



# IBRP (Initial Benefit Retirement Plan)

Fact Sheet – 14

LOUISIANA SCHOOL EMPLOYEES'  
RETIREMENT SYSTEM

The Initial Benefit Retirement Plan (IBRP) is a retirement plan available to you once you become eligible for regular retirement. IBRP provides a reduced lifetime monthly benefit in exchange for a one-time lump sum advanced payment of benefits; i.e., initial benefit. If you choose to retire under the IBRP, you cannot participate in the Deferred Retirement Option Plan (DROP).

## Eligibility Requirements for IBRP

- Member on or before June 30, 2010
  - 10 years of service at age 60
  - 25 years of service at age 55
  - 30 years of service at any age
- Member on or after July 1, 2010
  - 5 years of service at age 60
- Member on or after July 1, 2015
  - 5 years of service at age 62

As with all retirement plans available your unused sick and annual leave may be converted to service credit, provided you have not attained 100% service accrual. Information regarding your retirement eligibility, benefit options, and unused leave may be found in the [Regular Service Retirement](#), [Benefit Options](#), and [Unused Leave](#) Fact Sheets.

The largest possible initial benefit available is equivalent to 36 months of your Maximum Allowance option amount. You may choose a lesser initial benefit. A smaller initial benefit will lessen the reduction to your lifetime monthly benefit. Also, you do not have to select the Maximum Allowance option for your monthly benefit; you may choose any option available to you at retirement except Option 1.

### Example:

You are eligible to retire. Your calculated monthly benefit option – Maximum Allowance – is \$1,716. To determine your largest possible initial benefit available; multiply your Maximum Allowance times 36:  $\$1,716 \times 36 = \$61,776$  initial benefit.

You elect to receive \$61,776 as your initial benefit and you select Maximum Allowance as your monthly benefit option. Because you elected to receive the largest possible initial benefit, your Maximum Allowance monthly benefit amount will be \$1,273--not the original Maximum Allowance amount of \$1,716. The reduction in your lifetime monthly benefit amount is in exchange for the initial benefit you received in advance; in this example, a reduction of \$443 a month for the rest of your life.

IBRP offers advantages and disadvantages. Your decision should be based on your own individual situation. Here are key points when considering IBRP:

#### Advantages:

- Retire under IBRP at any time once you reach retirement eligibility (unlike DROP).
- The longer you work the more service credit you earn.
- The longer you work allows the opportunity for any salary increases to be used in determining your final average compensation (FAC).
- If your service credit and/or FAC increase, your benefits increase.

#### Disadvantages:

- Your monthly benefit will be reduced for your lifetime. Can you afford the reduction in benefits?
- Once your initial benefit is deposited into your IBRP account, no further deposits can be made to the account. However, the account may earn interest.
- When the IBRP account balance reaches \$0.00; you will continue to receive the reduced monthly benefit for the rest of your life.

**Criteria to Consider**

Once eligible and ready for retirement, should you elect the IBRP? If yes, what is the best initial benefit amount for you?

**Comparison of Benefits**

The comparison below includes short and long range total payouts from LSERS.

REGULAR SERVICE RETIREMENT AND IBRP  
Member Age 55, Service Credit 25 years, monthly FAC \$2,000

Available Options	Regular Retirement Benefit	IBRP Benefit Initial Benefit (\$1,716 x 36 = \$61,776)
Maximum	\$1,716	\$1,273
Option 1	\$1,668	Not Available
Option 2	\$1,616	\$1,199
Option 2A	\$1,597	\$1,185
Option 3	\$1,665	\$1,235
Option 3A	\$1,655	\$1,227

If you choose Regular Service Retirement and select Option 3:

Initial Benefit	Option 3 Monthly Amount	Total LSERS Payout after 5 years	Total LSERS Payout after 10 years	Total LSERS Payout after 15 years
\$0.00	\$1,665	<b>\$99,900</b>	<b>\$199,800</b>	<b>\$299,700</b>

If you choose IBRP, the largest possible initial benefit, and select Option 3:

Initial Benefit	Option 3 Monthly Amount	Total LSERS Payout after 5 years	Total LSERS Payout after 10 years	Total LSERS Payout after 15 years
\$61,776	\$1,235	<b>\$135,876</b>	<b>\$209,976</b>	<b>\$284,076</b>

**Spousal Consent Form**

A *Spousal Consent for DROP or IBRP Account* form ([Form 11](#)) must be completed by your spouse if you do not leave at least 50% of your IBRP account balance to your spouse upon your death.

**IBRP Account and Interest Earnings**

Once your IBRP account is established with the deposit of your initial benefit, the account begins to earn interest. Your IBRP account is guaranteed and protected from negative investment returns. The balance in your IBRP account will only decrease as funds are paid to you.

If you became eligible to retire **on or after January 1, 2004**, your IBRP money is invested in a liquid asset money market account (LAMMA) earning interest based on the earnings of the LAMMA.

If you were eligible to retire **prior to January 1, 2004**, the rate of interest your account will earn is equal to the realized rate of return on the system’s assets less 0.5%. The realized rate of return is calculated and established by the system’s actuary after the end of each fiscal year.

Refer to [DROP and IBRP Interest Rate](#) publication for prior year interest rates for both types of interest earnings accounts.