

LIAISON MEMORANDUM NUMBER 12-23

To: Agency Liaison and Payroll Officers

From: Cindy Rougeou
Executive Director

Re: Retirement Eligibility on Optional Pay

Date: November 8, 2012

Determining contributions to LASERS can be confusing when an employee receives some type of optional pay. The following information may be helpful to clarify these situations.

Contributions are only paid on “earned compensation.” Earned compensation is base pay and certain emoluments of employment.

Earned compensation **does not include** overtime, per diem, differential pay, payment in-kind, premium pay, or any other allowance for expense. (Exceptions are made for certain commissioned law enforcement officers and legislative staff members.) Non-recurring compensation, such as Rewards and Recognition, Incentive Awards, Lump Sum Optional Pay, or Optional Pay spread over several pay periods or months are not considered part of earned compensation.

Earned compensation **does include permanent** Optional Pay payments.

Emoluments of employment which are **included** as earned compensation are:

- Paid housing allowances,
- Car allowances,
- Food allowances, and
- Clothing allowances.

Reimbursements of expenses do not qualify as emoluments.

Employer and employee contributions must be paid on the cash value of emoluments that are considered part of earned compensation. The emolument amount should be added to the base pay and earnings on the monthly agency report.

If you have additional questions, please contact a LASERS Member Services Representative at 225.922.0600.