

Regular Session, 2013

HOUSE BILL NO. 55

BY REPRESENTATIVE ARNOLD

RETIREMENT/LOCAL: Provides generally relative to the Harbor Police Retirement System in the city of New Orleans

1 AN ACT

2 To amend and reenact R.S. 11:3682(1) and (18), 3685(A)(2)(introductory paragraph) and  
3 (d) and (e) and (C)(6), (7)(introductory paragraph), (9), (10), (13), and  
4 (14)(introductory paragraph), 3686(A) and (D)(1) and (2), and 3688(A)(introductory  
5 paragraph) and (1), (2), and (8) and (D)(5) and to repeal R.S. 11:3685(B) and  
6 3687(A)(7), relative to the Harbor Police Retirement System; to provide for technical  
7 changes; to provide for definitions; to provide relative to eligibility for disability  
8 benefits; to provide for payments of benefits to a totally handicapped or disabled  
9 child; to provide relative to the board of trustees; to provide relative to certain  
10 benefits; and to provide for related matters.

11 Notice of intention to introduce this Act has been published  
12 as provided by Article III, Section 13 and Article X, Section  
13 29(C) of the Constitution of Louisiana.

14 Be it enacted by the Legislature of Louisiana:

15 Section 1. R.S. 11:3682(1) and (18), 3685(A)(2)(introductory paragraph) and (d) and  
16 (e) and (C)(6), (7)(introductory paragraph), (9), (10), (13), and (14)(introductory paragraph),  
17 3686(A) and (D)(1) and (2), and 3688(A)(introductory paragraph) and (1), (2), and (8) and  
18 (D)(5) are hereby amended and reenacted to read as follows:

19 §3682. Definitions

20 The following words and phrases, as used in this Subpart, unless expressly  
21 indicated to the contrary or unless a different meaning is plainly required by context,  
22 shall have the following meanings:

1 (1) "Accumulated contribution" means the sum of all the amounts deducted  
2 from the compensation of a member and credited to his individual account ~~in the~~  
3 ~~Annuity Savings Fund together with regular interest thereon as provided in R.S.~~  
4 ~~11:3688.~~

5 \* \* \*

6 (18) "Medical board" means the ~~board of physicians~~ group of licensed  
7 medical professionals provided for in R.S. 11:3688.

8 \* \* \*

9 §3685. Benefits

10 A.

11 \* \* \*

12 (2) Benefits shall be payable to survivors of a deceased member, ~~with who~~  
13 had at least five years of creditable service and who dies before retirement as  
14 specified in the following:

15 \* \* \*

16 (d) ~~If a member dies leaving no surviving spouse or children, his mother~~  
17 ~~and/or his father who were dependent upon him as their sole means of support shall~~  
18 ~~be paid monthly benefits equal to forty percent of the average final compensation of~~  
19 ~~the member prior to his death~~ The surviving totally physically handicapped or  
20 mentally disabled child or children of a deceased member, regardless of age, who  
21 was handicapped or disabled at the time of the death of the member, or who becomes  
22 so prior to attaining age eighteen and is dependent on the surviving spouse or other  
23 legal guardian for subsistence shall be entitled to the same benefits payable in the  
24 same manner as provided in this Subpart. Should it be determined that the totally  
25 physically handicapped or mentally disabled child is receiving state or federal  
26 assistance, the benefit shall be reduced to an amount which, when added to the state  
27 or federal assistance being received, does not exceed the maximum survivor benefit  
28 payable under Subparagraph(c) of this Paragraph.

1           (e) ~~Provided that in~~ In the case of death of any member resulting from injury  
2 received in line of duty, survivors' benefits shall be paid regardless of the number of  
3 years of service and shall be sixty percent of his final salary payable to his widow  
4 until she remarries or to his surviving children under eighteen years of age if there  
5 is no eligible surviving widow; ~~or to his surviving parents if there is no eligible~~  
6 ~~surviving widow or child.~~

7   \*       \*       \*

8           C. The provisions of this Subsection shall apply to those persons enrolled in  
9 the Deferred Retirement Option Plan on or after July 1, 1995.

10   \*       \*       \*

11           (6) A member ~~shall~~ may participate in the Harbor Police Retirement System  
12 DROP only once.

13           (7) The duration of participation in the DROP shall ~~be for a specified period~~  
14 ~~of time, which shall~~ not exceed either of the following:

15   \*       \*       \*

16           (9) ~~The~~ Upon entering DROP, the member shall contractually agree with the  
17 retirement system to be bound by the provisions of this Subsection. The member  
18 shall therein specifically agree to cease employment at the end of the ~~specified~~  
19 period of participation; and specifically ~~agrees~~ agree to the results stipulated for  
20 failure to abide by ~~such~~ the terms of the contract.

21           (10) Prior to sixty days before the end of the ~~specified~~ period of  
22 participation, the board of trustees shall give notice of same, by certified mail, return  
23 receipt requested, to the member.

24   \*       \*       \*

25           (13) The Deferred Retirement Option Plan Account shall not earn interest  
26 during the period of participation. However, the board of trustees shall annually set  
27 a percentage rate, and its manner of compounding, to represent the interest rate that  
28 would be earned thereby if same did earn interest. If the member ceases employment  
29 at the end of the ~~specified~~ period of participation as contractually agreed, or dies

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

1 during or at the end of the ~~specified~~ period of participation as contractually agreed,  
 2 a sum equal to the amount the individual account would have earned, if the  
 3 representative interest rate, as compounded, had been applicable to such account,  
 4 shall be added to this account. Thereafter, the account, if maintained as otherwise  
 5 authorized by this Subsection, shall earn interest at a rate compounded, as set  
 6 annually by the board of trustees. Such actual rate of interest and manner of  
 7 compounding shall be equal to the representative rate and compounding in effect for  
 8 the same period of time. If the member does not abide by the terms of the contract  
 9 and cease employment at the end of the period of participation as contractually  
 10 agreed, payments into the Deferred Retirement Option Plan Account shall  
 11 immediately cease and the member shall immediately be paid a lump sum payment  
 12 from the member's individual account balance in the Deferred Retirement Option  
 13 Plan Account equal to its balance, without the addition of any sum representing  
 14 interest, and such member's account shall be terminated. Such member shall not be  
 15 considered as retired, but shall remain as a member of the retirement system, in an  
 16 inactive status. Only upon actual cessation of employment shall the member be  
 17 considered as a retiree and entitled to the receipt of retirement benefits. This account  
 18 shall not be subject to any fees or charges of any kind for any purpose, except as  
 19 otherwise provided herein.

20 (14) If the member remains an employee for ~~a specified~~ the period of  
 21 participation in the DROP and then immediately thereafter terminates employment,  
 22 the member shall become a retiree and shall receive, at the retiree's option, any one  
 23 of the following:

24 \* \* \*

25 §3686. Disability retirement

26 A. Upon the application of a member to his employer, any member who has  
 27 ~~had~~ at least ~~five~~ ten years of creditable service may be retired by the board of  
 28 trustees, ~~not less than thirty and not more than ninety days next following the date~~  
 29 ~~of filing such application,~~ on a disability retirement allowance, ~~provided that~~ if the

1 medical board, after a medical examination, ~~shall certify~~ certifies that he is mentally  
2 or physically incapacitated for the further performance of duty, that such incapacity  
3 is likely to be permanent, and that he should be retired.

4 \* \* \*

5 D.(1) Once each year during the first five years following retirement of a  
6 member on a disability retirement allowance, and once in every ~~three year~~ three-year  
7 period thereafter, the ~~Board of Trustees~~ board of trustees may, and upon his  
8 application shall, require any disability beneficiary who has not yet attained the age  
9 of sixty years to undergo a medical examination, such examination to be made at the  
10 place of residence of ~~said~~ the beneficiary or other place mutually agreed upon, by a  
11 ~~physician or physicians~~ the medical board designated by the ~~Board of Trustees~~ board  
12 of trustees. Should any disability beneficiary who has not yet attained the age of  
13 sixty refuse to submit to at least one medical examination in any such year by a  
14 ~~physician or physicians~~ the medical board ~~designated by the Board of Trustees~~, his  
15 allowance may be discontinued until his withdrawal of such refusal, and should his  
16 refusal continue for one year all his rights in and to his pensions may be revoked by  
17 the ~~Board of Trustees~~ board of trustees.

18 (2) Should the ~~Medical Board~~ medical board report and certify to the ~~Board~~  
19 ~~of Trustees~~ board of trustees that such disability beneficiary is engaged in or is able  
20 to engage in a gainful occupation paying more than the difference between his  
21 retirement allowance and the average final compensation, and should the ~~Board of~~  
22 ~~Trustees~~ board of trustees concur in such report, then the amount of his pension shall  
23 be reduced to an amount, which, together with his annuity and the amount earnable  
24 by him, shall equal the amount of his average final compensation. Should his  
25 earning capacity be later changed, the amount of his pension may be further  
26 modified; provided, that the new pension shall not exceed the amount of the pension  
27 originally granted nor an amount, which, when added to the amount earnable by the  
28 beneficiary together with his annuity, equals the amount of his average final

1 compensation. A beneficiary restored to active service at a salary less than the  
2 average final compensation shall not become a member of the retirement system.

3 \* \* \*

4 §3688. Administration

5 A. Board of ~~Trustees~~ trustees. (1) The general administration and  
6 responsibility for the proper operation of the retirement system and for making  
7 effective the provisions of this Subpart are hereby vested in a ~~Board of Trustees~~  
8 board of trustees which shall be organized immediately after a majority of the  
9 trustees provided for in this ~~section~~ Section shall have qualified and taken the oath  
10 of office.

11 (2)(a) The ~~Board of Trustees~~ board of trustees shall consist of eight trustees  
12 as follows:

13 (i)(a) Two shall be members of the system with ten or more years of  
14 creditable service, elected by vote of the membership for terms of five years each.

15 (ii)(b) One retiree of the system elected by vote of the retirees of the system  
16 for a term of ~~three~~ five years. The first retired member is to take office effective  
17 January 1, 1996.

18 (iii)(c) Two shall be members of the executive staff of the board of  
19 commissioners of the Port of New Orleans to be appointed by the board of  
20 commissioners for terms of ~~three~~ five years each.

21 (iv)(d) The superintendent of the harbor police ~~and the secretary of the~~  
22 ~~retirement board~~ shall be an ex-officio ~~members~~ member of the board.

23 (e) The members serving pursuant to Subparagraphs (a) through (d) of this  
24 Paragraph shall elect a seventh trustee who shall not be a member of the Harbor  
25 Police Retirement System and who shall serve a term of three years. The first  
26 member elected pursuant to the provisions of this Subparagraph shall first take office  
27 on August 1, 2013.

1           ~~(b)(f)~~ These members shall select an eighth trustee who shall not be an  
2 employee or a member of the dock board and who shall be experienced in investing  
3 money and who shall serve for a term of ~~two~~ three years.

4   \*           \*           \*

5           (8) The ~~Board of Trustees~~ board of trustees shall elect from its membership  
6 a ~~Chairman~~ chairman and shall by a unanimous vote appoint a ~~Secretary~~ secretary  
7 who shall be one of its members.

8   \*           \*           \*

9           D.

10   \*           \*           \*

11           ~~(5)(a) Unless different actuarial assumptions are formally adopted and~~  
12 ~~disclosed, the following assumptions shall be used in determining actuarial~~  
13 ~~equivalents:~~

14           ~~(i) Interest shall be compounded annually at the rate of seven percent per~~  
15 ~~annum.~~

16           ~~(ii) Annuity rates shall be determined on the basis of the most current~~  
17 ~~mortality table recommended by the Society of Actuaries for retirement systems:~~

18           ~~(iii) Effective July 1, 2011, interest for calculating transfers into the Harbor~~  
19 ~~Police Retirement System and for buying back refunded service shall be eight and~~  
20 ~~one-quarter percent per annum.~~

21           ~~(b) The Board of Trustees may authorize the use of~~ board of trustees shall  
22 adopt interest and mortality rates to be used in determining ~~the~~ actuarial equivalents,  
23 ~~which are~~ Such interest and mortality rates may be different from the actuarial  
24 assumptions used for other purposes in this Subpart. Any change in such ~~actuarial~~  
25 ~~assumptions~~ interest and mortality rates shall be considered a part of this retirement  
26 system and shall be considered an amendment to the provisions of this Section. In  
27 order to be effective, such change must be formally adopted by the ~~Board of Trustees~~  
28 board of trustees and disclosed to members of the retirement system.

29   \*           \*           \*

1 Section 2. R.S. 11:3685(B) and 3687(A)(7) are hereby repealed in their entirety.

2 Section 3.(A) The terms of the members of the board of trustees serving on the  
3 effective date of this Act shall be extended as follows:

4 (1) The term of the member serving pursuant to R.S. 11:3688(A)(2)(a) as amended  
5 by this Act whose term was to expire in July of 2017, shall be extended until June 30, 2018.

6 (2) The term of the member serving pursuant to R.S. 11:3688(A)(2)(a) as amended  
7 by this Act whose term was to expire in July of 2014, shall be extended until June 30, 2019.

8 (3) The term of the retired member serving pursuant to R.S. 11:3688(A)(2)(b) as  
9 amended by this Act shall be extended to June 30, 2016.

10 (4) The term of the member serving pursuant to R.S. 11:3688(A)(2)(c) as amended  
11 by this Act whose term was to expire in June of 2015, shall be extended to June 30, 2017.

12 (5) The term of the member serving pursuant to R.S. 11:3688(A)(2)(c) as amended  
13 by this Act whose term was to expire in June of 2014, shall be extended to June 30, 2015.

14 (6) The term of the member serving pursuant to R.S. 11:3688(A)(2)(f) as amended  
15 by this Act shall be extended to June 30, 2014.

16 (B) The board of trustees, as amended by this Act, shall fill the board position  
17 created by R.S. 11:3688(A)(2)(e) as provided in this Act.

18 (C) Upon the effective date of this Act, the membership and term of the secretary  
19 of the retirement board on the board of trustees shall be terminated.

20 Section 4. This Act shall become effective on July 1, 2013; if vetoed by the governor  
21 and subsequently approved by the legislature, this Act shall become effective on July 1,  
22 2013, or on the day following such approval by the legislature, whichever is later.

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#### 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)]

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Arnold

HB No. 55

**Abstract:** Relative to the Harbor Police Retirement System, increases eligibility for disability benefits, authorizes payment of benefits to handicapped or disabled children, removes certain specified actuarial assumptions; and provides relative to the board of trustees.



Present law establishes the Harbor Police Retirement System in the city of New Orleans. Proposed law retains present law.

Present law provides definitions for the system statutes. Proposed law makes technical changes to the definition of "medical board" and "accumulated contribution".

Present law provides for payment benefits to surviving spouses and children of members. Proposed law changes the categories of people who may receive such benefits. Proposed law provides that a surviving totally handicapped or mentally disabled child, regardless of age, or a minor child who becomes totally handicapped or mentally disabled prior to reaching maturity and who is dependent on the surviving spouse, is entitled to receive benefits. Provides that certain reductions shall be made if the child is receiving state or federal assistance. Present law provides that if a member dies who does not have a wife or children, the member's parents may receive survivor benefits. Proposed law removes this provision.

Present law creates a "Deferred Retirement Option Plan" (DROP), which provides that in lieu of immediate termination of employment and receipt of a service retirement allowance, a member may continue in employment for a specified period of time and defer receipt of retirement benefits until the end of such period of employment. Proposed law makes technical changes. Further provides that a member may participate in Harbor Police DROP only once.

Present law provides for disability retirement. Present law provides that a member may retire with disability benefits after five years of creditable service. Proposed law changes this requirement to 10 years of creditable service.

Present law provides a timeframe within which a member who files for disability retirement may be retired by the board. Proposed law repeals this provision.

Present law establishes the governing board of the system and provides terms of office for the board members. Proposed law extends the terms of office for certain board members. Proposed law further removes the secretary of the retirement board as a member and adds a member to the board and establishes a three-year term for such member. Provides for election of the new member by the other members.

Present law provides relative to actuarial assumptions used by the governing board. Provides that unless different actuarial assumptions are formally adopted and disclosed, the following assumptions shall be used in determining actuarial equivalents:

- (1) Interest shall be compounded annually at the annual rate of 7%.
- (2) Annuity rates shall be determined on the basis of the most current mortality table recommended by the Society of Actuaries for retirement systems.
- (3) Effective July 1, 2011, interest for calculating transfers into the Harbor Police Retirement System and for buying back refunded service shall be 8.25%.

Proposed law deletes present law. Present law relative to such actuarial assumptions further authorizes the governing board to use interest and mortality rates in determining the actuarial equivalents which are different from the actuarial assumptions used for other purposes in present law. Proposed law requires the governing board to adopt interest and mortality rates.

Effective July 1, 2013.

(Amends R.S. 11:3682(1) and (18), 3685(A)(2)(intro. para.) and (d) and (e) and (C)(6), (7)(intro para.), (9), (10), (13), and (14)(intro. para.), 3686(A) and (D)(1) and (2), and

3688(A)(intro. para.) and (1), (2), and (8), and (D)(5); Repeals R.S. 11:3685(B) and 3687(A)(7))