

DECLARATION OF EMERGENCY

Department of Treasury Teachers' Retirement System

Deferred Retirement Option Plan (DROP) (LAC 58:III.Chapter 5)

In accordance with the emergency provisions of the Administrative Procedure Act, R.S. 49:953(B), and under the authority granted in R.S. 11:826, the Board of Trustees of the Teachers' Retirement System of Louisiana (TRSL) declares an emergency to exist and adopts by emergency process, the following rule, LAC 58:III:523, to allow coronavirus-related distributions (CRDs) to be made from the Deferred Retirement Option Plan (DROP) accounts of certain participants in conformity with the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

The federal CARES Act, was enacted on March 27, 2020, to provide emergency assistance and health care response for individuals, families, and businesses affected by the 2020 coronavirus pandemic. Among other things, the CARES Act authorized a new category of distributions, known as coronavirus-related distributions (CRDs) to be made from eligible retirement plans, including governmental 401(a) defined benefit plans like TRSL. Such distributions may be made on or after January 1, 2020, and before December 31, 2020, to qualified individuals meeting certain criteria in an amount not to exceed \$100,000.

The Emergency Rule is necessary to conform TRSL's DROP distribution provisions to the distribution provisions of the CARES Act to help in providing emergency assistance as contemplated by the CARES Act. As the CRDs permitted under the CARES Act can only be made within a certain period of time ending December 31, 2020, a delay in promulgating such rule could have an adverse impact on the financial welfare of DROP retirees by denying them access to certain benefits available under the CARES Act.

This Declaration of Emergency is effective August 3, 2020, and shall remain in effect for the maximum period allowed under the Administrative Procedure Act.

Title 58

RETIREMENT

Part III. Teachers' Retirement System of Louisiana Chapter 5. Deferred Retirement Option Plan (DROP)

§523. DROP Distributions Provided for by Coronavirus Aid, Relief, and Economic Security Act (CARES Act) of 2020

A. For purposes of this Section, *coronavirus-related distribution* shall mean a distribution from a participant's Deferred Retirement Option Plan (DROP) account on or after August 3, 2020 and before December 1, 2020, to a participant:

1. who is diagnosed with the virus SARS-CoV-2 or with the coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention;
2. whose spouse or dependent is diagnosed with such virus or disease by such a test;
3. who experiences adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to such virus or disease;

4. who experiences adverse financial consequences as a result of being unable to work due to lack of child care due to such virus or disease;

5. who experiences adverse financial consequences as a result of closing or reducing hours of a business owned or operated by the individual due to such virus or disease; or

6. who meets any other factors as determined by the Secretary of the Treasury of the United States.

B. Notwithstanding any other provision of law to the contrary, in addition to any distribution normally allowed under §509, a DROP participant shall be allowed to take a coronavirus-related distribution of all or part of the funds in his DROP account under the provisions of this Section. The aggregate amount of any distributions received by a participant which may be treated as coronavirus-related distributions for the applicable period shall not exceed \$100,000.

C.1. Any participant applying for a coronavirus-related distribution shall be required to self-certify to the system the participant's eligibility to receive such distribution along with the factors making the participant eligible for such distribution. The system may rely on such self-certification as evidence of eligibility for any coronavirus-related distribution.

2. Notwithstanding the above, applicable federal law shall govern a participant's eligibility to receive such coronavirus-related distribution as well as any tax consequences associated with such distribution.

3. No distribution is allowable greater than the participants account balance.

D. Notwithstanding §509, any DROP participant who has begun receiving regular retirement benefits may receive a coronavirus-related distribution regardless of whether the participant's regular DROP distributions have begun. If a participant is not otherwise required to begin receiving regular DROP distributions, the receipt of a coronavirus-related distribution shall not require a participant to begin receiving regular DROP distributions.

E. Notwithstanding §509, a DROP participant may receive a coronavirus-related distribution as a partial account balance withdrawal, regardless of whether or not the participant has already received a one-time partial account balance withdrawal under §509.A.6.

F. If the participant is married, consent of the participant's spouse is required to receive a coronavirus-related distribution.

AUTHORITY NOTE: Promulgated in accordance with R.S. 11:826.

HISTORICAL NOTE: Promulgated by the Department of the Treasury, Board of Trustees of the Teachers' Retirement System of Louisiana, LR 46:

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Director

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