



New Orleans  
Firefighter  
Disability Pension  
Case Study

Presented by: Erica Smith



A black and white photograph of a man in a military uniform, shown from the chest up. He is wearing a peaked cap and a high-collared jacket with several buttons. His hands are clasped in front of him, and he is looking down. The background is a plain, light-colored surface.

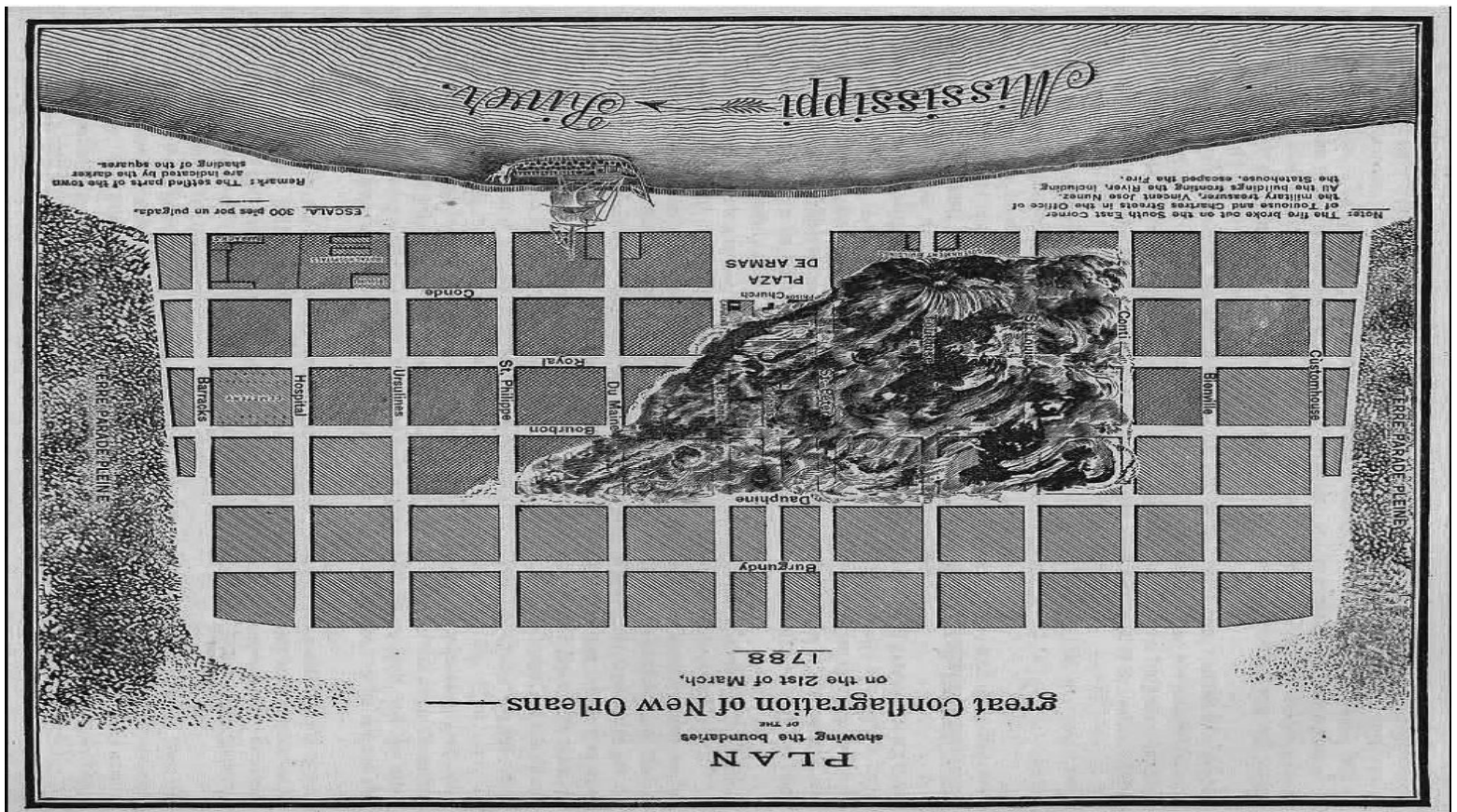
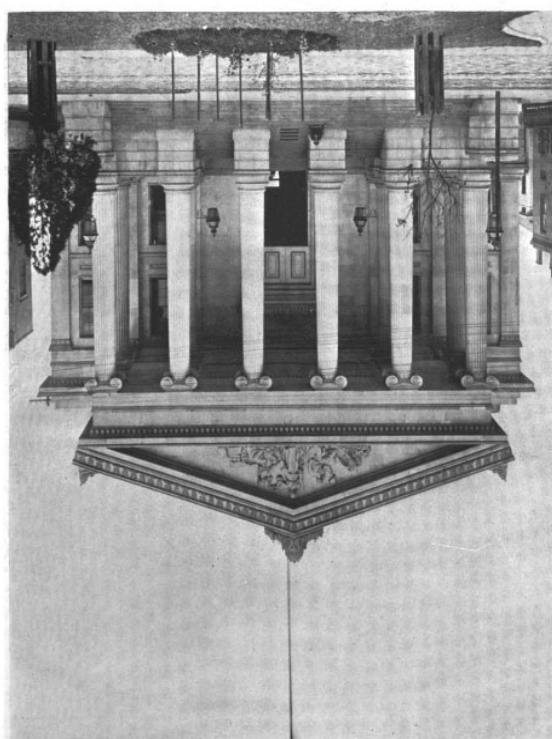


Fig. 32. Still-smouldering area of Canal Street razed by fire on February 17, 1892. (Courtesy Samuel Wilson, Jr., Collection.)



CITY HALL.  
*Headquarters of the Fire Department.*



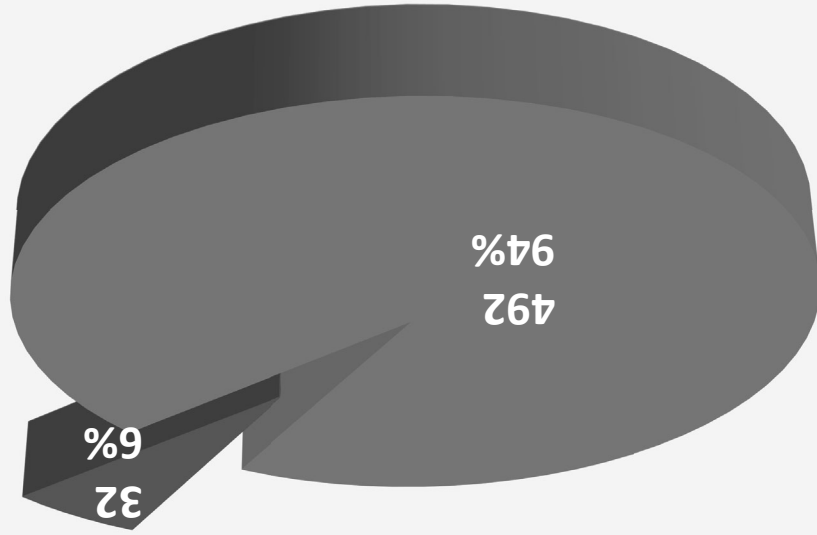
the Department. The receipts for the year so far were reported at \$7,217; death benefits (to five families at \$500) \$2,500; investments \$3,508; expenses \$187; cash balance \$1,011—which was regarded as a very handsome starter for a most commendable enterprise.

**\$7,217 in 1894** → **\$198,981.85 in 2017**

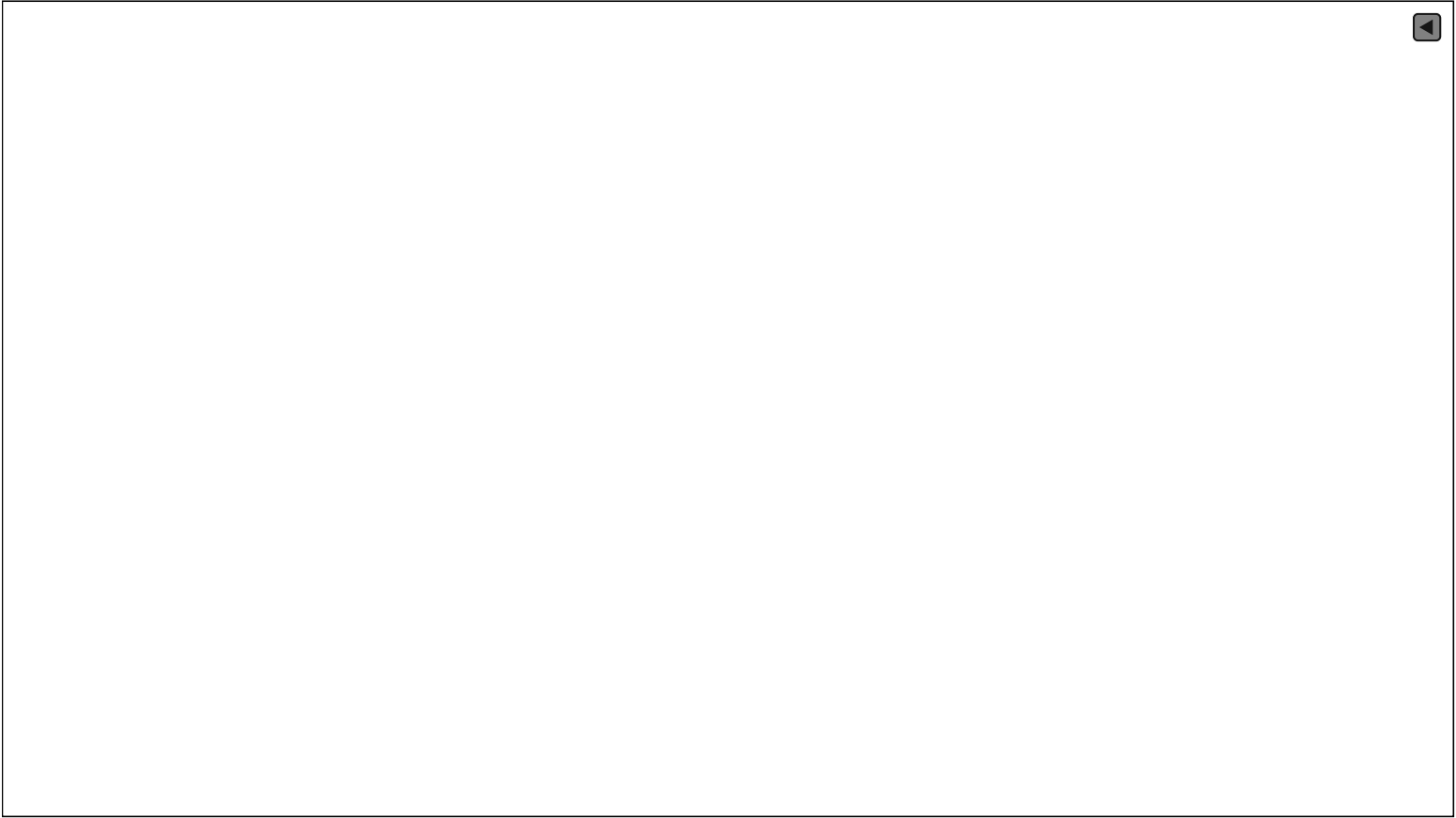
## Pension Plan Funding

- Employee Contributions
- Employer Contributions
- Investments
- 80% Funding

**January 1, 2011 Actuarial Valuation Report:  
Disability and Ordinary Retirements**



■ Disability Retirement ■ Ordinary Retirement



Actuarial Valuation Reports

January 1, 2011 – 94% Disability Retirement

(August 4, 2011 – OIG Met with Pension Board)

January 1, 2012 – 45% Disability Retirement

January 1, 2013 – 42.5% Disability Retirement

January 1, 2014 – 40% Disability Retirement

January 1, 2015 – 40 % Disability Retirement

Changes to Actuarial Valuation Reports

FIREFIGHTERS' PENSION AND RELIEF FUND FOR THE CITY OF NEW ORLEANS  
1/1/2011 INACTIVE PARTICIPANT PROFILE  
JANUARY 1, 2011 ACTUARIAL VALUATION  
NEW FUND

----- ORDINARY RETIREMENT -----		----- DISABILITY RETIREMENT -----	
AGE	TOTAL	AGE	TOTAL
50-54	4	25-29	1
55-59	4	30-34	5
60-64	14	35-39	13
65-69	8	40-44	22
70-74	2	45-49	17
		50-54	40
		55-59	103
		60-64	195
		65-69	68
		70-74	26
		75-79	2
	32		492

## Changes to Actuarial Valuation Reports

FIREFIGHTERS' PENSION AND RELIEF FUND FOR THE CITY OF NEW ORLEANS  
1/1/2012 INACTIVE PARTICIPANT PROFILE  
JANUARY 1, 2012 ACTUARIAL VALUATION  
NEW FUND

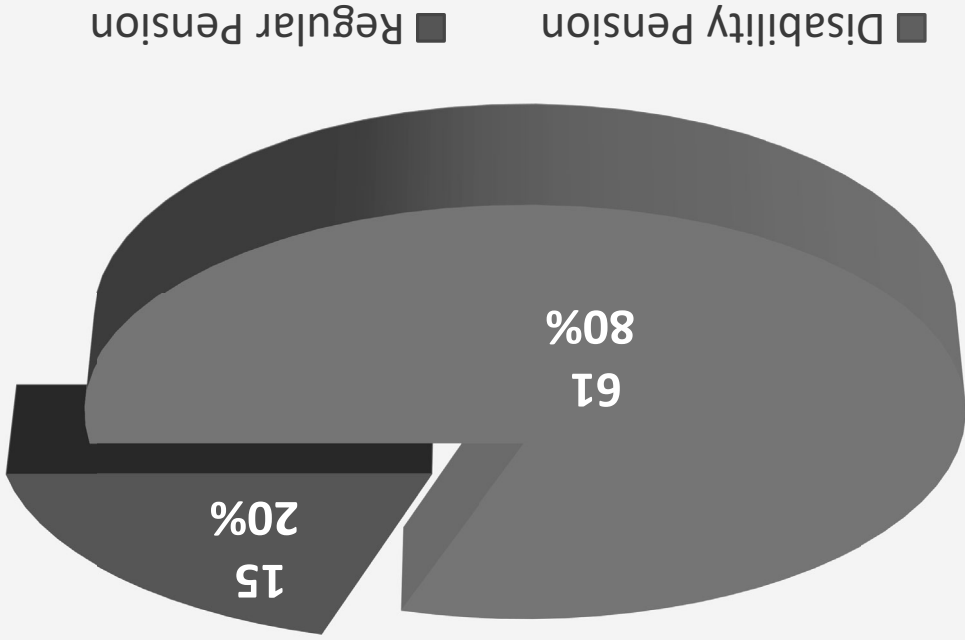
----- DISABILITY RETIREMENT -----

AGE	TOTAL
25-29	1
30-34	3
35-39	6
40-44	26
45-49	18
50-54	26
55-59	38
60-64	73
65-69	40
70-74	9
TOTAL	240

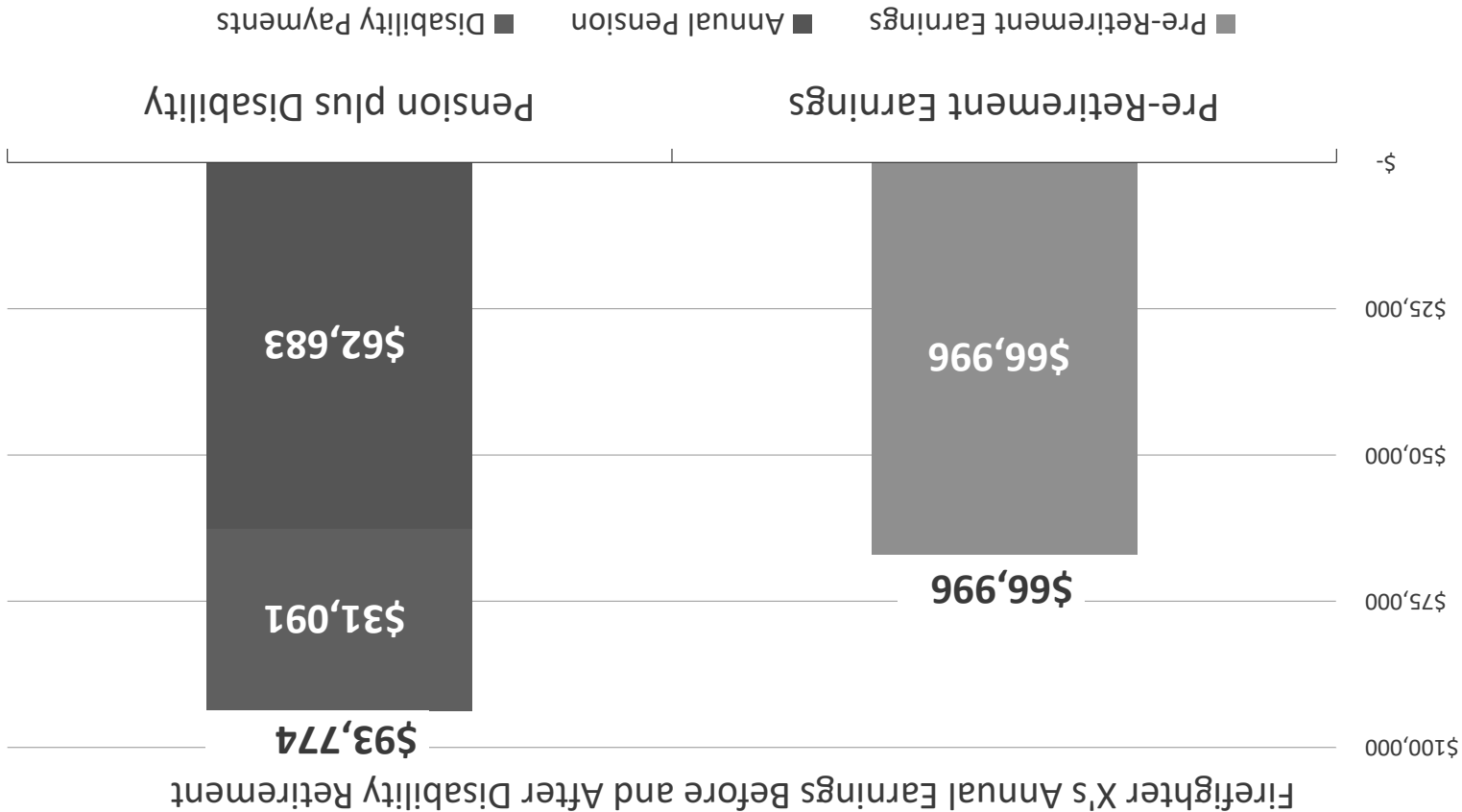
45%

AGE	TOTAL
50-54	11
55-59	53
60-64	145
65-69	57
70-74	28
75-79	3
TOTAL	297

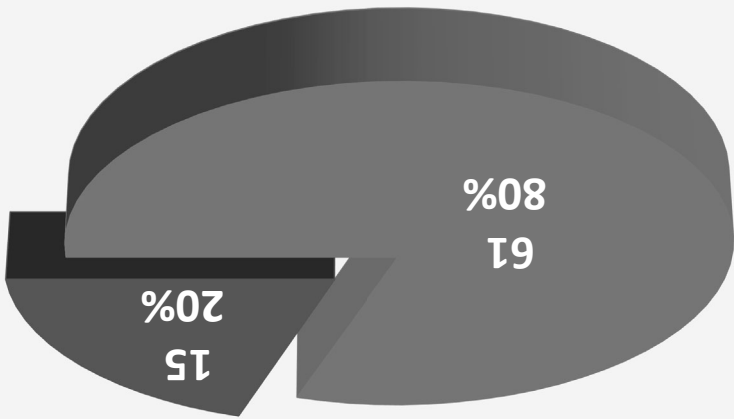
**Type of Pension Received By New Orleans Firefighters Who Retired From January 1, 2013 - December 31, 2015**



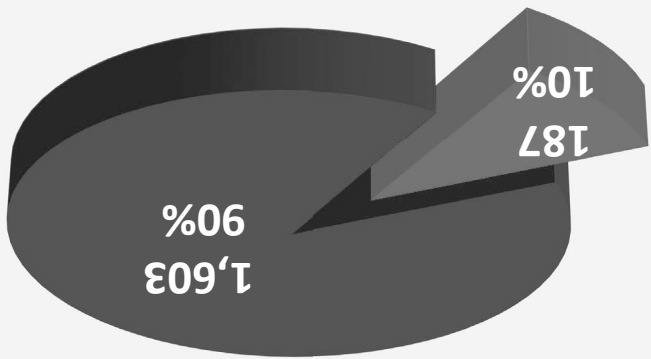




**Type of Pension Received By New Orleans Firefighters Who Retired From January 1, 2013 - December 31, 2015**



**Type of Pension Received by Louisiana State Firefighters as of June 30, 2015**



While taking a break from fighting a fire, he was walking down the stairs and his foot got tangled up and he tripped, slid and fell down the stairway.

# Retired on Disability

**Types of Disability Injuries for All Firefighters Who Retired**  
From January 1, 2013 – December 31, 2015



# Retired on Disability

Advancing a hose line, he slipped in a ditch on the side of a road.



# Retired on Disability

While working a fire he tripped  
and fell down a flight of stairs.



# **Retired on Disability**

## **Injured right wrist while loading hose into bed of ladder truck.**



## Retired on Disability

While attempting to create opening in ceiling of building on fire, a large piece of plaster fell, striking him in the head and knocking him to the floor.



Potential Savings if % of Disability Retirements Conformed to the  
State of Louisiana Firefighters' Retirement System Average

Description		Amount	Estimated Savings %*	Estimated Savings Per Year
Total Disability Payments Incurred by Retirees in 2015 per Third Party Administrator (TPA)		\$5,514,949	70%	\$3,860,464
Total Additional Expenses Incurred by Retirees in 2015 (medical, rehab, etc.) per TPA		\$3,399,749	70%	\$2,379,824
Total Disability Payments and Additional Expenses Incurred by Retirees in 2015 per TPA		\$8,914,698		\$6,240,288

\*80% NOFF disability rate less 10% (State of Louisiana) Firefighters Retirement System disability rate equals 70%.

La. R.S. 11:3384 Accrual Rates

Rate	Years of Service Requirement
2.5%	For each year of service
3.33%	Once you reach 30 years of service (years 13-30)
3.33%	For each year of service after 12 years AND 50 years old

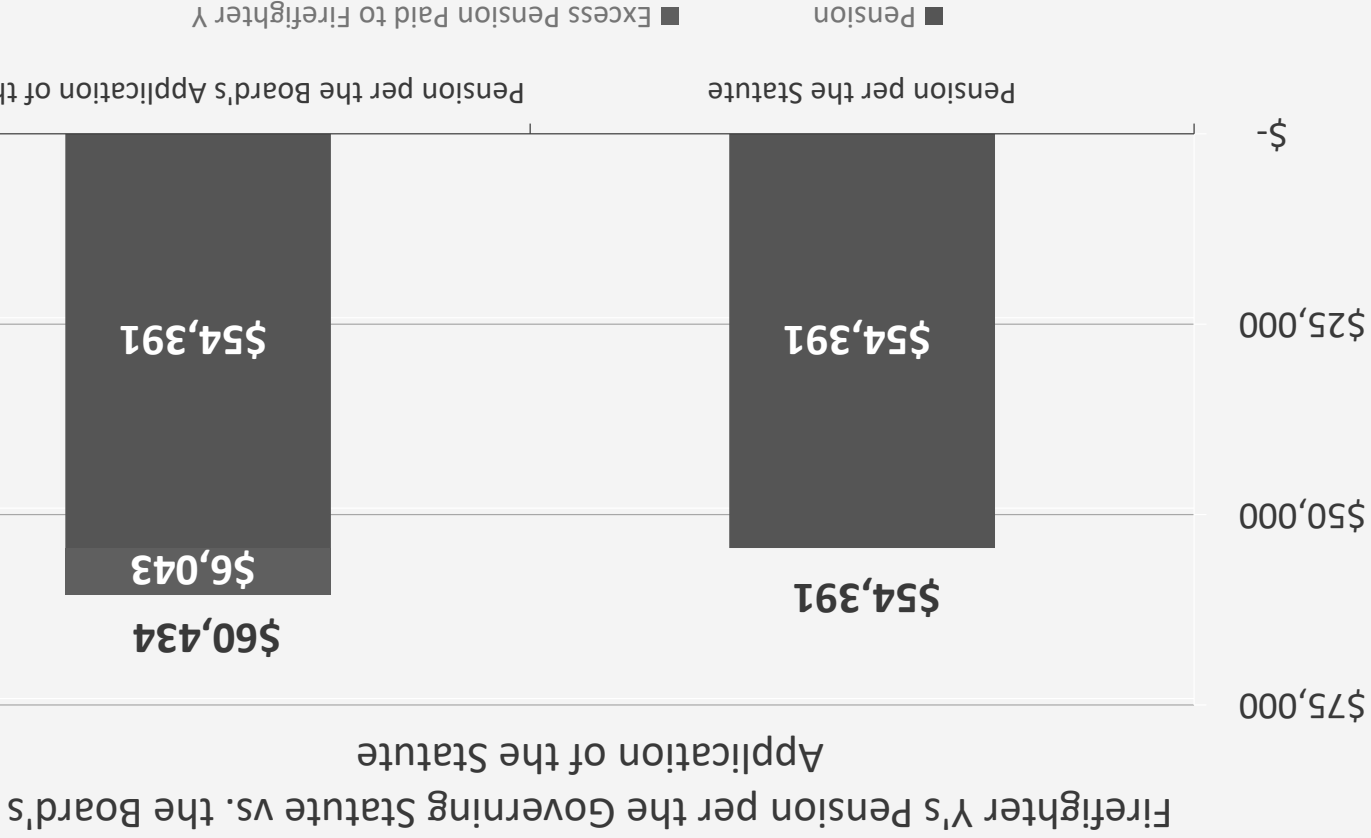
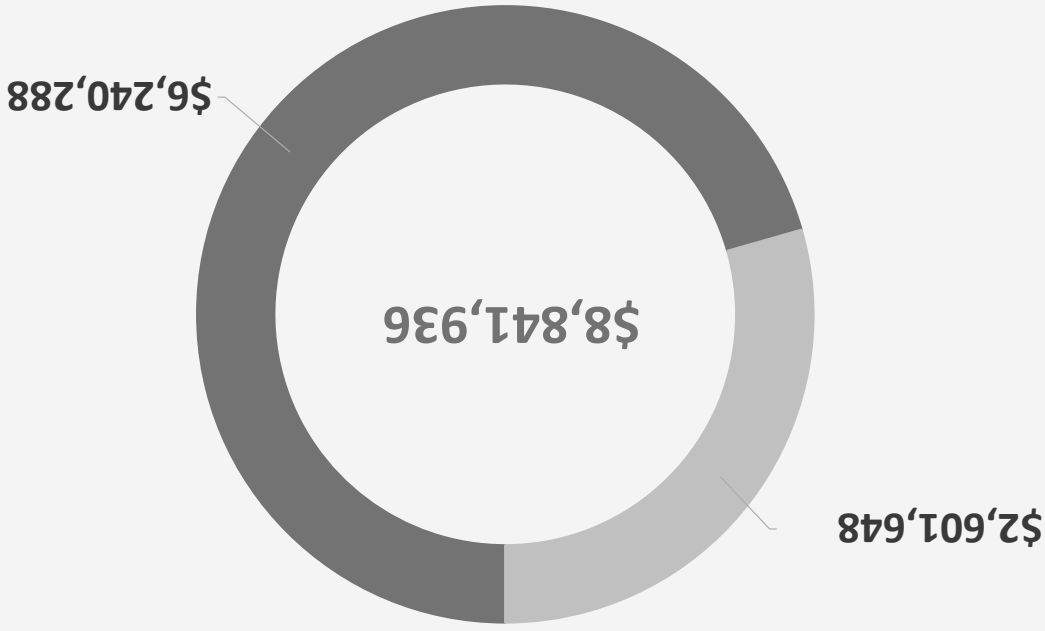
La. R.S. 11:3384 Accrual Rates vs. Pension Board Interpretation

Rate	Years of Service Requirement
2.5%	For each year of service
3.33%	Once you reach 30 years of service (years 13-30)
3.33%	For each year of service after 12 years AND 50 years old

Rate	Years of Service Requirement
2.5%	For each year of service
3.33%	Once you reach 30 years (all years)
3.33%	For each year of service after 12 years



# How Much Money Could the City of New Orleans Save Per Year?



## Money the City of New Orleans Spent from 1999 – 2015 on Questionable Disability and Pension Costs



## What this Money Buys...

\$8.8 million:

- 125 NOPD Officers

- 2 NOFD Firehouses

\$150.3 million:

- 22 Miles of Streets w/ New Drainage

– Almost as long as the Causeway Bridge

# What Happened?

NOFF appealed to the 4<sup>th</sup> Circuit Court:

- Allowed 3.33% accrual rate to all YOS once FF reaches 30 YOS.
  - Prohibited application of 3.33% accrual rate until FF reaches age 50 AND 12 YOS.
  - FF with 30 YOS are eligible to retire, have vested right to 3.33% accrual rate for each YOS.
  - Accrual rate/benefits can change until FF becomes eligible to retire. FF not eligible to retire do not have a vested right to benefits calculated erroneously.
- New Hires as of January 1, 2016
- Increased contribution rate 6% to 10%
  - 2.5% accrual rate
  - Increased retirement age – Social Security less 10 (52-57)

Offset of disability payments from pension payments



## Questions? Comments?

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