
DIGEST

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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.