

Regular Session, 2010

HOUSE BILL NO. 331

BY REPRESENTATIVE FOIL

RETIREMENT/TEACHERS: Relative to the Teachers' Retirement System of La., allows a member in the optional retirement plan to make a one-time, irrevocable election to transfer to the defined benefit plan

1 AN ACT

2 To enact R.S. 11:925(D), relative to the optional retirement plan of the Teachers' Retirement
3 System of Louisiana; to provide for eligibility; to provide for transfer from the
4 optional retirement plan to the defined benefit plan; to provide for transfer of service
5 credit and the purchase thereof; to provide an effective date; and to provide for
6 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. 11:925(D) is hereby enacted to read as follows:

12 §925. Eligibility

13 * * *

14 D.(1) Notwithstanding any other provision of this Part, any person who
15 elected to participate in the optional retirement plan pursuant to Subsection A of this
16 Section, on or before January 1, 1991, may, on or before December 31, 2010, make
17 a one-time, irrevocable election to withdraw from the optional retirement plan and
18 regain membership in the defined benefit plan by transferring his entire optional
19 retirement plan account balance, together with any interest or earnings, to the defined

1 benefit plan. A person who exercises the option provided in this Paragraph shall not
2 have credit in both plans.

3 (2) The system actuary shall determine the amount of service credit in the
4 defined benefit plan which shall be credited to the person making the election
5 authorized in Paragraph (1) of this Subsection based on the person's total account
6 balance, together with all interest or earnings, in the optional retirement plan,
7 calculated in accordance with the actuarial cost provisions of R.S. 11:158 and such
8 that the account balance totally offsets the increase in accrued liability resulting from
9 the optional retirement plan participant's election to enter the defined benefit plan.

10 (3) Any person electing to withdraw from the optional retirement plan
11 pursuant to Paragraph (1) of this Subsection shall be eligible to receive credit for
12 service not transferred pursuant to Paragraph (2) of this Subsection for the time he
13 participated in the optional retirement plan by paying to the system the greater of the
14 amount calculated in accordance with the actuarial cost provisions of R.S. 11:158 or
15 the employee and employer contributions plus interest based on the member's current
16 salary. Such payment shall totally offset the increase in the accrued liability of the
17 system resulting from the receipt of the credit by the member.

18 Section 2. Any cost of this Act not funded through an actuarial transfer of funds
19 from optional retirement plan accounts as provided in the Act or through actuarial purchase
20 of service credit as provided in the Act, shall be funded with additional employer
21 contributions in compliance with Article X, Section 29(E)(5)(b) of the Constitution of
22 Louisiana.

23 Section 3. This Act shall become effective on July 1, 2010; if vetoed by the governor
24 and subsequently approved by the legislature, this Act shall become effective on July 1,
25 2010, 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)]

Foil

HB No. 331

Abstract: Relative to the optional retirement plan (ORP) of the Teachers' Retirement System of La. (TRSL) applicable to academic and administrative employees of public institutions of higher education and their governing boards, allows a person who became a member of the ORP prior to Jan. 1, 1991, to elect to withdraw from membership and enter the TRSL defined benefit plan, subject to certain conditions.

Present law (R.S. 11:925(A)) provides that certain persons who are eligible for membership in TRSL shall have the irrevocable option to participate in ORP, a defined contribution plan. Provides that if an employee fails to make an election, he shall be a member of TRSL's defined benefit plan. Academic and administrative employees of public institutions of higher education and their governing boards are among those eligible for ORP.

Proposed law, relative to such higher education and governing board employees, provides that, notwithstanding present law, any person who elected to participate in ORP prior to Jan. 1, 1991, shall be entitled to make a one-time, irrevocable election to regain membership in the defined benefit plan, on or before Dec. 31, 2010, by transferring the entire ORP account balance, together with any interest or earnings, to the defined benefit plan. Provides that a person choosing to elect the option provided in proposed law shall not have credit in both plans. Proposed law provides that the system actuary shall determine the amount of service credit to be transferred based on the participant's total account balance, together with all interest or earnings, in ORP, calculated in accordance with the actuarial cost provisions of present law.

Proposed law provides that any person electing to withdraw from ORP pursuant to proposed law shall be eligible to receive credit for service not transferred pursuant to proposed law above for the time he participated in ORP by paying to the system the greater of the amount calculated in accordance with the actuarial cost provisions of present law regarding actuarial purchase of credit, or the employee and employer contributions plus interest based on the member's current salary.

Proposed law requires that any cost of proposed law, not funded as required by proposed law, be funded with additional employer contributions in compliance with Art. X, §29(E)(5)(b) of the Const. of La.

Effective July 1, 2010.

(Adds R.S. 11:925(D))