

**L S E R S**

LOUISIANA SCHOOL EMPLOYEES'  
RETIREMENT SYSTEM

# Your Membership



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- ▶ Planning for Retirement

January 2015

# Welcome

Welcome to the Louisiana School Employees' Retirement System (LSERS). LSERS is your retirement plan based on your position with your school board. Your LSERS membership will play a key role in your future. You are encouraged to keep your contact information current with LSERS, so you will always receive important membership information.



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# About LSERS

Created on July 31, 1946, LSERS has over 13,000 active and 12,000 retired members. LSERS members are non-instructional personnel of the Louisiana public school system.

This includes school bus drivers, janitors, custodians, maintenance employees, school bus aides, monitors, attendants, and other regular school employees who actually work on school buses helping with the transportation of school children. Employees must work more than 20 hours per week to become a member of this system.

LSERS is one of four state government retirement systems and is administered by a professional staff of state employees. It is a defined benefit plan, which guarantees a benefit based on your age, years of service, and final average compensation at retirement, not on the amount of your contributions.

LSERS' operations and retirement disbursements are financed through member and employer contributions and investment earnings on the contributions. Retirement disbursements are made with these funds and the interest generated on these funds.







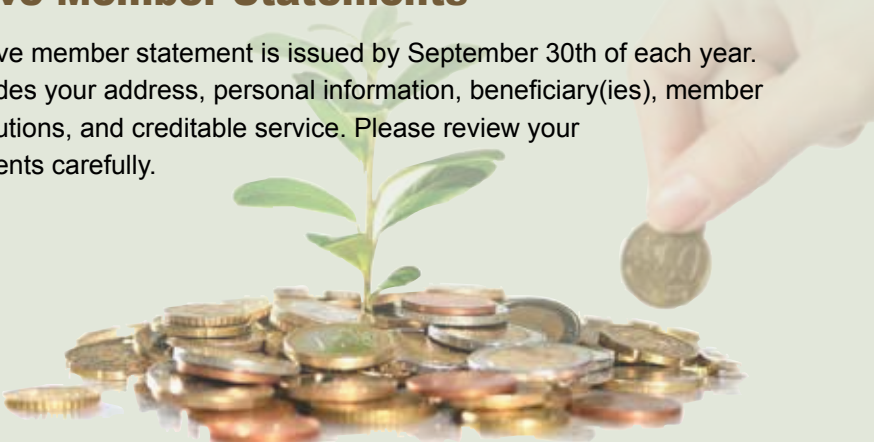
Beginning July 1, 2010, new public employees will fall under a new benefit structure, have different contribution rates, and have to meet different eligibility requirements for retirement. Acts 318 and 992 of the 2010 legislation created a new membership tier for those whose first employment makes them eligible for membership in LSERS on or after July 1, 2010.

## **Member Contribution Rates**

- ▶ Member before 7/1/2010 .....7.5%
- ▶ Member on or after 7/1/2010 .....8.0%

## **Active Member Statements**

An active member statement is issued by September 30th of each year. It provides your address, personal information, beneficiary(ies), member contributions, and creditable service. Please review your statements carefully.



## **Purchase of Service Credit**

Service credit can be purchased for past employment situations and some could involve an actuarial calculation. All service credit must be purchased prior to retirement or entering the Deferred Retirement Option Plan (DROP).

## **Service Credit in More than One Retirement System**

If you have service credit in more than one Louisiana retirement system, you may apply for a reciprocal agreement or a transfer of service credit. This process must be completed prior to retirement or entering DROP.

## **Retirement Eligibility**

You qualify for retirement when you reach one of the following requirements:

- ▶ Member before 7/1/2010
  - 10 years of service at age 60
  - 25 years of service at age 55
  - 30 years of service at any age
  - 20 years of service at any age (actuarially reduced)\*
- ▶ Member on or after 7/1/2010
  - 5 years of service at age 60
  - 20 years of service at any age (actuarially reduced)\*

\*Retiring with 20 years of service at any age is actuarially reduced based on your age and years of service at retirement and the number of years it would take for you to reach normal retirement, had you continued to work.



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## Accessing Your LSERS Account

Access your retirement account information through our website at [www.lsers.net](http://www.lsers.net)

## Calculation of Retirement Benefits

### Benefit Formula

LSERS uses this formula to calculate the maximum retirement benefit for which you are eligible

$$\begin{aligned}
 &\text{Years of service credit} \\
 &\quad \times \\
 &\text{Final average compensation (FAC)} \\
 &\quad \times \\
 &\text{Retirement accrual rate} \\
 &\quad + \\
 &\text{\$24.00 per year supplement}
 \end{aligned}$$

### Benefit Calculation Chart

MEMBERSHIP TIERS	FAC	RETIREMENT ACCRUAL RATE
LSERS Member Before 7/1/2006	Highest 36-month with 10% salary limitation	<b>3.33%</b>
Member Between 7/1/2006 and 6/30/2010	Highest 60-month with 10% salary limitation	
Member On or After 7/1/2010	Highest 60-month with 15% salary limitation	<b>2.5%</b>





## **Retirement Programs**

### **Early Service Retirement**

You may retire with a minimum of 20 years of service at any age, exclusive of military service and unused sick and annual leave. Your benefit is actuarially reduced under this plan based on your age and the number of years you are away from regular retirement.

### **Regular Service Retirement**

You may retire and begin receiving a monthly benefit after meeting one of the minimum requirements. You are entitled to a lifetime monthly benefit based on your years of service, final average compensation, and the applicable retirement accrual rate.

### **Initial Benefit Retirement Plan (IBRP)**

IBRP allows you to take a lump-sum payment and receive a reduced monthly benefit for life. You cannot retire under IBRP if you participated in DROP. The maximum initial benefit for your lump sum is 36 months times your maximum monthly benefit.

## **Deferred Retirement Option Plan (DROP)**

If you are eligible for Regular Service Retirement but would like to continue working, you may want to consider DROP.

DROP is an optional program that will allow you to freeze your monthly retirement benefit and have it deposited in an account each month while you continue to work and draw your salary from your employer.

You may participate in DROP only once for a maximum of 36 months. You must join DROP within 60 days after you first become eligible in order to participate for the full 36 months. If you miss the 60-day window, you may still participate in DROP but not for the full 36 months.

You will select your monthly benefit option when you enter DROP, just as you would under the Regular Service Retirement plan.





## **Additional DROP Information**

### **Status During DROP Participation**

Once you have decided to participate in DROP:

- ▶ You will no longer make retirement contributions while you are working and participating in DROP
- ▶ Your employer will not pay retirement contributions on your behalf
- ▶ You will not be allowed to contribute to Social Security during this time
- ▶ You will not receive any service credit for the time you participate in DROP

### **Status After Participation in DROP Has Ended**

You will begin receiving a monthly benefit and you can withdraw from your DROP account when you stop working and actually retire.

If you decide to continue working after participating in DROP:

- ▶ You will begin making contributions to the retirement system again
- ▶ You can accrue an additional amount to be added to your retirement benefit after you have stopped working
- ▶ Your DROP account will be eligible to earn interest after your DROP participation has ended

# Benefits of LSERS Membership

## Vesting in LSERS

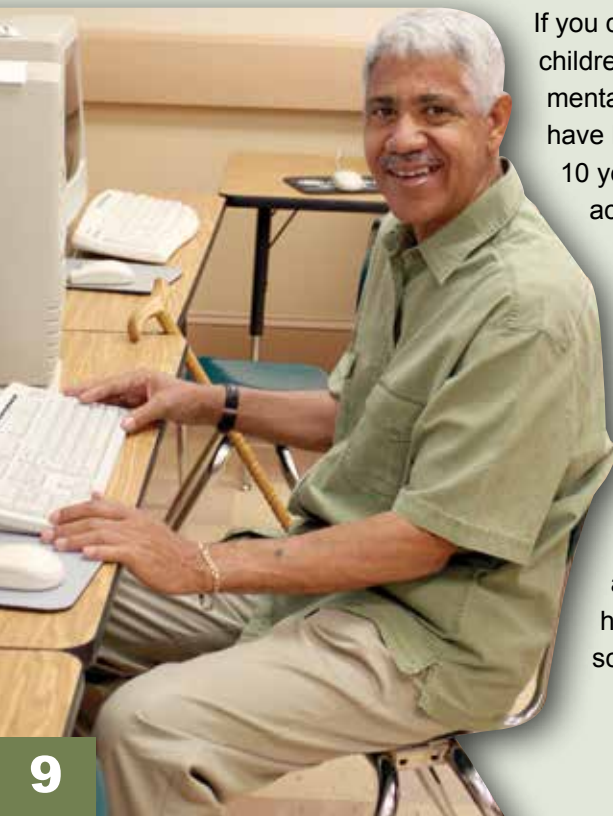
Once you have at least 10 years of service (member before 7/1/2010) or 5 years of service (member on or after 7/1/2010) in LSERS, you may elect to stop working, leave your contributions in the retirement system and begin receiving a benefit at age 60. This is known as becoming a vested member of our system. If you were a member before 7/1/2010, you may also vest your retirement until age 55, if you have at least 25 years of service.

## Survivor Benefits

In the event of your death while in active service, benefits could be paid to your surviving spouse, minor children\*, and/or physically disabled or mentally handicapped children. In accordance with statutes, survivor benefits differ depending on your years of service and whether you were actively employed at the time of death.

If you do not have a spouse, minor children, or physically disabled or mentally handicapped children or have less than the required 5 or 10 years of service credit, your accumulated contributions will be paid in a lump sum to your named beneficiary.

\*A minor child is defined as an unmarried child under the age of 18 or an unmarried student under the age of 23, provided the student is in full-time attendance at an accredited high school, vocational school, or college/university.



## Disability Retirement

You may qualify for disability benefits if you become totally and permanently disabled from performing your job duties and you have 5 years of service credit or 10 years if you became a member on or after 7/1/2006. To qualify you must be certified as disabled by the Louisiana State Medical Disability Board.

In accordance with statutes, service credit earned while receiving workers' compensation, extended sick leave, special leave, or advanced leave cannot be used to meet eligibility.



## Electronic Direct Deposit

LSERS now requires direct deposit of retirement funds by Electronic Funds Transfer (EFT), also known as direct deposit. Your retirement benefits are deposited into your checking or savings account on the first business day of each month. Direct deposit is required for members who retire on or after 7/1/2010.

## Community Property

Most member contributions and retirement benefits are considered community property in Louisiana. You should consult with an attorney for questions concerning the effect of divorce, remarriage, property settlements, etc., on the refund of your retirement contributions or payment of your retirement benefits.

## Refunding from LSERS

You may request a refund of your retirement contributions if you are no longer a member of LSERS. You will receive your refund check approximately four months after the last day of your employment.

If you choose to receive your refund of contributions directly, we will withhold 20% of your sheltered contributions, which is an IRS requirement for possible taxes due. If you are under age 59 1/2 when you refund, your contributions may be subject to an additional 10% IRS penalty for early withdrawal when you file your income tax return.

You may choose to roll your sheltered retirement contributions into an IRA or other tax qualified retirement plan, which would allow you to avoid both of these federal tax penalties or withholdings. You may owe income taxes when you begin withdrawing the funds from your IRA or other qualified retirement plan.



# LSERS Fact Sheets

- 1—Overview & Contacts
- 2—LSERS Membership
- 3—Frequently Asked Questions (website)
- 4—Checklist for Retirement/DROP
- 5—Transfers of Service Credit and Reciprocal Agreements
- 6— Purchase of Credit
- 7—Refunds & Vested Retirement
- 8—Retirement Application Process
- 9—Electronic Direct Deposit
- 10—Benefit Options
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- 14—IBRP (Initial Benefit Retirement Plan)
- 15—Early Retirement
- 16—Disability Retirement
- 17—Survivor Benefits
- 18—Retirees Who Return to Work
- 19—Social Security & You
- 20—Special Tax Notice
- 21—Annual Cost of Living Option
- 22—Privatization



8660 United Plaza Boulevard

Baton Rouge LA 70809

Phone: 225.925.6484

Toll free: 1.800.256.3718

Fax: 225.922.1001

E-mail: [webmaster@lsers.net](mailto:webmaster@lsers.net)

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