

LIAISON MEMORANDUM
NUMBER 17-28

To: Agency Liaison Officers
From: Cindy Rougeou
Executive Director
Re: Optional Membership / Social Security
Date: October 23, 2017

While most state employees are required to enroll in LASERS, there are some cases where membership is optional. One such type of optional enrollment is when hiring a person who is age 55 or older and has credit for at least 40 quarters in Social Security or who is age 60 or older. This employee must decide whether to join LASERS.

A potential employee should be aware that if they have at least 40 quarters in Social Security, their Social Security benefit may be impacted by the Windfall Elimination Provision (WEP) at retirement if a LASERS benefit has also been earned. Additional information on the WEP is located on the Social Security website at www.ssa.gov. LASERS also has an informational Social Security Offsets [video here](#) in our video library.

Employees who are age 55 or older and have at least 40 quarters in Social Security, or who are age 60 or older at the time of hiring, have the following options:

- Join LASERS,
- Join FICA, (Medicare included), or
- Join /maintain the Louisiana Deferred Compensation Plan with a minimum 7.5 percent contribution.

This election should be made on *Form 01-01: Membership Registration*, which is maintained by the agency. If the member does not join LASERS, the employee must submit *Form SSA-7005: Earnings and Benefits Statement* to the agency to certify he or she has met the requirements for optional membership.

See the examples below as illustrations of the factors that should be considered by employers. Additional information on Optional Membership can be located in the Employer's Guide to Retirement, Member's Guide to Retirement, on the LASERS website, or by sending a request for information to AskLASERS at asklasersagency@lasersonline.org.

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Cindy Rougeou, Executive Director

EXAMPLE 1 - SUSAN

Susan worked for a refinery for twenty years and earned over 40 quarters in Social Security. She accepted a position with the Department of Health when she was 56 years old. She had the following membership options:

- Enroll in LASERS. She would be eligible for retirement when she earned five years of service credit and reached age 62.
- Join FICA (pay Social Security and Medicare taxes)
- Join the Louisiana Deferred Compensation Plan

Because Susan paid into Social Security for long enough to get a benefit from them, **she opted out of enrolling in LASERS and chose to continue paying into Social Security.** Susan reviewed the information on the Social Security and LASERS websites and confirmed that by doing this, her benefits from Social Security are not affected.

EXAMPLE 2 - JAMES

James worked in the private sector for 32 years and retired. At age 55, James started working for the Department of Transportation and Development. His membership options and retirement eligibility were the same as Susan's, but because he had 30 or more years of substantial earnings paid into Social Security, his Social Security benefit is exempt from any reductions.

Therefore, James elected to join LASERS and earn a benefit.

EXAMPLE 3 - ELAINE

Elaine retired from a private company and earned a pension benefit. She also paid into Social Security for over 40 quarters, and she will receive a benefit when she reaches the age to collect.

She accepted a position with the Louisiana Workforce Commission when she was 55. While she could have opted out of LASERS, she reviewed her finances and her expected future Social Security benefits, factoring in the Windfall Elimination Provision reduction.

Elaine elected to join LASERS and earn a benefit. She based her decision on her earning potential at the agency, and her plan is to work until she is 70. While her Social Security benefit will be reduced when she retires with a LASERS benefit*, she decided her LASERS pension, private pension, and offset Social Security benefits will be sufficient for her to maximize her retirement.

**Her LASERS benefit will not be affected by her Social Security benefit.*