

Existing law establishes the Optional Retirement Plan (ORP) for higher education members of the Teachers' Retirement System of Louisiana (TRSL). Provides that the total employer contribution rate for participants in the plan is equal to the employer's rate for regular plan members.

Existing law further provides that upon receipt of this contribution, TRSL shall forward an amount equal to the regular plan normal cost as determined by the Public Retirement Systems' Actuarial Committee to the participant's ORP provider company for credit to the participant's account. Requires amounts remitted by employers in excess of the amount credited to the participant's account be applied to the unfunded accrued liability (UAL) of the system.

Beginning July 1, 2014, new law authorizes each higher education board created by the constitution to establish by resolution the contribution rate it will remit to TRSL for its ORP participants. From July 1, 2014, through June 30, 2018, the portion of such contribution that will be credited to a participant's account shall be set equal to or greater than the normal cost of the regular retirement plan. Beginning July 1, 2018, such amount shall be at least 6.2% of pay. Regardless of the rate selected pursuant to new law for credit to the ORP accounts, the total employer contribution is required to include payments calculated pursuant to existing law to cover Unfunded Accrued Liability (UAL) payments.

New law generally requires the resolution establishing the contribution rate to be received by TRSL prior to June 1 of each year; however, for the first year of implementation, such resolution must be received by July 15, 2014.

New law provides that for any employer that is not a higher education board established by the constitution, beginning July 1, 2014, the portion of the contribution rate to be credited to the ORP accounts of its employees shall be 6.2%. Requires the total contribution rate to include payments calculated pursuant to existing law to cover UAL payments.

New law further provides that the legislature shall not allocate funding for purposes of proposed law above and beyond the funding levels provided for in the governor's Executive Budget for Fiscal Year 2014-2015 and requires existing revenue sources to be utilized to fund the provisions of new law.

Effective June 30, 2014.

(Amends R.S. 11:927(B))