



LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

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LIAISON MEMORANDUM 06-01

To: Agency Liaison Officers

From: Cindy Rougeou
Deputy Director

Re: Agency Reporting for Furloughed Employees under Act 45 of the 2005 First Extraordinary Legislative Session

Date: January 12, 2006

In October and November of 2005, Liaison Memoranda 05-21 and 05-22 communicated information to you regarding state employee furloughs, reduced hours, leave without pay and part-time employment and the impact of these policies on state employee retirement.

This memorandum is to inform you as to how you should report the employee information needed for furloughed employees under Act 45 of the 2005 First Extraordinary Legislative Session. **The provisions of this Act are valid between August 29, 2005, and June 30, 2006.**

LASERS will need the following information **from each reporting agency** for each employee, whether payment is submitted to the agency, or payment is a trustee to trustee transfer (one qualified plan to another) to LASERS. An example of a trustee to trustee transfer would be a check from Deferred Compensation made payable to LASERS.

- 1) A list consisting of the employee's name, Social Security Number and a start and stop date for all employees on involuntary furlough or leave without pay that are **not** reporting contributions under Act 45.
- 2) Agencies are to send a Supplemental Agency Report with the following information:
 - Each regular employee's full-time base and earnings (as if there were still employed in order to calculate service credit);
 - Employee and employer contributions;
 - The number of hours that the contributions reflect;

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- A start and stop date for the furloughed time;
- A supplemental check or separate EFT, made payable to LASERS for the contributions paid into your agency by the members reporting under Act 45; and
- What type of payment was made by the employee for the contributions?
 - Did the member pay with a personal check?
 - Did the member make payment to LASERS through a trustee to trustee transfer?

3) Please note the following important information regarding the Supplemental Agency Report:

- Due to the Federal Privacy Act, LASERS requests that you send this information via your FTP or through the mail;
- Report and Contributions are due into LASERS on the 15th of the following month, in addition to your current monthly reporting; and
- The supplemental report and contribution for furloughed employees cannot be submitted to LASERS through ISIS.

A sample Excel spreadsheet is attached for review.

For more information, please call LASERS ACR Supervisor Mona Joseph at 1-800-256-3000, extension 0123, or direct (225) 922-0123.

For reference purposes, the following excerpt is taken from R.S. 11:163 (C) (2) (a), Act 45 of the 2005 First Extraordinary Legislative Session:

Existing law (R.S. 11:163(C)(1)) provides that any purchase of credit pursuant to existing law shall be made by paying to the system an amount sufficient to offset any liability to the system, calculated on an actuarial basis in accordance with other provisions of existing law (R.S. 11:158).

New law retains existing law for members included in existing law and new law (members involuntarily furloughed or on leave without pay due to a gubernatorially declared disaster or emergency) who purchase credit pursuant to existing law.

New law (R.S. 11:163(A)(2)) additionally entitles any member of a state or statewide public retirement system who is involuntarily furloughed without pay or on leave without pay on or after August 29, 2005, due to a gubernatorially declared disaster or emergency to purchase service and salary credit for each day of service during the period beginning on August 29, 2005, and ending on June 30, 2006, that he is furloughed or on

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such leave if such service is not credited to his account. Prohibits any duplication of credit under the provisions of existing law and new law.

New law provides that any service and salary credit purchased pursuant to new law may not be used for the purpose of meeting the minimum service requirements for disability retirement.

New law provides that the contributions for purchase of service and salary credit pursuant to new law are based on the rate of compensation in effect for the last full pay period ending on or before August 29, 2005.

New law provides that the right to purchase service and salary credit pursuant to new law shall not apply to routine personnel actions or separations which are not the direct result of a gubernatorially declared disaster or emergency.

New law provides that any dispute arising under the limitations of new law shall be resolved in the exclusive discretion of the retirement system board of trustees. New law provides that all payment for purchases pursuant to new law shall be remitted to the system on or before December 31, 2006.

New law (R.S. 11:163(C)(2)) additionally requires any member who is involuntarily furloughed without pay or on leave without pay on or after August 29, 2005, as a result of a gubernatorially declared disaster or emergency, who purchases credit pursuant to new law (R.S. 11:163(A)(2)) to pay to the system or to his employer the employee and employer contributions which would be remitted to the system by his employer if not for the involuntary furlough or leave without pay. Requires the employer to remit payment to the system, if they are made to the employer. Requires that such payments be made either:

(1) At the same time as such contributions would be due to the system if paid by the employer. Provides that any such contributions which would have been due before the effective date of new law shall be considered timely if received by the system by the date on which contributions for service and salary credit for December 2005 are due.

(2) In a lump sum payment within 30 days of a member's return to work. Provides, however, that any such lump sum payment shall be remitted to the system on or before December 31, 2006.

New law further provides that, if the member's contributions are delinquent, his delinquent payment shall be treated as though it is a delinquent payment from the employer pursuant to existing law (R.S. 11:281), which requires payment of interest on such delinquent contributions.

New law authorizes the board of trustees of each state and statewide retirement system to adopt rules to implement new law relative to purchase of credit by payment of employer and employee contributions.

Provides that the provisions of new law are remedial, curative, and procedural and are to be applied retroactively as well as prospectively.

Effective upon signature of governor (December 6, 2005). (Amends R.S. 11:163(A) and (C))

