

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. 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 are eligible to remain in their existing plan.)

4. 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 after its effective date of January 1, 2011. Applications for the new plan will be made available before January 1. Members may join any time after January 1. 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 or 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.

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

9.5% of salary

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6. 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

7. 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

8. 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

9. 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.

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

LASERS will ask all agencies with employees in hazardous duty positions who are not currently in a specialty plan to submit a list of the names and Social Security numbers of those employees. LASERS has a listing of those employees in existing specialty plans. LASERS will ask members to confirm their years of service credit. The LASERS actuary will then identify which members can transfer all prior service to the HAZ PLAN at no cost.

Members who are able to transfer prior time at no cost may pay a fee of \$150 to determine the cost of upgrading their prior service credit to a 3.33% accrual rate.

Members who will have a cost to transfer prior time may pay a fee of \$150 to determine the cost of:

1. The amount of reduced service credit which can then be transferred at no cost to the member;
2. The cost to transfer all prior service credit, and
3. The cost to upgrade all prior service credit to a 3.33% accrual rate.

Members who choose the option of accepting a reduction in service credit trade that credit for reduced service in a plan with greater benefits. This decision is irrevocable and the forfeited credit can never be reinstated. Hypothetical Example: a member who joins the HAZ PLAN with 5 years of prior hazardous duty service may be given the option of paying the actuarial cost of the full 5 years or accepting 4 years of pro-rata credit. If the member chooses to accept the 4 years of pro rata service at no cost then the forfeited year of credit may 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. It is not possible to transfer or upgrade partial service.

11. If a member chooses to join the HAZ PLAN 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.

12. If a member chooses to join the HAZ PLAN but does not earn 10 years 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 ten years of creditable service must be accrued exclusively in hazardous duty service to receive the 3.33% accrual rate. A rate of 2.5% will be used for members whose last ten 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.

13. 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.

14. If a member of the HAZ PLAN is killed in the line of duty, is a spouse eligible for benefits only if they have been married at least two years? 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.