

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 \$100* 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.

* After July 1, 2011, the fee will be \$150.

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.