

2026 Regular Session

HOUSE RESOLUTION NO. 352

BY REPRESENTATIVE KERNER

A RESOLUTION

To establish a task force to study the Optional Retirement Plan within the Teachers' Retirement System of Louisiana, including differences affecting long-term participants, and to report its findings to the House Committee on Retirement no later than ninety days prior to the convening of the 2027 Regular Session of the Legislature.

WHEREAS, the House of Representatives of the Legislature of Louisiana recognizes that the Optional Retirement Plan (ORP) was created to provide flexibility and to assist in the recruitment and retention of faculty and staff within public postsecondary education institutions; and

WHEREAS, the legislature created the ORP as a defined contribution plan within the Teachers' Retirement System of Louisiana (TRSL); the traditional TRSL plan is a defined benefit plan with a guaranteed pension, but the ORP is a defined contribution plan without a guaranteed pension and participants assume all investment risks, making the ORP unique among the plans available to public employees in Louisiana; and

WHEREAS, ORP participants are not provided Social Security coverage, resulting in an increased reliance on individual retirement savings; and

WHEREAS, employer contribution rates for ORP participants in Louisiana is currently 6.2% of pay; and

WHEREAS, the median default employer contribution rate for optional defined contribution plan accounts is 8.25% of pay according to National Association of State Retirement Administrator's key findings for higher education employees of the Southeastern Conference schools; and

WHEREAS, long-term employees who transition from the ORP to the TRSL defined benefit plan later in their careers face an inability to apply prior years of service toward vesting requirements; and

WHEREAS, differences exist in the treatment of accrued leave, as defined benefit plan members may convert unused leave into service credit, while ORP participants receive limited or no comparable benefit; and

WHEREAS, ORP participants may be subject to state income taxation on retirement distributions in circumstances where defined benefit plan retirees are exempt; and

WHEREAS, prior task force efforts have not fully addressed the differences affecting long-term ORP participants or evaluated targeted remedies for this population; and

WHEREAS, the House of Representatives requires comprehensive, objective, and updated information in order to evaluate potential reforms and ensure equitable retirement outcomes for all public education employees.

THEREFORE, BE IT RESOLVED that the House of Representatives of the Legislature does hereby establish a task force to study the Optional Retirement Plan within the Teachers' Retirement System of Louisiana, with a specific focus on differences affecting long-term participants and options for achieving greater parity with the defined benefit plan.

BE IT FURTHER RESOLVED that the task force shall examine, including but not limited to, the following:

(1) The feasibility and potential design of granting pension service credit to long-term ORP participants, including those who have transitioned to the defined benefit plan and those who have not, based on actuarial years of service, in exchange for the transfer of ORP account balances, with or without requiring the purchase of such credit, including consideration of graduated or tenure-based approaches, and taking into account historical employer contribution levels to the ORP in evaluating actuarial equity.

(2) The development of hybrid or partial retirement benefit models for both current long-term ORP participants and recent transfers, combining elements of defined contribution and defined benefit plans to improve retirement security.

(3) Alternatives to the current five-year vesting requirement for employees who transition from the ORP to the defined benefit plan later in their careers, including recognition of prior service or accrued leave.

(4) Policies to provide equitable treatment of accrued leave for ORP participants and recent pension transfers, including actuarial conversion of leave into ORP retirement accounts, direct payment of accrued leave at retirement, or application toward vesting requirements.

(5) The feasibility of allowing ORP participants who transfer to alternative providers to receive the same state tax exemptions on their retirement income as TRSL defined benefit retirees.

(6) A review of employer contribution rates to the ORP, including historical changes, the extent to which such rates have been reduced or redirected, the impact of contributions toward the pension system's unfunded accrued liability, and the resulting effects on ORP participants' ability to accumulate sufficient retirement savings, including lost opportunities to supplement and grow their ORP accounts.

(7) The impact of the absence of Social Security coverage for ORP participants and recent pension transfers, and options to address resulting retirement income gaps.

(8) Identification of long-term ORP participants and recent transfers, including those with twenty or more years of service, and evaluation of targeted remedies to address differences affecting this population.

(9) A review and reassessment of prior task force findings and recommendations related to the ORP and identification of any gaps.

(10) The impact of irrevocable ORP election decisions on employees with intermittent or non-continuous service, including those who return to public education after extended absences and are subsequently ineligible for participation in the defined benefit plan, as well as those who transition to the defined benefit plan later in their careers but encounter difficulties in meeting vesting requirements, and the feasibility of providing alternative enrollment pathways or targeted remedies for such individuals.

BE IT FURTHER RESOLVED that the task force shall be composed of members appointed as follows:

(1) The Board of Supervisors for the University of Louisiana System shall appoint three members, at least two of whom shall be ORP participants.

(2) The Board of Supervisors of the Louisiana State University and Agricultural and Mechanical College shall appoint three members, at least two of who shall be Optional Retirement Plan participants.

(3) The Board of Supervisors of the Southern University and Agricultural and Mechanical College shall appoint three members, at least two of who shall be Optional Retirement Plan participants.

(4) The Board of Supervisors of Community and Technical Colleges shall appoint two members at least one of whom shall be an Optional Retirement Plan participant.

(5) The Board of Regents shall appoint two members, at least one of whom shall be an Optional Retirement Plan participant.

(6) The board of trustees of the Teachers' Retirement System of Louisiana shall appoint two members, at least one of whom shall be an Optional Retirement Plan participant.

(7) The commissioner of administration shall appoint two members, at least one of whom shall be a representative of the Office of Group Benefits.

(8) The actuary for the legislative auditor shall serve as an ex officio and nonvoting member.

(9) The secretary of the Department of Revenue, or his designee, shall serve as an ex officio member.

(10) At least two members representing long-term Optional Retirement Plan participants with twenty or more years of service, including at least one who has transitioned to the defined benefit plan, shall be appointed by the speaker of the House of Representatives.

BE IT FURTHER RESOLVED that the appointing authorities shall submit the names and contact information for their appointees to the commissioner of administration no later than July 1, 2026, and the commissioner shall call the first meeting of the task force no later than August 1, 2026.

BE IT FURTHER RESOLVED that the division of administration shall provide staff support for the task force, and the secretary of the Department of Revenue and the legislative auditor shall provide information and analysis upon request.

BE IT FURTHER RESOLVED that members shall serve without compensation.

BE IT FURTHER RESOLVED that the task force shall submit a written report of its findings and recommendations to the House Committee on Retirement no later than ninety days prior to the convening of the 2027 Regular Session of the Legislature.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES