
DIGEST

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Danahay

HB No. 1174

Abstract: Creates "Hazardous Duty" and "Non-Hazardous Duty" subplans within the Municipal Police Employees' Retirement System (MPERS) and the Firefighters' Retirement System (FRS) for new hires after December 31, 2012

Present law establishes the MPERS and FRS systems. Proposed law retains present law.

Proposed law establishes two new subplans each within MPERS and FRS. Each new subplan is for new hires on and after January 1, 2013. One subplan in each system is for "hazardous duty" members and the other is for "non-hazardous duty" members. Proposed law defined "hazardous duty" employees as persons eligible to receive state supplemental pay by virtue of their employment. Proposed law defines "non-hazardous duty" employees as persons not eligible to receive state supplemental pay by virtue of their employment.

Proposed law retains present law for current members of each system and for persons hired prior to January 1, 2013.

EMPLOYEE CONTRIBUTION RATES

Present law establishes the employee contribution rates for MPERS and FRS. Rates are based on the members salary being above or below the most recently issued federal poverty guideline.

Proposed law retains present law for current employees and adds members of the hazardous duty services subplan to these amounts. Proposed law further establishes an employee contribution rate for the non-hazardous duty subplans in MPERS and FRS. For both systems, the rate is 8%.

"AVERAGE COMPENSATION"

Present law defines "average compensation" for members as the average of their 3 highest paid years of employment. Proposed law retains present law for current employees and for employees hired prior to January 1, 2013.

Proposed law changes the definition of "average compensation" for persons hired on or after January 1, 2013. Proposed law defines "average compensation" for these new employees as the average of their highest paid 5 years of employment.

Present law and proposed law both contain restrictions on "spiking" salaries of employees so that, year over year, a member's salary cannot increase over a certain percentage over the prior year's salary.

RETIREMENT ELIGIBILITY

Present law establishes retirement eligibility for MPERS:

- (1) 25 years of service or more, at any age.
- (2) 20 years of service or more, at 50 years of age.
- (3) 20 years of service or more, at any age, actuarially reduced.
- (4) 12 years of service or more, at 55 years of age.

Present law establishes retirement eligibility for FRS:

- (1) 25 years of service or more, at any age.
- (2) 20 years of service or more, at age 55.
- (3) 12 years of service or more, at age 55.

Proposed law retains present law for current employees and employees hired prior to January 1, 2013.

Proposed law establishes retirement eligibility for the Hazardous Duty subplan in MPERS and FRS as:

- (1) 25 years of service or more, at any age.
- (2) 12 years or service or more, at age 55 or after.
- (3) 20 years or service or more, at any age, actuarially recuded.

Proposed law establishes retirement eligibility for the Non-Hazardous Duty subplan in MPERS and FRS as:

- (1) 30 years of service or more, at any age.
- (2) 25 years of service or more, at age 55.
- (3) 20 years of service or more, at any age, actuarially reduced.

ACCRUAL RATE

Present law establishes the accrual rate of members in MPERS at 3.33%.

Present law establishes the accrual rate for members in FRS at 3.33%.

Proposed law retains present law for current employees and employees hired prior to January 1, 2013.

Proposed law establishes the accrual rate for the Hazardous Duty subplan in MPERS and FRS at 3.33%.

Proposed law establishes the accrual rate for the Non-Hazardous Duty subplan in MPERS and FRS at 3%.

Proposed law authorizes any member eligible for regular retirement (not disability or an actuarially reduced retirement benefit) in either subplan to participate in the Deferred Retirement

Option Program (DROP).

DISABILITY AND SURVIVOR BENEFITS

Present law for MPERS generally provides the following for disability benefits:

Any member certified as disabled due to injury sustained in the course of his duties, and any active member certified as disabled for any reason so long as the member has at least 10 years of creditable service is entitled to disability. The disability benefit equals 3.33% of final average compensation multiplied by years of service, subject to a minimum of 40% of final compensation and a maximum of 60% of final compensation. Members with severe injuries (including total loss of an eye or limb) sustained in the line of duty receive 100% of their final average compensation.

Present law for FRS generally provides the following for disability benefits:

Any member certified as disabled due to injury sustained in the course of his duties, and any active member certified as disabled for any reason so long as the member has at least 5 years of creditable service is entitled to disability. Percentages of the accrued benefit the injured member is entitled to vary with age.

Present law for MPERS generally provides the following for survivor benefits:

If an active member is killed in the line of duty, the surviving spouse is entitled to a benefit equal to 100% of the deceased's final average compensation. If an active member is killed not in the line of duty and leaves a surviving spouse, the spouse is entitled to an annual benefit equal to 3.33% of the deceased's average final compensation multiplied by this total years of creditable service, subject to a minimum of 40% and a maximum of 60% of the deceased's average final compensation. Minor children are entitled to a benefit until they reach age 18 or age 23 (if enrolled full-time in an institution of higher learning, high school, or vo-tech school). Different provisions apply to handicapped children of a deceased member.

Present law for FRS generally provides the following for survivor benefits:

If a member is killed in the line of duty and leaves a surviving spouse, the spouse is entitled to an annual benefit equal to $\frac{2}{3}$ the deceased's final compensation. If a member is killed not in the line of duty, the surviving spouse is entitled to an annual benefit equal to 3% of the deceased members' average final compensation multiplied by his years of creditable service, subject to a minimum of 40% and a maximum of 60% of the member's final average compensation. Minor children of a deceased member are eligible for a benefit until they attain the age of majority or the age of 22 (if enrolled full-time in an institution of higher learning). Different provisions apply to handicapped children of a deceased member.

Proposed law retains present law for subplan members.

(Amends R.S. 11:62(3) and (6), 2213 (intro. para.), (4), and (20), 2252(4) and (19); Adds R.S. 11:2241.1-2241.7, 2242.1- 2242.7, 2181-2187, and 2291-2297)