
 DIGEST

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Long

SB No. 16

Abstract: Authorizes postsecondary education boards to set Optional Retirement Plan contribution rates within a given range and establishes requirements.

Present law creates the Optional Retirement Plan (ORP) within the Teachers' Retirement System of Louisiana (TRSL). The ORP is an defined contribution plan that postsecondary education employees may chose to join. The ORP, as provided in present law, requires the employer to make a contribution equal to that of the "regular retirement plan."

Proposed law retains present law.

Present law provides that members hired after June 30, 2013, will have employer contributions tied to the "cash balance plan" (CBP).

Proposed law authorizes each postsecondary education board created by Article VIII of the constitution to adopt an employer contribution rate for the ORP. Requires such rate to be the same for all employer institutions and agencies under the supervision of the board. Establishes the minimum for such rate as the rate equal to the normal cost contribution for the CBP. Establishes the maximum for such rate as the rate equal to the normal cost contribution to the Tier 1 plan.

Further provides that for employees in the ORP who are not employed by an institution or agency under a postsecondary education board created by the constitution, the rate shall equal the rate for the Tier 1 normal cost contribution.

Provides that if a board fails to adopt a rate, pursuant to proposed law by June 1, then the default rate for that next fiscal year shall equal the Tier 1 normal cost contribution.

Further provides that for the fiscal year in which the CBP becomes effective, the board must report the rate it sets to TRSL no later than 30 days prior to the date on which enrollment in the CBP is otherwise required for postsecondary education employees.

Provides that proposed law shall not alter the employer's required contribution for the amortization of unfunded accrued liability (UAL). The total employer contribution due to TRSL shall be adjusted to reflect the amount adopted by the board pursuant to proposed law. Provides that after transmitting the appropriate amount to the ORP providers for credit to member accounts, TRSL shall retain the remainder of the employer contribution for application to the UAL of the system.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 11:927(F))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Retirement to the engrossed bill.

1. Removes proposed law setting the ORP contribution rate equal to the aggregate TRSL normal cost rate.
2. Adds provision authorizing each postsecondary education board created by the constitution to set the ORP contribution rate each year within a range.

3. Adds provision that for ORP members who are not employed by postsecondary education institutions or agencies, the contribution rate shall be equal to the Tier 1 normal cost contribution.
4. Adds provision that for the year in which the CBP becomes effective, the boards must report their contribution rate to TRSL within 30 days of the CBP becoming effective. Each year thereafter, the rate must be reported to TRSL by June 1st.
5. Adds provision prohibiting the rate adopted pursuant to proposed law from impacting the employer's payment of unfunded accrued liability.