

Regular Session, 2014

SENATE BILL NO. 23

BY SENATOR GUILLORY

TEACHERS RETIREMENT. Allows an optional retirement plan participant to transfer to the regular plan. (2/3 - CA10s29(F)) (6/15/14)

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 regular plan; to provide for an effective date; and
5 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 may**
12 **establish or reestablish membership in the regular defined benefit retirement**
13 **plan of the Teachers' Retirement System of Louisiana by complying with the**
14 **provisions of this Section.**

15 **B. The person shall be eligible to receive an amount of service credit**
16 **based on the duration of his participation in the optional retirement plan**
17 **related to his active account. Service shall be calculated as though the person**

1 has been a member of the regular defined benefit retirement plan. The person
2 shall receive such credit by paying to the system an amount, calculated in
3 accordance with the provisions of R.S. 11:158, sufficient to totally offset any
4 increase in liability of the system caused by the person receiving such credit.
5 This payment shall be made by the transfer of all funds from the active optional
6 retirement plan account plus any other payments from the person, as further
7 provided in this Section. The transfer of funds from the account shall be
8 classified as an eligible rollover distribution to the regular retirement plan.

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

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

23 (b) In lieu of paying the deficit or difference plus interest, the person may
24 at his option, but only at the time of transfer, be granted an amount of credit in
25 the system which is based on the amount of funds actually transferred from the
26 active optional retirement plan account, plus any additional funds less than the
27 deficit paid by the person.

28 D. If the person transferred any monies from the regular defined benefit
29 retirement plan into the optional retirement plan in accordance with R.S.

1 **11:926(A) or R.S. 11:925(B), he may reestablish that credit in the regular**
 2 **retirement plan by complying with the provisions of R.S. 11:736, except that the**
 3 **repayment may be made at any time before retirement or entry into the**
 4 **Deferred Retirement Option Plan.**

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

11 **F. The provisions of this Section shall terminate on June 30, 2020.**

12 Section 2. Anything not covered in this Act shall be administered as otherwise
 13 provided in Subtitle I and Chapter 2 of Subtitle II of Title 11.

14 Section 3. This Act shall become effective on June 15, 2014; if vetoed by the
 15 governor and subsequently approved by the legislature, this Act shall become effective on
 16 June 15, 2014, 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 Laura Gail Sullivan.

DIGEST

Present law provides for an optional retirement plan (ORP) for certain persons who would otherwise be members of the regular defined benefit plan of the Teachers' Retirement System of Louisiana (Teachers' or TRSL). Provides two opportunities for a person to join: 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 member 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, 2020.

Effective June 15, 2014.

(Adds R.S. 11:926.1)