
HOUSE COMMITTEE AMENDMENTS

Substitute for Original House Bill No. 79 by Representative Pearson as proposed by the House Committee on Retirement

This document reflects the content of a substitute bill but is not in a bill form; page numbers in this document DO NOT correspond to page numbers in the substitute bill itself.

To amend and reenact R.S. 11:102(C)(1)(l) and (4)(b), 612(introductory paragraph), 613(A), 615(B), 3681, 3682(1), (2), (4)(a), (7), (16), (18) through (20), and (26), 3683(introductory paragraph), (1), and (3)(b), 3684(A), (D), and (F), 3685(A)(1)(a) and (2)(introductory paragraph) and (d), (B)(1), (3) through (6), and (8), (C)(1), (2), and (13), and (E), 3685.2(B)(introductory paragraph), (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)(introductory paragraph), to enact R.S. 11:102(C)(1)(m), 612(2.1), 620.1, Subpart E of Part VII of Chapter 1 of Subtitle II of Title 11 of the Louisiana Revised Statutes of 1950, comprised of R.S. 11:631, and 3682(20.1), and to repeal R.S. 11:3682(29), 3685(D), 3688(A) through (C) and (E), 3689(B) through (E), 3690 (C) and (D), 3690.1, 3691, 3693, and 3698, relative to retirement for employees of the Harbor Police Department of the Port of New Orleans; to provide relative to the merger of the Harbor Police Retirement System into the Louisiana State Employees' Retirement System; to provide for enrollment of new hires of the Harbor Police Department in the Hazardous Duty Services Plan in the Louisiana State Employees' Retirement System; to provide relative to a cooperative endeavor agreement with respect to the merger of the systems; to provide relative to the assets of the Harbor Police Retirement System; to provide relative to benefits for members of the Harbor Police Retirement System; to provide relative to retirement benefits for new hires of the Harbor Police Department of the Port of New Orleans; to provide relative to the boards of trustees of the Louisiana State Employees' Retirement System and the Harbor Police Retirement System; to provide an effective date; and to provide for related matters.

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

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 11:612(introductory paragraph), 613(A), 615(B), 3682(16) and
3683(1) are hereby amended and reenacted and R.S. 11:612(2.1) is hereby enacted to read
as follows:

§612. Application; definitions

Terms not specifically defined in this Section but defined in R.S. 11:403 shall
have the meanings provided in R.S. 11:403 unless a different meaning is clearly
required by the context. For purposes of this Subpart:

* * *

(2.1) In addition to the definition provided in Paragraph (2) of this Section,
the term "member" shall also include any commissioned employee of the Harbor
Police Department of the Port of New Orleans first hired on or after July 1, 2014.

* * *

§613. Eligibility for plan membership

A. Each person who becomes an employee in state service in one of the
positions defined in R.S. 11:612(2) or (2.1) shall become a member of the Hazardous
Duty Services Plan of the system as a condition of employment.

* * *

§615. Retirement benefit calculation

* * *

B. If the member's last ten years of creditable service were not accrued
exclusively in one of the hazardous duty positions defined in R.S. 11:612(2) or (2.1),
he shall receive a retirement benefit equal to two and one-half percent of his average
compensation for the actual number of years of creditable service earned in a
hazardous duty position.

* * *

§3682. Definitions

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

* * *

(16) "Employee" means any commissioned member or employee of the Harbor Police Department of the Port of New Orleans prior to July 1, 2004, or any commissioned member of the Harbor Police Department of the Port of New Orleans on or after July 1, 2004 and hired on or before June 30, 2014.

* * *

§3683. Membership

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

(1) All persons who shall become employees as defined in R.S. 11:3682(16) after August 1, 1971, and on or before June 30, 2014, except those specifically excluded under Paragraph (3) of this Section, shall become members as a condition of their employment, provided they are under fifty years of age at the date of employment.

* * *

Section 2. R.S. 11:102(C)(1)(l) and (4)(b), 3681, 3682(1), (2), (4)(a), (7), (18) through (20), and (26), 3683(introductory paragraph) and (3)(b), 3684(A), (D), and (F), 3685(A)(1)(a) and (2)(introductory paragraph) and (d),(B)(1), (3) through (6), and (8), (C)(1), (2), and (13), and (E), 3685.2(B)(introductory paragraph), (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)(introductory paragraph) are hereby amended and reenacted and R.S. 11:102(C)(1)(m), 620.1, Subpart E of Part VII of Chapter 1 of Subtitle II of Title 11 of the Louisiana Revised Statutes of 1950, comprised of R.S. 11:631, and 3682(20.1) are hereby enacted to read as follows:

§102. Employer contributions; determination; state systems

* * *

C.(1) This Subsection shall be applicable to the Louisiana State Employees' Retirement System effective for the June 30, 2010, system valuation and beginning

Fiscal Year 2011-2012. For purposes of this Subsection, "plan" or "plans" shall mean a subgroup within the system characterized by the following employee classifications:

* * *

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

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

* * *

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

* * *

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

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

(aa) July 1, 2022.

(bb) The date that all sums payable by the Port of New Orleans to the board of trustees of the Louisiana State Employees' Retirement System pursuant to the terms and conditions of a cooperative endeavor agreement between the board of trustees of the Louisiana State Employees' Retirement System, the board of

commissioners of the Port of New Orleans, and the board of trustees of the Harbor Police Retirement System regarding the merger of the Harbor Police Retirement System into the Louisiana State Employees' Retirement System have been paid in full.

* * *

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

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

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

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

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

(b) In lieu of paying the deficit or difference plus interest, the member may, at his option but only at the time of transfer, be granted an amount of credit in this plan which is based on the amount of funds actually transferred plus any additional funds less than the deficit paid by the member.

(c) A member who completes a transfer under the provisions of this Paragraph shall have his retirement benefit calculated using the accrual rate of the plan from which he transferred based on the number of years transferred.

C. A member whose first employment making him eligible for membership in the Harbor Police Retirement Plan occurred on or before June 30, 2015, who elects to join this plan shall thereafter for purposes of all state retirement systems be treated as an employee whose membership is governed by the provisions of Act No. 992 of the 2010 Regular Session of the Legislature.

* * *

SUBPART E. HARBOR POLICE RETIREMENT PLAN

§631. Administration of the Harbor Police Retirement Plan

A. With the exception of payment of permanent benefit increases, membership and benefits for the Harbor Police Retirement Plan shall be in accordance with the provisions of Subpart G of Part II of Chapter 3 of Subtitle IV of Title 11 of the Louisiana Revised Statutes of 1950; however, if provisions of this Chapter cover matters not specifically addressed by the provisions of Subpart G of Part II of Chapter 3 of Subtitle IV of Title 11 of the Louisiana Revised Statutes of 1950 then the provisions of this Chapter shall apply to this plan. The provisions of Subpart G of Part II of Chapter 3 of Subtitle IV of Title 11 of the Louisiana Revised Statutes of 1950 are hereby made a part of this system. Eligibility for and payment of permanent benefit increases for members of the plan shall be governed by the laws and rules of this system.

B. Notwithstanding any provision of law to the contrary, upon the merger of the Harbor Police Retirement System with this system, the assets of the Harbor Police Retirement System shall become part of the Louisiana State Employees'

Retirement System trust and shall be managed in accordance with the laws governing this system.

* * *

SUBPART G. HARBOR POLICE RETIREMENT ~~SYSTEM~~ PLAN (PORT OF NEW ORLEANS) IN THE LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

§3681. Name and date of establishment

A. A retirement ~~system~~ plan is hereby established and placed under the management of the Board of Trustees for the purpose of providing retirement allowances and other benefits under the provisions of this Subpart for Commissioned Members of the Harbor Police Department of the Port of New Orleans hired on or before June 30, 2014. ~~The retirement system so created shall be established as of the first day of August nineteen hundred and seventy-one.~~

~~B. It shall have the power and the privileges of a corporation and shall be known as the "Harbor Police Retirement System" and by such name all of its business shall be transacted, all of its funds invested and all of its cash and securities and other property held.~~

§3682. Definitions

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

(1) "Accumulated contribution" means the sum of all the amounts deducted from the compensation of a member and credited to his individual account in the ~~Annuity Savings Fund~~ Employee Savings Account established in R.S. 11:532, together with regular interest thereon as provided in R.S. 11:3688.

(2) "Actuarial equivalent" means a benefit of equivalent value to the accumulated contributions, annuity, or benefits, as the case may be, computed upon the basis of such interest and mortality assumptions as are adopted ~~in accordance with the provisions of R.S. 11:3688(D)~~ by the board or provided in law.

* * *

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

* * *

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

* * *

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

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

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

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

* * *

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

* * *

§3683. Membership

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

* * *

(3)

* * *

(b) Any employee who is employed on July 7, 2003, who has retired from service under any retirement system of this state partly or wholly financed by public

funds, who is receiving retirement benefits therefrom, and who was prohibited from becoming a member of this system upon his initial employment solely on this basis shall become a member of this ~~system~~ plan from the date of his initial employment provided he meets all other eligibility requirements; however, any such employee may purchase credit for previous service only in compliance with the provisions of R.S. 11:158 relating to actuarial calculation of purchase price.

* * *

§3684. Creditable service

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

* * *

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

* * *

F. Any member who has terminated membership in the ~~system~~ plan for any reason and has withdrawn his contributions and who later is reemployed and

becomes a member of the system, shall after eighteen months of additional service and membership, be eligible to obtain credit for his prior service in the system, provided that he pay back into the system the amount of the contributions which had been refunded to him plus compound interest from the date of the refund until the date of repurchase. The compound interest rate to be used in the computation of the amount the member must pay back into the system shall be the actuarially assumed interest rate in the most recent actuarial valuation.

* * *

§3685. Benefits

A.(1)(a) Any member of this ~~system plan~~ plan who has completed at least twenty years of creditable service and attained the age of forty-five years, or any member who has completed at least twenty-five years of creditable service regardless of age, or any member who has completed at least ten years of service and attained the age of sixty years, or any member who has completed at least twelve years of creditable service and has attained the age of fifty-five years, shall be entitled to retire from service and upon such retirement shall be paid a retirement allowance equal to three and one-third percent of his average final compensation multiplied by his years of creditable service, not to exceed one hundred percent of his final salary.

* * *

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

* * *

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

(ii) If a deceased member leaves a surviving child who has a total physical disability or mental disability, the child, regardless of age, shall be entitled to the benefits for children under eighteen years of age pursuant to Subparagraph (c) or (e)

of this Paragraph if the child had a total physical disability or mental disability at the time of the death of the member, and the child is dependent upon his legal guardian for subsistence. The legal guardian shall provide adequate proof of physical or mental disability of such a surviving child and shall notify the board of any subsequent changes in the child's condition that cause the child to no longer be dependent upon the legal guardian and of any changes in the assistance being received from other state agencies. The board may require a certified statement of the child's eligibility status at the end of each calendar year.

* * *

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

(1) In lieu of terminating employment and accepting a service retirement under this Subpart, any member of this ~~system plan~~ who has not less than twenty years of creditable service and who is eligible to receive a service retirement allowance may elect to participate in a deferred retirement option plan as provided for below and defer the receipt of benefits in accordance with the provisions of this Section.

* * *

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

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

(5) Upon the effective date of the commencement of participation in the deferred retirement option plan, active membership in the system shall terminate. Employer contributions shall continue to be payable by the employer during the member's participation in ~~the such~~ plan, but payment of employee contributions shall cease upon the effective date of the member's commencement of participation in ~~the such~~ plan. For purposes of this Section, compensation and creditable service shall remain as they existed on the effective date of commencement of participation in the deferred retirement option plan. The monthly retirement benefits that would have

been payable, had the member elected to cease employment and receive a service retirement allowance, shall be paid into the deferred retirement option plan account. Upon termination of employment, deferred benefits shall be payable as provided by Paragraph (B)(8).

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

* * *

(8) Upon termination of employment at the end of the specified period of participation, a participant in the program shall receive, at his option, a lump sum payment from the account equal to the payment to the account; or a true annuity based upon his account; or he may elect any other method of payment if approved by the board of trustees. In the event a member elects to receive a true annuity, or any other method of payment approved by the board of trustees, funds will be transferred from the DROP account into the ~~Annuity Reserve Account~~ Retiree's Annuity Reserve account to provide for the annuity payments.

* * *

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

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

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

* * *

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

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

* * *

§3685.2. Computation of retirement benefits

* * *

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

* * *

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

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

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

(7) Annual adjustment. The ninety thousand dollar limitation provided in this Subsection shall be adjusted annually to the maximum dollar limits allowable by the secretary of the Treasury of the United States under Section 415(d) of the Internal Revenue Code, such adjustments to take effect on the first day of each fiscal year following December 31, 1987. The adjustment shall not exceed the adjustment in effect for the calendar year in which the fiscal year of the system begins. The adjusted earlier limitation is applicable to employees who are members of the ~~system~~ plan and to members who have retired or otherwise terminated their service under

the ~~system plan~~ with a nonforfeitable right to accrued benefits, regardless of whether they have actually begun to receive benefits. This system shall be considered specifically to provide for such post-retirement adjustments. For any limitation year beginning after separation from service occurs, the annual adjustment factor is a fraction, the numerator of which is the adjusted dollar limitation for the limitation year in which the compensation limitation is being adjusted and the denominator of which is the adjusted dollar limitation for the limitation year in which the member separated from service. No adjustment shall be permitted with respect to post October 14, 1987, limitations.

* * *

§3686. Disability retirement

* * *

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

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

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

(c) Any disability beneficiary of the Harbor Police Retirement ~~System Plan~~ who is receiving disability benefits as a result of an injury sustained in the line of duty, and who, as a result of the disability, is permanently and completely confined to a wheelchair for movement of person, is permanently and legally blind as a result of an injury suffered in the line of duty, or as a result of his injury is an amputee to such a degree as would prevent him from serving as a law enforcement officer, shall be exempt from any provision of this Subpart or any other provision of law which

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

provides for reduction of benefits if the recipient, subsequent to his disability, becomes gainfully employed.

* * *

D.

* * *

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

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

* * *

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

D. ~~Actuary; duties and actuarial assumptions:~~ (1) The Board of Trustees ~~and the Board of Commissioners of the Port of New Orleans~~ shall jointly designate

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

an actuary who shall be the technical advisor of the Board of Trustees on actuarial matters regarding the operation of the ~~fund~~ plan created by the provisions of this Subpart, and shall perform such other duties as are required in connection therewith.

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

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

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

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

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

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

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

(b) The Board of Trustees may authorize the use of interest and mortality rates in determining the actuarial equivalents which are different from the actuarial assumptions used for other purposes in this Subpart. Any change in such actuarial assumptions shall be considered a part of this ~~retirement system~~ plan and shall be considered an amendment to the provisions of this Section. In order to be effective,

such change must be formally adopted by the Board of Trustees and disclosed to members of the ~~retirement system~~ plan.

§3688.1. Amendments

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

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

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

* * *

§3690. Method of financing

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

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

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

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

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

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

* * *

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

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

§3692. Protection against fraud

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

* * *

§3695. Direct rollover

* * *

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

* * *

Section 3. R.S. 11:3682(29), 3685(D), 3688(A) through (C) and (E), 3689(B) through (E), 3690(C) and (D), 3690.1, 3691, 3693, and 3698 are hereby repealed in their entirety.

Section 4.(A) The board of trustees of the Louisiana State Employees' Retirement System, the board of commissioners of the Port of New Orleans, and the board of trustees of the Harbor Police Retirement System may execute a cooperative endeavor agreement for

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

the merger of the Harbor Police Retirement System into the Louisiana State Employees' Retirement System.

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

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

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

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

(2) Liabilities of the Harbor Police Retirement System:

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

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

(C) Any cooperative endeavor agreement executed pursuant to this Section shall be provided to the House and Senate Committees on Retirement by October 1, 2014.

Section 5. The cost of this Act, if any, shall be funded with additional employer contributions in compliance with Article X, Section 29(F) of the Constitution of Louisiana.

Section 6.(A) The provisions of this Section and Sections 1, 4, and 5 of this Act shall become effective on June 30, 2014.

(B) The provisions of Sections 2 and 3 of this Act shall become effective July 1, 2015, if the house and senate committees on retirement approve the terms of the cooperative endeavor agreement provided for in Section 4 of this Act on or before 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)]

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, 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 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.

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 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 House and Senate Committees on Retirement By October 1, 2014.

Provisions relating to the merger of HBPOL into LASERS become effective July 1, 2015, if the house and senate committees on retirement approve the terms of the cooperative endeavor agreement authorized pursuant to proposed law.

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