

New law generally 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) effective July 1, 2014, and for merger of the existing Harbor Police Retirement System (HBPOL) into LASERS effective July 1, 2015, as more fully explained below.

#### New Employees of the Harbor Police Department of the Port of New Orleans

Existing law establishes the Hazardous Duty Services Plan in LASERS. Members of such plan 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.

Prior law provided that any commissioned member of the Harbor Police Department of the Port of New Orleans on or after July 1, 2004, would be a member of HBPOL. New law instead places any commissioned employee of the Harbor Police Department of the Port of New Orleans first hired on or after July 1, 2014, in the Hazardous Duty Services Plan in LASERS.

#### Members of the Harbor Police Retirement System as of June 30, 2014

Prior law established 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. New law abolishes HBPOL as an independent retirement system and recreates it as a plan (hereafter referred to as the "HBPOL Plan") within LASERS for all members of HBPOL as of June 30, 2014.

Prior law provided for the administration of HBPOL by a board of trustees comprised of active, retired, and ex officio members. New 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 after the merger.

Prior law authorized the board of HBPOL to provide cost-of-living adjustments (COLAs) to retirees whenever the system experienced excess returns above what was actuarially required. New 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.

New 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 existing law, for such service transfers.

Existing law for HBPOL provides for payment benefits to surviving spouses and children of members. New law for the HBPOL Plan adds to the categories of people who may receive such benefits. 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.

#### Employer Contribution Rates

Prior law provided that employer contribution rates for HBPOL were capped at 20% of the earned compensation of the members in any one year. Provided that no further sums were to be transferred to the retirement system in the event the payment from the employer was not sufficient to provide the retirement allowances and other benefits payable from the fund.

New law requires employer contribution rates after the merger of the systems to be calculated in accordance with existing law governing LASERS.

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

Existing 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).

New 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

New 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

New law authorizes 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 Public Retirement Systems' Actuarial Committee by Oct. 1, 2014.

Provisions relating to the merger of HBPOL into LASERS become effective July 1, 2015, only if the Public Retirement Systems' Actuarial Committee approves the terms of the cooperative endeavor agreement authorized pursuant to new law prior to Dec. 31, 2014.

All other provisions, including enrollment of new hires in the Hazardous Duty Plan of LASERS, become effective June 30, 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(A)(3)(d), 612(2.1), 620.1, Subpart E of Part VII of Chapter 1 of Subtitle II of Title 11 of the La. Revised Statutes of 1950 comprised of R.S. 11:631, 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)