Legislative Updates

June 24, 2020
Friendly reminders

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2020 Legislative Session

• REGULAR SESSION
  » April 8 – June 6

• SPECIAL SESSION
  » Started June 6
  » No bills affecting TRSL
Act 337 - formerly House Bill 8 (Rep. Ryan Bourriaque)

- Establishes new RTW provisions (La. R.S. 11:710.1) for retirees who returned to work for a TRSL-reporting employer for the first time on/after after July 1, 2020

  - These retirees must choose between two options that will either limit their earnings during re-employment or suspend their retirement benefit while they accrue a supplemental benefit during re-employment.

  - The options from which retirees can choose are determined by whether their position in re-employment is part-time or full-time. The options are only available to retirees returning to work through direct employment; employment by contract or corporate contract results in a benefit suspension.

- Retains the RTW law in effect before La. R.S. 11:710.1 for retirees who returned to work before July 1, 2020 or who retired on/before June 30, 2010; however allows such retirees to make an irrevocable election to be covered by the new provisions
# New RTW law – La. R.S. 11:710.1

<table>
<thead>
<tr>
<th>RTW law</th>
<th>Who is covered</th>
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| **2010 Group**<br>(Subject to RTW law La. R.S. 11:710) | • Retirees who returned to work for a TRSL-reporting employer before July 1, 2020  
  • Retirees who retired on or before June 30, 2010 (grandfathered group)                                                   |
| **2020 Group**<br>(Subject to RTW law La. R.S. 11:710.1) | • Retirees who return to work for a TRSL-reporting employer **for the first time** on or after July 1, 2020  
  • Retirees in the **2010 Group** (subject to La. R.S. 11:710) who make an **irrevocable** election to be in the **2020 Group** (subject to La. R.S. 11:710.1) |
New RTW law – La. R.S. 11:710.1

**RTW Option 1:**

*Available to all part-time and full-time direct employment positions*

- Retiree earnings are limited to 25% (per fiscal year) of their final average compensation (FAC) from their original retirement.
- Benefits are suspended when earnings limit is reached and are reduced to recover amounts over earnings limit.

**This provision differs from current law in two important ways:**

1) *The earnings limit is calculated on the retiree’s FAC, not their retirement benefit amount; and*

2) *RTW Option 1 can be selected regardless of the position the retiree is filling, as long as the position is through direct employment.*

Retirees returning to work under RTW Option 1 can convert to RTW Option 2 any time before or after reaching the 25% earnings limit (per fiscal year).
RTW Option 2:  

*Available to all full-time direct employment positions*

- TRSL benefits suspended for the duration of re-employment
- Retiree returns to active member status in TRSL and accrues a supplemental benefit, which will be calculated with the same formula used to determine the original benefit.

  « **If re-employment is at least 36 months:** Supplemental benefit is calculated based on the higher of original FAC or the FAC since re-employment.

  « **If re-employment is less than 36 months:** Supplemental benefit is calculated based on original FAC.
Employment by Contract/Corporate contract:

• Retiree returning to work through any employment by contract or corporate contract will have their benefit suspended for the duration of re-employment and do not earn a supplemental benefit.

• This includes contract or corporate contract work performed as a substitute teacher.

• Substitute teachers must be direct employees of a TRSL-reporting employer in order to choose RTW Option 1 or 2.
• Senate Resolution 15 *(Sen. Ed Price)*

• House Resolution 21 *(Rep. Lance Harris)*

  » Request that the four state retirement systems work together to submit a report to the legislature by December 1, 2020 on alternative methods for providing permanent benefit increases to retirees in future years
Social Security offsets

- **House Concurrent Resolution 9** (*Rep. Mike Johnson*)
- **Senate Concurrent Resolution 34** (*Sen. Beth Mizell*)

» Ask Congress to consider eliminating or reducing the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) Social Security benefit reductions.
Supplemental UAL payment

  - Makes a $36.7 million supplemental appropriation to the TRSL initial unfunded accrued liability (IUAL) from a portion of the FY 2018-19 surplus funds in the state treasury.
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