

HOUSE RESOLUTION 143 TASK FORCE MEETING

October 15, 2025

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Louisiana Board of Regents

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I. Call to Order



II. Roll Call



III. Approval of Minutes



IV. Phased Retirement Plan Option Recommendations

Discussion



Challenges and benefits of a phased retirement program

Challenges

- Due to vast differences amongst purpose and missions for each Higher Ed institution, there cannot be statewide or system wide standardization of plans.
- The scope of a phased retirement plan and the degree to which each system can develop their own plan must be outlined.
 - The program must be carefully structured to balance institutional needs with fiscal responsibility.
 - Determining adjustments in tasks and responsibilities (i.e., workload)
 - Eligibility requirements
 - TRSL, LASERS, ORP members
 - full-time/part-time
 - tenured/non-tenured faculty
 - professional/classified staff
 - retirement only eligible employees
- Potential legal & policy issues – the program must comply with labor laws, anti-discrimination, and retirement plan regulations.
- If rehires are allowed, it takes away from the purpose of a phased retirement (e.g., succession planning).



Challenges and benefits of a phased retirement program

Benefits

- Provides employers with the ability to succession plan.
 - Will ease transition/succession planning for departments once they know faculty's intentions.
- Provides employees with the ability to phase out of the workforce and still contribute to the mission. Provides an overlap of experienced employees with less experienced employees and a transfer of knowledge.
- Promotes renewal of the professoriate to ensure institutional vitality and to provide additional flexibility and support for individual employees who are nearing retirement.
 - Allows a dignified exit strategy while enabling continuity of institutional knowledge, mentorship and meaningful academic contributions.
 - Provides an opportunity for eligible employees to make an orderly transition to retirement through reduced workloads.



Structure of phased retirement programs in other states

- There appears to be a broad range of phased retirement programs and every program is unique. Each program treats the phased retirement approval, retiree work duties, and retirement benefits differently.
- Most of the programs discussed only allowed full-time, tenure-track faculty who are eligible for retirement to participate.
- Faculty members submit proposal for work tasks over phased period (typically three-years) that must be approved through the department/college/central administrative office such as Academic Affairs or HR.
 - Formal written agreement defining duration, duties, and compensation.
 - Requirement to retire at the end of the program (e.g., three years).
 - Initial decision to participate in the program is irrevocable.
- It is not an automatic approval process, it should be beneficial to the University.
- Minimum 50% effort in program.



Potential cost of implementing a phased retirement plan in Louisiana

- Unlikely there would be an additional cost for a phased retirement plan, however it is unlikely to generate any cost savings for the state.
- Little to no cost reduction and may lead to increased costs for universities.
 - Long-term cost balance depends on how campuses structure backfills.
- Plan changes that incentivize employees to retire earlier than they would otherwise retire can result in an actuarial cost to the retirement system.
 - Modifying the TRSL Defined Benefit plan could result in costs to the system, which would eventually be borne by the employers.
 - Plan changes (other than an increase in the employer contribution rate) to the ORP would not have an impact on the cost of the ORP.
- Increases in employer contribution rates and fees will elevate the expense of maintaining faculty on phased retirement.



Potential eligibility requirements of a phased retirement program

- Limit to full-time tenured faculty members who have meet regular retirement eligibility under Teachers Retirement System and who are in “good standing”.
 - Require that the employee meet retirement eligibility under the TRSL Defined Benefit plan or the ORP.
 - Consideration given to implementing a minimum age and/or a minimum number of years of service/employment in addition to meeting regular retirement eligibility.
- Individuals who have already taken regular retirement are not eligible for phased retirement under this program.
- The employee’s workload and schedule during phased retirement shall be determined by agreement between the employee and the campus.



Time-period for implementation of potential phased retirement program

- As soon as possible
- Should be done individually by campus (not system or statewide)
 - Each campus should figure out if this is beneficial (or even doable) for their campus
- Suggestion to have up to a 2-year time period from the date of Legislative/Governor approval for establishment of the program
- Any potential phased retirement program should go into effect no earlier than 07/01/2027.
 - Allows for each system and/or campus to put their individual policies and procedures in place
 - Provides for any necessary TRSL programming changes, as well as member and employer education



Salary and retirement benefits to be received during phased retirement

- Faculty members who have been awarded professorships prior to entry into phased retirement should still be eligible to receive funding from those professorships as an added benefit thereby incentivizing entering into phased retirement.
- Members of defined contribution plans should be able to withdraw funds to supplement phased retirement income
- Participants should retain full-time benefits to ensure continuity of coverage, making predefined FTE reductions necessary.
 - The salary of an employee on phased retirement shall be reduced proportional to the reduction in FTE.
- Employees participating in the phased retirement program retain eligibility for benefits as an active employee for the duration of their participation in the program.
 - Employees retain full-time status for healthcare insurance purposes (i.e., they remain at 75% or above, to retain eligibility for benefits.)
- Extend earning years by continuing part-time work, faculty can delay full retirement and continue to earn salary and benefits.



Salary and retirement benefits to be received during phased retirement (cont'd)

- Employees participating in the program shall not be eligible for promotion or salary increases during the period of their phased retirement.
- Contributions to university retirement plans shall be based upon the employee's actual (i.e., reduced) salary during the period of reduced employment.
- Participants remain eligible for retirement contributions (TRSL/ORP) at their part-time rate
 - Consideration for allowing voluntary contributions at 100% FTE level.
- Service credit toward retirement may be reduced proportionally
 - DROP participation should be clarified as incompatible or concurrent.
- Sick leave for an employee on phased retirement shall be reduced proportional to the reduction in FTE.
- Faculty employees participating in the program are ineligible for sabbatical leave.
- TRSL and the Actuary for the Legislative Auditor would need to analyze the cost impact of any proposed plan that allows for the payment of retirement benefits during phased retirement.
- Continued part-time employment will include access to health insurance, reducing or delaying entering retirement health plans or enrollment in Medicare.



Potential of providing additional lifetime income

- Employees should receive percentage of contribution to annuity consistent with reduction of workload percentage.
- Mandatory contributions should be proportionate to the reduced salary.
- Allow or encourage deferring pension or 403(b) withdrawals until after phased period.
 - Delaying distributions allows retirement funds to grow longer.
- Additional contributions to retirement plan during the phased period can increase the retirement fund for employees.
- Encouraging phased retirees to contribute to supplemental plans (e.g., 403(b)) during reduced service years may strengthen retirement readiness.
- ORP participants currently have the ability to annuitize their ORP accounts.
 - Any changes to the investment options or products offered by the ORP vendors is best addressed through the TRSL Vendor SFP process and the individual vendor contracts with TRSL.



Recommendations: Phased Retirement Program

- 1) Each system should be able to make its own decision to participate in the plan.
- 2) Duration
 - Three-year maximum duration with determination of extension within this time period made at the end of the first and second year, including possible revision of workload based upon the needs of the department of service.
 - Participation should be limited to a duration of 12–36 months under a one-time, irrevocable election, with hardship exceptions reviewed by the System Office.
- 3) Explicit categories of employees excluded from participation should be developed and promulgated.
 - Separate plans should be developed for faculty and staff.
 - Restrict eligibility to tenured and tenure-track faculty
- 4) The plan must provide for full healthcare and leave benefits (i.e., no reduction in healthcare benefits based upon workload reductions).
 - Employees retain full-time status for healthcare insurance purposes.
 - Participation is voluntary and faculty/staff initiated.
- 5) Employer and employee retirement contributions are prorated based upon workload adjustments.
 - Reduced workload must range between 25 - 50%.
- 6) Employees must be vested in TRSL or ORP, have a minimum of ten years of service in Louisiana public higher education, and are at least age 59½, aligning with IRS in-service withdrawal rules.
- 7) If faculty can be rehired at full or part time, include language that does not allow a rehire for a period of time after the end of the phased period.



V. ORP Contribution Rate and Accrued Leave Enhancements Recommendations

Discussion



Impact of increasing employer rate from 6.2% to 8%

- An increase above 8% should be considered if feasible. his deficit is exacerbated by the lack of contribution to Social Security.
- This would have a much larger impact than phased retirement on faculty and professional staff recruiting, retention and retirement.
 - The approval of this increase should be contingent on University's keeping any UAL cost savings to reinvest in employee salary and benefit enhancements such as this increase.
- While the impact of moving from 6.2% to 8% employer contributions is significant, the saving from UAL should provide the employers with enough money to cover the increase.
- We can make the request that the UAL funds are used for the employer increase.
- Will the state provide the additional appropriations needed for this increase? Without additional funding, this increase could severely impact the university's overall budget.



Impact of increasing employer rate from 6.2% to 8% - HR 169

- **Recommendation 1:** To ensure equitable and competitive retirement benefits for Louisiana's public employees, it is strongly recommended to amend Louisiana Revised Statute 11:927 to establish a minimum employer contribution rate equal to the employee's required contribution of 8%. This adjustment would not only align Louisiana with best practices in retirement funding but also enhance the state's ability to attract and retain top talent in a highly competitive job market. An equal employer contribution rate reflects a commitment to investing in employees' futures and provides a more sustainable path toward financial security in retirement.
- **Recommendation 2:** The Constitutional amendment passed as Act 1 of the 2024 Third Extraordinary Session, to be voted on in March 2025 by the state populus, seeks to liquidate various trust funds and use the proceeds to make payments to TRSL's unfunded accrued liability (UAL), thus creating savings for employers.
 - It is recommended that any savings that are recognized (\$73M estimated presently) remain in the higher education budget and a portion of these savings be used by institutions to increase employer contributions to ORP accounts, making Louisiana more competitive among Southern states.



Shifting payment of TRSL admin fee from ORP members to employer

- Any adjustments ORP members to put a larger share into their personal retirement account is very positive.
 - ORP members should not be paying TRSL administrative fees they provide very few benefits to those members and do not even allow for/support a requirement for at least one member of their board having to be an ORP member.
- While TRSL is going to eventually move some of the administrative fees from the employee to the employer, we should recommend that all of it is employer sponsored.
- This change could negatively affect many campuses with high ORP participation rates. Again, will the state provide additional appropriations?



Potential cost of providing greater pay out by using accrued leave to enhance a participant's benefit

- Offer the option to the employee in phased retirement to receive accrued leave pay.
- Should bring ORP members up to equivalent of TRSL
- ORP members do not have the option to convert their leave time therefore:
 - Allow employers to pay out one year of annual leave to ORP participants upon retirement.
 - Allow employers to pay out one year of sick leave to ORP participants upon retirement.
- Must consider the budgetary impact of increasing the number of accrued leave hours paid out upon retirement.



VI. Future Meeting Dates

Board of Regents Conference Room, 10:00 am – 12:00 pm
Wednesday, November 12, 2025

Next Meeting Discussion Items:

- Finalization of Task Force Recommendations
- TRSL and Return to Work Update



VII. Other Business



VIII. Adjournment

