
DIGEST

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HB 42 Engrossed

2026 Regular Session

Bacala

Abstract: Provides relative to the creation of and participation in a phased retirement program within the Teachers' Retirement System of Louisiana and for the payment of administrative fees.

Proposed law provides for the creation of a Phased Retirement Program (PRP) within the Teachers' Retirement System of La.

Proposed law provides that a member of the system who qualifies with the member's respective institution must apply to the retirement system as provided in present law.

Proposed law provides that during participation in the PRP the participant's benefit is reduced. Provides that the reduction of the retirement benefit is based on the full regular benefit amount the participant would have been eligible to receive at the beginning of the participation period reduced by the percentage of work performed by the participant.

Proposed law provides that upon completion of the phased retirement program, the participant begins to receive his full regular retirement benefit.

Proposed law provides that during the PRP, the participant and the employer do not make contributions if they are on the defined benefit plan. Provides the following remain fixed as they were with the participant began in the PRP:

- (1) The participant's benefit.
- (2) Final average compensation.
- (3) Creditable service.

Proposed law requires the employer of the participant in the PRP to notify the system of the participant's terms including the following:

- (1) The participant's start date.
- (2) Length of participation in the plan.
- (3) Final termination date.

- (4) The percentage of work to be performed by the participant.

Proposed law requires the employer and participant to notify the system upon completion or termination of participation in the PRP.

Present law provides for a monthly fee to cover the administration and maintenance of the Optional Retirement Program. Provides that the fee is expressed as a percentage of the participant's earnable compensation. Provides that the participant's share of the monthly fee is the lesser of:

- (1) One-half of the total monthly fee.
- (2) Five-hundredths of one percent of the participant's compensation.

Present law provides that the employer's share of the fee is the balance remaining after payment of the participant's share.

Proposed law, beginning July 1, 2027, provides that the employer shall pay the full amount of the monthly fee.

Proposed law provides:

- (1) Each public postsecondary education management board may develop and implement a phased retirement program.
- (2) Any such program is subject to board policy, which shall provide for, at a minimum, all of the following:
 - (a) Program participation is voluntary.
 - (b) Eligibility criteria for employees to participate in the program.
 - (c) Program participation period of 12-36 months.
 - (d) Requirement for memorandum of understanding between the employee and his institution or system about workload (must be no less than 50%), schedule, and program expectations.
 - (e) A requirement for formal written acknowledgment by the employee of all program terms and conditions.
- (3) Authorizes a management board to adopt a policy prior to July 1, 2027, but prohibits program implementation prior to that date.

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

(Amends R.S. 11:927(F)(2); Adds R.S. 11:791 and R.S. 17:3357)

Summary of Amendments Adopted by House

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

1. Authorize each public postsecondary education management board to develop and implement a voluntary phased retirement program for faculty and staff.
2. Specify that the member's institution is a public postsecondary education institution.
3. Make technical changes.