2015 Regular Session

HOUSE BILL NO. 58

BY REPRESENTATIVE LEGER

RETIREMENT/LOCAL: Relative to the Firefighters' Pension and Relief Fund in the city of New Orleans

| AN ACT |
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| To amend and reenact R.S. 11:3361, 3375, 3384(A)(2) and (D)(2), 3385.1(A)(1), and |
| 3386(B) and to enact R.S. 11:3370(H), 3370.1, 3370.2, 3384(A)(3) and (D)(3), and |
| 3386(C), relative to the Firefighters' Pension and Relief Fund in the city of New |
| Orleans; to provide relative to legislative action regarding such fund; to provide |
| relative to the date by which annual reports are due; to provide relative to |
| investments of the fund; to establish the Firefighters' Pension Fund Committee and |
| to provide with respect thereto; to establish minimum retirement ages for certain new |
| hires; to provide with respect to maintenance of certain member accounts within the |
| fund; and to provide for related matters. |
| Notice of intention to introduce this Act has been published |
| as provided by Article III, Section 13 and Article X, Section |
| 29(C) of the Constitution of Louisiana. |
| Be it enacted by the Legislature of Louisiana: |
| Section 1. R.S. 11:3361, 3375, 3384(A)(2) and (D)(2), 3385.1(A)(1), and 3386(B) |
| are hereby amended and reenacted and R.S. 11:3370(H), 3370.1, 3370.2, 3384(A)(3) and |
| (D)(3), and 3386(C) are hereby enacted to read as follows: |
| §3361. Creation of Firefighters' Pension and Relief Fund; contributions by city |
| <u>A.</u> A pension and relief fund for firefighters in the city of New Orleans is |
| created. For the purpose of augmenting the fund, the city shall pay into the fund |
| annually one percent of the revenues derived from all licenses issued by the city, |
| except the drivers and chauffeurs licenses, and an annual appropriation in the budget |
| of the city of a sum equal to not less than five percent of the money annually |
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| 1 | appropriated by the city for the operation and maintenance of the fire department of |
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| 2 | the city. The latter appropriation, within the limits prescribed, shall be determined |
| 3 | by the council each year in making up its annual budget. The appropriation and |
| 4 | donations by the city aforesaid shall be set apart by the treasurer of the city and paid |
| 5 | over to the board of trustees of the Firefighters' Pension and Relief Fund as the |
| 6 | annual contribution of the city to the fund. The word "firefighter" as designated in |
| 7 | this Part is defined as any individual employed by the fire department of the city of |
| 8 | New Orleans who is actively engaged in the extinguishing of fires. Notwithstanding |
| 9 | any provision of this Part to the contrary, any uniformed member of the fire |
| 10 | suppression division of the fire department of the city of New Orleans, who occupied |
| 11 | the position of firefighter in the classified civil service of the city of New Orleans for |
| 12 | at least ten years, and who, because of physical disability, selects to transfer from the |
| 13 | fire suppression division to the fire administration division of the fire department of |
| 14 | the city of New Orleans, may continue to participate in the pension and relief fund |
| 15 | for firefighters in the city of New Orleans, unless the board determines that such |
| 16 | continued employment is detrimental to the health and safety of other employees. |
| 17 | B. Notwithstanding any provision of law to the contrary, a change to the |
| 18 | provisions of this Part may be enacted by the legislature only after approval by a |
| 19 | majority vote of the fund's board of trustees and by the New Orleans City Council. |
| 20 | * * * |
| 21 | §3370. Investment of fund; permanent fund |
| 22 | * * * |
| 23 | H. The fund's investment policy may only be changed by a two-thirds vote |
| 24 | of the board of trustees. |
| 25 | §3370.1. Incurrence of debt prohibited |
| 26 | A. The board of trustees shall not issue debt instruments. |
| 27 | B. The board of trustees shall not invest proceeds of a debt obligation. |
| 28 | §3370.2. Investment advisory committee |
| 29 | A. There is hereby established the New Orleans Firefighters' Pension Fund |
| 30 | Investment Advisory Committee, to be comprised of five members. Each member |
| 31 | of the committee shall have investment expertise. |

| 1 | B. The committee shall advise the board of trustees of the fund on |
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| 2 | investment policy and decisions. |
| 3 | C. Notwithstanding any provision of law to the contrary, members of the |
| 4 | committee created pursuant to the provisions of this Section shall not be fiduciaries |
| 5 | of the fund. |
| 6 | * * * |
| 7 | §3375. Report to council; appropriation by council to make good deficit |
| 8 | The board shall make report to the council of the city of New Orleans |
| 9 | showing the condition of the pension fund on the first thirty-first day of January of |
| 10 | each year. If at any time there is not sufficient money in the fund to pay each person |
| 11 | entitled to the benefits thereof the full amount, then the council of the city of New |
| 12 | Orleans shall appropriate and pay into the fund an amount sufficient to make good |
| 13 | the deficit, and the fund shall be thus replenished to warrant the payment in full of |
| 14 | each beneficiary. |
| 15 | * * * |
| 16 | §3384. Firefighters employed after December 31, 1967; computation of benefits |
| 17 | А. |
| 18 | * * * |
| 19 | (2) Any firefighter who enters the employ of the fire department on or after |
| 20 | January 1, 2015, and on or before December 31, 2015, who has reached the age of |
| 21 | fifty-two years, who has not less than twelve years of service in the fire department, |
| 22 | and who is a contributing member of this system may retire upon his written |
| 23 | application to the board setting forth at what time he desires to be retired, if at the |
| 24 | time so specified for his retirement he meets the requirements as provided in this |
| 25 | Section. |
| 26 | (3) Any firefighter who enters the employ of the fire department on or after |
| 27 | January 1, 2016, who has reached the age of fifty-three years, who has not less than |
| 28 | twelve years of service in the fire department, and who is a contributing member of |
| 29 | this system may retire upon his written application to the board setting forth at what |

| 1 | time he desires to be retired, if at the time so specified for his retirement he meets the |
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| 2 | requirements as provided in this Section. |
| 3 | * * * |
| 4 | D. |
| 5 | * * * |
| 6 | (2) Any member who enters the employ of the fire department on or after |
| 7 | January 1, 2015, and on or before December 31, 2015, whose withdrawal from |
| 8 | service occurs prior to the attainment of fifty-two years of age and who shall at such |
| 9 | time have completed at least twelve years of creditable service shall remain a |
| 10 | member of the retirement system, and in such case said member shall receive a |
| 11 | service retirement beginning when he attains fifty-two years of age. |
| 12 | (3) Any member who enters the employ of the fire department on or after |
| 13 | January 1, 2016, whose withdrawal from service occurs prior to the attainment of |
| 14 | fifty-three years of age and who shall at such time have completed at least twelve |
| 15 | years of creditable service shall remain a member of the retirement system, and in |
| 16 | such case said member shall receive a service retirement beginning when he attains |
| 17 | fifty-three years of age. |
| 18 | * * * |
| 19 | §3385.1. Deferred Retirement Option Plan |
| 20 | A.(1)(a) As used in this Section, for any firefighter employed on or before |
| 21 | December 31, 2015, the term "DROP account" shall mean the notional account |
| 22 | maintained and reconciled for recordkeeping purposes under the Deferred |
| 23 | Retirement Option Plan as an ancillary payment option. |
| 24 | (b) As used in this Section, for any firefighter employed on or after January |
| 25 | 1, 2016, the term "DROP account" shall mean an account maintained independently |
| 26 | of the fund's general trust assets. |
| 27 | * * * |
| 28 | §3386. Vested rights and benefits |
| 29 | * * * |
| 30 | B. Any member who enters the employ of the fire department on or after |
| 31 | January 1, 2015, and on or before December 31, 2015, whose withdrawal from |

1 service occurs prior to the attainment of fifty-two years of age and who shall at such 2 time have completed at least twelve years but less than twenty years of creditable service shall remain a member of the pension and relief fund, and, in such a case, 3 4 said member shall receive a service retirement benefit beginning when he attains 5 fifty-two years of age, provided such member has not withdrawn his accumulated 6 contributions. The retirement benefit to be paid shall be two and one-half percent 7 of average compensation during the best year of service preceding the date of 8 withdrawal from service for each year of credited service. If the member dies after 9 withdrawal from service but prior to attaining age fifty-two but having twelve years 10 credited service, his widow, child or children, or estate, as applicable, shall be 11 entitled to receive his accumulated contributions in a lump sum with interest credited 12 thereto. If the member receiving benefits under this Subsection dies, his surviving widow shall receive the minimum benefit as set forth in R.S. 11:3383. If the member 13 14 receiving benefits under this Subsection dies leaving a widow and children under the 15 age of eighteen, then the widow and children under eighteen years of age shall 16 receive the minimum benefit as set forth in R.S. 11:3383 equally divided between 17 them. When the children of the member attain the age of eighteen or become 18 married while receiving benefits under this Subsection, the benefits they are 19 receiving shall be paid to the widow of the member.

20 C. Any member who enters the employ of the fire department on or after 21 January 1, 2016, whose withdrawal from service occurs prior to the attainment of 22 fifty-three years of age and who shall at such time have completed at least twelve 23 years but less than twenty years of creditable service shall remain a member of the 24 pension and relief fund, and, in such a case, said member shall receive a service retirement benefit beginning when he attains fifty-three years of age, provided such 25 26 member has not withdrawn his accumulated contributions. The retirement benefit 27 to be paid shall be two and one-half percent of average compensation during the best 28 year of service preceding the date of withdrawal from service for each year of 29 credited service. If the member dies after withdrawal from service but prior to 30 attaining age fifty-three but having twelve years credited service, his widow, child 31 or children, or estate, as applicable, shall be entitled to receive his accumulated

| 1 | contributions in a lump sum with interest credited thereto. If the member receiving |
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| 2 | benefits under this Subsection dies, his surviving widow shall receive the minimum |
| 3 | benefit as set forth in R.S. 11:3383. If the member receiving benefits under this |
| 4 | Subsection dies leaving a widow and children under the age of eighteen, then the |
| 5 | widow and children under eighteen years of age shall receive the minimum benefit |
| 6 | as set forth in R.S. 11:3383 equally divided between them. When the children of the |
| 7 | member attain the age of eighteen or become married while receiving benefits under |
| 8 | this Subsection, the benefits they are receiving shall be paid to the widow of the |
| 9 | member. |
| 10 | Section 2. This Act shall become effective upon signature by the governor or, if not |
| 11 | signed by the governor, upon expiration of the time for bills to become law without signature |
| 12 | by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If |
| 13 | vetoed by the governor and subsequently approved by the legislature, this Act shall become |
| 14 | effective on the day following such approval. |
| | |

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)]

HB 58Original

2015 Regular Session

Leger

Abstract: Provides with respect to the Firefighters' Pension and Relief Fund in the city of New Orleans (NOFF); provides relative to: legislative action regarding the fund; the date by which annual reports are due; investments of the fund; establish the Firefighters' Pension Fund Committee and to provide with respect thereto; establish minimum retirement ages for certain new hires; and to provide with respect to maintenance of member accounts within the fund.

<u>Present law</u> (R.S. 11:3361 et seq.) establishes NOFF and provides for its governance, funding, and benefits for its members.

<u>Proposed law</u> provides that any changes to the laws that govern NOFF may only be enacted after approval by a majority vote of the fund's board of trustees and the New Orleans City Council.

<u>Proposed law</u> provides that the policy that governs the board's investment decisions may only be altered by a two-thirds vote of the board of trustees.

<u>Proposed law</u> prohibits the board of trustees of the fund from investing the proceeds of a debt obligation and from issuing debt instruments.

<u>Present law</u> vests the board of trustees of the fund with exclusive control and management of the fund and authority to invest the assets of the fund. <u>Proposed law</u> retains <u>present law</u>. <u>Proposed law</u> establishes the New Orleans Firefighters' Pension Fund Investment Advisory Committee, composed of five members with investment expertise, to advise the board on investment policy and decisions. Prohibits such committee members from being fiduciaries of the fund.

<u>Present law</u> requires the board of trustees to report to the New Orleans city council annually on the condition of the pension fund. Requires such report by Jan. 1 of each year. <u>Proposed</u> <u>law</u> changes the annual date by which such report is due <u>from</u> Jan. 1 to Jan 31.

<u>Present law</u> provides for retirement of firefighters employed by the city on or after Jan. 1, 2015, at 52 years of age with at least 12 years of service. <u>Proposed law</u> retains <u>present law</u> for firefighters employed on or before Dec. 31, 2015. Provides that for firefighters employed on or after Jan. 1, 2016, such members are eligible for retirement at age 53 with at least 12 years of service.

<u>Present law</u> provides for a deferred retirement benefit for firefighters employed by the city on or after Jan. 1, 2015. Authorizes any such member who withdraws from service prior to the age of 52 who has at least 12 years of service credit to leave his contributions with the system and begin receiving a retirement check upon attainment of age 52. <u>Proposed law</u> retains <u>present law</u> for firefighters employed prior to Dec. 31, 2015. <u>Proposed law</u> provides a deferred retirement benefit for firefighters employed on or after Jan. 1, 2016. Authorizes any such member who withdraws from service prior to the age of 53 who has at least 12 years of service credit to leave his contributions with the system and begin receiving a retirement check upon attainment of age 53.

<u>Present law</u> provides relative to the Deferred Retirement Option Plan (DROP) within NOFF. Provides that for the purposes of NOFF law, the term "DROP account" means a notional account maintained and reconciled for recordkeeping purposes under such plan as an ancillary payment option. <u>Proposed law</u> retains <u>present law</u> for any firefighter employed prior to Jan. 1, 2016. <u>Proposed law</u> further provides that for any firefighter employed on or after Jan. 1, 2016, the term "DROP account" shall mean an account maintained independently of the NOFF general trust assets.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 11:3361, 3375, 3384(A)(2) and (D)(2), 3385.1(A)(1), and 3386(B); Adds R.S. 11:3370(H), 3370.1, 3370.2, 3384(A)(3) and (D)(3), and 3386(C))