

SENATE BILL NO. 20

BY SENATOR GUILLORY

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AN ACT

To amend and reenact R.S. 11:701(10), (11), (12), (24), and (33)(a)(i), (ii)(aa), and (xiii) and (b)(i), 702(A) and (B), 723(A)(1), 781(B), 784(A), (C)(2), and (F), 784.1(A), (B), (C), and (D), 785.1(A) and (C), 792(A), (B), (C), and (D), and 826, to enact R.S. 11:701(14.1), (22.1), and (33)(a)(xiv) and 781(C), and to repeal R.S. 11:723(B), relative to the Teachers' Retirement System of Louisiana; to provide with respect to the tax qualification of the system; to make changes to the plan's provisions in conformity with federal requirements; to provide for an effective date; and to provide for related matters.

Notice of intention to introduce this Act has been published.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 11:701(10), (11), (12), (24), and (33)(a)(i), (ii)(aa), and (xiii) and (b)(i), 702(A) and (B), 723(A)(1), 781(B), 784(A), (C)(2), and (F), 784.1(A), (B), (C), and (D), 785.1(A) and (C), 792(A), (B), (C), and (D), and 826 are hereby amended and reenacted and R.S. 11:701(14.1), (22.1), and (33)(a)(xiv) and 781(C) are hereby enacted to read as follows:

§701. Definitions

As used in this Chapter, the following words and phrases have the meanings ascribed to them in this Section unless a different meaning is plainly required by the context:

\* \* \*

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1           (10) "Earnable compensation" means the compensation earned by a member  
2 during the full normal working time as a teacher. Earnable compensation shall  
3 include any differential wage payment as defined by 26 U.S.C. 3401(h)(2) that is  
4 made by an employer to any individual performing qualified military service.  
5 Earnable compensation shall not include per diem, post allowances, payment in kind,  
6 hazardous duty pay, or any other allowance for expense authorized and incurred as  
7 an incident to employment, nor payments in lieu of unused sick or annual leave, nor  
8 retroactive salary increases unless such an increase was granted by legislative Act  
9 or by a ~~city-parish~~ **city or parish** systemwide salary increase, nor payment for  
10 discontinuation of contractual services, unless the payment is made on a monthly  
11 basis. If a member is granted an official leave and he makes contributions for the  
12 period of leave, earnable compensation shall not include compensation paid for other  
13 employment which would not have been possible without the leave. The board of  
14 trustees shall determine whether or not any other payments are to be classified as  
15 earnable compensation.

16           (11) "Employer" means the State **state** of Louisiana, ~~the~~ **any city, parish, or**  
17 **other local** school board, ~~the city school board,~~ the State Board of **Elementary and**  
18 **Secondary** Education, ~~the board of supervisors of the Louisiana State University~~ **any**  
19 **board created by Article VIII of the Constitution of Louisiana,** or any other  
20 agency of and within the State **state or a political subdivision** by which a teacher  
21 is paid.

22           (12) "Eligible rollover distribution" means ~~the distribution of all or any~~  
23 ~~portion of the balance to the credit of a member from a qualified plan. However, an~~  
24 ~~eligible rollover distribution shall not include any of the following distributions:~~

25           ~~(a) One that is a series of substantially equal periodic payments, made not~~  
26 ~~less frequently than annually, for the life, or life expectancy of the member or the~~  
27 ~~joint lives, or joint life expectancies of the member and the member's designated~~  
28 ~~beneficiary.~~

29           ~~(b) One that is for a specified period of ten years or more.~~

30           ~~(c) One that is required by the provisions of Section 401(a)(9) of the United~~

1 ~~States Internal Revenue Code~~ **a distribution as defined in R.S. 11:792(B).**

2 \* \* \*

3 **(14.1) "Internal Revenue Code" means the United States Internal**  
4 **Revenue Code of 1986, as amended.**

5 \* \* \*

6 **(22.1) "Plan Year" means the fiscal year.**

7 \* \* \*

8 (24) "Public School" means any ~~day~~ school conducted within the state under  
9 the authority and supervision of a city, parish, or city other local school board and  
10 any educational institution supported by and under the control of the state.

11 \* \* \*

12 (33)(a) "Teacher", except as provided in Subparagraph (b) of this Paragraph,  
13 shall mean any of the following:

14 (i) Any employee of a city, ~~or~~ parish, **or other local** school board, any parish,  
15 ~~or~~ city, **or other local** superintendent, or any assistant superintendent of public  
16 schools.

17 (ii)(aa) Any president, vice president, dean, teacher, guidance counselor, or  
18 unclassified employee at any state college or university or any vocational-technical  
19 school or institution or special school under the control of the State Board of  
20 Elementary and Secondary Education, or any educational institution supported by  
21 and under the control of the state or any city, parish, **or other local** school board.

22 \* \* \*

23 (xiii) **Any person who has retained membership in the system pursuant**  
24 **to R.S. 11:723.**

25 **(xiv)** In all cases of doubt, the board of trustees shall determine whether any  
26 person is a teacher within the scope of the definition set forth in this Paragraph.

27 (b) "Teacher" shall not include any of the following:

28 (i) Any employee of a city, ~~or~~ parish, **or other local** school board who is  
29 employed as a school bus driver, school janitor, school custodian, or a school  
30 maintenance employee, school bus aide, monitor, or attendant, or anyone who

1 actually works on a school bus helping with the transportation of school children.

2 \* \* \*

3 §702. Name and establishment of retirement system

4 A. A retirement system is established with all the powers and privileges  
5 pertaining to corporations, under the management of the board of trustees for the  
6 purpose of providing retirement allowances and other benefits under the provisions  
7 of this Chapter for teachers of the state of Louisiana. The retirement system so  
8 created shall be established as of ~~the first day of August nineteen hundred and~~  
9 ~~thirty-six~~ August 1, 1936. The retirement system is established as a qualified  
10 defined benefit plan under Title 11 of the Louisiana Revised Statutes of 1950,  
11 known as the "Louisiana Public Retirement Law", as amended from time to  
12 time, pursuant to Sections 401(a) and 414(d) of the Internal Revenue Code,  
13 other applicable provisions of the Internal Revenue Code, applicable Treasury  
14 regulations, and other guidance.

15 B. This system shall be known as the "Teachers' Retirement System of  
16 Louisiana", and by such name or its nominee name, which is hereby established as  
17 "~~TRSLA~~" "TRSL", all of its business shall be transacted, all of its funds invested,  
18 and all of its cash and securities and other property held, except as provided in  
19 Subsection C hereof of this Section.

20 \* \* \*

21 §723. Members employed in other state employment; exception

22 A.(1) Notwithstanding any enrollment error occurring prior to January 1,  
23 1992, and except as provided in Subsection C of this Section, any person who is  
24 a member of the Teachers' Retirement System of Louisiana, who has creditable  
25 membership service of at least five years in this system and who becomes employed  
26 in other state or public employment where he is no longer eligible for membership  
27 in this system but is eligible for membership in another state or statewide retirement  
28 system, shall have the right to remain a member of this system in lieu of membership  
29 in the other ~~statewide~~ retirement system by filing a notice, in writing, with the board  
30 of trustees within sixty days after the effective date of employment. Such election

1 shall be irrevocable.

2 \* \* \*

3 §781. Refund of contributions

4 \* \* \*

5 B. Any member whose employment is terminated as ~~an employee~~ **a teacher**  
6 as defined in R.S. 11:701~~(23)~~ **(33)**, and **who**, due to such termination, applies to  
7 withdraw the accumulated contributions standing to his account, shall not be entitled  
8 to receive a refund of said funds if he has been employed again by an employer as  
9 ~~an employee~~ **a teacher** defined in R.S. 11:701~~(23)~~ **(33)** prior to the processing of his  
10 refund request by the retirement system. Such a member shall be considered as  
11 being an active member of the retirement system and shall not be entitled to  
12 withdraw his accumulated contributions.

13 **C. In conformity with Section 401(a)(8) of the Internal Revenue Code,**  
14 **any forfeitures of benefits by members or former members of the plan shall not**  
15 **be used to pay benefit increases. However, such forfeitures may be used to**  
16 **reduce employer contributions.**

17 \* \* \*

18 §784. Payment of benefits

19 A. **The retirement system shall pay all benefits in accordance with a**  
20 **good faith interpretation of the requirements of Section 401(a)(9) of the Internal**  
21 **Revenue Code as applicable to a governmental plan within the meaning of**  
22 **Section 414(d) of the Internal Revenue Code.** The payment of benefits to or on  
23 behalf of a member shall commence not later than April first following the calendar  
24 year in which the member retires, or attains age seventy and one-half years,  
25 whichever is later.

26 \* \* \*

27 C. \* \* \*

28 (2) Paragraph (1) **of this Subsection** shall not apply to any portion of a  
29 member's benefit which is payable to or for the benefit of a designated beneficiary  
30 or beneficiaries, over the life of or over the life expectancy of such beneficiary, so

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1 long as such distributions begin not later than ~~one year after the date~~ **December**  
2 **thirty-first of the calendar year immediately following the calendar year** of the  
3 member's death, or, in the case of the member's surviving spouse, ~~the date~~ **December**  
4 **thirty-first of the calendar year in which** the member would have attained the age  
5 of seventy and one-half years. If the designated beneficiary is the member's  
6 surviving spouse and if the surviving spouse dies before the distribution of benefits  
7 commences, then Paragraph (1) **of this Subsection** shall be applied as if the  
8 surviving spouse were the member. If the designated beneficiary is a child of the  
9 member, for purposes of satisfying the requirement of Paragraph (1) **of this**  
10 **Subsection**, any amount paid to such child shall be treated as if paid to the member's  
11 surviving spouse if such amount would become payable to such surviving spouse,  
12 (if alive), upon the child's reaching age eighteen or, if later, upon the child's  
13 completing a designated event. For purposes of the preceding sentence, a designated  
14 event shall be the later of the date the child is no longer disabled or the date the child  
15 ceases to be a full-time student, (or attains age twenty-three, if earlier).

\* \* \*

17 F. ~~Payment in accordance with the options of R.S. 11:762 or of this Subpart~~  
18 ~~A of Part IV, Chapter 2 of Subtitle II, shall be deemed not to violate Subsections B~~  
19 ~~and C of this Section~~ **Notwithstanding any other provision of this Section or the**  
20 **provisions of the Treasury Regulations, any benefit option may continue so long**  
21 **as the option satisfies Section 401(a)(9) of the Internal Revenue Code based on**  
22 **a reasonable and good faith interpretation of that section.**

\* \* \*

24 §784.1. Maximum benefits

25 A.(1) Notwithstanding any other provision of this system to the contrary, ~~no~~  
26 ~~member shall receive a benefit in any year in excess of the sum of the maximum~~  
27 ~~employer-financed benefit and the member-financed benefit~~ **the member**  
28 **contributions paid to and retirement benefits paid from the plan shall be limited**  
29 **to such extent as may be necessary to conform to the requirements of Section**  
30 **415 of the Internal Revenue Code for a qualified pension plan.**

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1           ~~(a) The maximum employer-financed benefit shall equal the sum of ninety~~  
2           ~~thousand dollars, except that it may exceed that sum if the excess is caused by~~  
3           ~~adjustments made pursuant to this Section.~~

4           ~~(b) The maximum employer-financed benefit for the year 1999 shall equal~~  
5           ~~one hundred thirty thousand dollars. The member-financed benefit is the annual~~  
6           ~~benefit that can be provided by annuitizing the member's after-tax accumulated~~  
7           ~~contributions.~~

8           ~~(2) Any benefit reduction required by this Section shall, to the extent~~  
9           ~~possible, reduce the monthly pension to which the member would otherwise have~~  
10           ~~been entitled and shall not affect the member's Deferred Retirement Option Plan~~  
11           ~~account.~~

12           **(2) Basic 415(b) limitation. (a) Before January 1, 1995, a member shall**  
13           **not receive an annual benefit that exceeds the limits specified in Section 415(b)**  
14           **of the Internal Revenue Code, subject to the applicable adjustments in that**  
15           **Section. On and after January 1, 1995, a member shall not receive an annual**  
16           **benefit that exceeds the dollar amount specified in Section 415(b)(1)(A) of the**  
17           **Internal Revenue Code, subject to the applicable adjustments in Section 415(b)**  
18           **of the Internal Revenue Code and subject to any additional limits that may be**  
19           **specified in the retirement system. In no event shall a member's annual benefit**  
20           **payable under the plan in any limitation year be greater than the limit**  
21           **applicable at the annuity starting date, as increased in subsequent years**  
22           **pursuant to Section 415(d) of the Internal Revenue Code and the regulations**  
23           **thereunder.**

24           **(b) For purposes of Section 415(b) of the Internal Revenue Code,**  
25           **"annual benefit" means a benefit payable annually in the form of a straight life**  
26           **annuity with no ancillary benefits without regard to the benefit attributable to**  
27           **after-tax employee contributions, except pursuant to Section 415(n) of the**  
28           **Internal Revenue Code, and to rollover contributions, as defined in Section**  
29           **415(b)(2)(A) of the Internal Revenue Code. The "benefit attributable" shall be**  
30           **determined in accordance with Treasury regulations.**

1           B. Adjustments in 415(b) limitation. (1)(a) If the annual benefit begins  
2 before the member attains age sixty-two, the ~~ninety thousand dollar~~ limit described  
3 in ~~Subparagraph A(1)(a)~~ of prescribed by this Section, as adjusted, shall be reduced  
4 in ~~a manner prescribed by the United States Secretary of the~~ accordance with  
5 Treasury regulations pursuant to the provisions of Section 415(b) of the Internal  
6 Revenue Code, so that such limit, as so reduced, equals an annual straight life  
7 benefit when such retirement income benefit begins that is equivalent to a one  
8 hundred sixty thousand dollar annual benefit, as adjusted, beginning at age  
9 sixty-two. The reduction provided for in this Paragraph shall not be applicable:

10           (a) In the event the member's benefit is based on fifteen years of military  
11 service; or

12           (b) To pre-retirement disability benefits or pre-retirement death  
13 benefits.

14           ~~(b) The adjustment authorized by Subparagraph (a) of this Paragraph may~~  
15 ~~not reduce the member's annual benefit below seventy-five thousand dollars, if the~~  
16 ~~member's benefit begins at or after age fifty-five, or the actuarial equivalent of~~  
17 ~~seventy-five thousand dollars beginning at age fifty-five if benefits begin before age~~  
18 ~~fifty-five.~~

19           ~~(2)(a) If the annual benefit begins after the member attains age sixty-five, the~~  
20 ~~ninety thousand dollar limit set forth in Subparagraph A(1)(a) of this Section, as~~  
21 ~~adjusted, shall be increased so that it is the actuarial equivalent of the ninety~~  
22 ~~thousand dollar limit at age sixty-five. The ninety thousand dollar limit on annual~~  
23 ~~benefits, but not the seventy-five thousand dollar limit set forth in Subparagraph~~  
24 ~~B(1)(b) of this Section, shall be adjusted annually as provided by Section 415(d) of~~  
25 ~~the United States Internal Revenue Code and the regulations prescribed by the~~  
26 ~~United States Secretary of the Treasury to reflect cost-of-living adjustments.~~

27           ~~(b)~~ (2) Effect of cost-of-living adjustments. (a) The annual adjusted limit,  
28 set forth in ~~Subparagraph (a) of this Paragraph~~ A(2) of this Section, is effective as  
29 of January first of each calendar year and is applicable to benefits commencing  
30 during that calendar year. As a result of a cost-of-living increase to the limit under



1 Section 415(d) of the Internal Revenue Code, a benefit that had been limited by  
2 the provisions of this Section in a previous year may be increased with respect to  
3 future payments to the lesser of the new limit or the amount of benefit that would  
4 have been payable from this system without regard to the provisions of this Section.

5 (b) Effective on and after January 1, 2009, for purposes of applying the  
6 limits under Section 415(b) of the Internal Revenue Code, referred to in this  
7 Paragraph as the "Limit", to a member with no lump sum benefit, the following  
8 shall apply:

9 (i) A member's applicable Limit shall be applied to the member's annual  
10 benefit in the member's first limitation year without regard to any cost-of-living  
11 adjustments granted under the plan;

12 (ii) To the extent that the member's annual benefit equals or exceeds the  
13 Limit, the member shall no longer be eligible for cost-of-living adjustments until  
14 such time as the benefit plus the accumulated increases are less than the Limit;  
15 and

16 (iii) Thereafter, in any subsequent limitation year, a member's annual  
17 benefit, including any cost-of-living adjustments granted under the plan, shall  
18 be tested under the then-applicable benefit Limit including any adjustment to  
19 the Section 415(b)(1)(A) of the Internal Revenue Code dollar limit under Section  
20 415(d) of the Internal Revenue Code, and the regulations thereunder.

21 (c) Effective on and after January 1, 2009, with respect to a member  
22 who receives a portion of the member's annual benefit in a lump sum, a  
23 member's applicable Limit will be applied taking into consideration cost-of-  
24 living adjustments as required by Section 415(b) of the Internal Revenue Code  
25 and applicable Treasury regulations.

26 (3) Annual benefits may not be paid in an amount greater than the accrued  
27 benefit under the plan. The maximum benefit limit, set forth in Paragraph A(1) of  
28 this Section, shall apply to a single-life annuity. If the benefit is payable in a form  
29 other than a single-life annuity, the maximum limit shall apply to the pension that is  
30 the actuarial equivalent of such single-life annuity, using an applicable interest rate

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1 and mortality table as prescribed by the ~~United States~~ Internal Revenue Service;  
2 however, the limit shall not be reduced for any benefit received as a disability  
3 retirement allowance or any payments received by the beneficiaries, survivors, or  
4 estate of a member as a result of the death of the member.

5 C. An annual benefit may be paid to any member in excess of the limit  
6 otherwise allowed in Paragraph A(1) of this Section if the annual benefit derived  
7 from the employer contributions under this and all other qualified plans of the  
8 employer subject to the limitations of Section 415(b) of the United States Internal  
9 Revenue Code does not, in the aggregate, exceed ten thousand dollars for the plan  
10 year or for any prior year, and the member has not at any time participated in a  
11 defined contribution plan maintained by the employer. For purposes of this  
12 Subsection, a member's own contributions to the system are not considered a  
13 separate defined contribution plan maintained by the employer. **(1) Ten Thousand**  
14 **Dollar Limit. The retirement benefit payable with respect to a member shall be**  
15 **deemed not to exceed the limit under Section 415 of the Internal Revenue Code**  
16 **if the benefits payable, with respect to such member under this plan and under**  
17 **all other qualified defined benefit pension plans to which the member's**  
18 **employer contributes, do not exceed ten thousand dollars for the applicable**  
19 **limitation year and for any prior limitation year and the employer has not at**  
20 **any time maintained a qualified defined contribution plan in which the member**  
21 **participated.**

22 **(2) Less than Ten Years of Participation or Service Adjustment for**  
23 **415(b) Limitations. The maximum retirement benefits payable to any member**  
24 **who has completed less than ten years of service shall be the amount determined**  
25 **under Paragraph A(2) of this Section, as adjusted under Subsection B of this**  
26 **Section, multiplied by a fraction, the numerator of which is the number of the**  
27 **member's years of participation and the denominator of which is ten. The limit**  
28 **under Paragraph C(1) of this Section, concerning the ten thousand dollar limit,**  
29 **shall be similarly reduced for any member who has accrued less than ten years**  
30 **of service, except the fraction shall be determined with respect to years of**

1 service instead of years of participation. The reduction provided by this  
2 Paragraph shall not reduce the maximum benefit below ten percent of the limit  
3 determined without regard to this Paragraph. The reduction provided for in  
4 this Paragraph cannot be applicable to pre-retirement disability benefits or  
5 pre-retirement death benefits.

6 D.(1) If a member is or has been a participant in one or more defined  
7 contribution plans maintained by the employer, the sum of the member's  
8 contributions paid to this system and any other qualified defined benefit plans of the  
9 employer and the annual additions under such defined contribution plan or plans may  
10 not exceed the lesser of twenty-five percent of the member's earned compensation  
11 or thirty thousand dollars, as adjusted by the United States Secretary of the Treasury  
12 the limit under Section 415(c) of the Internal Revenue Code.

13 (2) ~~The sum of the "defined benefit plan fraction" and the "defined~~  
14 ~~contribution plan fraction", as those terms are defined in Section 415 of the United~~  
15 ~~States Internal Revenue Code, for any plan year in which Section 415 of the United~~  
16 ~~States Internal Revenue Code is in effect, may not exceed one, 1.0, for any calendar~~  
17 ~~year in which the limits of Section 415(d) of the United States Internal Revenue~~  
18 ~~Code are in effect and enforced by the United States Internal Revenue Service. If the~~  
19 ~~sum of the defined benefit plan fraction and the defined contribution plan fraction~~  
20 ~~exceeds one, 1.0, in any such year for any member, or if the benefits under this plan~~  
21 ~~and one or more other defined benefit plans of the employer would otherwise exceed~~  
22 ~~the maximum employer-financed benefit, and the administrator of the other plan or~~  
23 ~~plans does not reduce the contributions or benefits under such other plan, the~~  
24 ~~employer-financed benefit payable by this system shall be reduced to the extent~~  
25 ~~necessary to ensure that the limitations provided in Section 415 of the United States~~  
26 ~~Internal Revenue Code are met. The 415(b) limit with respect to any member who~~  
27 at any time has been a member in any other defined benefit plan as defined in  
28 Section 414(j) of the Internal Revenue Code maintained by the member's  
29 employer shall apply as if the total benefits payable under all such defined  
30 benefit plans in which the member has been a member were payable from one

1 **plan.**

2 **(3) Effective on and after January 1, 2000, the limit under Section 415(e)**  
3 **of the Internal Revenue Code shall no longer apply.**

4 \* \* \*

5 §785.1. Annual compensation limitation for determination of benefits

6 A. Unless otherwise provided in this Chapter, the accrued benefit of each  
7 "Section 401(a)(17) employee" as that term is defined below shall be the greater of  
8 the following:

9 (1) The employee's accrued benefit determined with respect to the benefit  
10 formula applicable for the plan year beginning on or after January 1, 1996, as applied  
11 to the employee's total years of service taken into account for purposes of benefit  
12 accruals.

13 (2) The sum of:

14 (a) The employee's accrued benefit as of the last day of the last plan year  
15 beginning before January 1, 1996, frozen in accordance with the provisions of  
16 ~~Section 1.401(a)(4) through (13) of the Code of Federal Regulations~~ **Sections**  
17 **1.401(a)(4)-1 through 1.401(a)(4)-13 of the Treasury regulations;** and

18 (b) The employee's accrued benefit determined under the benefit formula  
19 applicable for the plan year beginning on or after January 1, 1996, as applied to the  
20 employee's years of service credited to the employee for plan years beginning on or  
21 after January 1, 1996, for purposes of benefit accruals.

22 \* \* \*

23 C. If an employee is not a "Section 401(a)(17) employee", his accrued  
24 benefit in this system shall not be based upon compensation in excess of the annual  
25 limit of Section 401(a)(17) of the ~~United States~~ Internal Revenue Code, as amended  
26 and revised, **subject to the following provisions:**

27 **(1) Effective with respect to plan years beginning on and after July 1,**  
28 **1996, and before July 1, 2002, the annual compensation of a plan member which**  
29 **exceeds one hundred fifty thousand dollars, as adjusted for cost-of-living**  
30 **increases under Section 401(a)(17)(B) of the Internal Revenue Code, shall be**

1 disregarded for purposes of computing employee and employer contributions  
2 to or benefits due from the retirement system. Effective only for the 1996 plan  
3 year, in determining the compensation of an employee eligible for consideration  
4 under this Paragraph, the rules of Section 414(q)(6) of the Internal Revenue  
5 Code shall apply, except that in applying such rules, the term "family" shall  
6 include only the spouse of the member and any lineal descendants of the  
7 employee who have not attained age nineteen before the close of the year.

8 (2) Effective with respect to plan years beginning on and after July 1,  
9 2002, the annual compensation of a plan member which exceeds two hundred  
10 thousand dollars, as adjusted for cost-of-living increases in accordance with  
11 Section 401(a)(17)(B) of the Internal Revenue Code, may not be taken into  
12 account in determining benefits or contributions due for any plan year. Annual  
13 compensation means compensation during the plan year or such other  
14 consecutive twelve month period, hereinafter the "determination period", over  
15 which compensation is otherwise determined under the plan. The cost-of-living  
16 adjustment in effect for a calendar year applies to annual compensation for the  
17 determination period that begins with or within such calendar year. If the  
18 determination period consists of fewer than twelve months, the annual  
19 compensation limit is an amount equal to the otherwise applicable annual  
20 compensation limit multiplied by a fraction, the numerator of which is the  
21 number of months in the short determination period, and the denominator of  
22 which is twelve. If the compensation for any prior determination period is  
23 taken into account in determining a plan member's contributions or benefits for  
24 the current plan year, the compensation for such prior determination period is  
25 subject to the applicable annual compensation limit in effect for that prior  
26 period.

27 \* \* \*

28 §792. Direct rollover

29 A. The provisions of this Section shall apply to all eligible distributions  
30 by the system made on or after January 1, 1993, for purposes of compliance

1 **with Section 401(a)(31) of the Internal Revenue Code.** Notwithstanding any other  
2 provision of law to the contrary that would otherwise limit a member's **distributee's**  
3 election under this Section, a member **distributee** may elect, at the time and in the  
4 manner prescribed by the ~~Board of Trustees~~ **board of trustees,** to have any portion  
5 of an "eligible rollover distribution", as specified by the member **distributee,** paid  
6 directly to an "eligible retirement plan", as those terms are defined below.

7 B. An "eligible rollover distribution" is any distribution of all or any portion  
8 of the balance to the credit of a member, ~~except that an eligible rollover distribution~~  
9 ~~does not include:~~ **distributee. Effective January 1, 2002, the definition of eligible**  
10 **rollover distribution shall also include a distribution to a surviving spouse, or**  
11 **to a former spouse with whom a benefit or a return of employee contributions**  
12 **is to be divided pursuant to R.S. 11:291(B) and who is an alternate payee under**  
13 **a domestic relations order. An eligible rollover distribution shall not include:**

14 (1) Any distribution that is one of a series of substantially equal periodic  
15 payments, not less frequently than annually, made for the life or life expectancy of  
16 the member **distributee,** or the joint lives or joint life expectancies of the member  
17 **distributee** and the member's **distributee's** designated beneficiary, or for a specified  
18 period of ten years or more.

19 (2) Any distribution to the extent that such distribution is required under  
20 Section 401(a)(9) of the ~~United States~~ Internal Revenue Code.

21 **(3) The portion of any distribution that is not includible in gross income;**  
22 **provided, however, effective January 1, 2002, a portion of a distribution shall**  
23 **not fail to be an eligible rollover distribution merely because the portion consists**  
24 **of after-tax employee contributions that are not includible in gross income, but**  
25 **such portion may be transferred only:**

26 **(a) To an individual retirement account or annuity described in Section**  
27 **408(a) or (b) of the Internal Revenue Code or to a qualified defined contribution**  
28 **plan described in Section 401(a) of the Internal Revenue Code that agrees to**  
29 **separately account for amounts so transferred and earnings thereon, including**  
30 **separately accounting for the portion of the distribution that is includible in**

1 gross income and the portion of the distribution that is not so includible;

2 (b) On or after January 1, 2007, to a qualified defined benefit plan  
3 described in Section 401(a) of the Internal Revenue Code or to an annuity  
4 contract described in Section 403(b) of the Internal Revenue Code, that agrees  
5 to separately account for amounts so transferred and earnings thereon,  
6 including separately accounting for the portion of the distribution that is  
7 includible in gross income and the portion of the distribution that is not so  
8 includible; or

9 (c) On or after January 1, 2008, to a Roth IRA described in Section  
10 408A of the Internal Revenue Code.

11 (4) Any other distribution which the Internal Revenue Service does not  
12 consider eligible for rollover treatment, such as certain corrective distributions  
13 necessary to comply with the provisions of Section 415 of the Internal Revenue  
14 Code or any distribution that is reasonably expected to total less than two  
15 hundred dollars during the year.

16 C.(†) An "eligible retirement plan" shall mean any of the following **that**  
17 accepts the distributee's eligible rollover distribution:

18 ~~(a)~~(1) An individual retirement account described in Section 408(a) of the  
19 Internal Revenue Code.

20 ~~(b)~~(2) An individual retirement annuity described in Section 408(b) of the  
21 Internal Revenue Code.

22 ~~(c)~~(3) An annuity plan described in Section 403(a) of the Internal Revenue  
23 Code.

24 ~~(d)~~(4) A qualified trust as described in Section 401(a) of the Internal Revenue  
25 Code, ~~provided that such trust accepts the member's eligible rollover distribution.~~

26 ~~(e)~~(5) An **Effective January 1, 2002, an** eligible deferred compensation plan  
27 described in Section 457(b) of the Internal Revenue Code that is maintained by an  
28 eligible governmental employer, provided the plan contains provisions to account  
29 separately for amounts transferred into such plan.

30 ~~(f)~~(6) An **Effective January 1, 2002, an** annuity contract described in

1 Section 403(b) of the Internal Revenue Code.

2 (7) Effective January 1, 2008, a Roth IRA described in Section 408A of  
3 the Internal Revenue Code.

4 D. A "distributee" as provided for in this Section shall include:

5 (1) A member or former member.

6 (2) The member's or former member's surviving spouse, or the member's or  
7 former member's former spouse with whom a benefit or a return of employee  
8 contributions is to be divided pursuant to R.S. 11:291(B) **and who is the alternate**  
9 **payee under a domestic relations order**, with reference to an interest of the  
10 member or former spouse.

11 (3) ~~The~~ **Effective January 1, 2010, the** member's or former member's non-  
12 spouse beneficiary, provided the specified distribution is to an eligible retirement  
13 plan as defined in ~~Subparagraphs~~ **Paragraphs** (C)(1)(a) and ~~(C)(1)(b)(2)~~ of this  
14 Section **established for the purpose of receiving the distribution, and the account**  
15 **or annuity will be treated as an "inherited" individual retirement account or**  
16 **annuity.**

17 **(4) Any other beneficiary as authorized under the Internal Revenue**  
18 **Code and as required to maintain governmental plan tax qualification status.**

19 \* \* \*

20 §826. Rules and regulations

21 Subject to the limitations of this Part the board of trustees shall, from time to  
22 time, establish rules and regulations for the administration of the funds created by  
23 this ~~Part~~ **Chapter** and for the transaction of its business. The board shall prepare and  
24 submit to the Joint Legislative Committee on the Budget an annual budget for  
25 estimated costs of operating the system for each succeeding fiscal year. This budget  
26 shall be subject to approval by the Joint Legislative Committee on the Budget. **The**  
27 **board of trustees shall adopt rules and regulations which are appropriate or**  
28 **necessary to maintain the qualified status of the plan.**

29 Section 2. R.S. 11:723(B) is hereby repealed.

30 Section 3. This Act shall become effective on July 1, 2014; if vetoed by the governor



**ENROLLED**

1 and subsequently approved by the legislature, this Act shall become effective on July 1,  
2 2014, or on the day following such approval by the legislature, whichever is later.

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PRESIDENT OF THE SENATE

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_