

---

## 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. 79

**Abstract:** Provides for administration of the Harbor Police Retirement System (HBPOL) by the board of trustees of the La. State Employees' Retirement System (LASERS). Further provides for harbor police employees hired on or after July 1, 2014 to be enrolled in the Hazardous Duty Services Plan in 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, 2014.

Proposed law 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**

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 retains present law for all such persons hired on or before June 30, 2014.

Proposed law authorizes the boards of trustees of LASERS and HBPOL and the board of commissioners of the Port of New Orleans to enter into a cooperative endeavor agreement for LASERS to administer HBPOL. Provides requirements relative to the rights of HBPOL members

and the liabilities of the system that shall be contained in such cooperative endeavor agreement.

Present law provides for the administration of HBPOL by a board of trustees comprised of active, retired, and ex officio members. Proposed law provides that if a cooperative endeavor agreement is entered into for LASERS to administer HBPOL, then the HBPOL board as established in present law shall be dissolved effective Jan. 1, 2016.

Proposed law further provides that beginning July 1, 2015, the board of LASERS shall be modified to provide for representation of HBPOL members. Future vacancies in the active member and retired member trustee positions on the LASERS board shall be elected from the LASERS membership and the HBPOL membership. Such elected trustees shall represent the constituents of both systems.

Proposed law authorizes members of HBPOL 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 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 shall be calculated and granted in the same manner as COLAs for LASERS retirees and beneficiaries. Further provides that only funds attributable to HBPOL shall be used to pay COLAs to HBPOL retirees and beneficiaries after the funds of the two systems are combined.

### **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 provides that after LASERS assumes administration of HBPOL, the employer contribution rate shall be calculated pursuant to the laws governing LASERS employer contribution rates. Further removes the 20% employer contribution cap.

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 HBPOL and for plans within LASERS.

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 actuarially assumed rate of return).

Proposed law provides that the HBPOL 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.

### **FUNDS OF THE SYSTEM**

Present law provides for the maintenance of HBPOL funds by the system. Proposed law provides that after the cooperative endeavor agreement provided for in proposed law is executed, the assets of HBPOL shall be transferred to LASERS and shall become a part of the LASERS trust to be managed in accordance with LASERS law. Requires such funds to be kept in a notional account. Prohibits debiting of the account to pay allocations to LASERS debt required by present law (R.S. 11:102.1) and further prohibits debiting of the account to divert funds to the LASERS experience account. Provides that the notional account shall be credited with interest each year at the actuarial rate of return earned by LASERS.

Provisions relating to the assumption of administration of HBPOL by LASERS become effective June 30, 2015.

All other provisions, including enrollment of new hires in the Hazardous Duty Plan of LASERS, become effective July 1, 2014.

(Amends R.S.11:102(C)(1)(intro. para.), (2), (3), and (4)(b), 511(5) and (6), 3682(7) and (16), 3683(1), 3688(E), 3688.1(B), and 3690(B)(1) and (C); Adds R.S. 11:612(2.1), 620.1, 631, and 3688(A)(13); Repeals R.S. 11:3688(B))