

Liaison Memorandum

Number: 10-01

To: Agency Liaison Officers

From: Cindy Rougeou
Executive Director

Subject: New Retirement Option

Date: January 15, 2010

During the 2009 Regular Session of the Legislature, a new option was added to the choices that LASERS members make at retirement. Act 270 allows a member to choose to take a reduced monthly retirement benefit with the reduction being used to fund an annual 2.5 percent cost-of-living-adjustment (COLA).

Examples of retirement benefits calculated with and without the self-funded COLA are provided. These are given for illustrator purposes only.

To accommodate this new option, the following forms have been revised:

- 5-01, *Request for Retirement Benefit Estimate*
- 6-01, *Application for Retirement*
- 6-01A, *Application for Retirement with IBO* (eligible after 1/1/04)
- 6-01B, *Application for Retirement with IBO* (eligible before 1/1/04)
- 9-01, *Application for Deferred Retirement Option Plan* (eligible after 1/1/04)
- 9-01A, *Application for Deferred Retirement Option Plan* (eligible before 1/1/04)

For additional information, please contact a LASERS Member Services representative at 225.922.0600 in the Baton Rouge area or call 800.256.3000 toll free, statewide.

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Self-Funded COLA Examples

Example 1

Retirement Eligibility: At least 10 years at age 60		
Total Years: 10.00 years		
FAC(Final Average Compensation): \$3,000.00/Month		
Retiree's Age: 60		
	Maximum Without Self-Funded COLA	Maximum With Self-Funded COLA
Member Maximum Monthly Benefit	\$750.00	\$604.14
Approximate benefit reduction to provide for Self-Funded COLA: 20%		

Example 2

Retirement Eligibility: At least 25 years at age 55		
Total Years: 25.00 years		
FAC(Final Average Compensation): \$3,000.00/Month		
Retiree's Age: 55		
	Maximum Without Self-Funded COLA	Self-Funded COLA Maximum With Self-Funded COLA
Member Maximum Monthly Benefit	\$1,875.00	\$1,476.02
Approximate benefit reduction to provide for Self-Funded COLA: 22%		

Example 3

Retirement Eligibility: 30 years at any age		
Total Years: 30.00 years		
FAC(Final Average Compensation): \$3,000.00/Month		
Retiree's Age: 53		
	Maximum	Self-Funded COLA
	Without	Maximum
	Self-Funded COLA	With
		Self-Funded COLA
Member Maximum Monthly Benefit	\$2,250.00	\$1,798.08
Approximate benefit reduction to provide for Self-Funded COLA: 21%		
In this example, retiree would not be eligible to receive the Self-Funded COLA until they attained age 55.		