

# Purchases of Service Credit

Service credit is earned for time that you worked in a LASERS-eligible position, and made contributions to the system. In certain instances you may be able to purchase additional service credit.

## Some examples are:

- Full-time state service was worked, but no service credit was received
- Service credit was denied due to an administrative error
- Service credit was not received due to leave without pay
- Furlough time (postsecondary employees)
- "Air Time" purchase of up to five years service credit for time not worked
- Uniformed Services Employment and Re-employment Rights Act (USERRA)
- Military Service not under USERRA
- National Guard, Coast Guard, and Reserve Forces Credit
- Service credit based on time worked in a federal position

For all purchases of service credit (except refunded service and military service under USERRA), you will be required to pay a nonrefundable actuarial calculation fee. This fee may be paid by personal check, cashier's check, certified check, or money order made payable to LASERS. The payment should accompany your application.

After all necessary documents and the actuarial calculation fee are received, LASERS will forward the information to our actuary for calculation (except refunded service and

USERRA). You will then be sent an invoice from LASERS showing the cost to purchase the service credit. When you receive the invoice, you are under no obligation to complete the purchase. However, if you decide to purchase the credit, you must submit the payment by the given deadline. If the invoice expires, you must reapply, and pay an additional calculation fee.

**All payments for purchases of service must be made in a lump sum.** Payment can be made by personal check, cashier's check, certified check, money order, or rollover from a qualified plan. In the case of a rollover, [Form 02-13: LASERS Acceptance Letter of Rollover of Assets](#) must be submitted to LASERS. A copy of your invoice should accompany your payment. No service credit will be granted until the total payment is received, which could include employer contributions.

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(6) Photo by Robin Stevens (Please see pages 100-101)

You may not purchase credit for any period for which you already have LASERS service credit, and no more than one year of LASERS credit may be obtained for any one calendar or fiscal year.

**You should apply to purchase any service credit at least six months in advance of applying for retirement.**

### **Purchasing Full-Time State Service ([La. R.S. 11:422](#))**

You may purchase full-time service for which you have not received credit provided that your previous or current employer is a LASERS agency, and the service was LASERS eligible. The employer must provide certification of state service dates and salary information. You must pay the greater of:

- The employee contributions and employer contributions plus interest, or
- The actuarial amount which offsets the increased liability to the system resulting from the service credit being purchased.

LASERS does not allow purchases of service credit for periods in which per diem allowances were paid instead of earned compensation (excluding legislative service). The law also excludes purchases of service for the following:

- Contractual employees
- Employment as a patient or inmate
- Student employment, medical interns, or resident physicians
- Employment as a teacher in a state educational institution
- Employment while a member of any other retirement system established by state law
- Employment with any state agency or governing body whose employees are not contributing members of LASERS
- Part-time, seasonal, and temporary employment after July 1, 1991

In order to purchase this credit, you must submit to LASERS:

- [Form 02-05: Certification for Purchase of In-State Service](#)
- The nonrefundable actuarial calculation fee made payable to LASERS

### **Purchasing Credit Denied Due to Administrative Error ([La. R.S. 11:423](#))**

You may purchase credit for state service if you were employed in a position in which LASERS membership was mandatory, but you were not enrolled due to an administrative error made by the employing agency. In some instances purchases of this credit may be mandatory.

In order to purchase this credit you must pay the employee portion of the contributions that should have been paid plus interest. Your employing agency, or its successor, where such credit was denied, must pay LASERS the greater of:

- The current rate of employer contributions plus interest that should have been paid for the service credit, or
- The actuarial cost of additional benefits payable as a result of the service credit, less the employee contributions plus interest.

In order to purchase this credit, the agency must submit to LASERS:

- Administrative error letter including the dates of employment during which the error occurred, and a monthly breakdown of your base pay, actual earnings, employee contributions, and employer contributions for the period in question
- The nonrefundable actuarial calculation fee made payable to LASERS

### Purchasing Credit for Furlough/Leave Without Pay (LWOP) (La. R.S. 11:163(B))

If you are a LASERS member who is involuntarily furloughed, placed on leave without pay, or who voluntarily takes leave without pay, you are entitled to purchase service credit for each day that you were on leave without pay, provided there is no duplication of service credit resulting from the purchase. This service credit can be purchased once the furlough/LWOP is complete. This service credit shall be used for the calculation of benefits and for eligibility for retirement, but not salary credit. You must pay into the system the greater of:

- The employee contributions and employer contributions plus interest, or
- The actuarial amount which totally offsets the increased liability to the system resulting from the service credit being purchased.

In order to purchase this credit, you must submit to LASERS:

- [Form 02-10: Application for Purchase of Leave](#)
- The nonrefundable actuarial calculation fee made payable to LASERS

### Receiving Credit for Furlough Time (La. R.S. 11:163.1)

If you are a LASERS member employed at a public college or university or by the governing board or management board of a public college or university who is furloughed, you may be entitled to continue contributions for the period of such furlough. This service credit shall be used for the calculation of benefits and for eligibility for retirement. You may not contribute on more than 30 days of furlough time in any fiscal year. You must continue to make your employee contributions. Your employing agency will submit your contributions along with the employer contributions to LASERS. The earned compensation will be taken into account when determining your average compensation for retirement.

In order to receive credit, you must submit to LASERS:

- [Form 02-17: Postsecondary Employee Furloughs](#)

## “Air Time” Purchase (La. R.S. 11:429(B))

If you have at least five years of service credit in LASERS, you may purchase up to five years of additional service credit, or Air Time, in one-year increments. The Internal Revenue Code prohibits purchasing more than five years of time not actually worked. An Air Time purchase can be used to increase your retirement benefits, or to change your retirement eligibility. You must pay the system the greater of the actuarial cost to the system or the employee contributions for each additional year of service credit being obtained based on the greater of your current salary or your final average compensation.

If you previously purchased Air Time for computation of benefits only, you may upgrade that purchase to also use the Air Time for retirement eligibility by paying the necessary cost.

### **Important Note about Health Insurance:**

If you purchase Air Time for retirement eligibility after July 1, 2011, and use that time to retire earlier than you would otherwise be eligible, you must pay the increase in your employer’s share of your health insurance premium until you reach the age at which you would have reached regular retirement eligibility. Twenty years at any age is considered a regular retirement. Therefore, if you actually worked 20 years, you would not pay a premium increase. However, 20 year retirement eligibility does not apply to Corrections Secondary or to members of the Wildlife Plan hired on or after July 1, 2003.

In order to purchase this credit, you must submit to LASERS:

- [Form 02-07: Application for Purchase of Service Under La. R.S. 11:429\(B\)](#)
- The nonrefundable actuarial calculation fee made payable to LASERS.

## Uniformed Services Employment and Re-employment Rights Act (USERRA) ([38 U.S.C.A. § 4301 et seq.](#))

The Federal Law known as USERRA applies to purchases of service credit for active military time served after August 1, 1990. While on military leave, you may elect to remit contributions to LASERS. If this option is not exercised, you can elect to purchase the leave after you have been re-employed for 90 days after the leave has expired.

The purchase must be made before the deadline of either the lesser of:

- Three times the years of service served, or
- Five years after re-employment in a LASERS eligible position.

Under the provisions of USERRA, any LASERS member who leaves employment for active duty in the uniformed services shall be eligible to purchase such service in the retirement plan, provided you meet all of the following criteria:

- You returned to LASERS-covered employment within 90 days after you were discharged from your military duties. NOTE: Any such date of re-employment must occur on or after August 1, 1990.
- You did not change LASERS employers immediately before and after your military service.
- You received an honorable discharge for your military service.

Under USERRA, you must pay your member contributions, and your employer must pay the employer contributions prior to the purchase deadline. The employer contributions must be paid within 30 days after your payment is received. You are eligible to purchase up to five years of service under USERRA. Once the deadline expires, you must apply to purchase this time under the regular military provision in accordance with [La. R.S. 11:153](#), which requires the appropriate nonrefundable actuarial calculation fee.

In order to purchase credit under USERRA, you must submit to LASERS:

- [Form 02-06: Application for Purchase of Military Service](#)
- Copy of release or discharge from active duty (DD214, verifying dates of service and honorable discharge)
- Certification of salary information from your agency, including a monthly breakdown of the base, earnings, employee contributions, and employer contributions that would have been paid to LASERS if you were not on military leave

### **Military Service not under USERRA ([La. R.S. 11:153](#))**

You may purchase up to four years of credit for active military service. However, credit for military service cannot be used to meet eligibility requirements for disability benefits

or survivor benefits, and shall only be used for purposes of acquiring eligibility for normal retirement benefits. In addition, such military service credit shall not be used to meet the minimum eligibility requirement of any retirement of 20 years or less.

Effective July 1, 2001, any member who receives a military retirement benefit pursuant to the provisions of Chapter 1223 of Title 10 of the United States Code, shall be eligible to purchase credit for military service. Any such service purchase may be for regular or non-regular military service provided that the service being purchased was rendered prior to the initial date of employment which made you eligible to participate in LASERS.

You must pay the system an actuarial amount which totally offsets the increased liability to the system resulting from the service credit being purchased.

In order to purchase this credit, you must submit to LASERS:

- [Form 02-06: Application for Purchase of Military Service](#)
- Copy of release or discharge from active duty (DD214, verifying dates of service and honorable discharge)
- The nonrefundable actuarial calculation fee made payable to LASERS

## National Guard, Coast Guard, and Reserve Forces Credit ([La. R.S. 11:153](#))

You may purchase retirement credit for time served with the National Guard, Coast Guard, and reserve forces. To purchase this service, you must pay the actuarially calculated cost, unless the time qualifies under USERRA. You must submit an official copy of your retirement points as maintained by your respective military branch. You may purchase one day of retirement credit for each point, not to exceed a total of four years. This service can only be purchased provided you do not have a full year of service credit in LASERS for the fiscal or calendar year that you served. You must pay the system an actuarial amount which totally offsets the increased liability to the system resulting from the service credit being purchased.

In order to purchase this credit, you must submit to LASERS:

- [Form 02-06: Application for Purchase of Military Service](#)
- Official copy of your retirement points from your respective military branch
- Copy of release or discharge from active duty (DD214, verifying dates of service and honorable discharge)
- The nonrefundable actuarial calculation fee made payable to LASERS

## Federal Service ([La. R.S. 11:428](#))

You may purchase service credit for any period of time you worked and contributed to a retirement plan for federal employees. You must have been an active contributing member of LASERS for at least one year to make such a purchase. You must pay into the system the greater of:

- The employee contributions and employer contributions plus interest, or
- The actuarial amount which totally offsets the increased liability to the system resulting from the service credit being purchased.

The amount must be paid in a lump sum and may be through a direct rollover. You must forfeit your credit in the federal system upon making this purchase.

In order to purchase this credit, you must submit to LASERS:

- [Form 02-20: Application for Purchase of Certain Federal Service](#)
- The nonrefundable actuarial calculation fee made payable to LASERS