

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

25 * * *

26 §3686. Disability retirement

27 A.(1) Upon the application of a member to his employer, any member whose
 28 date of hire was on or before June 30, 2014, and who has ~~had~~ at least five years of
 29 creditable service may be retired by the board of trustees, ~~not less than thirty and not~~
 30 ~~more than ninety days next following the date of filing such application, on a~~

1 disability retirement allowance, ~~provided that~~ if the medical board, after a medical
 2 examination, ~~shall certify~~ certifies that he is mentally or physically incapacitated for
 3 the further performance of duty, that such incapacity is likely to be permanent, and
 4 that he should be retired.

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

11 * * *

12 D.(1) Once each year during the first five years following retirement of a
 13 member on a disability retirement allowance, and once in every ~~three year~~ three-year
 14 period thereafter, the ~~Board of Trustees~~ board of trustees may, and upon his
 15 ~~application~~ shall; require any disability beneficiary who has not yet attained the age
 16 of sixty years to undergo a medical examination, such examination to be made at the
 17 place of residence of ~~said~~ the beneficiary or other place mutually agreed upon, by a
 18 ~~physician or physicians~~ the medical board designated by the ~~Board of Trustees~~ board
 19 of trustees. Should any disability beneficiary who has not yet attained the age of
 20 sixty refuse to submit to at least one medical examination in any such year by a
 21 ~~physician or physicians~~ the medical board designated by the ~~Board of Trustees~~, his
 22 allowance may be discontinued until his withdrawal of such refusal, and should his
 23 refusal continue for one year, all his rights in and to his pensions may be revoked by
 24 the ~~Board of Trustees~~ board of trustees.

25 (2) Should the ~~Medical Board~~ medical board report and certify to the ~~Board~~
 26 ~~of Trustees~~ board of trustees that such disability beneficiary is engaged in or is able
 27 to engage in a gainful occupation paying more than the difference between his
 28 retirement allowance and the average final compensation and should the ~~Board of~~
 29 ~~Trustees~~ board of trustees concur in such report, then the amount of his pension shall
 30 be reduced to an amount which, together with his annuity and the amount earnable

1 by him, shall equal the amount of his average final compensation. Should his
 2 earning capacity be later changed, the amount of his pension may be further
 3 modified; ~~provided, that~~ however, the new pension shall not exceed the amount of
 4 the pension originally granted nor an amount which, when added to the amount
 5 earnable by the beneficiary together with his annuity, equals the amount of his
 6 average final compensation. A beneficiary restored to active service at a salary less
 7 than the average final compensation shall not become a member of the retirement
 8 system.

9 * * *

10 §3688. Administration

11 A. Board of ~~Trustees~~ trustees. (1) The general administration and
 12 responsibility for the proper operation of the retirement system and for making
 13 effective the provisions of this Subpart are hereby vested in a ~~Board of Trustees~~
 14 board of trustees which shall be organized immediately after a majority of the
 15 trustees provided for in this ~~section~~ Section shall have qualified and taken the oath
 16 of office.

17 (2)(a) The ~~Board of Trustees~~ board of trustees shall consist of eight trustees
 18 as follows:

19 (i)(a) Two shall be members of the system with ten or more years of
 20 creditable service, elected by vote of the membership for terms of five years each.

21 (ii)(b) One retiree of the system elected by vote of the retirees of the system
 22 for a term of ~~three~~ five years. The first retired member is to take office effective
 23 January 1, 1996.

24 (iii)(c) Two shall be members of the executive staff of the board of
 25 commissioners of the Port of New Orleans to be appointed by the board of
 26 commissioners for terms of ~~three~~ five years each.

27 (iv)(d) The superintendent of the harbor police ~~and the secretary of the~~
 28 ~~retirement board~~ shall be an ex-officio member ~~ex-officio members~~ of the board.

29 (e) The members serving pursuant to Subparagraphs (a) through (d) of this
 30 Paragraph shall elect a seventh trustee who shall not be a member of the Harbor

1 Police Retirement System and who shall serve a term of three years. The first
 2 member elected pursuant to the provisions of this Subparagraph shall take office on
 3 August 1, 2014.

4 ~~(b)~~(f) These members shall select an eighth trustee who shall not be an
 5 employee or a member of the dock board and who shall be experienced in investing
 6 money and who shall serve for a term of ~~two~~ three years.

7 * * *

8 (8) The ~~Board of Trustees~~ board of trustees shall elect from its membership
 9 a ~~Chairman~~ chairman and shall by a unanimous vote appoint a ~~Secretary~~ secretary
 10 who shall be one of its members.

11 * * *

12 D.

13 * * *

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

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

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

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

24 (b) The ~~Board of Trustees may authorize the use of~~ board of trustees shall
 25 adopt interest and mortality rates to be used in determining ~~the~~ actuarial equivalents,
 26 ~~which are~~ Such interest and mortality rates may be different from the actuarial
 27 assumptions used for other purposes in this Subpart. Any change in such ~~actuarial~~
 28 ~~assumptions~~ interest and mortality rates shall be considered a part of this retirement
 29 system and shall be considered an amendment to the provisions of this Section. In

1 order to be effective, such change must be formally adopted by the ~~Board of Trustees~~
2 board of trustees and disclosed to members of the retirement system.

3 * * *

4 Section 2. R.S. 11:3685(B) and 3687(A)(7) are hereby repealed in their entirety.

5 Section 3.(A) The terms of the members of the board of trustees serving on the
6 effective date of this Act shall be extended as follows:

7 (1) The term of the member serving pursuant to R.S. 11:3688(A)(2)(a) as amended
8 by this Act whose term was to expire in July of 2017 shall be extended until June 30, 2018.

9 (2) The term of the member serving pursuant to R.S. 11:3688(A)(2)(a) as amended
10 by this Act whose term was to expire in July of 2014 shall be extended until June 30, 2019.

11 (3) The term of the retiree serving pursuant to R.S. 11:3688(A)(2)(b) as amended
12 by this Act shall be extended to June 30, 2016.

13 (4) The term of the member serving pursuant to R.S. 11:3688(A)(2)(c) as amended
14 by this Act whose term was to expire in June of 2015 shall be extended to June 30, 2017.

15 (5) All other trustees serving on the board on the effective date of this Act shall
16 continue to serve until the expiration of their current term.

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

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

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

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____