

Content

[Overview](#)

[Service Credit](#)

→ [Eligibility Credit](#)

→ [Computation Credit](#)

[Calculating Service Credit](#)

→ [Full-Time Employees](#)

→ [Part-Time Employees](#)

[Calculating Service Credit in Unique Situations](#)

→ [9/10 Month Employee](#)

→ [LSU Retirement System](#)

→ [Leave Without Pay](#)

→ [Workers' Compensation](#)

→ [Family and Medical Leave Act of 1993](#)

[Base Pay Versus Earnings](#)

→ [Eligible Wage Types](#)

[Reaching 100% of Final Average Compensation](#)

Quick Links

[Reference Material](#)

→ [Applicable Agency Liaison Memoranda](#)

→ [Applicable Laws](#)

→ [Applicable Chapters in Member's Guide to Retirement](#)

Frequently Asked Questions

Overview

Once an employee has been enrolled in LASERS, he or she will begin paying employee contributions and earning service credit. This chapter outlines how service credit is earned and calculated for members of LASERS.

Service Credit

A member's service credit amount is the total of all earned, transferred, reciprocated, and purchased service credit that is used to determine his or her eligibility for retirement and used to calculate the member's benefit. There are two types of service credit:

- ❖ Eligibility Credit
- ❖ Computation Credit

ELIGIBILITY CREDIT

Eligibility credit is the service credit that is used to determine a member's entitlement to benefits provided by LASERS. Basically, eligibility credit is used to determine when a member or survivor is qualified for a retirement benefit. This is based on the eligibility requirements of the plan in which the member is enrolled and the type of benefit for which the member or survivor is applying.

Eligibility credit may also be acquired through purchases such as Air Time or Leave Without Pay (LWOP) time. Eligibility credit is also attained through service credit transferred in from other retirement systems, reciprocal recognition, and repayment of previously refunded service. For more information, refer to [Chapter 5: Purchases, Transfers & Reciprocals](#).



A member's amount of eligibility credit and computation credit may not always equal one another.

COMPUTATION CREDIT

Computation credit is "earned" service credit that is used to compute the amount of the member's benefit. Earned service credit refers to the credit earned by the member while paying employee contributions during employment at a LASERS eligible agency. A member cannot earn computation credit unless contributions are paid to LASERS.

In addition to computation credit that is acquired through earned service, computation credit may be purchased, such as Air Time or Leave Without Pay (LWOP) time. Computation credit is also attained through service credit transferred in from other retirement systems and repayment of refunded service. For more information, refer to [Chapter 5: Purchases, Transfers & Reciprocals](#).

Computation credit is used to calculate a member's benefit, depending upon the type of retirement for which he or she is applying. This would include Regular Retirement, Regular Retirement with an Actuarially Reduced Benefit, Deferred Retirement Option Plan (DROP), Initial Benefit Option (IBO), Disability and Survivor Benefits.

Calculating Service Credit

A member cannot earn more than one year of service credit (eligibility or computation) for any one calendar year.

FULL-TIME EMPLOYEES

A full-time employee should earn one year of eligibility credit and one year of computation credit during a calendar year (for the definition of a full-time employee, refer to the section *Types of Employees* in [Chapter 1: Membership & Enrollment](#)). Service credit is calculated by dividing the employee's actual earned compensation (earnings) during the calendar year by his or her yearly full-time base salary. Once calculated, service credit is rounded up to the nearest tenth.

NOTE: Service credit earned by a full-time employee prior to January 1, 1973 is based on the number of days a member worked within each fiscal year. Service credit earned from July 1, 1972 to December 31, 1972 is limited to 0.50 for the year.

If an employee is a member of two or more retirement plans with different accrual rates in a single calendar year, then the service credit earned in the plan with the higher accrual rate will be rounded up and the service credit in the plan with the lower accrual rate will be rounded down.

Example: Shirley was employed as a full-time employee from 1993 until her retirement in 2015. In 2004, her actual earnings were \$41,857.60 and her base salary was \$44,969.56.

Actual Earnings / Base Salary = **Service Credit**
\$41,857.60 / \$44,969.56 = **0.93079**

0.93079 is rounded up to the nearest tenth
0.93079 = 1.00 year of Service Credit

Therefore, Shirley earned 1.00 year of eligibility credit and computation credit for 2004.

PART-TIME EMPLOYEES

If a member is a part-time employee, then service credit used for computation purposes is calculated by dividing a member's actual earned compensation during the calendar year by the yearly base salary that the member would have earned had he or she worked as a full-time employee. A part-time employee is defined as any employee who normally works 20 hours or less per week or any employee who is seasonal or temporary. As a part-time employee, the member will not earn a full year of computation credit. However, the member could earn a full year of eligibility credit if he or she worked part-time for **at least 11 months** during the calendar year.

Part-time employment must be verified by the agency. The employing agency will need to verify the time period that the member was considered part-time and the percent of effort provided.

Example: Brad was enrolled in LASERS in 2000 as a full-time employee. On January 1, 2012, he changed to part-time status, working 18 hours per week. His actual earnings for 2012 were \$7,300.80 and his yearly full-time base salary was \$16,221.60

Actual Earnings / Base Salary = **Computation Credit**
 $\$7,300.80 / \$16,221.60 = 0.45006$

0.45006 is rounded up to the nearest tenth
0.45006 = 0.50 year of Computation Credit

Brad worked January through December. Since he worked at least 11 months during the calendar year, he will receive ***1.00 year of eligibility credit.***

Therefore, Brad earned 0.50 year of computation credit and 1.00 year of eligibility credit for 2012.

Calculating Service Credit in Unique Situations

NINE-MONTH AND TEN-MONTH EMPLOYEES

Nine-month and ten-month employees typically work for universities, schools, and school boards during the school term. These employees may either be full-time or part-time employees. Service credit for full-time nine-month and ten-month employees is calculated in the same manner as service credit is calculated for 12-month full-time employees. If an employee works full time for the entire nine or ten months, then he or she will earn one year of eligibility credit and one year of computation credit.

NOTE: *Part-time nine-month or ten-month employees will not receive eligibility credit for an entire calendar year, since they do not work at least 11 months of a calendar year.*

LSU RETIREMENT SYSTEM

Prior to January 1, 1979, the employees of the institutions belonging to the Louisiana State University System were members of a separate retirement system known as the LSU Retirement System (LSURS). LSURS was divided into two sections known as the Funded System (employees paid contributions) and the Unfunded System (employees did not pay contributions). LSURS merged into both LASERS and TRSL on January 1, 1979.

If a member has unfunded service from July 1, 1971 to December 31, 1978, then it is used only for eligibility service credit in most cases. If a member has funded service from July 1, 1971 to December 31, 1978, then it is used for both eligibility and computation service credit. At the time of retirement, LASERS calculates a benefit for funded and unfunded service based on the formula that was in effect when the service was earned. At retirement, this benefit is added to the member's LASERS benefit. **Members who worked at an LSU System institution prior to January 1, 1979 should contact LASERS for more information regarding their benefits.**

LEAVE WITHOUT PAY (LWOP)

Members cannot earn service credit for any period of employment while on leave without pay (LWOP), unless the member is collecting workers' compensation during the LWOP period (refer to the section *Workers' Compensation* in this chapter). LaGov agencies are not required to directly report instances of LWOP to LASERS, as this information is transmitted automatically via the file transmission. However, non-LaGov agencies should report instances of LWOP directly to LASERS via [Employer Self-Service \(ESS\)](#).

Entering LWOP Through ESS

The Human Resources Personnel Officer can report LWOP through [ESS](#) by following these steps:

1. Log into the system and select "Member Maintenance" from the menu (for more information on logging into ESS, refer to [Appendix A: How to Enroll & Terminate Members Using ESS](#)).
2. Enter the member's Social Security number. The member's demographic information will appear on the screen.
3. Scroll down to the "Enrollment Information".
4. Enter the LWOP begin and end dates, the reason for LWOP and any other important information.

Determining LWOP Dates

Example 1: An employee was on LWOP for two hours on January 3, 2015. Therefore, the LWOP begin date in ESS would be January 3, 2015 and the LWOP end date would be January 3, 2015.

LWOP Begin Date = 01/03/2015

LWOP End Date = 01/03/2015

Example 2: An employee was on LWOP for two hours each day from March 8, 2015 to March 19, 2015. Therefore, the LWOP begin date in ESS would be March 8, 2015 and the LWOP end date would be March 19, 2015. In this case, it would not be necessary to enter the LWOP on a daily basis.

LWOP Begin Date = 03/08/2015

LWOP End Date = 03/19/2015

WORKERS' COMPENSATION

If a member is collecting workers' compensation and is on LWOP during any time period after September 1, 1989, then he or she shall be granted eligibility service credit for that time period. However, the member **shall not** be granted computation service credit for such time period. **Agencies should notify LASERS in writing of any period of employment in which an employee is on LWOP and receiving workers' compensation.** Members may be able to purchase computation service credit for these periods of employment (for more information, refer to Chapter 5: Purchases, Transfers & Reciprocals).

FAMILY AND MEDICAL LEAVE ACT OF 1993

While a member is on unpaid family or medical leave (LWOP) under the Family and Medical Leave Act (FMLA), he or she does not earn either type of service credit because no contributions are being paid to LASERS. However, if the member is using accrued sick or annual leave during the FMLA period, then he or she continues to pay retirement contributions, and therefore earns both types of service credit. Members may be able to purchase service credit for these periods of employment on LWOP (for more information, refer to [Chapter 5: Purchases, Transfers & Reciprocals](#)).

Base Pay Versus Earnings

It is important to distinguish between a member's base pay and earned compensation, or earnings. They are reported differently, but both play an important role in determining a member's service credit. Incorrectly reporting a member's base pay or earnings could result in an incorrect calculation of the member's service credit.

BASE PAY

The base pay for a full-time employee is the member's annual full-time salary. Regardless of the type of employee, monthly base pay should always be reported to LASERS as **one-twelfth of the member's annual full-time salary**. Monthly base pay should be the same for part-time, nine-month, ten-month, or 12-month employees.

The base pay of employees should be reported monthly as follows:

Employee Type	Base Pay
12-month employee	1/12 of annual salary
10-month employee	1/12 of annual salary
9-month employee	1/12 of annual salary
Part-time employee	1/12 of full-time annual salary

Reporting Base Pay for Members with Dual Employment

Occasionally, a member will be employed in a full-time position and a part-time position simultaneously. Typically, the part-time position is with a different agency, but in some situations, it may be a different position within the same agency. When a member is dually employed, the employer of the secondary position should always report the base pay as equal to the earnings. The primary employer will continue to report the base as one-twelfth of the member's annual

full-time salary. This will ensure that service credit is calculated correctly.

Example: Tom is dually employed and earns an annual salary of \$35,000 from his primary employer. Therefore, his monthly base pay should be reported as \$2,916.67.

Tom earns \$1,200.00 per month from a secondary (part-time) position. Therefore, his part-time employer should report the base pay as \$1,200.00 to match the monthly earnings.

Base pay of primary position = \$2,916.67
Base pay of secondary position = \$1,200.00

EARNINGS

"Earnings" or earned compensation is the base pay plus certain emoluments earned by an employee for a given time period that is reported to LASERS on a monthly basis. **Regardless of the type of employee, earnings should be reported as the actual amount that an employee earned during the reported time period.**

Eligible Wage Types

Determining what part of an employee's compensation is retirement eligible can be challenging because there are numerous types of wages that an employee can earn. As a general rule, a wage type is considered retirement eligible if it is considered part of the employee's earned compensation. Emoluments are defined as cash compensation subject to federal and state income taxes, paid to an employee in addition to the employee's salary. They should also be included in the employee's base pay (refer to the section *Base Pay* in this chapter).

Emoluments that are retirement eligible include:

- ❖ Paid housing allowance
- ❖ Car allowances
- ❖ Food allowances
- ❖ Clothing allowances
- ❖ Cell phone allowances

Wage types that should be excluded from an employee's earned compensation are:

- ❖ Overtime pay*
- ❖ Per diem pay*
- ❖ Differential pay
- ❖ Payment in kind
- ❖ Premium pay
- ❖ Any other allowance for expenses authorized and incurred as an incident to employment

NOTE: **Overtime and per diem pay may be included in the reported earnings of employees of the House of Representatives, the Senate, or an agency of the Legislature, Clerk, or Sergeant-at-Arms of the Senate.*

Another criteria to consider is whether the wage type is considered to be "permanent/recurring" or "temporary/non-recurring." Permanent/recurring wage types are considered retirement eligible in most cases, whereas temporary/non-recurring wage types are **not** considered retirement eligible. If there is uncertainty about whether a wage type is retirement eligible, agencies should consult with their legal counsel for determination. LASERS does not have access to employment contracts or agreements, therefore it is difficult for LASERS to make a determination on eligible wage types. LASERS legal counsel is available to consult with an agency's counsel on laws and regulations.

Reaching 100% of Final Average Compensation

When a member has reached 100 percent of his or her final average compensation, the member will **no longer pay employee contributions** to LASERS. However, the member's employing agency **must continue paying employer contributions** until the member's termination or retirement.

LASERS will notify the agency when a member is near 100 percent of his or her average compensation. The correspondence will include the month in which the member will reach 100 percent and it will instruct the agency to discontinue employee contributions.

If a member continues to work after reaching 100 percent of his or her average compensation, then the benefit at retirement will be calculated the same as if he or she had never stopped contributing. The member's maximum benefit will not exceed his or her final average compensation at the time of retirement.

Frequently Asked Questions

- 1. A member works part-time at 75% effort in a year. What should the member's monthly base be reported as?**

The member's monthly base should be reported as one-twelfth of the full-time annual salary.

- 2. Does a part-time employee automatically qualify to receive a full year of eligibility credit for any year worked as a part-time employee?**

No, a member must work at least 11 full months in a calendar year on a part-time basis to receive a full year of eligibility credit.

- 3. If a member is 100% vested, should the agency still report base pay, earnings, and employer contributions?**

Yes, although the member is 100% vested and no longer pays employee contributions, the agency still must report base pay, earnings, and employer contributions.

Reference Material

APPLICABLE AGENCY LIAISON MEMORANDA

- [07-10: Emoluments](#)
- [08-02: LASERS Dual Employment Eligibilities](#)
- [09-21: Contributions for Furloughed Employees-
Unclassified Employees](#)
- [11-27: Adjunct Professors](#)
- [12-23: Retirement Eligibility on Optional Pay](#)
- [13-13: Retirement Eligible Contributions and Wage
Types](#)
- [13-16: Enrollment in LASERS for a Part-Time,
Intermittent, Temporary, Emergency, WAE
and Job Appointment Employees](#)
- [13-19: Selecting a Retirement Date](#)
- [13-24: Reporting Leave Without Pay \(LWOP\)](#)
- [16-14: Part-Time Employees](#)
- [16-28: Reporting Base Pay for Members with Dual
Employment](#)
- [17-02: Payment of Leave for Certain Unclassified
Officials](#)

APPLICABLE LAWS

(Note: this list is not exhaustive)

- [La. R.S. 11:145](#) [Creditable Service of Certain
Elected Officials](#)
- [La. R.S. 11:146](#) [Credit for Certain Louisiana
State University Service](#)
- [La. R.S. 11:147](#) [Elected Public Officials Serving
Less Than a Full Term of Office
Because of the 1974
Constitution of Louisiana](#)
- [La. R.S. 11:151](#) [Workers' Compensation
Benefits; Employee and
Employer Contributions to
Continue](#)
- [La. R.S. 11:163](#) [Credit for Involuntary Furlough;
Credit for Leave Without Pay](#)
- [La. R.S. 11:163.1](#) [Voluntary or Involuntary
Furlough; Service Credit;
Continuation of Contributions](#)
- [La. R.S. 11:164](#) [Part-Time Public Officials](#)
- [La. R.S. 11:191](#) [Dual Employment](#)
- [La. R.S. 11:421](#) [Computation of Service](#)
- [La. R.S. 11:422](#) [State Service for Which Credit
Has Not Been Received](#)
- [La. R.S. 11:423](#) [State Service for Which Credit
Has Not Been Received Due to
Administrative Error](#)

APPLICABLE CHAPTERS IN MEMBER'S GUIDE TO RETIREMENT

- [Chapter 4: Service Credit](#)