

LASERS

Louisiana State Employees'
Retirement System

ACT 992

Open Forum

Monday, December 13, 2010

Welcome & Introductions

Introduction:

Cindy Rougeou,
Executive Director
LASERS

Presentation:

Maris LeBlanc,
Deputy Director
LASERS

**ACT 992
of 2010 Session**



HAZ PLAN Transition Issues

**Agency Open Forum
December 13, 2010**

Presented by: Maris E. LeBlanc
Deputy Director

LASERS plans post 1/1/2011

- Rank & File
 - Contribution rate – 8.0%
 - Retirement Plan Code – RGL3
- Hazardous Duty
 - Contribution rate – 9.5%
 - Retirement Plan Code – HAZP
- Judicial
 - Contribution rate – 13.0%
 - Retirement Plan Code – JUD2

What is HAZ PLAN?

- Created by Act 992 of 2010 Regular Session for employees in hazardous duty positions
- Applies to new employees and offers existing employees option to join
- Provides for a 3.33% accrual rate, based on eligibility, with a 9.5% employee contribution rate
- Offers special retirement eligibility and disability and survivor benefits for line of duty

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Who is eligible to join?

- New hires on/after 1/1/2011 in defined positions should automatically be enrolled
- Employees in existing hazardous duty plans – wildlife agents, corrections officers, bridge police, peace officers, ATC agents – hired prior to 1/1/2011 may join
- Employees in other hazardous duty positions hired prior to 1/1/2011 and enrolled as rank and file may join
- **Exception:** Members who have already participated in DROP may not join.

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Rank & File Hired pre 1/1/2011 positions eligible to join

- Arson investigators
- Park rangers
- Campus police
- Hospital security officers
- Inspector General investigators
- Department of Justice investigators
- Positions required to be P.O.S.T.-certified, commissioned, with power to arrest

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When may member join HAZ PLAN?

- Existing LASERS members who wish to join HAZ PLAN may do so after 1/1/2011.
- Decision to join can be made at any time after 1/1/2011, but 3.33% accrual rate will not start until that decision is made.
- Once decision is made to join, it is **irrevocable** and cannot be changed through an administrative error.
- When making decision, member should compare existing plan provisions to new. See charts.
- All eligible members will be required to sign an election form. Agencies must forward to LASERS.

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Options for current members

1. Maintain existing service credit in current plan and join HAZ PLAN day forward, accruing service credit and benefits prospectively.
2. Join the HAZ PLAN and transfer service credit to new plan at an equivalent value or on a pro rata basis at no cost to member (actuary will determine if all prior service is transferrable, or if only a pro rata portion is transferrable at no cost). Service credit transferred will count towards HAZ PLAN eligibility, but will be calculated at accrual rate at which earned.

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Options for current members

3. Join the HAZ PLAN and transfer service credit to new plan and pay the actuarial cost to receive credit for actual number of years transferred, or a portion of those years. Time transferred will count towards HAZ PLAN eligibility, but will be calculated at accrual rate at which earned.

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Options for current members

4. Join the HAZ PLAN according to option 2 or 3 and pay to upgrade prior service credit to the 3.33% accrual rate. The transferred and upgraded time will then count towards HAZ PLAN eligibility and benefits. However, the 3.33% accrual rate will not apply unless the last 10 years of service are in the HAZ PLAN.
5. Keep the status quo in their existing plan, maintaining contribution rate, eligibility, benefits, and accrual rate.

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What happens to past service if HAZ PLAN joined?

- Depends on whether member transfers prior service or joins on a day forward basis
 - If member joins on a day forward basis, prior service does not count towards HAZ PLAN eligibility and receives accrual rate applicable when earned
 - If member joins plan and transfers time, it counts towards HAZ PLAN eligibility
- Member has option of upgrading transferred service to 3.33% accrual rate by paying cost

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Impact on retirement eligibility

- Members who join on day forward basis must meet retirement eligibility of HAZ PLAN based on service credit earned in that plan.
- Member must reach retirement eligibility with HAZ PLAN service, earned or transferred, of:
 - 12 years at age 55,
 - 25 years at any age, or
 - 20 years at any age, with a reduced benefit

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Thoughts on Joining

- The 3.33% accrual rate will only be paid to members with their last 10 years of service in a hazardous duty position. And, the accrual rate is only paid on service earned in the HAZ PLAN or prior service that has been transferred and upgraded.
- Members will need to decide whether they should join the HAZ PLAN based on their individual situation. All current members in hazardous duty positions will be asked to make an affirmative decision to join or not.
- Members may pay an actuarial calculation fee of \$150 to determine the cost of transferring and upgrading prior service. They will receive an invoice allowing 90 days to make their decision.

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Mechanics of Joining

- Form 2-18, *Hazardous Duty Services Plan Election*. Completion of this form signals whether member will or will not join the HAZ PLAN.
- Form 2-19, *Application to Transfer/Upgrade Service into the Hazardous Duty Services Plan*. \$150 fee required. Completion of this form allows member to obtain an invoice which will indicate the cost, if any, to transfer prior service and the cost to upgrade that service to the 3.33% accrual rate. The member then has the option to pay to transfer and/or upgrade. Alternatively, the member can accept pro rated service.

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Consequences of Joining

- Decision to join HAZ PLAN is **irrevocable**.
- Decision to join HAZ PLAN does not need to be made immediately. But, member will not start earning the higher accrual rate and service is not earned toward retirement eligibility unless an election to join is made.
- Members who join the HAZ PLAN and do not reach eligibility for the 3.33% accrual rate will not receive a refund of contributions paid at higher rate. Further, if a member has paid to upgrade prior service and does not meet eligibility, they do not receive a refund for that upgraded time, nor do they receive the 3.33% accrual rate.

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Information to Members

- Letter explaining why info out so late
- Comparison charts
- Application forms
- Sample situations will be posted on LASERS website

Comparison Charts

**Comparison of Benefits
Rank & File and Hazardous Duty Plan**

Provision	HAZ PLAN Act 992 Post 1/1/11	Rank & File Pre 7/1/2006	Act 75 Rank & File 7/1/06 – 1/1/2011	Act 75 Rank & File Post 1/1/2011	Rank & File Hired After 1/1/2011
Member Definition	Wildlife agents Wardens, correctional officers, probation, Bridge Police, ATC Agents, Peace Officers, Arson Investigators, Park Rangers, Campus Police, Hospital Security, AG/IG Investigator, POST certified, w/ commission and power to arrest	Employees not included in a specialty plan hired prior to 7/1/2006	Employees not included in a specialty plan hired between 7/1/2006 and 1/1/2011	Employees not included in a specialty plan hired between 7/1/2006 and 1/1/2011	Rank & file hired after 1/1/2011, Court officers, Clerk of House, Secretary of Senate, Sergeant at arms for House/Senate, Governor, Lt. Gov, Eligible Legislators, Treasurer
Employee Contribution Rates	9.5%	7.5%	8.0%	8.0%	8.0%
Accrual Rate	11:62(5)(g) 3.33% (if last 10 years in haz duty position, otherwise 2.5%)	11:62(5)(e)(i) 2.5%	11:62(5)(e)(ii) 2.5%	11:62(5)(e)(ii) 2.5%	11:62(5)(e)(ii) 11:62(5)(a)(ii) 2.5%
Anti-Spiking Rate/Year	11:615 15% 11:612(1)	11:444A(1) 25%	11:444A(1) 15%	11:444A(1) 15%	11:444A(1)(a)(i) 15%
		11:403(5)(a)(ii)	11:403(5)(b)	11:403(5)(b)	11:403(5)(b)

Provision	HAZ PLAN Act 992 Post 1/1/11	Rank & File Pre 7/1/2006	Act 75 Rank & File 7/1/06 – 1/1/2011	Act 75 Rank & File Post 1/1/2011	Rank & File Hired After 1/1/2011
Average Compensation (FAC)	Highest 60 months 11:612(1)	Highest 36 months	Highest 60 months	Highest 60 months	Highest 60 months
Retirement Eligibility	11:403(5)(a) 10 years @ 60 25 years @ 55 30 years @ any, 20 years @ any, actuarially reduced	11:403(5)(b) 10 years @ 60	11:403(5)(b) 5 years @ 60 20 years @ any, actuarially reduced	11:403(5)(b) 5 years @ 60 20 years @ any, actuarially reduced	11:403(5)(b) 5 years @ 60 20 years @ any, actuarially reduced
Disability – incapable of performing duties	11:614 Based on 3.33% accrual rate 10 years service required	11:441A(1) Based on 2.5% accrual rate 10 years service required	11:441A(2) Based on 2.5% accrual rate 10 years service required	11:441A(2)(a) Based on 2.5% accrual rate 10 years service required	11:441A(2)(b) Based on 2.5% accrual rate 10 years service required
In Line of Service Disability	11:461 & 617B 75% of FAC, regardless of years	11:461 N/A	11:461 N/A	11:461 N/A	11:461 N/A
Survivor Benefits for Eligible Members	11:617(a) Generally 50% of benefit as if member retired on date of death if spouse with child or Option 2A. Actual amount and length of payment varies depending on children and remarriage.	11:471 75% of FAC, if surviving spouse and children 50% of FAC, if no children	11:471 75% of FAC, if surviving spouse and children 50% of FAC, if no children	11:471 75% of FAC, if surviving spouse and children 50% of FAC, if no children	11:471.1 Generally 50% of benefit as if member retired on date of death if spouse with child or Option 2A. Actual amount and length of payment varies depending on children and remarriage.

Provision	HAZ PLAN Act 992 Post 1/1/11	Rank & File Pre 7/1/2006	Act 75 Rank & File 7/1/06 – 1/1/2011	Act 75 Rank & File Post 1/1/2011	Rank & File Hired After 1/1/2011
Survivor Benefits if Killed in Line of Duty or as Direct Result of injury in Line of Duty	80% of FAC if surviving spouse, minor, handicapped, or mentally incapacitated child No restriction on length of marriage or years of service. 11:618	N/A	N/A	N/A	N/A
Survivor Benefits for Former/Retired Members	Former Members: 50% of benefit that would be payable to decedent to surviving spouse if: <ul style="list-style-type: none"> • Terminated prior to age for eligibility • At least 12 years service credit Retired Members: 75% of benefit to surviving spouse Benefit payable to minor children if no surviving spouse, as per 11:471.1 11:621	N/A	N/A	N/A	N/A

Comparison of Benefits for LASERS Hazardous Duty Plans

Provision	HAZ PLAN Act 992 Post 1/1/11	Wildlife Agents Hired between 7/1/03 & 12/31/10	Corrections Secondary Hired between 1/1/02 & 12/31/10	Peace Officers Hired before 1/1/11	ATC Agents Hired before 1/1/11	Bridge Police Hired before 1/1/11
Member Definition	Wildlife agents Wardens, correctional officers, probation, Bridge Police, ATC Agents, Peace Officers, Arson Investigators, Park Rangers, Campus Police, Hospital Security, AG/IG Investigator, POST certified, w/ commission and power to arrest	Wildlife agents of the enforcement division of Wildlife & Fisheries	Wardens, correctional officers, security personnel, and probation and parole officers Public Safety & Corrections	Peace Officers as Public Safety & Corrections	Full-time law enforcement personnel, supervisors, and administrators employed by Department of Revenue, office of alcohol and tobacco control (Act 353 of 2007)	Employees of the bridge police section of the Crescent City Connection Division of the Department of Transportation & Development
Employee Contribution Rates	9.5%	9.5%	9%	9%	9%	8.5%
Accrual Rate	11:62(5)(g) 3.33% (if last 10 years in haz duty position, otherwise 2.5%) 11:615 15%	11:62(5)(d) 3.33%	11:62(5)(b) 3.33%	11:62(5)(b) 3.33%	11:62(5)(b) 3.33%	11:62(5)(f) 2.5%
Anti-Spiking Rate/Year	11:612(1)	11:582A(2)(b) 25%	11:602B 25%	11:444A(2)(b) 25%	11:444A(2)(c) 25%	11:444A(1) 25% hired ≤ 6/30/06 15% hired 7/1/06- 12/31/10 11:403(5)(a) & (b)

Provision	HAZ PLAN Act 992 Post 1/1/11	Wildlife Agents Hired between 7/1/03 & 12/31/10	Corrections Secondary Hired between 1/1/02 & 12/31/10	Peace Officers Hired before 1/1/11	ATC Agents Hired before 1/1/11	Bridge Police Hired before 1/1/11
Average Compensation (FAC)	Highest 60 months 11:612(1)	Highest 36 months 11:403(5)(a)	Highest 36 months 11:403(5)(a)	Highest 36 months 11:403(5)(a)	Highest 36 months 11:403(5)(a)	Highest 36 months if hired ≤ 6/30/06 Highest 60 months if hired 7/1/06-12/31/10 11:403(5)(a) & (b)
Retirement Eligibility	25 years @ any 12 years @ 55 20 years @ any, actuarially reduced	25 years @ any 10 years @ 60 (as per AG opinion)	25 years @ any 25 years @ 55 10 years @ 60 20 years @ any, actuarially reduced	30 years @ any 25 years @ 55 10 years @ 60 20 years @ any, actuarially reduced	25 years @ any age 10 years @ 60 20 years @ any, actuarially reduced	If hired ≤ 6/30/06: 25 years @ any (if 10 years in Bridge Police position) If hired 7/1/06 – 12/31/10: 30 years @ any 25 years @ 55 10 years @ 60 20 years @ any, actuarially reduced 11:441A
Disability – incapable of performing duties	11:614 Based on 3.33% accrual rate 10 years service required	11:582 10 years of service required	11:602A 10 years of service if active 20 years of service if inactive	11:441A 10 years of service if active 20 years of service if inactive	11:441A 10 years of service if active 20 years of service if inactive	Based on 2.5% accrual rate 10 years service required
In Line of Service Disability	11:617(a) 75% of FAC, regardless of years	11:214 & 583 60% of FAC regardless of service	11:212, 217 & 603(d) 40% of FAC if less than 10 years if more than 10 years: 40% of FAC or benefits under regular retirement, 11:603A-B	11:212 & 217 If age 60 +, may choose any disability plan If < 60 with at least 10 years service 3.33% of FAC 11:461	11:212 & 217 If age 60 +, may choose any disability plan If < 60 with at least 10 years service 3.33% of FAC 11:461	Benefits same as for rank and file members

Provision	HAZ PLAN Act 992 Post 1/1/11	Wildlife Agents Hired between 7/1/03 & 12/31/10	Corrections Secondary Hired between 1/1/02 & 12/31/10	Peace Officers Hired before 1/1/11	ATC Agents Hired before 1/1/11	Bridge Police Hired before 1/1/11
Survivor Benefits for Eligible Members	Generally 50% of benefit as if member retired on date of death if spouse with child or Option 2A. Actual amount and length of payment varies depending on children and remarriage. 11:471.1	Equal to benefit member would get if retired on date of death Must be eligible for retirement or have 15 years of service and be under age 55 11:588 & 589	Same as rank and file members	Same as rank and file members	Same as rank and file members	Same as rank and file members
Survivor Benefits if Killed in Line of Duty	80% of FAC if surviving spouse, minor, handicapped, or mentally incapacitated child No restriction on length of marriage or years of service. 11:618	Spouse: 75% of FAC if 25 years or more 60% of FAC if less than 25 years 11:585 Forfeited upon remarriage 11:590 Children < 18 (if no spouse): 4 or +: 60% FAC 3: 50% of FAC 2: 40% of FAC 1: 30% of FAC 11:586 Parent who derives support, if no spouse or children < 18: 25% of FAC 11:587	75% FAC, if 25 years or more 60% of FAC if less than 25 years No restriction on length of marriage or years of service 11:604	Same as rank and file members	Same as rank and file members	Same as rank and file members

Provision	HAZ PLAN Act 992 Post 1/1/11	Wildlife Agents Hired between 7/1/03 & 12/31/10	Corrections Secondary Hired between 1/1/02 & 12/31/10	Peace Officers Hired before 1/1/11	ATC Agents Hired before 1/1/11	Bridge Police Hired before 1/1/11
<p>Survivor Benefits for Former or Retired Members</p> <p>Former Members: 50% of benefit that would be payable to decedent to surviving spouse if:</p> <ul style="list-style-type: none"> • Terminated prior to age for eligibility • At least 12 years service credit <p>Retired Members: 75% of benefit to surviving spouse</p> <p>Benefit payable to minor children if no surviving spouse, as per 11:471.1</p>	<p>Retired Members: 75% of benefit to: surviving spouse; or child/children; or parents</p>	N/A	N/A	N/A	N/A	
	11:621	11:591				

FAQs

HAZ PLAN Implementation Frequently Asked Questions

1. What is the HAZ PLAN?

HAZ PLAN is the nickname for the comprehensive plan for hazardous duty personnel created by Act 992 of the 2010 Regular Session of the Louisiana Legislature. It applies to new hires in defined hazardous duty LASERS eligible positions after January 1, 2011. It also allows members of existing hazardous duty plans and rank and file employees in hazardous duty positions to join the new plan.

2. What is the effective date of the plan?

January 1, 2011

3. Who is eligible for the Plan?

Wildlife agents, correctional officers, security personnel, wardens, probation and parole officers employed by the Department of Public Safety & Corrections, bridge police of the Crescent City Connection of the Department of Transportation & Development, enforcement personnel, supervisors and administrators of the Office of Alcohol & Tobacco Control of the Department of Revenue, peace officers employed by the Department of Public Safety & Corrections, arson investigators employed by the Office of the State Fire Marshal who are P.O.S.T.-certified, who have the power to arrest, and who hold a commission, park rangers employed by the Department of Culture Recreation & Tourism, Office of State Parks, who are P.O.S.T.-certified, who have the power to arrest, and who hold a commission, campus police officers employed by any institution of postsecondary education, who are P.O.S.T.-certified, who have the power to arrest, and who hold a commission, hospital security officers employed by the LSU Health Sciences Center, who are P.O.S.T.-certified, who have the power to arrest, and who hold a commission, investigators of the Department of Justice and the Office of the State Inspector General who are employed in positions required to be P.O.S.T.-certified, and all personnel employed in positions required to be P.O.S.T.-certified, who have the power to arrest, and who hold a commission, and who are not members of any other retirement system.

4. Will new hires in hazardous duty positions be automatically enrolled in the new plan?

Yes, the employing agency will be responsible for the appropriate enrollment.
(Employing Agency: be sure the employee does not have nonrefunded service in one of the state retirement systems prior to January 1, 2011. If they have such prior service they may be eligible to remain in their existing plan.)

5. Do LASERS members who were hired in hazardous duty positions prior to January 1, 2011, have the option to join the new plan and must they do so before January 1?

Current LASERS members employed in positions meeting the definition of hazardous duty may enter the plan on or after its effective date of January 1, 2011. Members of existing hazardous duty plans and rank and file members in positions which meet the new definition of hazardous duty have the following options:

- Remain in their existing plan, with no changes going forward.
- Join the HAZ PLAN on a day forward basis, keeping prior service in previous plan.
- Join the HAZ PLAN and transfer existing time into that plan, which at that time may, or may not, involve accepting reduced service credit for that time or paying the actuarial cost of the deficit to transfer all prior time.
 - Members who choose to transfer existing time into the HAZ PLAN may pay to upgrade their prior time earned at 2.5% to 3.33% at the time of the transfer or at any time thereafter prior to retirement.

6. What is the employee contribution rate for the HAZ PLAN?

9.5% of salary

7. What is the accrual rate for the HAZ PLAN?

3.33% for members whose last 10 years of service credit were accrued exclusively in a defined hazardous duty position, regardless of the plan the member was in at the time the service was earned

8. What is the retirement eligibility for the HAZ PLAN?

- 25 years at any age,
- 12 years at age 55, or
- 20 years at any age, with an actuarially reduced benefit

9. What is the time period used to calculate the average compensation for retirement benefits in the HAZ PLAN?

The highest 60 months of successive employment

10. What is the formula for calculating benefits in the HAZ PLAN?

years x accrual rate x average compensation

In order to use an accrual rate of 3.33%, the member's last 10 years of creditable service must be accrued exclusively in a hazardous duty position and the member must meet HAZ PLAN eligibility for retirement. A 2.5% accrual rate will be used for all service if the member's last 10 years of creditable service were not accrued exclusively in a hazardous duty position, even if the member joins the HAZ PLAN.

11. How will a member know if there is a cost to convert prior service to the new HAZ PLAN?

Members may pay a fee of \$150 to determine:

1. Whether prior service credit can be transferred to the HAZ PLAN for an equivalent number of years, based on the particular facts and circumstances for that member;
2. If the transfer is not equivalent, the amount of reduced service credit (pro rata credit) which can then be transferred at no cost to the member; or
3. The cost to transfer all prior service credit (or a portion of that credit), and
4. The cost to upgrade the transferred service credit to a 3.33% accrual rate if a transfer is completed.

Members who choose to accept a reduction in service credit trade their existing service credit for reduced service in a plan with different benefits. This decision is irrevocable and the forfeited credit can never be reinstated. Hypothetical Example: a member who joins the HAZ PLAN with five years of prior hazardous duty service and cannot make an equivalent transfer of service credit may be given the option of accepting four years of pro-rata credit. If the member chooses to accept the four years of pro rata service at no cost, then the forfeited year of credit can never be reinstated.

Calculations as to the cost of transferring or upgrading time are presented in invoices that are valid for up to 90 days. These calculations may be requested at any time prior to retirement, however the cost typically increases as a member approaches retirement. Should you decide to upgrade your transferred service, you must upgrade all of the service transferred. It is not possible to upgrade a portion of the transferred service.

Sample situations will be posted on the LASERS website to provide a general indication of how a transfer works. Keep in mind that each situation is different and the samples should not be taken as an absolute guide. Even if a member's age and years of service are the same as those given in a sample situation, results will be different for a member whose salary or contributions to the system was different from the hypothetical member used for the sample.

12. If a member who chooses to join the HAZ PLAN transfers and pays to upgrade prior service to the 3.33% accrual rate, but does not serve his last 10 years in a hazardous duty position, may they receive a refund for the payment to upgrade?

No, once a payment is made to upgrade prior time, no refund can be paid, even if the member does not serve the 10 years necessary to qualify for the 3.33% accrual rate.

13. If a member chooses to join the HAZ PLAN but does not spend his last 10 years in hazardous duty service, do they get the 3.33% accrual rate for the years in the plan or receive a refund for the higher contribution rate they paid for those years?

There is no refund of contributions paid at the higher rate. A member's last 10 years of creditable service must be accrued exclusively in hazardous duty service to receive the 3.33% accrual rate. An accrual rate of 2.5% will be used for members whose last 10 years of creditable service were not accrued exclusively in hazardous duty. But, once a member joins the HAZ PLAN all years they spent in a qualified hazardous duty position, even before joining the plan, count towards the 10 year requirement.

14. If a member retires with the 20 years at any age actuarially reduced retirement, does the benefit change when the member reaches normal retirement age?

No. Members who retire with 20 years at any age with an actuarially reduced benefit receive that same benefit for their lifetime. The reduction is based on age, service, and life expectancy as calculated by the actuary.

15. If a member of the HAZ PLAN is killed in the line of duty, do they have to be married for at least two years for their spouse to be eligible for benefits? How are benefits split between a surviving spouse and children?

No, it is not necessary to be married for at least two years for a spouse to be eligible for survivor benefits. (Although the term "qualified survivor" is defined as a spouse married for at least two years, the section of the law that sets out the benefit says regardless of the length of the marriage.) Survivors (spouse and minor children) of a HAZ PLAN member killed in the line of duty share equally in 80% of the member's average compensation.

16. May a member participating in DROP or working after DROP join the HAZ PLAN?

No.

LASERS

Contact Information

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