

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 2241.8, 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 2242.8, 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 2241.8, 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 2242.8, 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 contributions is: The employee contribution
19 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 percent of average final compensation for
10 every year of creditable service in this subplan, not to exceed one hundred percent
11 of the member's average final compensation. Notwithstanding this provision, a
12 member who retires with thirty or more years of creditable service shall receive a
13 retirement benefit equal to three and one-third percent of the member's average final
14 compensation for every year of creditable service in this subplan, not to exceed one
15 hundred percent of the member's average final compensation.

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

20 C.(1) Creditable service maintained pursuant to a reciprocal agreement in
21 another system, fund, or plan shall not be used to meet the requirement of thirty or
22 more years of creditable service.

23 (2) Transferred service with an accrual rate of less than three and one-third
24 percent shall not be used to meet the requirement of thirty or more years of creditable
25 service unless the member elects to purchase the accrual rate for application to his
26 transferred credit.

1 §2241.6. Deferred Retirement Option Plan; Initial Benefit Option

2 A member who is eligible for regular retirement may elect to participate in
3 the Deferred Retirement Option Plan in accordance with the provisions of R.S.
4 11:2221 or the Initial Benefit Option provided by R.S. 11:2224(F).

5 §2241.7. Disability retirement

6 A.(1) Eligibility for disability benefits, procedures for application for
7 disability benefits, procedures for the certification of continuing eligibility for
8 disability benefits, the authority of the board of trustees to modify disability benefits,
9 and procedures governing the restoration to active service of a formerly disabled
10 employee shall be as provided in R.S. 11:202 through 225.

11 (2) The burden of proving that a disability is not based on a preexisting
12 condition, prohibiting receipt of benefits, shall lie with the employee if the physical
13 examination and waiver forms required by R.S. 11:2214(A)(2) have not been
14 submitted to the system.

15 B.(1) The board of trustees shall award disability benefits to eligible
16 members who have been officially certified as disabled to perform the position held
17 by the member at the time that the disability was incurred or as disabled to perform
18 any other position paying the same salary currently available in the department if the
19 disability is not the result of a preexisting condition. Upon receipt of any application
20 for disability retirement, the system shall request from the chief of police the job
21 descriptions of all positions currently available in the department paying the same
22 salary. Such job descriptions shall be submitted to the system within thirty days, or
23 it shall be presumed that no position is available that pays the same salary. The
24 disability benefit shall be determined as provided in this Section.

25 (2) Upon application for retirement due to a total and permanent disability
26 caused solely as the result of injuries sustained in the performance of his official
27 duties, a member shall receive a disability benefit equal to two and three-quarters
28 percent of his average final compensation multiplied by his years of creditable

1 service, but not less than thirty-three percent nor more than fifty-five percent of his
2 average final compensation.

3 (3) Upon application for retirement due to a total and permanent disability,
4 any member with at least ten years creditable service shall receive a disability benefit
5 equal to two and three-quarters percent of his average final compensation multiplied
6 by his years of creditable service, but not less than thirty-three percent nor more than
7 fifty-five percent of his average final compensation.

8 (4) In no case shall any disability benefit approved by the board of trustees
9 be paid until all employee and employer contributions are received by the retirement
10 system, covering through the date of termination of employment. Furthermore, no
11 application for disability benefit shall be approved until all previously refunded
12 contributions from the system have been repaid, including compounded interest at
13 the board-approved actuarial valuation rate thereon from the date of refund until
14 repaid in full.

15 C.(1) At the time of attainment of normal retirement age, a service-connected
16 disability benefit recipient shall have the option to continue to receive his disability
17 retirement benefit or his vested retirement benefit for the remainder of his life; if he
18 elects to receive his vested retirement benefit, such benefit shall be equal to the
19 greater of his disability benefit or his vested retirement benefit. Such election filed
20 with the retirement system shall become irrevocable thirty days after receipt.

21 (2) Upon attainment of normal retirement age, a disability recipient not
22 covered by Paragraph (1) of this Subsection shall receive the greater of his disability
23 retirement benefit or his vested benefit.

24 D. Any person who is receiving or has received a disability retirement
25 benefit from any law enforcement or police retirement plan or pension and relief
26 fund for policemen, except disability retirees of this system, shall not be eligible for
27 membership in the Municipal Police Employees' Retirement System if he becomes
28 no longer disabled and returns to service in the same municipality or becomes

1 employed as a policeman or law enforcement officer while receiving a disability
2 benefit.

3 E.(1) Any disability retiree who is in a coma or who is paraplegic, when such
4 condition is solely the result of injuries sustained in the performance of his official
5 duties and such condition is certified by the State Medical Disability Board shall
6 receive a benefit equal to his average final compensation.

7 (2) Any disability retiree who is blinded or who loses the total use of a limb
8 solely as a result of injuries sustained in the performance of his official duties and
9 whose condition is certified by the State Medical Disability Board shall receive a
10 benefit equal to his average final compensation. No funds derived from the
11 assessments against insurers pursuant to R.S. 22:1476 shall be used to pay any
12 increased costs or increase in liability of the system resulting from the provisions of
13 this Paragraph.

14 F. Notwithstanding the provisions of R.S. 11:221(D), any disability benefits
15 granted under the provisions of this Section shall not be reduced because the
16 disability retiree is also receiving social security disability benefits.

17 §2241.8. Survivor Benefits

18 Benefits shall be payable to any survivor of an active contributing member
19 who dies before retirement or a disability retiree who dies after retirement as
20 specified in the following:

21 (1)(a) If an active contributing member or a disability retiree either of whom
22 has at least ten years of creditable service in the system dies and leaves a surviving
23 spouse, the surviving spouse shall receive a benefit calculated according to the
24 regular retirement formula, disregarding age, but not less than thirty-three percent
25 nor more than fifty-five percent of the member's average final compensation. If the
26 surviving spouse remarries, such benefit shall cease unless remarriage occurs after
27 age sixty years; the benefit shall resume after a subsequent termination of the new
28 marriage and upon approval of the board of trustees.

1 **(b) If the board of trustees determines that an active contributing member is**
2 **killed as a result of injuries sustained in the line of duty, the cessation of benefits**
3 **upon remarriage set forth in this Paragraph shall not apply. The surviving spouse**
4 **shall receive a benefit equal to one hundred percent of the member's average final**
5 **compensation less any survivor benefits payable to a child or children as provided**
6 **in this Section. The sum of survivor benefits paid to children and a surviving spouse**
7 **shall not exceed one hundred percent of the member's final average compensation.**
8 **No funds derived from the assessments against insurers pursuant to R.S. 22:1476**
9 **shall be used to pay any increased costs or increase in liability of the system resulting**
10 **from the payment of benefits to a surviving spouse pursuant to this Item.**

11 **(2)(a) If an active contributing member or a disability retiree either of whom**
12 **has at least ten years of creditable service in the system dies and leaves, in addition**
13 **to a surviving spouse, one or more children under eighteen years of age, each child**
14 **under age eighteen shall be paid monthly benefits equal to ten percent of the**
15 **deceased member's average final compensation, or two hundred dollars per month,**
16 **whichever is greater. However, benefits payable on account of each child, when**
17 **added to the benefits payable to the surviving spouse, shall not exceed an aggregate**
18 **of one hundred percent of the deceased member's average final compensation.**
19 **Benefits for a surviving child shall cease upon the child's attainment of age eighteen**
20 **years or upon marriage, whichever occurs first, except that benefits shall continue:**

21 **(i) For a surviving child to age twenty-three if the child is a full-time,**
22 **unmarried student at a recognized institution of higher education, high school, or**
23 **vocational-technical school, and**

24 **(ii) For a surviving totally physically handicapped or mentally handicapped**
25 **child if such child was totally physically handicapped or mentally handicapped at the**
26 **time of death of the member or became so prior to the attainment of age eighteen and**
27 **is dependent upon the surviving spouse or other legal guardian for subsistence.**

28 **(b) If an active contributing member or a disability retiree either of whom**
29 **has at least ten years of creditable service in the system dies and does not leave a**

1 surviving spouse but leaves one or more children under the age of eighteen, each
2 child under age eighteen shall be paid monthly benefits equal to twenty-five percent
3 of the deceased member's average final compensation. Benefits paid on account of
4 each child shall not exceed an aggregate of fifty percent of the average final
5 compensation. If the deceased member is survived by only one minor child, the
6 child shall be paid not less than thirty percent of the deceased member's average final
7 compensation. Benefits shall continue after the minor child attains age eighteen as
8 provided in Subparagraph (a) of this Paragraph.

9 (c) If at the time of a member's death the member is not married to the
10 natural parent of any child or children who are entitled to receive a payment pursuant
11 to this Section and if a trust has been created by the deceased member for the benefit
12 of such child or children, the payment shall be made to any person designated as a
13 trustee by the member on a certified copy of a trust document submitted to the
14 system by the member.

15 (3) If a member who is eligible for retirement dies before retiring, the
16 surviving spouse shall automatically be paid benefits as though the member had
17 retired on the date of his death and elected Option 2, naming the surviving spouse as
18 beneficiary, or shall be paid benefits as provided in this Section whichever is greater.

19 (4) Any member who has twelve or more years of service credit established
20 in the retirement system and who terminates covered employment and leaves his
21 accumulated contributions in the retirement system in order to receive a retirement
22 benefit upon reaching the applicable age shall be covered by the survivor benefit
23 provisions found in this Section.

24 PART III. NONHAZARDOUS DUTY SUBPLAN

25 §2242.1. Creation of Nonhazardous Duty Subplan

26 A. The Nonhazardous Duty Subplan is created within the Municipal Police
27 Employees' Retirement System for members whose first employment making them
28 eligible for membership in the system occurred on or after January 1, 2013, in
29 nonhazardous duty positions as defined in this Part.

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

7 §2242.2. Application; definitions

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

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

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

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

18 §2242.3. Eligibility for plan membership

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

21 §2242.4. Eligibility for retirement

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

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

24 (2) Twenty-five 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 (4) Ten years or more of service, at age sixty.

8 §2242.5. Retirement benefit calculation

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

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

17 C. Average final compensation as defined in R.S. 11:2213 shall be based on
18 all creditable service in the system regardless of the subplan in which such service
19 has been earned.

20 §2242.6. Deferred Retirement Option Plan; Initial Benefit Option

21 A member who is eligible for regular retirement may elect to participate in
22 the Deferred Retirement Option Plan in accordance with the provisions of R.S.
23 11:2221 or the Initial Benefit Option provided by R.S. 11:2224(F).

24 §2242.7. Disability retirement

25 A.(1) Eligibility for disability benefits, procedures for application for
26 disability benefits, procedures for the certification of continuing eligibility for
27 disability benefits, the authority of the board of trustees to modify disability benefits,
28 and procedures governing the restoration to active service of a formerly disabled
29 employee shall be as provided in R.S. 11:202 through 225.

1 (2) The burden of proving that a disability is not based on a preexisting
2 condition, prohibiting receipt of benefits, shall lie with the employee if the physical
3 examination and waiver forms required by R.S. 11:2214(A)(2) have not been
4 submitted to the system.

5 B.(1) The board of trustees shall award disability benefits to eligible
6 members who have been officially certified as disabled to perform the position held
7 by the member at the time that the disability was incurred or as disabled to perform
8 any other position paying the same salary currently available in the department if the
9 disability is not the result of a preexisting condition. Upon receipt of any application
10 for disability retirement, the system shall request from the chief of police the job
11 descriptions of all positions currently available in the department paying the same
12 salary. Such job descriptions shall be submitted to the system within thirty days, or
13 it shall be presumed that no position is available that pays the same salary. The
14 disability benefit shall be determined as provided in this Section.

15 (2) Upon application for retirement due to a total and permanent disability,
16 any member with at least ten years creditable service shall receive a disability benefit
17 equal to two and one-quarter percent of his average final compensation multiplied
18 by his years of creditable service, but not less than twenty-five percent nor more than
19 fifty percent of his average final compensation.

20 (3) In no case shall any disability benefit approved by the board of trustees
21 be paid until all employee and employer contributions are received by the retirement
22 system, covering through the date of termination of employment. Furthermore, no
23 application for disability benefit shall be approved until all previously refunded
24 contributions from the system have been repaid, including compounded interest at
25 the board-approved actuarial valuation rate thereon from the date of refund until
26 repaid in full.

27 C. Upon attainment of normal retirement age, a disability recipient shall
28 receive the greater of his disability retirement benefit or his vested benefit.

1 D. Any person who is receiving or has received a disability retirement
2 benefit from any other retirement plan or pension and relief fund for public
3 employees, except disability retirees of this system, shall not be eligible for
4 membership in the Municipal Police Employees' Retirement System if he becomes
5 no longer disabled and returns to service in the same municipality or becomes
6 employed as a policeman or law enforcement officer while receiving a disability
7 benefit.

8 E.(1) Any disability retiree who is in a coma or who is paraplegic, when such
9 condition is solely the result of injuries sustained in the performance of his official
10 duties and such condition is certified as total and permanent, shall receive a benefit
11 equal to his average final compensation.

12 (2) Any disability retiree who is blinded or who loses the total use of a limb
13 solely as a result of injuries sustained in the performance of his official duties and
14 whose condition is certified as total and permanent shall receive a benefit equal to
15 his average final compensation. No funds derived from the assessments against
16 insurers pursuant to R.S. 22:1476 shall be used to pay any increased costs or increase
17 in liability of the system resulting from the provisions of this Paragraph.

18 F. Notwithstanding the provisions of R.S. 11:221(D), any disability benefits
19 granted under the provisions of this Section shall not be reduced because the
20 disability retiree is also receiving social security disability benefits.

21 §2242.8. Survivor Benefits

22 Benefits shall be payable to any survivor of an active contributing member
23 who dies before retirement or a disability retiree who dies after retirement as
24 specified in the following:

25 (1)(a) If an active contributing member or a disability retiree either of whom
26 has at least ten years of creditable service in the system dies and leaves a surviving
27 spouse, the surviving spouse shall receive a benefit calculated according to the
28 regular retirement formula, disregarding age, but not less than twenty-five percent
29 nor more than fifty percent of the member's average final compensation. If the

1 surviving spouse remarries, such benefit shall cease unless remarriage occurs after
2 age sixty years; the benefit shall resume after a subsequent termination of the new
3 marriage and upon approval of the board of trustees.

4 (b) If the board of trustees determines that an active contributing member is
5 killed as a result of injuries sustained in the line of duty, the cessation of benefits
6 upon remarriage set forth in this Paragraph shall not apply. The surviving spouse
7 shall receive a benefit equal to one hundred percent of the member's final average
8 compensation less any survivor benefits payable to a child or children as provided
9 in this Section. The sum of survivor benefits paid to children and a surviving spouse
10 shall not exceed one hundred percent of the member's average final compensation.
11 No funds derived from the assessments against insurers pursuant to R.S. 22:1476
12 shall be used to pay any increased costs or increase in liability of the system resulting
13 from the payment of benefits to a surviving spouse pursuant to this Item.

14 (2)(a) If an active contributing member or a disability retiree either of whom
15 has at least ten years of creditable service in the system dies and leaves, in addition
16 to a surviving spouse, one or more children under eighteen years of age, each child
17 under age eighteen shall be paid monthly benefits equal to ten percent of the
18 deceased member's average final compensation, or two hundred dollars per month,
19 whichever is greater. However, benefits payable on account of each child, when
20 added to the benefits payable to the surviving spouse, shall not exceed an aggregate
21 of one hundred percent of the deceased member's average final compensation.
22 Benefits for a surviving child shall cease upon the child's attainment of age eighteen
23 years or upon marriage, whichever occurs first, except that benefits shall continue:

24 (i) For a surviving child to age twenty-three if the child is a full-time,
25 unmarried student at a recognized institution of higher education, high school, or
26 vocational-technical school, and

27 (ii) For a surviving totally physically handicapped or mentally handicapped
28 child if such child was totally physically handicapped or mentally handicapped at the

1 time of death of the member or became so prior to the attainment of age eighteen and
2 is dependent upon the surviving spouse or other legal guardian for subsistence.

3 (b) If an active contributing member or a disability retiree either of whom
4 has at least ten years of creditable service in the system dies and does not leave a
5 surviving spouse but leaves one or more children under the age of eighteen, each
6 child under age eighteen shall be paid monthly benefits equal to twenty percent of
7 the deceased member's average final compensation. Benefits paid on account of
8 each child shall not exceed an aggregate of fifty percent of the average final
9 compensation. If the deceased member is survived by only one minor child, the
10 child shall be paid not less than twenty-five percent of the deceased member's
11 average final compensation. Benefits shall continue after the minor child attains age
12 eighteen as provided in Subparagraph (a) of this Paragraph.

13 (c) If at the time of a member's death the member is not married to the
14 natural parent of any child or children who are entitled to receive a payment pursuant
15 to this Section and if a trust has been created by the deceased member for the benefit
16 of such child or children, the payment shall be made to any person designated as a
17 trustee by the member on a certified copy of a trust document submitted to the
18 system by the member.

19 (3) If a member who is eligible for retirement dies before retiring, the
20 surviving spouse shall automatically be paid benefits as though the member had
21 retired on the date of his death and elected Option 2, naming the surviving spouse as
22 beneficiary, or shall be paid benefits as provided in this Section, whichever is
23 greater.

24 (4) Any member who has twelve or more years of service credit established
25 in the retirement system and who terminates covered employment and leaves his
26 accumulated contributions in the retirement system in order to receive a retirement
27 benefit upon reaching the applicable age shall be covered by the survivor benefit
28 provisions found in this Section.

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 rates. Proposed law further establishes an employee contribution rate for the nonhazardous duty subplan at 8% or the equivalent of the rate for the hazardous duty subplan if less than 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 final compensation" for persons hired on or after Jan. 1, 2013. Proposed law defines "average final 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 reduced.

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% unless the member retires with 30 years of service or more. In the event a member retires with 30 years of service or more, his accrual rate will be 3.33%. Further places restrictions on the creditable service that may be used to meet the 30 years of service requirement.

Proposed law establishes the accrual rate for the Nonhazardous Duty Subplan at 2.5%.

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 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. Members with severe injuries (including total loss of an eye or limb) sustained in the line of duty receive 100% of their average final compensation.

Proposed law for both subplans retains this present law.

Present law for MPERS provides for the following calculation for disability benefits: The disability benefit equals 3.33% of average final compensation multiplied by years of service, subject to a minimum of 40% of final compensation and a maximum of 60% of final compensation.

Proposed law applicable to the Hazardous Duty Subplan changes the calculation of the disability benefit for the Hazardous Duty Subplan to equal 2.75% of the member's average final compensation, multiplied by his years of service, subject to a minimum of 33% of average final compensation and a maximum of 55% of average final compensation.

Proposed law applicable to the Nonhazardous Duty Subplan changes the calculation of the disability benefit for the Nonhazardous Duty Subplan to equal 2.25% of his average final compensation, multiplied by his years of service, subject to a minimum of 25% of his average final compensation and a maximum of 50% of his final average compensation.

SURVIVOR BENEFITS

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 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.

Present law for MPERS provides for the following calculation for a survivor benefit for a member not killed in the line of duty: 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.

Proposed law requires the active contributing member to have had at least 10 years of service in the system in order to qualify for a survivor benefit.

Proposed law applicable to the Hazardous Duty Subplan further provides for the calculation for a qualified survivor benefit: the surviving spouse shall receive a benefit equal to between 33% and 55% of the member's average final compensation.

Proposed law applicable to the Nonhazardous Duty Subplan further provides for the calculation for a qualified survivor benefit: the surviving spouse shall receive a benefit equal to between 25% and 50% of the member's average final compensation.

(Amends R.S. 11:62(6) and 2213(intro. para.), (4), and (20); Adds R.S. 11:2241.1-2241.8 and 2242.1- 2242.8)

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.

House Floor Amendments to the engrossed bill.

1. Changes the accrual rates for the Hazardous Duty and Nonhazardous Duty subplans.
2. Changes the accrual rate used in the calculation of disability benefits for the Hazardous Duty and Nonhazardous Duty subplans as well as the minimums and maximums applicable to such benefits.
3. Relative to survivor benefits, changes minimum and maximum benefit for both subplans in some circumstances.
4. Changes the employee contribution rate for the Nonhazardous Duty Subplan from 8% to 8% or the rate for the Hazardous Duty Subplan if less than 8%.
5. Restricts the types of service in the Hazardous Duty Subplan that may be used to meet the 30 years of service retirement option.