

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

**RETIREMENT/STATE-STWIDE: Provides a second tier of benefits for persons who become members of the Municipal Police Employees' Retirement System on or after Jan. 1, 2012.**



DIGEST

Present law establishes the Municipal Police Employees' Retirement System (MPERS). Proposed law retains present law.

Proposed law provides for definitions. Provides that "Tier 1" shall mean the benefit structure applicable to members whose first employment making them eligible for system membership occurred prior to January 1, 2013. Provides that "Tier 2" shall mean the benefit structure applicable to members whose first employment making them eligible for system membership occurred on or after January 1, 2013.

Proposed law provides for benefits for members of MPERS whose first employment making them eligible for membership in the system occurred on or after January 1, 2013. Provides that this second tier of benefits shall be known as Tier 2.

Proposed law provides that provisions of present law to the contrary notwithstanding, the retirement of Tier 2 members shall be governed by the provisions of proposed law. Specifies that if provisions of present law cover matters not specifically addressed by the provisions of proposed law, or if any of the provisions of present law are made applicable in proposed law, then those provisions shall apply to members governed by proposed law.

Proposed law provides that for purposes of proposed law, the term "member" or "members" shall mean a person or persons otherwise qualifying for system membership under present law whose first employment making them eligible for membership in this system occurred on or after January 1, 2013.

Proposed law provides for eligibility for Tier 2 membership. Provides that membership in Tier 2 is limited to those employees whose first employment making them eligible for system membership began on or after January 1, 2013. Specifies that no person who participated in the Deferred Retirement Option Plan (DROP) as a member of Tier 1 of MPERS shall be eligible for membership in Tier 2.

Proposed law provides for retirement eligibility. Provides that any member of Tier 2 shall be eligible for retirement if he has:

- (1) 30 years or more of service at any age.
- (2) 20 years or more of service at age 55 or thereafter.
- (3) 12 years or more of service at age 60 or thereafter.
- (4) 20 years of service credit at any age, exclusive of unused annual and sick leave and military service other than qualified military service as provided in present federal law earned on or after December 12, 1994.

Proposed law further provides that any person retiring under proposed law selection (4) above shall have his benefit, inclusive of military service credit and allowable unused annual and sick leave, actuarially reduced from the date he would have attained age 55. Specifies that any member who elects to retire pursuant to the provisions of (4) above shall not be eligible to participate in the DROP or the Initial Benefit Option (IBO).

Proposed law provides for retirement benefit calculation. Provides that except as provided in proposed law for a person with service in another La. public retirement system, plan, or fund, a member shall receive a retirement benefit equal to 3% of average final compensation for every year of creditable service, not to exceed 100% of the member's average final compensation.

Proposed law provides that a member who retires with 30 or more years of creditable service shall receive a retirement benefit equal to 3 $\bar{a}$  % of the member's average final compensation for every year of creditable service in Tier 2, not to exceed 100% of the member's average final compensation.

Proposed law provides that members who had service in any other La. public retirement system, plan, or fund shall upon retirement eligibility receive a retirement benefit for that prior service based on the applicable accrual rate when earned.

Proposed law provides that creditable service maintained pursuant to a reciprocal agreement in another system, fund, or plan shall not be used to meet the requirement of 30 or more years of creditable service for the 3 $\bar{a}$  % calculation.

Proposed law provides that transferred service with an accrual rate of less than 3 $\bar{a}$  % shall not be used to meet the requirement of 30 or more years of creditable service unless the member elects to purchase the accrual rate for application to his transferred credit.

Proposed law provides that a member who is eligible for regular retirement may elect to participate in the DROP or IBO in accordance with the provisions of present law.

Proposed law provides for disability retirement. Provides that eligibility for disability benefits, procedures for application for disability benefits, procedures for the certification of continuing eligibility for disability benefits, the authority of the board of trustees to modify disability benefits, and procedures governing the restoration to active service of a formerly disabled employee shall be as provided in present law.

Proposed law specifies that the burden of proving that a disability is not based on a preexisting condition, prohibiting receipt of benefits, shall lie with the member if the physical examination and waiver forms required by present law have not been submitted to the system.

Proposed law provides that the board of trustees shall award disability benefits to eligible members who have been officially certified as disabled to perform the position held by the member at the time that the disability was incurred or as disabled to perform any other position paying the same salary currently available in the department if the disability is not the result of a preexisting condition. Provides that upon receipt of any application for disability retirement, the system shall request from the chief of police the job descriptions of all positions currently available in the department paying the same salary. Requires such job descriptions to be submitted to the system within 30 days, or it shall be presumed that no position is available that pays the same salary.

Proposed law provides that upon application for retirement due to a total and permanent disability caused solely as the result of injuries sustained in the performance of his official duties, a member shall receive a disability benefit equal to 2.5% of his average final compensation multiplied by his years of creditable service, but not less than 30% nor more than 50% of his average final compensation.

Proposed law provides that upon application for retirement due to a total and permanent disability, any member with at least 10 years of creditable service shall receive a disability benefit equal to 2.5% of his average final compensation multiplied by his years of creditable service, but not less than 30% nor more than 50% of his average final compensation. Specifies that in no case shall any disability benefit approved by the board of trustees be paid until all employee and employer contributions are received by the retirement system, covering service through the date of termination of employment. Further provides that no application for disability benefits shall be approved until all previously refunded

contributions from the system have been repaid, including compounded interest at the board-approved actuarial valuation rate thereon from the date of refund until repaid in full.

Proposed law provides that at the time of attainment of normal retirement age, a service-connected disability benefit recipient shall have the option to continue to receive his disability retirement benefit or his vested retirement benefit for the remainder of his life. Specifies that if he elects to receive his vested retirement benefit, such benefit shall be equal to the greater of his disability benefit or his vested retirement benefit. Further provides that such election filed with the retirement system shall become irrevocable 30 days after receipt.

Proposed law provides that upon attainment of normal retirement age, a disability recipient who is not receiving such benefit based on a service-connected disability shall receive the greater of his disability retirement benefit or his vested benefit.

Proposed law provides that any person who is receiving or has received a disability retirement benefit from any law enforcement or police retirement plan or pension and relief fund for policemen, except a disability retiree of MPERS, shall not be eligible for membership in MPERS if he becomes no longer disabled and returns to service in the same municipality or becomes employed as a policeman or law enforcement officer while receiving a disability benefit.

Proposed law provides that any disability retiree who is in a coma or who is paraplegic, when such condition is solely the result of injuries sustained in the performance of his official duties and such condition is certified by the State Medical Disability Board, shall receive a benefit equal to his average final compensation.

Proposed law provide disability retiree who is blinded or who loses the total use of a limb solely as a result of injuries sustained in the performance of his official duties and whose condition is certified by the State Medical Disability Board shall receive a benefit equal to his average final compensation. Specifies that no funds derived from the assessments against insurers pursuant to present law shall be used to pay any increased costs or increase in liability of the system resulting from the provisions of proposed law.

Proposed law specifies that, notwithstanding the provisions of present law, any disability benefits granted under the provisions of proposed law shall not be reduced because the disability retiree is also receiving social security disability benefits.

Proposed law provides for survivor benefits. Provides that benefits shall be payable to any survivor of an active contributing member who dies before retirement or a disability retiree who dies after retirement as specified in proposed law. Provides that if an active contributing member or a disability retiree having at least 10 years of creditable service in the system dies and leaves a surviving spouse, the surviving spouse shall receive a benefit calculated according to the regular retirement formula, disregarding age, but not less than 30% nor more than 50% of the member's average final compensation. Further provides that if the surviving spouse remarries, such benefit shall cease unless remarriage occurs after the spouse attains the age of 60. Provides that the benefit shall resume after a subsequent termination of the new marriage and upon approval of the board of trustees.

Proposed law provides that if the board of trustees determines that an active contributing member was killed as a result of injuries sustained in the line of duty, the cessation of benefits upon remarriage set forth in proposed law shall not apply.

Proposed law provides that the surviving spouse shall receive a benefit equal to 100% of the member's average final compensation less any survivor benefits payable to a child or children. Provides that the sum of survivor benefits paid to children and a surviving spouse shall not exceed 100% of the member's average final compensation. Specifies that no funds derived from the assessments against insurers pursuant to present law shall be used to pay any increased costs or increase in liability of the system resulting from the payment of benefits to a surviving spouse pursuant to proposed law.

Proposed law provides that if an active contributing member or a disability retiree having at least 10 years of creditable service in the system dies and leaves, in addition to a surviving spouse, one or more children under 18 years of age, each child under age 18 shall be paid monthly benefits equal to 10% of the deceased member's average final compensation, or \$200 per month, whichever is greater. Provides, however, that benefits payable on account of each child, when added to the benefits payable to the surviving spouse, shall not exceed an aggregate of 100% of the deceased member's average final compensation. Specifies that benefits for a surviving child shall cease upon the child's attainment of age 18 or upon marriage, whichever occurs first, except that benefits shall continue:

- (1) For a surviving child to age 23 if the child is a full-time, unmarried student at a recognized institution of higher education, high school, or vocational-technical school; and
- (2) For a surviving totally physically handicapped or mentally handicapped child if such child was totally physically handicapped or mentally handicapped at the time of the death of the member or became so prior to the attainment of age 18 and is dependent upon the surviving spouse or other legal guardian for subsistence.

Proposed law provides that if an active contributing member or a disability retiree having at least 10 years of creditable service in the system dies and does not leave a surviving spouse but leaves one or more children under the age of 18, each child under age 18 shall be paid monthly benefits equal to 25% of the deceased member's average final compensation. Provides that benefits paid on account of each child shall not exceed an aggregate of 50% of the average final compensation. Specifies that if the deceased member is survived by only one minor child, the child shall be paid not less than 30% of the deceased member's average final compensation. Provides that benefits shall continue after the minor child attains age 18 as specified in proposed law (above) if the child is a full time student or is totally physically or mentally handicapped.

Proposed law provides that if at the time of a member's death the member is not married to the natural parent of any child or children who are entitled to receive a payment pursuant to proposed law and if a trust has been created by the deceased member for the benefit of such child or children, the payment shall be made to any person designated as a trustee by the member on a certified copy of a trust document submitted to the system by the member.

Proposed law provides that if a member who is eligible for retirement dies before retiring, the surviving spouse shall automatically be paid benefits as though the member had retired on the date of his death and elected Option 2, naming the surviving spouse as beneficiary, or shall be paid benefits as provided in proposed law whichever is greater.

Proposed law provides that any member who has 12 or more years of service credit established in the retirement system and who terminates covered employment and leaves his accumulated contributions in the retirement system in order to receive a retirement benefit upon reaching the applicable age shall be covered by the survivor benefit provisions found in proposed law.

(Amends R.S. 11:2213(intro. para.), (4), and (20); adds R.S. 11:2213(23) and (24) and 2236)

#### 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.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Retirement to the reengrossed bill

1. Provides for a second tier of benefits in the Municipal Police Employees' Retirement System (MPERS) for all persons whose first employment making them eligible for system membership occurred on or after Jan. 1, 2013, whether in hazardous or nonhazardous positions.