LASERS

Louisiana State Employees' Retirement System

Employees at LSU Hospitals in Potential Layoff Situations

Disclaimer: LASERS does not profess to know which employees are subject to layoff, which agencies will have layoff plans approved, or dates of layoffs. Information presented is based on publicly made predictions of hospital closures anticipated in April, June, and September. Data presented is as of 4/7/2013.

Process When Layoffs Announced

- LASERS requests information from agency on affected employees and/or pulls data from system information on all employees. Some agencies have been reluctant to provide information until layoff plans are approved.
- LASERS offers educational outreach and group counseling services.
- Reviews of service credit earned by agency employees are performed in anticipation of retirement applications.
- Retirement information is distributed to agency HR offices and individual members.

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Questions for Members to Consider

- Am I eligible to retire?
- Can I buy Air Time, transfer service credit, or pay back a refund to make me eligible?
- If I am eligible for an actuarially reduced retirement, should I retire with that benefit or defer retirement?
- If I am not eligible to retire, should I:
  - Refund my contributions?
  - Leave funds in the system in case I return to state service?
  - Leave funds in the system and wait until I reach regular retirement age (55 or 60) to draw a benefit?

Questions for Members to Consider

- What impact do these options have on my health insurance? (LASERS defers to Office of Group Benefits on this question.)
- What happens to my leave balances?

Retirement Eligibility

Potentially 7,751 members will be affected by layoffs.

Of the 7,751 members, 1,990 (25.67%) are eligible to retire with the following service credit:

- 30 years at any age – 92 employees
- 25 years at age 55 – 63 employees
- 10 years at age 60 – 180 employees
- 20 years at any age, actuarially reduced – 1,034 employees
- DROP, working after DROP, etc. – 546 employees
- 5 years at age 60 – 56 employees

Earl K. Long Hospital (503)

Baton Rouge

- Hired on or before June 30, 2006
  - 30 years at any age – 6 employees
  - 25 years at age 55 – 3 employees
  - 10 years at age 60 – 16 employees
  - 20 years any age, actuarially reduced – 62 employees
  - DROP, Working after DROP – 35 employees
- Hired on or after July 1, 2006
  - 5 years at age 60 – 4 employees

Interim LSU Public Hospital (1,674)

New Orleans

- Hired on or before June 30, 2006
  - 30 years at any age – 27 employees
  - 25 years at age 55 – 9 employees
  - 10 years at age 60 – 46 employees
  - 20 years any age, actuarially reduced – 219 employees
  - DROP, Working after DROP – 122 employees
- Hired on or after July 1, 2006
  - 5 years at age 60 – 14 employees

Leonard J. Chabert Hospital (681)

Houma

- Hired on or before June 30, 2006
  - 30 years at any age – 12 employees
  - 25 years at age 55 – 9 employees
  - 10 years at age 60 – 16 employees
  - 20 years any age, actuarially reduced – 92 employees
  - DROP, Working after DROP, etc. – 32 employees
- Hired on or after July 1, 2006
  - 5 years at age 60 – 4 employees

University Medical Center (582)

Lafayette

- Hired on or before June 30, 2006
  - 30 years at any age – 6 employees
  - 25 years at age 55 – 1 employees
  - 10 years at age 60 – 11 employees
  - 20 years any age, actuarially reduced – 85 employees
  - DROP, Working after DROP, etc. – 43 employees
- Hired on or after July 1, 2006
  - 5 years at age 60 – 6 employees

W.O. Moss Regional Hospital (269)

Lake Charles

- Hired on or before June 30, 2006
  - 30 years at any age – 2 employees
  - 25 years at age 55 – 2 employees
  - 10 years at age 60 – 16 employees
  - 20 years any age, actuarially reduced – 20 employees
  - DROP, Working after DROP, etc. – 14 employees
- Hired on or after July 1, 2006
  - 5 years at age 60 – 3 employees

Washington-St. Tammany Charity (421)

Bogalusa

- Hired on or before June 30, 2006
  - 30 years at any age – 1 employee
  - 25 years at age 55 – 0 employees
  - 10 years at age 60 – 20 employees
  - 20 years any age, actuarially reduced – 22 employees
  - DROP, Working after DROP, etc. – 23 employees
- Hired on or after July 1, 2006
  - 5 years at age 60 – 3 employees

Huey P. Long Hospital (350)

Pineville

- Hired on or before June 30, 2006
  - 30 years at any age – 2 employees
  - 25 years at age 55 – 2 employees
  - 10 years at age 60 – 3 employees
  - 20 years any age, actuarially reduced – 37 employees
  - DROP, Working after DROP, etc. – 27 employees
- Hired on or after July 1, 2006
  - 5 years at age 60 – 6 employees

E.A. Conway Hospital (553)

Monroe

- Hired on or before June 30, 2006
  - 30 years at any age – 8 employees
  - 25 years at age 55 – 6 employees
  - 10 years at age 60 – 8 employees
  - 20 years any age, actuarially reduced – 86 employees
  - DROP, Working after DROP, etc. – 52 employees
- Hired on or after July 1, 2006
  - 5 years at age 60 – 3 employees

LSU Medical Center (2,718)

Shreveport

- Hired on or before June 30, 2006
  - 30 years at any age – 28 employees
  - 25 years at age 55 – 31 employees
  - 10 years at age 60 – 44 employees
  - 20 years any age, actuarially reduced – 411 employees
  - DROP, Working after DROP, etc. – 198 employees
- Hired on or after July 1, 2006
  - 5 years at age 60 – 13 employees

Air Time Purchases/Transfers

- Members may purchase up to 5 years of service credit for time not worked for retirement eligibility and/or to increase computation of benefit.
  - Member pays $150 for actuarial calculation
  - Invoice for cost to purchase service credit sent to member
  - Member must purchase service credit in a lump sum
  - Air Time may be purchased if a member is active in state service or out of service.
- Members with service credit in another LA retirement system may be eligible to transfer that credit.

Air Time Purchase Example

Joe is a 40-year-old employee at the University Medical Center with 15 years of service. His annual salary is $48,000 and his average compensation using his highest 36 months of service is $46,000. If Joe were to purchase air time, the cost would be:

Type of Air Time	1 Year Cost	2 Years Cost	5 Years Cost
Computation Only	$3,600	$7,200	$18,000
Computation & Eligibility	$7,600	$16,500	$47,000

If Joe purchases five years of air time for retirement eligibility at the $47,000 cost, he would be eligible to retire with a 20-year actuarially reduced retirement. If he took that retirement option, he would be responsible for paying any increased cost for his health insurance premium to Group Benefits that would accrue to his employer because of his early retirement. Joe should go to the Office of Group Benefits website at www.groupbenefits.org to review the rate schedules currently in effect to determine his obligation there. At age 60, Joe would reach normal retirement age for retirement and would no longer be responsible for any increased premium cost.

Refund/Repayments

- Members who terminate state service have the option of refunding their employee contributions to the system and forfeiting service credit.
- Refunds are only for employee contributions, not employer contributions or interest. Process may take 90 days.
- Members who refund and then return to state service are enrolled under the plan in effect when they return.
- After being employed for 18 months upon returning to service a refund can be repaid, with interest.
- A member subject to layoff who had refunded time earlier in their career may want to pay back that refund prior to termination to potentially make them eligible to retire or increase their benefit.

Leave Balances

- Cannot be used to meet retirement eligibility.
- Agencies typically pay up to 300 hours of annual leave at termination at current hourly rate.
- If eligible to retire, a member may:
  - Convert leave to service credit
  - Receive an actuarially reduced lump sum payment
- LASERS is working with hospital IT departments to obtain leave certifications for members.

Deferring Retirement

- Members with more than five or ten years of service credit (depending on hire date) who are not yet eligible to retire may choose to defer their retirement until they reach regular retirement age.
- Benefits will be based on same formula:

  years of service × FAC × accrual rate

- For members accepting positions with a private company taking over operations of their former agency, they will no longer be actively contributing to LASERS.
- The federal offset, Windfall Elimination Provision (WEP), will result in Social Security benefits being reduced for members who receive a public pension.

Getting the Word Out

- LASERS Website has a page dedicated to Layoffs with
  - FAQs
  - Air Time descriptions and samples
  - A video about rights in layoffs
- LASERS is mailing letters to employees of agencies anticipating layoffs who are eligible to retire providing:
  - estimated maximum benefit amount
  - request for needed documents
  - instructions on how to use Self-Service Calculator
- Letters are being sent in batches based on projected layoff dates.

Getting the Word Out

- As of April 10, LASERS has held 32 Layoff meetings throughout the state with over 1,600 members attending. At least one meeting has been or will be held at each of the listed facilities, with up to four meetings at some.
- Some members whose jobs might be "privatized" do not fully understand the implication of the changes to their retirement and insurance benefits.
- Additional individual counseling sessions are being added by shortening appointment times and adding a pre-counseling video.

Sample Scenario

Sarah is 49 years old, with 23.7 years of service at a public hospital. Based on her current salary, she has a final average compensation (FAC) of $3,045 per month. She was planning to work until age 55 and retire with 30 years of service with a monthly benefit of $2,284 .

If Sarah is laid off and retires now with the actuarially reduced benefit, her monthly benefit would be $1,098. Alternatively, she could wait 11 years to reach age 60 and retire with a monthly benefit of $1,804.

Administrative Impact

- Retirement benefits are typically paid within 30 to 45 days of retirement. The increased volume resulting from these layoffs will likely extend that time frame.
- LASERS anticipates the need to expend additional funds to pay staff overtime to keep pace with increased retirements.
- A typical retirement request takes 5.5 man hours to process; so for every 100 requests received, it is expected to take LASERS personnel 550 man hours to process the requests.

Estimated Actuarial Impact

Based on projections of the Legislative Actuary:

- Decrease in Unfunded Accrued Liability of approximately $245 million.
- Decrease in employer Normal Cost of $41.5 million.
- Increase in employer contribution rate of 1.6771% of payroll.

LASERS

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