

SENATE COMMITTEE AMENDMENTS

2019 Regular Session

Amendments proposed by Senate Committee on Retirement to Original Senate Bill No. 16 by Senator Long

1 AMENDMENT NO. 1

2 On page 1, line 2, change "11:1312.1(D)(4)" to "11:1152(F) and (G), 1312.1(D)(4)"

3 AMENDMENT NO. 2

4 On page 1, at the end of line 3, insert "Louisiana School Employees' Retirement System, the"

5 AMENDMENT NO. 3

6 On page 1, line 4, after "System" insert ","

7 AMENDMENT NO. 4

8 On page 1, line 12, change "11:1312.1(D)(4)" to "11:1152(F) and (G), 1312.1(D)(4)"

9 AMENDMENT NO. 5

10 On page 1, between lines 14 and 15 insert:

11 " §1152. Deferred Retirement Option Plan

12 * * *

13 F. (1) A person who participates in the plan shall not be eligible to receive a ~~cost-of-~~
14 ~~living permanent benefit~~ increase while participating, and shall not be eligible for a ~~cost-of-~~
15 ~~living permanent benefit~~ increase until the employment which made the person eligible to
16 become a member of the system has been terminated for at least one full calendar year.

17 (2) The system shall maintain subaccounts within this account reflecting the credits
18 attributed to each participant in the plan, but the monies in the account shall remain a part
19 of the fund until disbursed to a participant in accordance with the plan provisions.

20 (3)(a) Interest shall not be credited to a participant's subaccount during the period of
21 participation.

22 (b) With respect to any individual who was eligible to participate in the Deferred
23 Retirement Option Plan prior to January 1, 2004, all amounts which remain credited to the
24 individual's subaccount after termination of participation in the plan shall be credited with
25 interest at the end of each plan year at a rate equal to the realized return on the system's
26 portfolio for that plan year as certified by the system actuary in his actuarial ~~report~~
27 ~~valuation~~, less one-half of one percent. **After June 30, 2019, any person covered by the**
28 **provisions of this Paragraph may make an irrevocable election to transfer his**
29 **subaccount to the self-directed program established pursuant to Paragraph (4) of this**
30 **Subsection by agreeing in writing to the provisions of Subparagraph (4)(c) of this**
31 **Subsection.**

32 (c) With respect to any individual who becomes eligible to participate in the Deferred
33 Retirement Option Plan on or after January 1, 2004, **and before July 1, 2019,** all amounts
34 which remain credited to the individual's subaccount after termination of participation in the
35 plan shall be placed in liquid asset money market investments at the discretion of the board
36 of trustees. Such subaccounts may be credited with interest at the actual rate of return earned
37 on such subaccount investments less one-fourth of one percent per annum; ~~or at .~~

38 (d)(i) **At the option of the system board of trustees, the funds amounts which**
39 **remain credited to the individual's subaccount may be credited transferred to an**
40 **account with a third-party provider subaccounts as herein established: pursuant to the**
41 **provisions of Paragraph (4) of this Subsection.**

42 (ii) **As soon as practicable after June 30, 2019, the board shall transfer all**
43 **individual subaccounts established pursuant to Subparagraph (c) of this Paragraph to**

1 the stable value fund of the third-party provider selected in accordance with the
 2 provisions of Paragraph (4) of this Subsection.

3 (e) After his subaccount has been transferred to the stable value fund, any
 4 person covered by the provisions of this Paragraph may make an irrevocable election
 5 to participate in the self-directed portion of the program established pursuant to
 6 Paragraph (4) of this Subsection by informing the board of his election to do so and
 7 agreeing in writing to the provisions of Subparagraph (4)(c) of this Subsection.

8 (a) The contributing period shall mean that time period when funds are being credited
 9 to the participant's subaccount which is maintained by the system.

10 (b) After the contributing period ends, the balance of the subaccount then may be
 11 transferred to a self-directed subaccount, which shall be known as the investment period.
 12 Both subaccounts shall be within the Deferred Retirement Option Plan established herein.
 13 Management of the funds shall be by the system during the contributing period. When the
 14 funds are transferred to the self-directed subaccount for the investment period, the system
 15 is authorized to hire a third party provider. The third party provider shall act as an agent of
 16 the system for purposes of investing balances in the self-directed subaccounts of the
 17 participant as directed by the participant. The participant shall be given such options that
 18 comply with federal law for self-directed plans.

19 (c) The participant in the self-directed portion of this plan agrees that the benefits
 20 payable to the participant are not the obligations of the state or the system, and that any
 21 returns and other rights of the plan are the sole liability and responsibility of the participant
 22 and the designated provider to which contributions have been made. Furthermore, each
 23 participant, in accordance with this provision, shall expressly waive his rights as set forth
 24 in Article X, Section 29(A) and (B) of the Louisiana Constitution as it relates to his
 25 subaccount in the self-directed portion of the plan. By participating in the self-directed
 26 portion of the plan, the participant agrees that he and the provider shall be responsible for
 27 complying with all applicable provisions of the Internal Revenue Code. The participant also
 28 agrees that if any violation of the Internal Revenue Code occurs as a result of the
 29 participant's participation in the self-directed portion of the plan, it shall be the sole
 30 responsibility and liability of the participant and the provider, not the state or the system.
 31 There shall be no liability on the part of and no cause of action of any nature shall arise
 32 against the state, the system, or its agents or employees, for any action taken by the
 33 participant for choices the participant makes in relationship to the funds in which he chooses
 34 to place his subaccount balance.

35 (4)(a) The board of trustees shall select a third-party provider to administer a
 36 self-directed investment program for Deferred Retirement Option Plan subaccounts.
 37 As provided in Item (3)(d)(ii) of this Subsection, the board shall transfer the existing
 38 money market subaccounts to the third-party provider as soon as practicable after
 39 June 30, 2019.

40 (b) The third-party provider selected shall act as an agent of the system for the
 41 purpose of investing the balance in the self-directed subaccount of the participant as
 42 directed by the participant. The participant shall be given investment options that
 43 comply with federal law for self-directed plans; however, the provider shall have as an
 44 investment option a stable value fund that preserves the participant's principal.

45 (c) By participating in the self-directed portion of the program, the participant
 46 agrees to all of the following:

47 (i) That he expressly waives his rights protected by the Constitution of
 48 Louisiana relative to the interest earned by his Deferred Retirement Option Plan
 49 account.

50 (ii) That he and the provider shall be responsible for complying with all
 51 applicable provisions of the Internal Revenue Code and that he and the provider, and
 52 not the state or the system, bear the sole responsibility and liability for any violation
 53 of the Internal Revenue Code that occurs as a result of his participation in the self-
 54 directed portion of the program.

55 (iii) That there shall be no liability on the part of and no cause of action of any
 56 nature shall arise against the state, the system, or its agents or employees, for any
 57 action taken by the participant for choices he makes in relation to the investments in
 58 which he chooses to place his account balance.

59 (iv) The benefits payable to the participant are not the obligation of the state
 60 or the system, and any returns and other rights of the plan are the sole liability and
 61 responsibility of the participant and the provider.

1 **(5)(a) With respect to any individual who becomes eligible to participate in the**
2 **Deferred Retirement Option Plan on or after July 1, 2019, by participating in the plan,**
3 **he expressly agrees to the provisions of Subparagraph (4)(c) of this Subsection.**

4 **(b) All amounts which remain credited to the individual's subaccount after**
5 **termination of participation in the plan shall be transferred to the stable value fund of**
6 **the third-party provider.**

7 G. Upon termination of participation in both the plan and employment, a participant
8 shall:

9 (1) At the participant's option, receive either a ~~lump-sum~~ **lump-sum** payment from
10 the account equal to the amount then credited to his individual subaccount; or disbursements
11 based on his individual subaccount in any manner approved by the board.

12 (2) Begin to receive regular monthly retirement benefits based on the option selected
13 at the time of election to participate in the plan, as adjusted pursuant to Subsection J of this
14 Section.

15 * * *