



What is the ORP?

The ORP (Optional Retirement Plan) is a defined contribution plan, under Internal Revenue Code §401(a), in which account holders direct their own investments through private carriers.

Am I eligible?

Academic and unclassified employees of Louisiana colleges, universities, and community colleges can participate in the ORP. This retirement plan is also available to employees of any constitutionally established board that manages institutions of higher education.

How does it work?

- An ORP account is owned by the member, and there is no waiting period to join the plan. ORP members are 100% vested from the date of enrollment.
- Member and employer contributions are pooled and invested by the designated ORP carrier in the investment options chosen by the member.
- The performance of the member's investments determines the retirement benefit due. Projections of possible benefits are provided, but not guaranteed, by the ORP carriers.

What contributions will be credited to my ORP account?

ORP members contribute 8.0% of salary, less a 0.05% TRSL administrative fee. Employer contributions are determined by whether or not the employer is a higher education institution.

Higher education employers:

Each higher education board created by Article VIII of the Louisiana Constitution is required to establish annually, by resolution, the employer contribution rate as follows:

- **For Fiscal Year 2015 through Fiscal Year 2018:** The rate must be equal to or greater than the employer normal cost contribution for the TRSL Regular Plan.
- **For Fiscal Year 2019 and later:** The minimum ORP employer contribution rate must be 6.2%.

NOTE: Rates established by board resolution are applicable to each board's employees and the employees of each institution and agency under its supervision and control, including laboratory schools.

Non-higher education employers:

The employer contribution rate must be the greater of the employer normal cost contribution for the TRSL Regular Plan, or 6.2%.

What is normal cost?

It is the cost of funding the benefits all active members in the TRSL Regular Plan (a defined benefit retirement plan) will earn that year. The normal cost is calculated by accounting for the TRSL Regular Plan's historical experiences and its assumptions about future events—such as investment returns, mortality/disability rates, salary increases, and termination/retirement rates.

Who are the ORP carriers?

The following private ORP carriers have contracts through June 30, 2020:



Voya Life Insurance & Annuity Company



Teachers Insurance & Annuity Association of America - College Retirement Equities Fund (TIAA-CREF)



VALIC Retirement Services Company

Should I join TRSL or ORP?

You should carefully and realistically consider your career expectations before deciding whether to participate in TRSL or the ORP.

Points to consider:

- If you expect to change job positions or leave Louisiana within five years, the ORP may be a good idea because it is portable to most other U.S. colleges and universities.
- If you plan to continue teaching or working in Louisiana at a public college, university, community college, technical college, school, or at a state or local government agency, TRSL is probably the better choice. See our publication, *Your New TRSL Membership* for more information about a TRSL retirement benefit.

Still not sure?

If you aren't sure where your career will take you, TRSL may still be the better choice. Here's why:



- **Deferred retirement:** With five years of service credit, you can leave your contributions with TRSL and retire at age 60 or 62 with a lifetime TRSL benefit based on 12.5% of your highest, five-year average compensation.

NOTE: Retirement age is 60 for individuals who first joined a state public retirement system between 1/1/2011 and 6/30/2015; and age 62 for those who joined on or after 7/1/2015.

- **Option to transfer:** You also have five years in which to change your mind and transfer the employee portion of your retirement contributions into the ORP. The employer portion of your existing contributions remains with TRSL.

Look carefully at the "Comparison of Benefit Features" in this brochure. There is also an online calculator at www.trsl.org for comparing ORP and TRSL benefits. These tools are designed to help you make the best choice for you and your family.

If you are interested in the ORP, your personnel office or TRSL can provide more information. To enroll in the ORP, you will need to submit a completed *Application for Optional Retirement Plan or Change of Carrier* (Form 16), available at www.TRSL.org.



IMPORTANT! The decision to join the ORP is irrevocable, and you will not be able to later join TRSL. Even if you change to another employer that reports to TRSL, your participation in the ORP will continue.



Payment options

ORP account balances can be distributed by any of the following means:

Payment options for ORP balances:

- A lifetime income
- Trustee-to-trustee, single lump-sum cash rollover between qualified plans
- IRA
- Death benefits

ORP account balances can be rolled over to another IRS-qualified retirement plan or to an IRA(s) after termination of employment in all positions where you are eligible to participate in the ORP.

The ORP cannot be distributed as a cash distribution payable to the participant or a single lump sum. However, a one time, lump-sum payment of up to 36 months of your annuity is available from the ORP account at the time of retirement in addition to a lifetime annuity. If the up-front, lump sum is chosen, lifetime benefits would be reduced accordingly. (LSA-R.S. 11:929B)

All payment options/distributions must be approved by your ORP carrier.

Comparison of Benefit Features

	TRSL	ORP
Plan Type*	Defined benefit plan: Monthly pension determined by years of service and highest five-year average annual salary and a benefit factor of 2.5%.	Defined contribution plan: Monthly annuity determined by employer and member contributions and investment return on those contributions.
Contributions	<ul style="list-style-type: none"> • Contributions do not determine benefits. • Employee's contribution is 8% of salary. • The employer's normal cost contribution has historically been between 5% and 7% of salary. 	<ul style="list-style-type: none"> • Contributions determine benefits. • Employee's contribution is 8% of salary (less a 0.05% administrative fee). • Employer contribution: Non-higher ed must be at least 6.2%. Higher ed must be set by governing board as described in this brochure's section about contributions.
Duration of Benefit	Lifetime benefit. No matter how long you live, the retirement benefit will continue.	Duration of benefit is based on the amount accumulated in member's ORP account.
When Benefit is Payable	<ul style="list-style-type: none"> • Lifetime benefit payable after at least five years of service at age 60** or age 62*** • Refund of employee contributions, upon request, at termination of employment. 	<ul style="list-style-type: none"> • Annuity with or without a partial lump-sum payout possible at time of retirement • Rollover of all ORP funds to an IRA or qualified plan may be done after termination of all covered ORP participation.
Guarantor	Guaranteed by the state of Louisiana.	Guaranteed by the solvency of the ORP carrier.
Plan Election	An ORP-eligible member has five years after first joining TRSL to decide to change to the ORP.	The decision to join ORP is irrevocable. ORP members can't change their minds and join TRSL.
Survivor Benefits	If you have five years of service credit and die, your spouse and minor children may be eligible for survivor benefits.	Upon your death, the balance of the ORP account is paid out in a lump sum or as an annuity.
Disability Benefits*	If you have 10 years of service credit (excluding service credit earned while on workers' compensation) and become disabled, you may be eligible for disability benefits from TRSL for life.	Benefit based on accumulated contributions, payable at your option, after termination of ORP participation. No other disability benefits are included.
Portability of Benefit	Transferrable to other Louisiana public schools, colleges and universities, technical colleges, and many state agencies.	Portable to most colleges and universities in the United States.
Investment Decisions	TRSL controls the plan investments, which include your contributions, and bears the risk. The benefits a retiree receives from the TRSL plan are not dependent upon the investment decisions of TRSL or changes in the investment markets.	Member controls own investments and bears the risk. (See ORP carrier's brochure.)
Pay into Social Security?	No.	No.

*For individuals who first became members of a state public retirement system on or after 1/1/11.

**For individuals who first became members of a state public retirement system between 1/1/11 and 6/30/15.

***For individuals who first became members of a state public retirement system on or after 7/1/2015.

We're here to help!

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