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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Jerry J. Guillot.

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## DIGEST

Present law, relative to contributions to certain optional retirement systems for higher education employees participating in the Teachers' Retirement System of Louisiana (Teachers'), provides that each participant shall contribute monthly to the optional retirement plan the same amount which he would be required to contribute to Teachers' regular retirement plan if he were a member of that retirement plan. Participant contributions may be made by employer pick-up in accordance with 26 U.S.C. 414(h)(2). Provides that the entirety of each participant's contribution, less any monthly fee established by Teachers' board of trustees to cover the cost of administration and maintenance of the optional retirement plan, shall be remitted to the appropriate designated company or companies for application to the participant's contract or contracts.

Provides that each employer institution and board shall contribute to Teachers' on behalf of each participant in the optional retirement plan the same amount it would have contributed if the participant had been a member of the regular retirement plan of Teachers'. Provides that upon receipt of this contribution, Teachers' shall promptly pay over to the appropriate designated company or companies an amount equal to the employer's portion of the normal cost contribution as determined annually by the Public Retirement Systems' Actuarial Committee, this amount to be credited to the participant's contract or contracts. Provides that Teachers' shall retain the balance of this contribution for application to the unfunded accrued liability of the system.

Present law provides that, notwithstanding the above provisions, Teachers' shall not remit any funds or contributions to any company or companies from an employer institution or board until the correct and total amount, rounded to the nearest dollar amount, to be remitted to Teachers' under the above provisions is received each month from the employer institution or board.

Provides that if a participant first became eligible for membership in Teachers', or this Optional Retirement Plan, on or after July 1, 1996, the contributions remitted by Teachers' to any authorized company shall not be based upon compensation in excess of the annual limit of 26 U.S.C. 401(a)(17).

Provides that effective January 1, 2009, to the extent required by 26 U.S.C. 414(u)(12), any differential wage payment, as defined by 26 U.S.C. 3401(h)(2), of which is made by any employer to any individual performing qualified military service shall be treated as earnable compensation for purposes of applying the limits on annual additions under 26 U.S.C. 415(c), and any participant of the optional retirement plan shall be treated as an employee of the employer making such payment.

Proposed law retains present law. Adds that for the purposes of present law, "regular retirement plan" shall mean Tier 1 of Teachers' defined benefit plan.

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

(Adds R.S. 11:927(F))