In response to questions related to how the new Cash Balance Plan and pending legislation may impact the employer contribution rate for the Optional Retirement Plan (ORP), I would like to share information TRSL has made available to employers and other interested parties about this issue.

2012 Regular Session: Legislation impacting Louisiana higher education retirement


Beginning July 1, 2013, new employees in post-secondary education will have the option to join the Cash Balance Plan or the ORP. The existing TRSL Defined Benefit Plan (Tier 1) will no longer be available to this group of employees.

The governor also signed Act 716 of 2012, requiring separate employer contribution rates for each subgroup in the TRSL Defined Benefit Plan. Prior to Act 716, all employers paid the same contribution rate.

The new subgroups include:

- **TRSL Defined Benefit Plan** (Tier 1) for post-secondary education members;
- **TRSL Defined Benefit Plan** (Tier 1) for K-12 education members; and
- **Cash Balance Plan members**.

How does this impact ORP?

ORP law states that the employer contribution rate must be the same as it would have been had the member joined the “regular retirement plan.”

TRSL has communicated to the Division of Administration that there is a legal question about which plan constitutes the “regular retirement plan” for new hires as of July 1, 2013—the Cash Balance Plan or the TRSL Defined Benefit Plan (Tier 1).

The answer to this question will determine what portion of the employer contribution will be deposited into the accounts of ORP members hired on or after July 1, 2013.

**IMPORTANT: Employer contributions to ORP accounts for members hired prior to July 1, 2013, will continue to be tied to the TRSL Defined Benefit Plan (Tier 1). See chart on next page.**

The TRSL Board has requested an attorney general’s opinion regarding the legal interpretation of “regular retirement plan.”

For a list of legislation affecting TRSL, visit the Legislation page of the TRSL website, [www.trsl.org](http://www.trsl.org).
### Employer contribution rates to be deposited into ORP member accounts

<table>
<thead>
<tr>
<th></th>
<th>Contribution Rate</th>
<th>Rate based on “regular retirement plan” defined as:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current ORP members</strong></td>
<td>5.18%</td>
<td>TRSL Defined Benefit Plan (Tier 1)</td>
</tr>
<tr>
<td><em>(hired prior to July 1, 2013)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>New ORP members</strong></td>
<td>1.8%</td>
<td>Cash Balance Plan</td>
</tr>
<tr>
<td><em>(hired on or after July 1, 2013)</em></td>
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</table>

**NOTE:** Contribution rates may be affected by the response to TRSL’s request for an attorney general opinion regarding interpretation of “regular retirement plan” and the outcome of 2013 legislation detailed below.

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### 2013 Regular Session:
**Pre-filed legislation impacting ORP**

The 2013 Regular Session begins April 8. Pre-filed legislation impacting the ORP employer contribution rate includes:

- **SB 16 (Sen. Gerald Long):** If passed, this legislation would define “regular retirement plan” as the TRSL Defined Benefit Plan (Tier 1), which would tie the ORP employer contribution rate to the TRSL Defined Benefit Plan (Tier 1) for all ORP participants.

- **HCR 2 (Rep. Joe Harrison) and SCR 1 (Sen. Page Cortez):** If passed, this legislation would suspend the Cash Balance Plan law for one year. Suspension of the law would eliminate the Cash Balance Plan subplan, and tie the ORP employer contribution rate to the TRSL Defined Benefit Plan (Tier 1) for all ORP participants.

**NOTE:** Removal of the Cash Balance Plan subplan may require a recalculation of the employer contribution rate to account for individuals hired on or after July 1, 2013.

### Stay informed

TRSL will continue to monitor legislation impacting current and future ORP participants, as well as all other areas of retirement. The retirement system will notify employers and ORP participants should any changes occur in the future that affect contribution rates.

You can also visit our website, [www.trsl.org](http://www.trsl.org), for news and information impacting retirement.

TRSL encourages higher education employees to stay informed about legislation that affects them. To read the full text of bills filed and track their status, visit the Louisiana State Legislature website, [www.legis.la.gov](http://www.legis.la.gov).

### Future issues

If there’s a topic you’d like to see addressed in a future issue of *Campus Connection*, please contact me at rlawyer@cox.net. I am always eager to hear your thoughts, ideas, and concerns.