

2024 Regular Session

HOUSE BILL NO. 31

BY REPRESENTATIVE FREIBERG

RETIREMENT/TEACHERS: Provides relative to the optional retirement plan and defined benefit plan for the Teachers' Retirement System of Louisiana

1 AN ACT

2 To amend and reenact R.S. 11:927(A) and to enact R.S. 11:927(B)(4) and (F), 929(B)(2)(d),  
3 and 932, relative to the optional retirement plan; to provide for election to join the  
4 Teachers' Retirement System of Louisiana; to provide for membership; to provide  
5 relative to administrative fees charged by the system; to provide relative to certain  
6 single-sum cash payments from the plan; and to provide for related matters.

7 Notice of intention to introduce this Act has been published  
8 as provided by Article X, Section 29(C) of the Constitution  
9 of Louisiana.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 11:927(A) is hereby amended and reenacted and R.S. 11:927(B)(4)  
12 and (F), 929(B)(2)(d), and 932 are hereby enacted to read as follows:

13 §927. Contributions

14 A. Each participant shall contribute monthly to the optional retirement plan  
15 the same amount which he would be required to contribute to the regular retirement  
16 plan of the Teachers' Retirement System of Louisiana if he were a member of that  
17 retirement plan. Participant contributions may be made by employer pick-up in  
18 accordance with the provisions of Section 414(h)(2) of the United States Internal  
19 Revenue Code or any amendment thereto. The entirety of each participant's  
20 contribution, less the participant's share of any monthly fee established by the board

1 to cover the cost of administration and maintenance of the optional retirement plan,  
2 shall be remitted to the appropriate designated company or companies for application  
3 to the participant's contract or contracts.

4 B.

5 \* \* \*

6 (4) Beginning July 1, 2026, in addition to any contributions otherwise  
7 required to be submitted to the Teachers' Retirement System of Louisiana pursuant  
8 to this Subsection, each employer shall contribute to the Teachers' Retirement  
9 System of Louisiana on behalf of each participant in the optional retirement plan the  
10 employer's share of any monthly fee established by the board to cover the cost of  
11 administration and maintenance of the optional retirement plan. The Teachers'  
12 Retirement System of Louisiana shall retain the contribution to cover the cost of  
13 administration and maintenance of the optional retirement plan.

14 \* \* \*

15 F.(1) Any monthly fee established by the board to cover the cost of  
16 administration and maintenance of the optional retirement plan shall be expressed  
17 as a percentage of the participant's earnable compensation. The participant's share  
18 of the monthly fee shall be the lesser of:

19 (a) One-half of the total monthly fee.

20 (b) Five-hundredths of one percent of the participant's earnable  
21 compensation.

22 (2) The employers share of the monthly fee shall be the balance remaining  
23 after payment of the participant's share.

24 \* \* \*

25 §929. Benefits not obligation of the state; payment of benefits; eligibility in other  
26 plans

27 \* \* \*

28 B.

29 \* \* \*

1           (2) The Board of Trustees of the Teachers' Retirement System may approve  
2           the following single-sum cash payments:

3                                           \*       \*       \*

4                   (d) Annual disbursements in an amount sufficient to satisfy federal required  
5                   minimum distributions.

6                                           \*       \*       \*

7           §932. Regular plan membership; irrevocable election

8                   A.(1) Notwithstanding any provision of law to the contrary, any active  
9                   contributing participant in the optional retirement plan on June 30, 2024, whose first  
10                   employment making him eligible for participation in the optional retirement plan  
11                   occurred on or before July 31, 2020, and who, notwithstanding participation in the  
12                   optional retirement plan, is otherwise eligible for membership in the regular  
13                   retirement plan of the Teachers' Retirement System of Louisiana may make an  
14                   irrevocable election to become a member of the regular retirement plan of the  
15                   Teachers' Retirement System of Louisiana. The election shall be made in writing in  
16                   a manner prescribed by the system and received by the system on or before June 30,  
17                   2025.

18                   (2) For a participant whose election is received by the system on or before  
19                   December 31, 2024, all contributions to the optional retirement plan from a  
20                   participant making the election and from his employer shall cease on January 31,  
21                   2025. Beginning February 1, 2025, the participant shall begin contributing to and  
22                   accruing benefits in the regular retirement plan of the Teachers' Retirement System  
23                   of Louisiana as a member first eligible for membership in a state system on that date.  
24                   The person's employing agency shall pay the system the contributions required  
25                   pursuant to R.S. 11:102.

26                   (3) For a participant whose election is received by the system on or after  
27                   January 1, 2025, all contributions to the optional retirement plan from the participant  
28                   and from his employer shall cease on the last day of the month following the month  
29                   in which the system receives the election. Beginning the first day of the following

1 month, the participant shall begin contributing to and accruing benefits in the regular  
2 retirement plan of the Teachers' Retirement System of Louisiana as a member first  
3 eligible for membership in the state system on that date. The person's employing  
4 agency shall pay the system the contributions required pursuant to R.S. 11:102.

5 B.(1) Notwithstanding any provision of law to the contrary, any active  
6 contributing participant in the optional retirement plan whose first employment  
7 making him eligible for participation in the optional retirement plan occurred on or  
8 after August 1, 2020, and who, notwithstanding participation in the optional  
9 retirement plan, is otherwise eligible for membership in the regular retirement plan  
10 of the Teachers' Retirement System of Louisiana may make an irrevocable election  
11 to become a member of the regular retirement plan of the Teachers' Retirement  
12 System of Louisiana. The election shall be made in writing in a manner prescribed  
13 by the system and shall be received by the retirement system within five years of the  
14 participant's first employment making him eligible for participation in the optional  
15 retirement plan.

16 (2) For a participant making the election, all contributions to the optional  
17 retirement plan from the participant and from his employer shall cease on the last  
18 day of the month following the month in which the system receives the election.  
19 Beginning the first day of the following month, the participant shall begin  
20 contributing to and accruing benefits in the regular retirement plan of the Teachers'  
21 Retirement System of Louisiana as a member first eligible for membership in a state  
22 system on that date. The person's employing agency shall pay the system the  
23 contributions required to R.S. 11:102.

24 C. Any and all distributions from the optional retirement plan to a participant  
25 who made the election provided for in this Section shall be in accordance with R.S.  
26 11:929.

27 D. If any participant making an election to become a member of the regular  
28 retirement plan of the Teachers' Retirement System of Louisiana has, at the time of  
29 such election, prior service in the regular retirement plan, the prior service shall be

1        used for calculation of benefits only and shall not be used to attain eligibility for any  
2        purpose, including but not limited to retirement, disability, or survivor benefits.

3        Section 2. The cost of this Act, if any, shall be funded with additional employer  
4 contributions in compliance with Article X, Section 29(F) of the Constitution of Louisiana.

5        Section 3. This Act shall become effective on June 30, 2024; if vetoed by the  
6 governor and subsequently approved by the legislature, this Act shall become effective on  
7 June 30, 2024, or on the day following such approval by the legislature, whichever is later.

#### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 31 Engrossed

2024 Regular Session

Freiberg

**Abstract:** Allows an optional retirement plan participant to transfer to the defined benefit plan in the Teachers' Retirement System of La. (TRSL).

Present law, relative to TRSL, provides that an employee of a public institution of higher education may elect to enter the optional retirement plan (ORP) when he is first hired in an eligible TRSL-covered position.

Present law provides for a monthly fee established by TRSL to cover the cost of administration and maintenance of the ORP, which fee is remitted to the appropriate designated company or companies for application to the participant's contract or contracts.

Proposed law provides that, beginning on Jul. 1, 2026, the employer is required to contribute the administration and maintenance fee. Provides for the participant to pay a share of the monthly fee, which shall be the lesser of:

- (1) One-half of the total monthly fee.
- (2) 0.05% of the participant's earnable compensation.

Proposed law provides the balance remaining of the monthly fee is to be paid by the employer.

Present law provides that participation in the ORP is an irrevocable decision and a participant is not eligible for membership in TRSL after joining the ORP.

Proposed law provides that an active, contributing participant in the ORP may elect, through written notice to TRSL, to cease contributions to the ORP and begin membership in the regular retirement plan of TRSL. Provides for termination of contributions to the ORP and commencement of contributions to TRSL based on the date the system receives the member's election.

Proposed law provides that for participants in the ORP who became eligible for participation in the plan on or after Aug. 1, 2020, the election to terminate participation shall be received within five years after his first employment making him eligible for participation in the ORP.

Proposed law provides that distributions from the ORP shall be made in accordance with present law.

Proposed law provides that for a person who moves from the ORP to the regular retirement plan and who has prior service credit in TRSL, the prior service credit may be applied in calculating a benefit but not in determining eligibility for benefits.

Proposed law requires that any cost of proposed law be funded with additional employer contributions in compliance with Art. X, Sec 29(F) of the Constitution of Louisiana.

Effective June 30, 2024.

(Amends R.S. 11:927(A); Adds R.S. 11:927(B)(4) and (F), 929(B)(2)(d), and 932)

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Retirement to the original bill:

1. Add provisions for payment of administration fees.
2. Make option of transferring from ORP available to all participants rather than only those participating on June 30, 2024.
3. Add five-year limit on option to transfer from ORP to the regular retirement plan.
4. Add provision regarding use of prior service credit in TRSL.