
DIGEST

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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.