

## What is the ORP?

The ORP (Optional Retirement Plan) is a defined contribution plan under Internal Revenue Code §401(a). It is an alternative retirement plan provided by a private carrier for academic and unclassified employees of Louisiana colleges, universities, and community colleges.

The ORP is available to employees of the Board of Regents, University of Louisiana System Board of Trustees, Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, Board of Supervisors of Southern University and Agricultural and Mechanical College, or their successors, Louisiana Community and Technical Colleges Board of Supervisors, and any other constitutionally established board that manages institutions of higher education.

Eligibility to participate in the ORP is determined by your job classification. It is not based on years of service or salary level. The ORP, available since 1990, currently offers the following providers: ING Financial Advisers (formerly Aetna), Teachers Insurance and Annuity Association-College Retirement Equity Fund (TIAA-CREF), and the Variable Annuity Life Insurance Company (AIG VALIC). Contracts with these providers expire June 30, 2010.

The ORP account is owned by the member, and there is no waiting period to join. The member's contribution is 8% of salary, less a 0.1% administrative fee to the Teachers' Retirement System of Louisiana. The employer's contribution is approximately 7% of salary. These 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 ORP: which one?

You should look at your career expectations carefully and realistically before deciding whether to enroll as a member of the Teachers' Retirement System of Louisiana (TRSL) or as a member of the ORP.

If you are reasonably sure you won't continue in your current position, or don't plan to remain in Louisiana for at least 5 years, then the ORP may be a good idea because it would be 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. With 5 years of service credit, you can leave your contributions with TRSL and at age 60 begin receiving a benefit based on 12.5% of your high 3-year average compensation.

Also, if you join TRSL, you have 5 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.

### 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

## Comparison of Benefit Features

TRSL	ORP
Defined benefit plan: Monthly pension determined by years of service and highest 3-year average annual salary times 2.5%.	Defined contribution plan: Monthly annuity determined by employer and member contributions and investment return on those contributions.
Contributions do not determine benefits. Employee payroll contribution is 8% of salary. Total employer contribution is the same as for the Optional Retirement Plan.	Contributions determine benefits. Employee payroll contribution is 8% of salary. Also, approximately 7% of salary, part of what is contributed by the employer, is added to the ORP account.
Lifetime benefit. No matter how long you live, the retirement benefit will continue.	Lifetime benefit based on amount accumulated in contributions account.
Lifetime benefit payable after 20 years of service or 5 years of service at age 60.	Lifetime benefit based on accumulated contributions; payable at the member's option, after termination of ORP participation.
Guaranteed by the state of Louisiana.	Guaranteed by the solvency of the carrier.
Refund of employee contributions upon request at termination of employment.	Partial lump-sum payout possible at time of retirement. Also rollover of all or part of the funds to an IRA or qualified plan may be done after termination of ORP participation.
An ORP-eligible member has five years after joining TRSL for the first time to decide to change to an ORP.	ORP members can't change their minds and join TRSL. The decision to join ORP is irrevocable.
If you have five years of service credit and die, survivor benefits are provided for your spouse and minor children.	Upon your death, the amount of the ORP account is paid out in a lump sum or as an annuity.
If you have five years of service credit and become disabled, you will receive disability benefits from TRSL for life.	Lifetime benefit based on accumulated contributions; payable at your option, after termination of ORP participation. No other disability benefits are included.
Transferrable to other Louisiana public schools, colleges and universities, vocational technical institutes, and many state agencies.	Portable to most colleges and universities in the United States.
TRSL controls/monitors the plan investments, which include your contributions, and bears the risk. (TRSL's 10-year average annual return is 9.6% as of June 30, 2004.)	You control your investments and bear the risk. (See ORP carrier's brochure.)

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 must complete and submit the TRSL *Application for Optional Retirement Plan or Change of Carrier* (Form 16). As previously noted, **enrollment in the ORP is a one-time, irrevocable decision; you cannot later rejoin TRSL.**

## Comparison examples

1. A TRSL member begins working at age 23 and works for 30 years. She dies at 90 and makes 7% a year on investments after retiring at age 53. She receives 3% annual salary increases.

She must make 8.35% every year on her ORP investment while she works in order to take home a benefit equal to what her TRSL benefit would have been. And she must not have the misfortune to die later than age 90.

2. Same as above, except the member begins working at age 30 and retires after 25 years at age 55.

In this case, she must make 9.4% on her ORP investment every year she works and must die by age 90 in order to achieve the same benefit as she would get from TRSL.

3. Same as above, but the member begins work at age 40 and works 20 years to age 60.

In that case, she would have to make 10.7% every year on her ORP investment and live no longer than age 90 in order to take home a benefit equal to what her TRSL Regular Plan benefit would have been.

4. Same as above, but the member begins work at age 50 and works until retirement at age 60.

In this case, she would have to make 19% every year on her ORP investment and die by age 90 in order to equal the TRSL Regular Plan benefit.

5. Same as above, except the member begins work at age 55 and retires at age 60.

In this case, she would have to make 35% every year on her ORP investment and die by 90 in order to equal the TRSL Regular Plan benefit.

## 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 employment. Also, 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)

Be sure to try our ORP comparison calculator at [www.trsl.org](http://www.trsl.org)



## Take note

Every effort has been made to ensure that the information in this publication is accurate. If the information should conflict with state or federal law, then the law must take precedence. State laws governing TRSL retirement are found in Louisiana Revised Statutes, Title 11, Sections 1-309 and 701-947, and the Louisiana Constitution, Article 10, Section 29.

Before making any irrevocable decisions concerning retirement, please talk with a TRSL retirement benefits analyst.

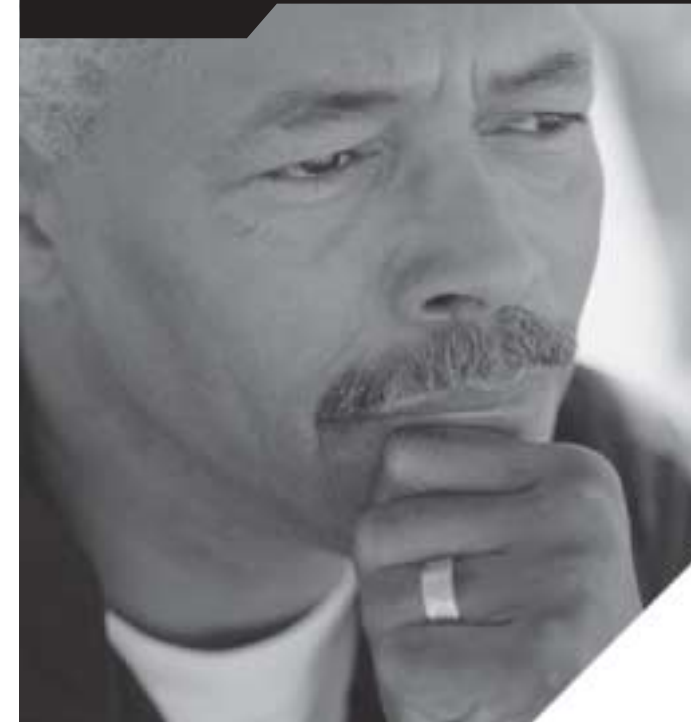
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For employees in higher education



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