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## DIGEST

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Pope

HB No. 1048

**Abstract:** Relative to the Teachers' Retirement System of La. (TRSL), makes certain changes to such system's provisions in conformity with federal tax-qualification provisions.

Present federal law (Internal Revenue Code §401 et seq.) contains certain requirements which must be met in order for governmental and nongovernmental retirement plans to attain and maintain "tax-qualified" status.

Present federal law (the Uniformed Services Employment and Reemployment Rights Act (USERRA)) provides relative to reemployment rights and retirement benefits of retirement system members performing qualified military service.

Present state law (R.S. 29:401 et seq.) adopts and supplements USERRA.

Present federal law (Internal Revenue Code §414(u)) requires a retirement plan to comply with USERRA in order to maintain its tax-qualified status.

Proposed law adopts the provisions of present federal law (IRS Code and USERRA) and present state law into TRSL's laws, relative to contributions, benefits, and service credit.

Present federal law (the Heroes Earnings Assistance and Relief Tax Act (HEART)) requires a tax-qualified retirement plan to comply with several additional requirements with respect to retirement system members performing qualified military service:

- (1) Death Benefits - for purposes of death benefits, if a member dies while performing qualified military service, the plan shall treat such member as having died during covered employment with the retirement plan.
- (2) Differential Wage Payment - for any member performing qualified military service who received differential wage payments from his employer (the portion of wages that the employee would be receiving if he were still employed), such payments shall be treated as compensation for purposes of testing contribution limits under federal law.

Proposed law conforms provisions of TRSL law to provisions of HEART for tax qualification purposes.

Effective July 1, 2012.

(Amends 11:701(10), 761(A)(3)(b), 768(A)(2) and (B)(2)(intro. para.), and 786(A)(1); Adds R.S. 11:785 and 927(E))