

Regular Session, 2012

HOUSE BILL NO. 1174

BY REPRESENTATIVE DANAHAAY

RETIREMENT/STATE-STWIDE: Establishes "Hazardous Duty" and "Non-Hazardous Duty" subplans in the Municipal Police Employees' Retirement System

1 AN ACT

2 To amend and reenact R.S. 11:62(6) and 2213(introductory paragraph), (4), and (20) and to
3 enact Part II of Chapter 8 of Subtitle III of Title 11 of the Louisiana Revised Statutes
4 of 1950, to be comprised of R.S. 11:2241.1 through 2241.7, and Part III of Chapter
5 8 of Subtitle III of Title 11 of the Louisiana Revised Statutes of 1950, to be
6 comprised of R.S. 11:2242.1 through 2242.7, relative to the establishment of
7 subplans for new hires within the Municipal Police Employees' Retirement System;
8 to provide relative to eligibility, benefits, accrual and contribution rates; to provide
9 for definitions; to provide restrictions; and to provide for related matters.

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

13 Be it enacted by the Legislature of Louisiana:

14 Section 1. R.S. 11:62(6) and 2213(introductory paragraph), (4), and (20) are hereby
15 amended and reenacted and Part II of Chapter 8 of Subtitle III of Title 11 of the Louisiana
16 Revised Statutes of 1950, comprised of R.S. 11:2241.1 through 2241.7, and Part III of
17 Chapter 8 of Subtitle III of Title 11 of the Louisiana Revised Statutes of 1950, comprised
18 of R.S. 11:2242.1 through 2242.7, are hereby enacted to read as follows:

1 §62. Employee contribution rates established

2 Employee contributions to state and statewide public retirement systems shall
3 be paid at the following rates, except as otherwise provided by law:

4 * * *

5 (6) Municipal Police Employees' Retirement System:

6 (a) For members hired prior to January 1, 2013, and for members of the
7 Hazardous Duty Subplan:

8 (i) Any member whose earnable compensation is less than or equal to the
9 most recently issued poverty guidelines issued by the United States Department of
10 Health and Human Services according to the size of the member's family unit - 7.5%.

11 ~~(b)~~ (ii) For employee contributions due and payable July 1, 2011, or
12 thereafter, any member whose earnable compensation is more than the most recently
13 issued poverty guidelines issued by the United States Department of Health and
14 Human Services according to the size of the member's family unit:

15 If the total contribution
16 for the fiscal year expressed
17 as a percentage of payroll after

18 applying all required tax
19 contributions is:

The employee contribution
shall be:

20	25.0% or below	7.5%
21	25.01% to 25.75%	7.75%
22	25.76% to 26.5%	8.0%
23	26.51% to 27.25%	8.25%
24	27.26% to 28.0%	8.5%
25	28.01% to 28.75%	8.75%
26	28.76% to 29.5%	9.25%
27	29.51% to 30.25%	9.5%
28	30.26% to 31.0%	9.75%
29	31.0% or above	10.0%

1 §2241.2. Application; definitions

2 Terms not specifically defined in this Section shall have the meanings
3 provided in R.S. 11:2213 unless a different meaning is clearly required by the
4 context. For purposes of this Part:

5 (1) "Member" or "members" shall mean all persons otherwise qualifying as
6 a member under R.S. 11:2213 whose first employment making them eligible for
7 membership in this system occurred on or after January 1, 2013, and who by virtue
8 of their employment are eligible to receive state supplemental pay, notwithstanding
9 any temporal restrictions relative to qualifying for such pay.

10 (2) "Subplan" means the Hazardous Duty Subplan created by this Part for
11 certain hazardous duty service employees within the system.

12 (3) "System" means the Municipal Police Employees' Retirement System.

13 §2241.3. Eligibility for plan membership

14 A. Membership in this subplan is limited to employees who, notwithstanding
15 any temporal restrictions relative to qualifying for such pay, would be eligible to
16 receive state supplemental pay by virtue of their employment.

17 B. Notwithstanding the provisions of Subsection A of this Section, no person
18 who participated in the Deferred Retirement Option Plan as a member of any other
19 retirement plan in this system shall be eligible for membership in the Hazardous
20 Duty Subplan.

21 §2241.4. Eligibility for retirement

22 A. Any member of this subplan shall be eligible for retirement if he has:

23 (1) Twenty-five years or more of service, at any age.

24 (2) Twelve years or more of service, at age fifty-five or thereafter.

25 (3) Twenty years of service credit at any age, exclusive of unused annual and
26 sick leave and military service other than qualified military service as provided in 26
27 U.S.C. 414(u) earned on or after December 12, 1994. Any person retiring under this
28 Paragraph shall have his benefit, inclusive of military service credit and allowable
29 unused annual and sick leave, actuarially reduced. Any member retiring under this

1 Paragraph shall have his benefit actuarially reduced from the earliest age that he
 2 would normally become eligible for a regular retirement benefit under Paragraph (1)
 3 or (2) of this Subsection based upon his years of service as of the date of retirement.
 4 Any employee who elects to retire under the provisions of this Paragraph shall not
 5 be eligible to participate in the Deferred Retirement Option Plan provided by R.S.
 6 11:2221 or the Initial Benefit Option provided by R.S. 11:2224(F).

7 §2241.5. Retirement benefit calculation

8 A. Except as provided in Subsection B of this Section, a member shall
 9 receive a retirement benefit equal to three and one-third percent of average final
 10 compensation for every year of creditable service in this subplan, not to exceed one
 11 hundred percent of the member's average final compensation.

12 B. Retirement benefits for members who had service in nonhazardous duty
 13 or service under existing plans prior to entering this subplan shall upon retirement
 14 eligibility receive a retirement benefit for that prior service based on the applicable
 15 accrual rate when earned.

16 C. Average final compensation as defined in R.S. 11:2213 shall be based on
 17 all creditable service in the system.

18 §2241.6. Deferred Retirement Option Plan; Initial Benefit Option

19 A member who is eligible for regular retirement may elect to participate in
 20 the Deferred Retirement Option Plan in accordance with the provisions of R.S.
 21 11:2221 or the Initial Benefit Option provided by R.S. 11:2224(F).

22 §2241.7. Disability retirement; survivor benefits

23 A. A member of this subplan shall be eligible for disability benefits upon
 24 meeting the criteria and procedures set forth in R.S. 11:2223.

25 B. Survivors' benefits shall be paid as otherwise provided in this Chapter.

26 PART III. NONHAZARDOUS DUTY SUBPLAN

27 §2242.1. Creation of Nonhazardous Duty Subplan

28 A. The Nonhazardous Duty Subplan is created within the Municipal Police
 29 Employees' Retirement System for members whose first employment making them

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

1 eligible for membership in the system occurred on or after January 1, 2013, in
2 nonhazardous duty positions as defined in this Part.

3 B. Any other provisions of this Chapter or any other laws to the contrary
4 notwithstanding, the retirement of Nonhazardous Duty Subplan members shall be
5 governed by the provisions of this Part; however, if provisions of this Chapter cover
6 matters not specifically addressed by the provisions of this Part or if any of the
7 provisions of this Chapter are made applicable in this Part, then those provisions
8 shall apply to members governed by this Part.

9 §2242.2. Application; definitions

10 Terms not specifically defined in this Section shall have the meanings
11 provided in R.S. 11:2213 unless a different meaning is clearly required by the
12 context. For purposes of this Part:

13 (1) "Member" or "members" shall mean all persons otherwise qualifying as
14 a member under R.S. 11:2213 whose first employment making them eligible for
15 membership in this system occurred on or after January 1, 2013, who are not eligible
16 by virtue of their position to receive state supplemental pay.

17 (2)"Subplan" means the Nonhazardous Duty Subplan created by this Part for
18 certain nonhazardous duty service employees within the system.

19 (3) "System" means the Municipal Police Employees' Retirement System.

20 §2242.3. Eligibility for plan membership

21 Membership in this subplan is limited to employees whose employment does
22 not qualify them to receive state supplemental pay.

23 §2242.4. Eligibility for retirement

24 A. Any member of this subplan shall be eligible for retirement if he has:

25 (1) Thirty years or more of service, at any age.

26 (2) Twenty-five years or more of service, at age fifty-five or thereafter.

27 (3) Twenty years of service credit at any age, exclusive of unused annual and
28 sick leave and military service other than qualified military service as provided in 26
29 U.S.C. 414(u) earned on or after December 12, 1994. Any person retiring under this

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)]

Danahay

HB No. 1174

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

Present law establishes the MPERS system. Proposed law retains present law.

Proposed law establishes two new subplans within MPERS. Each new subplan is for new hires on and after Jan. 1, 2013. One subplan is for "hazardous duty" members and the other is for "nonhazardous duty" members. Proposed law defined "hazardous duty" employees as persons eligible to receive state supplemental pay by virtue of their employment. Proposed law defines "nonhazardous 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 Jan. 1, 2013.

EMPLOYEE CONTRIBUTION RATES

Present law establishes the employee contribution rates for MPERS. 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 nonhazardous duty subplan at 8%.

AVERAGE COMPENSATION

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

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

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

Proposed law establishes retirement eligibility for the Hazardous Duty Subplan as:

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

Proposed law establishes retirement eligibility for the Nonhazardous Duty Subplan 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%.

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

Proposed law establishes the accrual rate for the Hazardous Duty Subplan at 3.33%.

Proposed law establishes the accrual rate for the Nonhazardous Duty Subplan 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 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 his 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.

Proposed law retains present law for subplan members.

(Amends R.S. 11:62(6), 2213 (intro. para.), (4), and (20); Adds R.S. 11:2241.1-2241.7, 2242.1- 2242.7)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Retirement to the original bill.

1. Removes the Firefighters Retirement System from the bill.