



RETIREEES

Teachers' Retirement System of Louisiana

Vol 32 No 1



PROTECTING PURCHASING POWER

During the 2023 Regular Session of the Louisiana Legislature that ended June 8, several bills impacting TRSL and its members won final passage, including landmark legislation that creates a new way to fund future permanent benefit increases (PBIs).

Act 184, formerly Senate Bill 18, is a huge win for retirees and beneficiaries of the four state retirement systems for teachers, state employees, school employees and state police. The new law provides a more predictable and straightforward way to help protect the purchasing power of retirees against the rising cost of living expenses.

Act 184 (filed by Sen. Ed Price and co-sponsored by Senate President Page Cortez) was crafted

to address concerns that the current method of funding PBIs was both unpredictable and complicated.

Under the new model, instead of relying on the retirement system's investment performance, future PBIs will be funded directly through the contribution rate for TRSL-participating employers.

Legislative pension reforms over the last 15 years have reduced debt, resulting in lower employer contribution rates that are projected to continue decreasing.

Capitalizing on these declining rates, a portion of employer contributions will be deposited into a new PBI funding account starting in 2024. Once sufficient funds exist to pay a PBI, granting one will require two-thirds legislative approval and the consent of the governor. It is expected that a PBI could be paid every two to three years.

(See next page for PBI Q&As)



Important changes to PBI model

In a few years, modest alterations to eligibility criteria will be made once the new PBI model goes into effect.

When the first PBI is paid from the new PBI funding account, the eligibility criteria to receive the benefit increase will change as follows:

- **Regular retiree:** Must have been receiving a benefit for two years and be at least age 62;
- **Disability retiree:** Must have been receiving a benefit for at least two years regardless of age;
- **Beneficiary of retired member:** Retiree would have met the above criteria, if alive;
- **Survivor of non-retired member:** Must have been receiving a benefit for at least two years and the benefits must have originated from the service of a deceased member who would have been age 62 at the time the PBI is payable.

On the next page are Q&As about the new PBI model.



More resources are available online at www.TRSL.org



1. How much will PBIs be under the new model?

PBIs will be limited to 2% of the first \$60,000 of the retirement benefit.

2. When will the first PBI be paid from the new PBI account?

Currently, it is anticipated that there will be enough funds in the new PBI account to pay the first PBI in 2029. After that, it is expected that a PBI can be paid every 2-3 years. Ultimately, Act 184 provides a more reliable and straightforward way to fund future PBIs.

3. Can a PBI over 2% be granted?

The most the TRSL Board of Trustees can recommend will be a 2% PBI, subject to available funds. However, through legislative enactment, lawmakers can choose to authorize a PBI in excess of 2%, subject to sufficient funds and gubernatorial approval.

4. Will PBIs be automatic?

No. While it is expected that PBIs will be paid every two to three years, PBIs will not be an automatic benefit. They will only be granted when there are enough funds in the new PBI funding account to pay for them. Additionally, granting a PBI will still require two-thirds legislative approval, and PBIs can be vetoed by the governor.

5. Will money be deposited in the new PBI funding account every year, and will there be a limit?

Deposits to the new PBI funding account will occur every year, unless one of the employer safeguards prevents a deposit. Safeguards include reducing or foregoing a PBI deposit if it would cause the total employer contribution rate to exceed a capped amount established in the new law. Additionally, the new PBI funding account balance will be limited to the cost of paying two PBIs.

6. What happens to the current PBI Experience Account and the money in it?

Initially, the Experience Account and the new PBI funding account will exist side by side. The Experience Account will be phased out with any remaining balance transferred to the new PBI funding account.

7. When can the new PBI funding account be debited (money paid out of the account)?

The ability to debit the PBI funding account will be the same as with the current Experience Account—for investment losses on the balance of the account as well as payment of a PBI. Also, just like the Experience Account, the new PBI funding account cannot fall below zero.

8. Will Act 184 add new debt to the system?

No, funding for the cost of PBIs must be available before the Legislature can grant a PBI.

Other TRSL-related legislation



HCR 67 by Rep. Mike Johnson: Asks Congress to review federal Government Pension Offset (GPO) and Windfall Elimination Provision (WEP) Social Security benefit reductions and eliminate or reduce them by supporting H.R. 82 and S. 597 of the 118th Congress and all similar legislation.

HCR 69 by Rep. Mike Johnson: Requests the Senate and House retirement committees study benefit options for future state employees to avoid federal GPO/WEP Social Security benefit reductions.

HCR 70 by Rep. Beau Beaulieu: Requests the state treasurer and the state's public retirement systems report on their investment advisors/ companies known to discriminate against the fossil fuel industry through environmental, social, and governance (ESG) policies.

HCR 110 by Rep. Blake Miguez: Requests the boards of the state's public retirement systems uphold their fiduciary duty when making financial decisions and not allow ESG policies to influence investment decisions.

Act 107 by Rep. Richard Nelson: Proposed constitutional amendment that would require at least 25% of nonrecurring state revenue to be appropriated to the unfunded accrued liabilities (UALs) of the four state retirement systems if voters approve the proposal in a statewide election set for October 14, 2023.

Act 393 by Sen. Sharon Hewitt: Requires certain public bodies to adopt rules and procedures to allow individuals with disabilities or their caregivers to participate in meetings electronically, if requested prior to the meeting; and members of the public body with disabilities to electronically participate and vote in meetings.



Act 397 by Rep. Jerome Zeringue appropriates \$49.3 million to TRSL's initial unfunded accrued liability (IUAL).

During the two-month legislative session, much discussion centered around using some of the state's reported \$2.2 billion of surplus and excess revenue to make sizable additional payments on debt for TRSL and the retirement system for state employees (LASERS).

Ultimately, through Act 397, TRSL received \$49.3 million for the IUAL, which represents a portion of 10% of non-recurring revenue from the prior year that, by law, must be appropriated to the IUALs of TRSL and LASERS.

TRSL also received an additional \$1.4 million for the IUAL through statutory dedication.

CRASH COURSE

on return-to-work laws



If you're retired and thinking about heading back to the classroom this fall, you need to familiarize yourself with Louisiana's return-to-work (RTW) laws for TRSL retirees. It's important to understand the laws and how they may affect you.

Here's what you need to know:

Once you cash or deposit (includes direct deposit) your first TRSL retirement check, you are officially retired. Any reemployment in a position eligible for TRSL membership will subject you to Louisiana's RTW laws. This includes part-time, seasonal, or temporary work, as well as employment by contract or corporate/third-party contract.

Here are a few frequently asked questions – and answers – regarding RTW laws:

1. How long must I “sit out” before being reemployed?

To be considered retired, you must have a break in service of at least one weekday (Monday through Friday). Once retired, you can be reemployed at any point in time; however, you are generally not eligible to receive your retirement benefit while working if the reemployment occurs within the first 12-months of retirement.

2. What is employment by contract or corporate/third-party contract?

In general, individuals hired through contract are independent contractors who provide services for an employer that participates in TRSL. Compensation paid is typically reported to the IRS on a 1099 Form — not a W-2 Form used by employers to report direct employment wages.

Employment by corporate contract is when an individual performs services for a company pursuant to its contract with an employer that participates in TRSL. Examples of this include part-time employment through a staffing agency.

3. How is my benefit affected by returning to work?

Generally speaking, reemployment with a TRSL-participating employer requires either an earnings limit* or a suspension of monthly benefits with a potential to earn additional service credit. For those who retired prior to July 1, 2020, additional options may be available that would allow reemployment with no impact* to the monthly benefit. Those who retired prior to July 1, 2010, are considered “grandfathered” retirees. Reemployment will have no impact on their retirement benefit.

(*after the 12-month waiting period expires)

4. Will my DROP/ILSB withdrawals be impacted if I return to work under the RTW laws?

Reemployment under the RTW laws will have no impact on your DROP/ILSB account withdrawals. You will be able to continue receiving those benefits without interruption.



Learn more online: Complete details on RTW laws can be found at www.TRSL.org/rtw. Still have questions? Submit your inquiry online at www.AskTRSL.org.

SPECIAL DELIVERY: SSA income verification letters



Have you received an income verification request from the Social Security Administration (SSA)?

As a convenience to our members, each summer we mail income verification letters to members who have requested them in the last 12 months. The letters are enclosed in envelopes that are stamped with the words “Do not discard. TRSL benefit verification enclosed.”

When you get an income verification request from SSA here's what you need to do:

1. Complete the enclosed SSA form.
2. Attach the income verification letter from TRSL.
3. Return both documents to the SSA.

If you do not receive a request for verification from the SSA, you do not need to do anything. You can keep the TRSL letter for your records.

If you receive a request for verification from the SSA, but do not receive a letter from TRSL by Sept. 1, let us know at www.AskTRSL.org or by calling us at **225-925-6446** or toll free at **877-275-ASK-TRSL**.

Do we have your current mailing address?

If you have recently moved, please remember to update your mailing address with TRSL. The U.S.

Postal Service will only forward your mail for a year.

Here's how to update your address:

Complete and submit to TRSL a *Change of Address Authorization (2AC)* form, which can be downloaded at www.TRSL.org/Forms. You can email, mail or fax the form to TRSL. You can also request the form by calling 1-877-ASK-TRSL.



CONTACT US:

Physical address:

8401 United Plaza Blvd, Ste., 300
Baton Rouge, LA 70809-7017

Mailing address:

PO Box 94123
Baton Rouge, LA 70804-9123

Telephone: 225-925-6446

Toll Free (outside the Baton Rouge area): 1-877-ASK-TRSL
(1-877-275-8775)

TTY/TDD users: 1-800-846-5277

Fax: 225-925-4779

Email: www.AskTRSL.org

Website: www.TRSL.org

 **TRSL** Teachers' Retirement
System of Louisiana
P.O. Box 94123
Baton Rouge, LA 70804-9123

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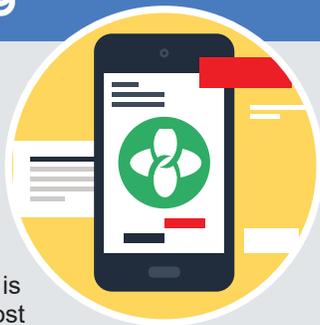
This is an electronic document. The Teachers' Retirement System of Louisiana did not incur any printing costs.

Beat the heat with AskTRSL.org

Have some TRSL business you need to tend to this summer? Beat the heat – and the traffic – by using your smart phone or computer. Our new online, messaging tool is designed to answer most questions via email without a trip to the office.

AskTRSL.org tackles your retirement questions quickly and conveniently. With this online tool, you can ask a question about your retirement benefit, find out how to update your direct deposit, learn how to see your check stub and more. The help you need is right at your fingertips.

Visit www.AskTRSL.org to get started.



SAFETY TIP: Be wary of free charging stations

It's tempting. You're at the airport, waiting for a connecting flight, when you spot a free public charging station. Unfortunately, while you're recharging your phone or tablet, a hacker could be downloading your data through a compromised USB port.

Take the FBI's advice: Carry your own charger and USB cord. Bypass the free charging station and find an electrical outlet.

Public charging stations are ripe for what's known as juice jacking. USB ports may contain malware that grabs the personal information on your phone. While you're recharging, the malware goes to work draining your bank accounts and mining your passwords.

Want more tips on how to protect yourself?
Visit www.fbi.gov

