

## 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. ORP members are 100 percent vested from the date of enrollment.

### Eligibility

Eligibility to participate in the ORP is determined by job classification. Academic and unclassified employees of Louisiana colleges, universities, and community colleges can participate in this alternative retirement plan. The ORP is also available to employees of any constitutionally established board that manages institutions of higher education.

### ORP carriers

The following private ORP carriers have contracts through June 30, 2015:

- ING Life Insurance and Annuity Company,
- Teachers Insurance and Annuity Association-College Retirement Equity Fund (TIAA-CREF), and
- VALIC Retirement Services Company.

## How does the ORP work?

An ORP account is owned by the member. There is no waiting period to join the ORP. The member's contribution is eight percent of salary, less a 0.1 percent administrative fee to the Teachers' Retirement System of Louisiana (TRSL). The employer's contribution, which changes annually based upon actuarial normal cost calculations, has historically been between five and seven percent of salary. These contributions — 7.9 percent net em-

ployee contributions plus employer contributions — are invested by the designated ORP carrier in the 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.

## TRSL or the ORP?

You should carefully and realistically consider your career expectations before deciding whether to enroll as a member of TRSL or as a member of the ORP.

If you think that you won't continue in your current position, or don't plan to remain in Louisiana for at least five years, then the ORP may be a good idea because it is portable to most other U.S. colleges and universities.

However, 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 best choice.

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

- With five years of service credit, you can leave your contributions with TRSL and retire at age 60 with a lifetime benefit based on 12.5 percent of your high, three-year average compensation.
- 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.

## Comparison of Benefit Features

	TRSL	ORP
<b>Plan Type</b>	Defined benefit plan: Monthly pension determined by years of service and highest three-year average annual salary and a benefit factor of 2.0% or 2.5%	Defined contribution plan: Monthly annuity determined by employer and member contributions and investment return on those contributions
<b>Contributions</b>	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.	Contributions determine benefits. Employee's contribution is 8% of salary (less a 0.1% administrative fee). Employer's normal cost contribution has historically been between 5% and 7% of salary.
<b>Duration of Benefit</b>	Lifetime benefit. No matter how long you live, the retirement benefit will continue.	Duration of benefit is based on the amount accumulated in contributions account.
<b>When Benefit is Payable</b>	Lifetime benefit payable after five years of service at age 60 Refund of employee contributions upon request at termination of employment	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.
<b>Guarantor</b>	Guaranteed by the state of Louisiana	Guaranteed by the solvency of the carrier
<b>Plan Election</b>	An ORP-eligible member has five years after first joining TRSL to decide to change to an ORP.	The decision to join ORP is irrevocable. ORP members can't change their minds and join TRSL.
<b>Survivor Benefits</b>	If you have five years of service credit and die, your spouse and minor children are eligible for survivor benefits.	Upon your death, the balance of the ORP account is paid out in a lump sum or as an annuity.
<b>Disability Benefits</b>	If you have five years of service credit and become disabled, you are 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.
<b>Portability of Benefit</b>	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
<b>Investment Decisions</b>	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.)

**The decision to join the ORP is irrevocable. You cannot change your mind later and join TRSL. If you change to another employer that reports to TRSL, you must stay in the ORP.**

Look carefully at the “Comparison of Benefit Features” and examples in this brochure. There is also an online calculator at [www.trsl.org](http://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 can provide more information.

If you decide to enroll in the ORP, you will need to submit a completed *Application for Optional Retirement Plan or Change of Carrier* (Form 16), which is available on our website, [www.trsl.org](http://www.trsl.org).

### Comparison examples:

Suppose a TRSL member received 3.0-percent annual salary increases during her career, and made 7.0 percent on investments after retiring. Suppose this member dies at age 90. The following chart shows what type of investment performance the TRSL member would have to achieve if she had chosen to participate in the ORP.

Example	Age Began Working	Age at Retirement	Number of Years Worked	ORP Rate of Return Needed to Equal TRSL Benefit
A	23	53	30	8.35%
B	30	55	25	9.40%
C	40	60	20	10.70%
D	50	60	10	19.00%
E	55	60	5	35.00%

*NOTE: In each of these examples, the member's ORP account would be depleted at age 90.*

### Payment options

ORP account balances may be rolled over to another IRS-qualified retirement plan or to an IRA(s) at any time after termination of all covered employment. 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)

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

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

- IRA
- Death benefits

*NOTE: Terminating employment with one covered employer and beginning work at another covered employer does not qualify as termination of employment. Termination of all covered employment means that an ORP member must not be employed by any TRSL reporting agency.*

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

### For more information, contact:

#### Teachers' Retirement System of Louisiana

8401 United Plaza Boulevard, Suite 300  
Baton Rouge, LA 70809-7017

P.O. Box 94123  
Baton Rouge, LA 70804-9123

Telephone: 225-925-6446

Fax: 225-925-6366

TDD: 225-925-3653

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

E-mail: [web.master@trsl.org](mailto:web.master@trsl.org)

Website: [www.trsl.org](http://www.trsl.org)

*Revised July 2010*

This public document was published at a cost of \$312.28. One thousand copies of this document were published by the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, to inform TRSL members of laws and policies that affect them. Printing of this material was purchased in accordance with the provisions of Title 43 of the Louisiana Revised Statutes.

~ Optional Retirement Plan ~

July 2010

# Optional Retirement Plan (ORP)

**TRSL**  
Teachers' Retirement System of Louisiana