

# Retirement Eligibility and Final Average Compensation



(8) Photo by Datha Buriege (Please see pages 100-101)

Retirement benefits are paid monthly and are guaranteed for your lifetime. Benefits are funded by employee contributions, employer contributions, and earnings from investments. To apply for retirement, a member must meet the eligibility requirements as described below.

## Retirement Eligibility ([La. R.S. 11:441](#))

If you are a Regular Member of LASERS, and were hired **on or before June 30, 2006**, you become eligible for retirement upon reaching one of the criteria below:

**NOTE:** Your LASERS Member Annual Account Statement will identify you as a “Regular Member,” and you will have these retirement eligibilities.

- 30 years of service at any age
- 25 years of service at age 55
- 10 years of service at age 60
- 20 years of service at any age, actuarially reduced (Deferred Retirement Option Plan [DROP] participation and retirement with an Initial Benefit Option [IBO] are not available to members who choose this option). The actuarial reduction is based on the number of months you are away from eligibility for an unreduced retirement. This reduction can be affected depending on whether you are in state service or out of state service at the time of your retirement.

If you are a Regular Member of LASERS hired **on or after July 1, 2006, and on or before June 30, 2015**, you become eligible for retirement upon reaching one of the criteria below:

**NOTE:** Depending on your date of hire, your LASERS Annual Account Statement will identify you as “Regular Employee 2” or “Regular Employee 3,” and you will have these retirement eligibilities.

- 5 years of service at age 60
- 20 years of service at any age, actuarially reduced (Deferred Retirement Option Plan [DROP] participation and retirement with an Initial Benefit Option [IBO] are not available to members who choose this option). The actuarial reduction is based on the number of months you are away from eligibility for an unreduced retirement.

If you are a Regular Member of LASERS hired **on or after July 1, 2015**, you become eligible for retirement upon reaching one of the criteria below:

**NOTE:** Your LASERS Annual Account Statement will identify you as “Regular Employee 4” and you will have these eligibilities.

- 5 years of service at age 62
- 20 years of service at any age, actuarially reduced (Deferred Retirement Option Plan [DROP] participation and retirement with an Initial Benefit Option [IBO] are not available to members who choose this option). The actuarial reduction is based on the number of months you are away from eligibility for an unreduced retirement.

**You cannot use unused annual and sick leave to reach eligibility for retirement. Also, certain service purchases may not be used to meet retirement eligibility.**

**NOTE:** Retiring out of state service may impact your coverage eligibility with the Office of Group Benefits (OGB). Contact OGB for more information.

## **Benefit Accrual and Final Average Compensation ([La. R.S. 11:231](#) and [11:444](#))**

If you are a Regular Member of LASERS, you will accrue benefits at 2.5 percent of your average compensation per year.

- If you were hired **on or before June 30, 2006**, your average compensation will be based on your highest successive **36** months of earnings.
  - If you were hired before July 1, 1986, and did not terminate employment and receive a refund of your contributions, you will receive an additional \$300.00 per year added to your retirement benefit.
- If you were hired **on or after July 1, 2006**, your average compensation will be based on your highest successive 60 months of earnings.

*Retirement benefits are paid monthly and are guaranteed for your lifetime.*

## **Limits on Final Average Compensation ([La. R.S. 11:403\(5\)](#))**

When calculating your retirement benefit, the earnings used for your average compensation may be capped in order to avoid excessive spikes in compensation.

**If hired on or before June 30, 2006:** The earnings to be considered for the 13<sup>th</sup> through the 24<sup>th</sup> month shall not exceed 125 percent of the earnings of the 1<sup>st</sup> through the 12<sup>th</sup> month. The earnings to be considered for the final 12 months shall not exceed 125 percent of the earnings of the 13<sup>th</sup> through the 24<sup>th</sup> month.

**If hired on or after July 1, 2006:** The earnings to be considered for the 13<sup>th</sup> through the 24<sup>th</sup> month shall not exceed 115 percent of the earnings of the 1<sup>st</sup> through the 12<sup>th</sup> month. The earnings to be considered for the 25<sup>th</sup> through the 36<sup>th</sup> month shall not exceed 115 percent of the earnings of the 13<sup>th</sup> through the 24<sup>th</sup> month. The earnings to be considered for the 37<sup>th</sup> through the 48<sup>th</sup> month shall not exceed 115 percent of the earnings of the 25<sup>th</sup> through the 36<sup>th</sup> month. The earnings for the final 12 months shall not exceed 115 percent of the earnings of the 37<sup>th</sup> through the 48<sup>th</sup> month.

**Part-time Members:** If you are employed on a part-time basis and have not accrued 36 months (if employed before July 1, 2006) or 60 months (if employed on or after July 1, 2006) of full-time employment, your average compensation will be calculated on the base pay you would have received if employed on a full-time basis. If you had the requisite full-time service, your base pay will be calculated using that time.

**We encourage you to obtain estimates for regular retirement, DROP, and IBO before making a retirement decision. You can calculate your own estimates by accessing your myLASERS account on the LASERS website at [www.lasersonline.org](http://www.lasersonline.org). You can also submit [Form 05-01: Request for Retirement Benefit Estimate](#) when you are within 18 months of eligibility for retirement, and LASERS will provide you with estimates.**