

2022 Regular Session

SENATE BILL NO. 10

BY SENATORS MORRIS AND LUNEAU

TEACHERS RETIREMENT. Allows an optional retirement plan participant to transfer to the defined benefit plan on an actuarial basis. (2/3 - CA10s29(F))(6/15/22)

1 AN ACT

2 To enact R.S. 11:926.1, relative to the optional retirement plan of the Teachers' Retirement
3 System of Louisiana; to allow a participant to execute an actuarial transfer from the
4 optional retirement plan into the system's regular defined benefit retirement plan; to
5 provide for an effective date; and to provide for related matters.

6 Notice of intention to introduce this Act has been published.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 11:926.1 is hereby enacted to read as follows:

9 **§926.1. Establishment of regular retirement plan membership**

10 **A. Notwithstanding R.S. 11:925, 928, or any other provision of law to the**
11 **contrary, any active contributing optional retirement plan participant who was**
12 **employed by an employer covered by the provisions of this Chapter on May 1,**
13 **2022, may establish or reestablish membership in the regular defined benefit**
14 **retirement plan of the Teachers' Retirement System of Louisiana by complying**
15 **with the provisions of this Section.**

16 **B. The person shall be eligible to receive an amount of service credit**
17 **based on the duration of his participation in the optional retirement plan**

1 related to his active account through submission of an application to the system
2 together with any fee necessary for the system actuary to calculate the cost of
3 establishing such service credit. Service shall be calculated as though the person
4 has been a member of the regular defined benefit retirement plan. The person
5 shall receive the credit by paying to the system an amount, calculated in
6 accordance with the provisions of R.S. 11:158, sufficient to totally offset any
7 increase in liability of the system caused by the person receiving the credit. This
8 payment shall be made by the transfer of all funds from the active optional
9 retirement plan account plus any other payments from the person, as further
10 provided in this Section. The transfer of funds from the optional retirement
11 plan account to the regular defined benefit retirement plan shall be classified
12 as a trustee-to-trustee transfer to a qualified plan.

13 C.(1) Any optional retirement plan participant electing to establish or
14 reestablish membership in the regular defined benefit retirement plan in
15 accordance with the provisions of this Section shall transfer all funds in the
16 active optional retirement plan account to the regular retirement plan and shall
17 not have contributions or other funds in both plans. All monies contributed to
18 the optional retirement plan by or on behalf of the person together with any
19 earnings attributable thereto shall be transferred to the regular retirement plan
20 and applied to the payments required by this Section.

21 (2)(a) Except as provided in Subparagraph (b) of this Paragraph, in the
22 event that the amount of funds transferred from the active optional retirement
23 plan account is less than the actuarial cost of purchasing service credit in the
24 system equal to the duration of the person's active participation in the optional
25 retirement plan, the person transferring shall pay the deficit or difference
26 including interest at the system's board-approved actuarial valuation rate.

27 (b) In lieu of paying the deficit or difference plus interest, the person may
28 at his option, but only at the time of transfer, be granted an amount of credit in
29 the system which is based on the amount of funds actually transferred from the

1 active optional retirement plan account, plus any additional funds less than the
 2 deficit paid by the person.

3 D. If the person transferred any monies from the regular defined benefit
 4 retirement plan into the optional retirement plan in accordance with R.S.
 5 11:925 or 926, he may reestablish that credit in the regular retirement plan by
 6 complying with the provisions of R.S. 11:736, except that the repayment may be
 7 made at any time before retirement or entry into the Deferred Retirement
 8 Option Plan.

9 E. Benefit calculation and retirement eligibility in the regular defined
 10 benefit retirement plan for any optional retirement plan participant electing to
 11 establish or reestablish membership in the regular retirement plan in
 12 accordance with the provisions of this Section shall be determined based on the
 13 date the individual's first employment making him eligible for membership in
 14 a state retirement system occurred.

15 F. The provisions of this Section shall terminate on June 30, 2028.

16 Section 2. Any matter not covered by the provisions of this Act shall be administered
 17 as otherwise provided in Subtitle I and Chapter 2 of Subtitle II of Title 11.

18 Section 3. The cost of this Act shall be funded with the monies transferred to the
 19 Teachers' Retirement System of Louisiana in accordance with the provisions of this Act.
 20 Any additional cost of this Act shall be funded with increased employer contributions.

21 Section 4. This Act shall become effective on June 15, 2022; if vetoed by the
 22 governor and subsequently approved by the legislature, this Act shall become effective on
 23 June 15, 2022, or on the day following such approval by the legislature, whichever is later.

The original instrument and the following digest, which constitutes no part
 of the legislative instrument, were prepared by LG Sullivan.

Present law allows certain employees of public colleges and universities, who would otherwise become members of the Teachers' Retirement System of La. (Teachers') as a condition of employment, to make an irrevocable election to participate in the optional retirement plan (ORP) instead. Provides two opportunities for a person to join the ORP: at first employment covered by the system or at any time before the person accrues five years

of service credit in the regular defined benefit retirement plan.

Proposed law retains present law.

Present law provides that the election to join the ORP in lieu of membership in the regular plan is irrevocable, regardless of when the choice is made.

Present law (R.S. 11:143) generally provides for transfers between La. public retirement or pension systems, plans, and funds.

Proposed law allows an ORP participant to transfer into the Teachers' regular retirement plan. Provides for this transfer to be on an actuarial basis pursuant to present law transfer statutes.

Proposed law specifies that benefit calculation and retirement eligibility after a transfer pursuant to proposed law shall be determined based on the date of the person's first employment making him eligible for state system membership.

Proposed law provides that proposed law terminates on June 30, 2028.

Effective June 15, 2022.

(Adds R.S. 11:926.1)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Retirement to the original bill

1. Specify that proposed law applies only to an ORP participant employed on May 1, 2022.
2. Require an ORP participant to submit an application and a fee to cover the actuary's calculation of the purchase price of the service credit.
3. Specify that the transfer of money from the ORP account to the Teachers' trust fund is a trustee-to-trustee transfer to a qualified plan.