



LOUISIANA SCHOOL EMPLOYEES'
RETIREMENT SYSTEM

Refund of Contributions

If you are no longer employed in a position that mandates membership in this system, you and your employer must complete a [Form 7, Application for Refund of Member Contributions](#) to receive a refund of all contributions that you paid into LSERS. Your employer is required by law to hold the application for 90 days before certifying and submitting the application to LSERS.

- You should receive your refund check or direct deposit approximately 4 months after your last day of employment.
- You and your heirs will lose all eligibility for future retirement benefits.
- If you return to work in an LSERS-eligible position, you will be required to contribute at the 8% retirement contribution rate and your first retirement eligibility will be at age 60 or age 62 or at any age with at least 20 years with a reduced benefit.

Federal Income Tax Withholding

LSERS will withhold 20% federal income if you choose to receive your refund of contributions directly. The 20% withholding is an IRS requirement. At the end of the year LSERS will send you a Form 1099-R that will show the amount received and the amount of federal income taxes withheld. You may owe additional taxes, or you may receive a tax refund depending on the total amount of income you report on your tax return at the end of the year.

Per IRS regulations, you may be subject to a 10% penalty for early withdrawal. This penalty is reported and paid when you file your federal income tax return. If you are over the age of 59 1/2 or you roll over your refunded contributions to another qualified plan, this penalty will not apply.

Direct Rollover

You can choose a direct rollover to another qualified plan or to an Individual Retirement Account (IRA) to delay owing income taxes on the taxable part of your refund. The money must be transferred directly by LSERS to the qualified plan to avoid incurring a tax liability or a penalty at this time. **LSERS strongly recommends that you consult a tax advisor or financial planner before you apply for a refund of contributions.**

Refer to the Special Tax Notice [Fact Sheet 20](#) for additional tax information.

Retain Membership

If you have at least **5 years** of service in LSERS and stop working in the position that made you eligible for membership in LSERS, you may be able to remain in LSERS or join a different retirement system if your new position would normally mandate membership in Teachers' Retirement System of Louisiana (TRSL) or the Louisiana State Employees' Retirement System (LASERS). To make your decision, we encourage looking at accrual rates and contribution rates between the possible systems.

If you choose to remain a member of LSERS, you must notify us in writing of your election to remain within 30 days after you change employment. Once you make this election, it is **irrevocable** and you cannot change your mind at a later date. Please consider this option before you apply for a refund of contributions.

Vested Retirement

When you terminate employment, if you have the number of years to be eligible to draw a retirement benefit but not the age, you may leave your contributions in LSERS and begin receiving a monthly lifetime benefit when you reach the eligible age. Refer to [Fact Sheet 12](#) for the number of years and age needed to draw a monthly lifetime benefit.

Notify LSERS in writing if you decide to vest your retirement. You should submit a [Form 10, Application for Service Retirement, IBRP, or DROP](#), no earlier than 6 months prior to your eligibility.