

Chapter 5: Purchases, Transfers & Reciprocals

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Overview

Service credit is earned for time that a member works in a LASERS-eligible position and pays contributions to the system. A member may be able to purchase additional service credit, transfer service credit to LASERS, or apply for a reciprocal agreement if he or she has time in more than one state, municipal or parochial retirement system in Louisiana. By purchasing service credit or transferring service credit to LASERS, a member can potentially increase the amount of his or her retirement benefit, or retire at an earlier date (if eligibility credit is purchased). By having a reciprocal agreement recognized between two or more systems, a member can potentially reach retirement eligibility sooner and retire at an earlier date.

Purchases of Service Credit

There are two types of service credit purchases: non-actuarial and actuarial. Non-actuarial purchases are calculated by LASERS. Actuarial purchases are calculated by the LASERS system actuary and require a fee for the calculation. Members are eligible to purchase time for the following reasons:

- ❖ Full-time state service was worked, but no service credit was received
- ❖ Service credit was denied due to an administrative error
- ❖ Service credit was not received due to leave without pay
- ❖ Furlough time
- ❖ "Air Time" purchase
- ❖ Uniformed Services Employment and Re-employment Rights Act (USERRA)
- ❖ Military Service not under USERRA
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- ❖ Service credit based on time worked in a federal position

Members may purchase a maximum of five combined years of service credit for time in which they did not work and contribute to LASERS. This limit applies to the purchases of "Air Time" and service credit for furloughs and leave without pay (LWOP). The limit does not apply to any other purchases. Members are unable to purchase credit for any period in which they already have LASERS service credit. Furthermore, members cannot obtain more than one year of service credit for any one calendar or fiscal year.

All purchases of service credit must be initiated and completed prior to the member's retirement. Purchases of service credit may be made before or during Deferred Retirement Option Plan (DROP) participation or while working after DROP, with the exception of Federal Service Credit purchases. Federal Service Credit can only be purchased before entering DROP or while working after DROP participation.

Purchases of service credit made prior to entering DROP will be included in the DROP benefit calculation. If a member purchases service credit while participating in DROP or while working after DROP, then the purchased service credit shall only count toward the supplemental portion of the member's benefit and would not count towards the DROP benefit or the DROP account.

THE APPLICATION PROCESS

Members who are considering purchasing service credit should submit the appropriate application, along with any required actuarial fees and all necessary documents to LASERS. For all actuarial purchases, LASERS will forward the information to the system actuary for calculation once all necessary documents and the actuarial fee have been received. For non-actuarial purchases, LASERS will calculate the cost after all necessary documents have been received. Once the cost has been determined, LASERS will send an invoice to the member. The member is under no obligation to complete the purchase. This process is similar for agencies requesting administrative errors (for more information, refer to the section *Administrative Errors* in this chapter).

NOTE: LASERS highly recommends that members considering retirement request an invoice for purchases at least six months in advance of their anticipated retirement date.

Actuarial Fees

Many purchases of service credit and administrative errors require that the member or agency pay a non-refundable actuarial calculation fee. This fee may be paid by personal check, cashier's check or money order made payable to LASERS. The payment should always accompany the member's application or the agency's administrative error memorandum. The system actuary will calculate the cost for any actuarial purchases based on the specific circumstances of the member.

THE PAYMENT PROCESS

Once a member has decided to purchase service credit, the payment must be made in full prior to the expiration of the invoice. The cost cannot be paid in monthly installments. If the invoice expires, then the member must reapply and pay an additional actuarial calculation fee, if appropriate, in order to obtain a new invoice. All payments must be paid in a lump sum by any combination of personal checks, cashier's checks, certified checks, money orders, and rollovers from qualified accounts. A copy of the invoice must accompany all payments.

If the member rolls over funds to LASERS from a qualified account, then [Form 02-13: LASERS Acceptance Letter of Rollover of Assets](#) must be completed by an authorized agent of the financial institution that is remitting the payment and submitted to LASERS. LASERS **will not** accept a financial institution's direct rollover form in lieu of Form 02-13; however, a letter from the financial institution verifying the information on Form 02-13 is acceptable.

Non-Actuarial Purchases

Non-actuarial purchases are calculated at LASERS. Depending upon the purchase, the calculation will include employee and employer contributions and interest, if applicable.

Non-Actuarial Purchases include:

- ❖ Repayments of Refunded Service Credit
- ❖ Uniformed Services Employment and Reemployment Rights Act (USERRA) purchases

REPAYMENT OF REFUNDED CONTRIBUTIONS

A member may choose to repay refunded contributions in order to obtain service credit for a period of time previously refunded. In order to repay a refunded period of service, one of the following criteria must be met:

- A member, whether active or inactive, must have a minimum of 18 months of non-refunded contributions on record with LASERS.
- A former member can repay a refunded period of service for the sole purpose of transferring the service into another system.

NOTE: LASERS will provide up to three invoices within a 12-month period at no cost. Each additional invoice within a 12-month period is subject to a \$75.00 non-refundable calculation fee.

Repayments by Active or Inactive Members

A member who has a minimum of 18 months of non-refunded contributions with LASERS, may repay a refund at any time prior to retirement. To restore prior service credit, a member must pay the refunded amount (employee contributions) plus the actuarially assumed rate of interest compounded annually from the date of the refund until the payment is made. A

member may choose to repay the full or a partial amount of the refunded period. If a member chooses to repay a partial amount of a refunded period, then the refunded service credit must be repaid in calendar year increments beginning with the most recent year of the refunded period.

Form 02-11: Application for Repayment of Refunded Service must be submitted to LASERS. Processing can take up to six weeks. LASERS highly recommends that members apply several months prior to the date needed.



*Members with a **Member Self-Service** account may use the repayment calculator tool to obtain an estimate of the cost to repay contributions by visiting the LASERS website, www.lasersonline.org.*

Repayments by Former Members

Former members of LASERS may apply to repay refunded contributions in order to transfer the service credit to another Louisiana state, municipal, or parochial retirement system or to establish a reciprocal agreement between LASERS and the other system (for more information on establishing a reciprocal agreement, refer to the section *Reciprocal Recognition* in this chapter). If the refunded period is repaid with the intent to transfer into or reciprocate with another Louisiana retirement system and the transfer or reciprocal does not occur, then payment in full will be returned to the applicant and no service credit or contributions will remain in LASERS.

Form 02-12: Application for Repayment of Refunded Service to Reciprocate/Transfer must be submitted to LASERS. Processing can take up to six weeks. LASERS highly recommends that members apply several months prior to the date needed.

UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT (USERRA) PURCHASES

The Federal Law known as USERRA applies to purchases of service credit for active military time served after August 1, 1990. While on military leave under USERRA, a member may elect to remit contributions to LASERS (for more information, refer to [Chapter 3: Contribution Reporting](#)). If this option is not exercised, then the member can elect to purchase the military leave upon re-employment. For more information on the timeline of the purchase, refer to the section *Members Electing to Purchase Military Leave Under USERRA* in this chapter.

Whether a member elects to remit contributions or to purchase the leave, the member's contributions or purchase cannot exceed a combined five years of service credit. This does not include military service purchases that are not under USERRA (for more information, refer to the section *Military Service Purchases Not Under USERRA* in this chapter).

The right to remit contributions or to purchase service under USERRA is extended to members of a uniformed service, who performed duty on a voluntary or involuntary basis, including:

- ❖ Active duty
- ❖ Active duty for training
- ❖ Initial active duty for training
- ❖ Inactive duty training
- ❖ Full-time National Guard duty
- ❖ Absence from work for an examination to determine the member's fitness for any of the above types of duty
- ❖ Funeral honors duty performed by National Guard or reserve members
- ❖ Duty performed by intermittent employees of the National Disaster Medical System (NDMS), which is part of the Department of Homeland Security – Emergency Preparedness and Response Directorate (FEMA), when activated for a public health emergency or approved training to prepare for such service

The uniformed services consist of the following:

- ❖ Army, Navy, Marine Corps, Air Force, and Coast Guard
- ❖ Army Reserve, Naval Reserve, Marine Corps Reserve, Air Force Reserve, and Coast Guard Reserve
- ❖ Army National Guard or Air National Guard
- ❖ Commissioned Corps of the Public Health Service
- ❖ Any other category of persons designated by the President of the United States in time of war or emergency

Members Electing to Purchase Military Leave Under USERRA

Under the provisions of USERRA, any LASERS member who leaves employment for active duty in the uniformed services is eligible to purchase such service in his or her retirement plan, provided that he or she **meets all of the following criteria:**

- The member returned to LASERS covered employment within 90 days after being discharged from military duties (any such date of re-employment must occur on or after August 1, 1990)
- The member did not change LASERS employers immediately before or after the military service
- The member received an honorable discharge from his or her military service

If a member elects to purchase the service after the period of military leave has ended, then the member must make the purchase **before the deadline of the lesser of:**

- Three times the number of years served during the period of leave
- OR
- Five years after re-employment in a LASERS eligible position

Form 02-06: Application for Purchase of Military Service

must be completed by the member and submitted to LASERS along with a copy of his or her release or discharge (DD214) from active duty military service or an official copy of his or her retirement points from any reserve component of the United States armed forces or the National Guard. *Form 02-10B: Breakdown of Contributions for Service Credit to be Purchased* must also be completed by the agency and submitted to LASERS (for more information on completing a breakdown of contributions, refer to the section *Submitting a Breakdown of Contributions* in this chapter).

Under USERRA, a member must pay his or her employee contributions, and the agency must pay the employer contributions prior to the purchase deadline. Neither the member nor the agency is required to pay interest; however, the employer contributions must be received within 30 days after the member pays the employee contributions. Once the deadline expires, the member has the option to purchase the service under the regular military service purchase provisions (for more information, refer to the section *Military Service Purchases not under USERRA* in this chapter).



If a member applies to purchase military leave under USERRA and decides not to purchase the time, then the member will still receive eligibility credit for the time period for which he or she applied. The credit will not be used for computation of benefits unless payment is received.

Actuarial Purchases

Actuarial purchases are calculated by the LASERS system actuary who will calculate the cost for any actuarial purchases based on the specific circumstances of the member. For all actuarial purchases other than "Air Time" (for more information on how Air Time purchases are calculated, refer to section *Air Time* in this chapter), the cost of the purchase shall be the greater of the following:

- The employee contributions (EEs), employer contributions (ERs), and interest
- OR
- The actuarial amount which offsets the increased liability to the system resulting from the service credit being purchased

Actuarial Purchases include:

- ❖ Administrative Errors
- ❖ Air Time
- ❖ Federal Service Credit
- ❖ Full-Time, In-State Service Credit
- ❖ Furloughs and Leave Without Pay (LWOP)
- ❖ Prior service for Legislators, Certain Legislative Personnel, Governors, Lieutenant Governors, and State Treasurers
- ❖ Military Service not under USERRA
- ❖ Optional Retirement Plan (ORP) Transfers
- ❖ Upgrades for certain retirement plans:
 - Corrections
 - Hazardous Duty
 - Judicial
 - Legislative

ADMINISTRATIVE ERRORS

Administrative errors may involve an actuarial purchase. Common administrative errors resulting in a purchase include:

- ❖ A member is not enrolled in LASERS
- ❖ A member is enrolled in the wrong retirement plan
- ❖ A member's contributions are not reported in a timely manner
- ❖ A member is enrolled in the wrong retirement system

If the error occurred beyond the last 12-month period, then it is considered an administrative error and a letter must be submitted by the agency along with [Form 02-10B: Breakdown of Contributions for Service Credit to be Purchased](#). If the calculation affects the member's service credit, then an actuarial calculation fee will be required. For more information, refer to the section *Retroactive Payments versus Administrative Errors* in [Chapter 3: Contribution Reporting](#).

Members Not Enrolled in LASERS

If an agency fails to enroll a member in LASERS at the time of employment in a position in which LASERS membership is mandatory, it is considered an administrative error that may be corrected with a purchase of service credit. In some situations, the purchase of service credit is mandatory. In other instances, the member will have the option to purchase the service credit and he or she can make the choice to purchase this time prior to retirement.

In order to purchase the credit, the member must pay the employee portion of contributions that should have been paid, plus interest. The respective agency must pay LASERS the greater of:

- The current rate of employer contributions that should have been paid, plus interest
- OR
- The actuarial cost of additional benefits payable as a result of the service credit being affected, less the employee contributions, plus interest.

Members Enrolled in the Wrong Retirement Plan

These administrative errors occur when a member is enrolled in the wrong retirement plan due to their position title or the date that the member entered the system. Payment of additional contributions and interest will only be required when the correction of the plan requires additional contributions than were reported. If the plan requires a lesser contribution rate than previously reported, a credit to the agency will correct the error and no purchase is necessary.

The agency must enroll the member in the correct retirement plan with the correct enrollment date as soon as the error is discovered. Once the employee is enrolled in the correct plan, LASERS will calculate the additional contribution and interest amounts necessary to correct the error.

The calculation is derived from the difference in the two contribution rates of each plan for employee contributions and employer contributions. Interest is applied to any calculation that is more than one year old. The member is responsible for paying his or her portion of the employee contributions, plus interest. The agency is responsible for paying the employer contributions, plus interest. If service credit is not affected, an actuarial calculation is not required.

Members with Contributions Not Reported in a Timely Manner

Administrative errors can occur in situations where a member's contributions are not reported in a timely manner. The two most common situations where this occurs are:

1. A member received a pay increase that was retroactive to a past date
2. A member was not enrolled after DROP participation

If either of these situations occur and it is not reported within 12 months, then a lump sum retroactive payment will be considered delinquent. The agency will be required to pay the interest on the lump sum payment retroactive to the date of the pay increase or the enrollment date after DROP participation ended. If this affects service credit, it will require an actuarial calculation.

NOTE: *Failure to submit contributions for a member working after DROP participation does not constitute an enrollment error. However, it may still result in an administrative error because contributions were not reported in a timely manner.*

Members Enrolled in the Wrong Retirement System

If a member is enrolled in the wrong retirement system and has not retired or entered DROP, then the member must be enrolled in the retirement system for which he or she is eligible. Within 30 days of the date that the error is discovered, the incorrect system is responsible for initiating the transfer to the correct system. The incorrect system will also notify the employee and employer of the error.

The retirement system for which the member is eligible will calculate the employee and employer contributions that the member should have paid into the system. If the error occurred within three years of enrollment, then the correct retirement system will receive the employee and employer contributions paid to the incorrect system, plus interest. If the error occurred more than three years after enrollment, then the correct retirement system will receive the greater of:

- An amount equal to the employee and employer contributions that would have been received by the correct system had the employee been properly enrolled at employment, plus interest
OR
- The actuarial cost to the correct system for the service credit transferred

The employing agency will be responsible for the actuarial fee. The agency is also responsible for paying any deficits owed to the correct system.

If a member has received a refund of contributions, then he or she will have the opportunity to repay the refund plus interest to the incorrect system. Upon receiving notification of the enrollment error, the employee has 90 days to repay the refund. If the member does not repay the refund within 90 days, the service credit associated with the refund will not be restored before the transfer. Once the transfer is complete, the employee may still restore the refunded service credit. Once repaid, the service credit must be transferred to the correct system.

AIR TIME

A member who has at least five years of service credit in LASERS may purchase up to five years of additional service credit, or "Air Time", regardless of whether the member is active or inactive (refer to the section *Purchases of Service Credit* in this chapter). The Air Time may be purchased in one-year increments or all years may be purchased at one time. Air Time purchases may be used to increase retirement benefits and/or change retirement eligibility. The following types of Air Time may be purchased:

- ❖ For benefit computation purposes only
- ❖ For benefit computation and retirement eligibility purposes
- ❖ To upgrade previously purchased Air Time (originally purchased for benefit computation only) to include eligibility credit.

Form 02-07: Application for Purchase of Service Under La. R.S. 11:429(B) – Air Time must be completed by the member and submitted to LASERS along with the appropriate actuarial fee.

Air Time for Benefit Computation Purposes Only

Air Time purchases for benefit computation will increase the amount of a member's retirement benefit. This type of Air Time purchase **does not change** a member's retirement eligibility. An actuarial fee will provide one cost option for purchasing between one to five years of credit. Additional cost requests may be optional on the same application for an additional fee.

Air Time for Benefit Computation and Retirement Eligibility Purposes

Air Time purchases for benefit computation and retirement eligibility increase the amount of a member's retirement benefit and potentially allows the

member to retire sooner than originally eligible. This type of Air Time may also allow a member to become eligible for retirement who otherwise may never have become eligible. An actuarial fee will provide one cost option for purchasing from one year and up to five years of credit. Additional cost requests may be obtained on the same application for an additional fee.

Upgrade of Air Time Service Originally Purchased for Benefit Computation Only

A member who has previously purchased Air Time only for benefit computation purposes may select this option. This option allows a member to upgrade the previously purchased computation time and receive eligibility credit. This type of Air Time purchase allows the member to retire sooner than originally eligible. This upgrade may also allow a member to become eligible for retirement who otherwise may never have become eligible. An actuarial fee will provide one cost option for purchasing at least one year of credit and up to five years of credit. Additional cost requests may be obtained on the same application for an additional fee.

Increased Insurance Premiums Due to Air Time Purchases

If a member purchases Air Time for retirement eligibility after June 30, 2011 and uses that time to retire earlier than he or she otherwise would have been eligible, then at the time of retirement the member will be required to pay the increase in the employer's share of the member's health insurance premium until the member reaches the age at which he or she would have reached retirement eligibility without the Air Time purchase. At retirement, the amount of the insurance premium is determined by the Office of Group Benefits. If the member never meets eligibility for retirement without the Air Time purchase, then the member will be required to pay the increased premium for the duration of his or her retirement.

Twenty years of service credit at any age is considered a regular retirement. Therefore, if the member actually earns 20 years of service credit (excluding purchased service credit), then the member would not be required to pay the increased health insurance premium even if he or she purchased Air Time for retirement eligibility. However, this does not apply to members of the Wildlife Plan who were hired on or after July 1, 2003, or to any members of the Corrections Secondary Plan. Members of the Hazardous Duty Plan are subject to increased premiums; however, these rules differ. For more information on increased insurance premiums for Hazardous Duty Plan members, refer to the section *Health Insurance Premiums* in [Chapter 17: Hazardous Duty Services Plan \(HAZ Plan\)](#).

NOTE: *Air Time purchases made for eligibility purposes prior to July 1, 2011 will not cause a member's health insurance premium to increase at retirement.*

FEDERAL SERVICE CREDIT

An active contributing member of the system who has at least one year of eligibility service credit in LASERS may purchase service credit for any period during which the member worked and contributed to a retirement plan for federal employees. The member must no longer be employed by the federal government to purchase the service credit.

[Form 02-20: Application for Purchase of Federal Service](#) must be completed by the member and submitted to LASERS along with the appropriate actuarial calculation fee.

Members must purchase full periods of employment. In a situation where a member has multiple periods of employment, he or she can select which period to purchase. **If the member completes the purchase, then the member must forfeit his or her credit in the federal retirement system.**

FULL-TIME, IN-STATE SERVICE CREDIT

Employees who initially elected not to join LASERS, but later became contributing members are allowed to purchase time for which they did not contribute, as long as the previous or current agency is a LASERS participating employer and the position was LASERS eligible. Refer to the section *Optional Membership* in [Chapter 1: Membership & Enrollment](#) for a list of applicable classes of employees.

[Form 02-05: Certification for Purchase of In-State Service](#) must be completed by the employee and certified by the Human Resources Personnel Officer for the agency at which the employee worked for the period of service being certified. The form should be submitted to LASERS along with the appropriate actuarial calculation fee. In addition, the agency must also submit [Form 02-10B: Breakdown of Contributions for Service Credit to be Purchased](#) in order to provide employment information during the period of service being certified.

NOTE: *If the member contributed to the Social Security Administration (SSA) during the time period being purchased, the Human Resources Personnel Officer should check with the SSA to see if any funds can be recouped. Any recouped funds may be applied to the member's purchase and will help to reduce the cost.*

FURLOUGHS AND LEAVE WITHOUT PAY (LWOP)

A member who is involuntarily furloughed, involuntarily placed on leave without pay (LWOP), or who voluntarily takes LWOP is entitled to purchase service credit for each day that he or she was on LWOP or furloughed, provided that there is no duplication in service. This service credit may be purchased during either the period of furlough or LWOP, or after the period of furlough or LWOP has been completed. This service credit shall be used for determining retirement eligibility and for computing retirement benefits; however, the earnings on which the contributions are based cannot be used in the calculation of the member's final average compensation (FAC).

[Form 02-10: Application for Purchase of Leave](#) must be completed by the member and certified by the agency and submitted to LASERS along with the appropriate actuarial fee. The agency must also submit [Form 02-10B: Breakdown of Contributions for Service Credit to be Purchased](#) (for more information, refer to the section *Submitting a Breakdown of Contributions* in this chapter).

NOTE: *A member who is employed in a post-secondary position and who is involuntarily furloughed or voluntarily participates in a furlough is allowed to continue contributions during the period of such furlough. The member cannot contribute on more than 30 days of furlough time during the fiscal year in which he or she is furloughed. The service credit earned while contributing will count towards eligibility for retirement and computation of benefits. Earnings reported while furloughed may be used in the member's FAC. [Form 02-17: Postsecondary Employee Furloughs](#) must be submitted to LASERS and contributions must be remitted by the agency in the normal manner.*

LEGISLATORS, CERTAIN LEGISLATIVE PERSONNEL, GOVERNORS, LIEUTENANT GOVERNORS, AND STATE TREASURERS

A member who is a clerk or sergeant-at-arms of the House, secretary or sergeant-at-arms of the Senate, legislator, governor, lieutenant governor, or state treasurer may purchase prior service if the service was earned while he or she was employed by the State or an agency of the State, by a political subdivision or an agency of the political subdivision, by any nonprofit, quasi-governmental entity funded in whole or in part from federal, state, or local sources, or while he or she was serving as an elected public official of the State. Very few members fit this category; therefore, members should contact LASERS to determine eligibility for this option.

MILITARY SERVICE NOT UNDER USERRA

A member may purchase up to four combined years of "regular" and/or "non-regular" military service, provided that he or she received an honorable discharge. "Regular" military service refers to any state or federal full-time, active duty military service. "Non-regular" military service refers to any state or federal military service which is not regular, for which retirement points are assigned for participation in such service, and shall include but not be limited to duty served in the National Guard, Coast Guard, or any reserve component of the United States armed forces. Credit for "regular" service is based on one day of retirement credit for each day of full-time, active duty military service. Credit for "non-regular" service is based on one day of retirement credit for each day of the member's accrued retirement points.

Members will receive computation credit on purchases of military service not under USERRA once the purchase is complete. Eligibility credit will be given only **after** the member has reached 20 years of service. In addition, military service credit **cannot be used** to reach the minimum eligibility requirement of any regular retirement of 20 years or less, nor can it be used to reach the minimum eligibility requirement for disability or survivor benefits. When calculating a member's benefit, purchased military service credit cannot be used in the calculation of the member's final average compensation (FAC).

A member may not purchase military service credit if he or she has previously received service credit for such service in any other public retirement system in Louisiana from which he or she is receiving retirement benefits. Likewise, a member may not purchase service credit for any military service from which he or she is receiving retirement benefits from the military unless one or both of the following situations apply:

- ❖ The member is receiving disability retirement benefits from the military and is found to be 25 percent or less disabled.
- ❖ The member rendered the military service prior to the initial date making the member eligible for membership in LASERS.

If a member is interested in purchasing military service credit not under USERRA, then he or she should submit [Form 02-06: Application for Purchase of Military Service](#) to LASERS along with the appropriate actuarial calculation fee. A copy of his or her release or discharge (DD214) for "regular" military service or an official copy of his or her retirement points from the respective military branch for "non-regular" military service must be submitted along with the application.

OPTIONAL RETIREMENT PLAN (ORP) TRANSFERS

A member who enrolled in the Optional Retirement Plan (ORP) from July 1, 2000 through December 31, 2007 may elect to regain membership in the LASERS Defined Benefit Plan. Agencies **must enroll** the member in the LASERS Defined Benefit Plan prior to the member transferring his or her ORP contributions into LASERS (refer to [Chapter 1: Membership & Enrollment](#)). Once a member is enrolled in the LASERS Defined Benefit Plan, **he or she must transfer his or her ORP contributions into LASERS**. [Form 15-01A: Application for Transfer to LASERS Defined Benefit Plan from the Optional Retirement Plan](#) must be submitted to LASERS, along with the appropriate actuarial calculation fee, as soon as the member is enrolled by the agency.

It is highly recommended that a member request an invoice prior to making the decision to enroll in the LASERS Defined Benefit Plan. If the member would like to receive an estimate, [Form 15-01A: Application for Transfer to LASERS Defined Benefit Plan from the Optional Retirement Plan](#) must be submitted to LASERS, along with the appropriate actuarial calculation fee. By requesting an invoice prior to electing to regain membership in LASERS, the member can make an informed decision on the cost to transfer from ORP to the Defined Benefit Plan. The member is under no obligation to proceed with the transfer. However, if the member chooses to proceed with the transfer, then he or she must contact Empower Retirement and notify LASERS of the election to join the Defined Benefit Plan.

LASERS highly recommends that members request an invoice at least six months prior to the date needed. Once requested, the member should allow six weeks to receive the invoice. The system actuary will determine if the cost to transfer the service credit is neutral. If there is any deficiency in the amounts due to the LASERS Defined Benefit Plan, the member will be required to pay the amount of the deficiency to complete the transfer. The payment must be made in full prior to the expiration of the invoice. If the invoice expires, then it is canceled and the member must reapply in order to obtain a new invoice.

UPGRADES FOR CERTAIN RETIREMENT PLANS

For more information on upgrading service credit for the Corrections, Hazardous Duty, and Judicial retirement plans, visit the appropriate specialty chapter in the Employer's Guide to Retirement. For more information on upgrading Legislative service credit, please contact LASERS at 800.256.3000 or 225.922.0600.

Transfers and Reciprocals from other Retirement Systems

If a member has service credit in more than one state, municipal, or parochial retirement system in Louisiana, then he or she may apply for a reciprocal recognition or an actuarial transfer or upgrade of service credit. Members will not be allowed to earn more than one year of service credit in any one year; therefore, overlapping or duplicative service credit will be adjusted.

It is important for a member to evaluate which option will better suit his or her situation at retirement. Below is a list of retirement systems eligible for transfers, reciprocals, and upgrades:

- ❖ Teachers' Retirement System of Louisiana
- ❖ Louisiana State Police Retirement System
- ❖ Louisiana School Employees' Retirement System
- ❖ Municipal Employees' Retirement System
- ❖ Parochial Employees' Retirement System
- ❖ Firefighters' Retirement System
- ❖ Municipal Police Employees' Retirement System
- ❖ Firefighters Pension and Relief Fund in the City of New Orleans
- ❖ Employees' Retirement System of the Sewerage and Water Board in New Orleans
- ❖ Retirement systems for: Assessors, Clerks of Court, District Attorneys, Registrar of Voters, and Sheriffs
- ❖ Retirement systems for the cities/parishes of: Alexandria, Baton Rouge, Bogalusa, Jefferson, New Orleans, and Shreveport



All transfers, upgrades, and reciprocals must be completed prior to a member's retirement date. However, a member participating in DROP may make a transfer, upgrade, or reciprocal agreement before, during, or after DROP participation.

RECIPROCAL RECOGNITION

A reciprocal agreement is the recognition of a member's service credit in one or more Louisiana retirement system by another eligible Louisiana retirement system. If the member has credit in two or more Louisiana state, parochial, or municipal retirement systems, then the member may elect to combine his or her eligibility service credit for regular retirement, for disability retirement, and for survivor benefits without transferring employee or employer contributions to any single system. At the time of retirement, the member will receive benefits from each system.

To be eligible to establish a reciprocal agreement, the member must have at least six months of service credit in his or her current retirement system and must apply to the retirement system in which the member is currently active or the retirement system he or she last actively contributed. If LASERS is the active or last active retirement system the member contributed to, then [Form 02-03: Application for Reciprocal Recognition of Service](#) must be completed by the member or survivor and submitted to LASERS. Once the application is received, LASERS will contact all retirement systems involved. A letter acknowledging the reciprocal agreement will be mailed to the member once the reciprocal is established.

To be eligible for retirement with a reciprocal agreement, a member's combined eligibility service credit from both systems must meet the highest age requirement and years of service requirement of each system in which he or she is a member. To apply for benefits, the appropriate application must be submitted to the retirement system in which the member is currently active or the retirement system to which he or she last actively contributed. It is the responsibility of the current system to contact the other retirement system(s), but each system must notify the other reciprocating system(s) of the amount of benefits payable and of the computation of such benefits.

A reciprocal agreement may be canceled any time before retirement upon written notification to each reciprocating system of the cancellation of the agreement. No member may receive a retirement benefit from any system as long as contributions are being made to another retirement system. If the member returns to active service in any state, municipal, or parochial system, then the member must notify each system from which he or she is receiving benefits so that the benefits can be stopped immediately in order to avoid possible over payments.

ACTUARIAL TRANSFERS AND/OR UPGRADES

An actuarial transfer of service is the transfer of a member's service credit, accumulated employee and employer contributions, and interest from one Louisiana retirement system to another. A transfer of service into LASERS will allow a member to receive benefits from LASERS for all service. Service credit transferred on or after June 30, 2013, may be **upgraded** if a higher accrual rate is currently earned at LASERS. The system actuary will determine the cost to upgrade the service. A member must be employed in a LASERS eligible position for at least six months prior to applying for a transfer and/or upgrade of service credit.

Transfers and upgrades of service credit must be completed prior to the member's retirement; however, transfers and upgrades of service credit may be completed before, during, or after participation in DROP. If a member transfers and/or upgrades service credit while participating in DROP or while working after DROP, then the transferred and/or upgraded service credit will only count toward the supplemental portion of the member's benefit. If a member is completing a transfer of service credit into LASERS to be eligible to retire or enter DROP, then retirement or DROP participation will not be effective until all funds have been received by LASERS and the transfer has been completed.

Once a member has completed a transfer of service credit into LASERS, the calculation of retirement benefits on the service transferred into the system will be calculated using the benefit accrual rate of the transferring system **unless the member upgraded the service credit**. However, each member's retirement eligibility will be based on LASERS eligibility requirements (for more information on retirement eligibility, refer to [Chapter 8: Retirement Benefit Calculation & Eligibility](#)). In addition, when determining the accrual rates of any unused leave, transferred years of service will not be considered.

NOTE: *LASERS highly recommends that members considering retirement request an invoice for transfers and/or upgrades at least six months in advance of their anticipated retirement date.*

The Application Process

Members interested in applying for a transfer and/or upgrade of service credit must submit [Form 02-04: Application for Transfer and/or Upgrade of Creditable Service to LASERS](#) along with the appropriate actuarial fee. The member should allow six weeks to receive an invoice. LASERS will forward the information to the system actuary for calculation. The system actuary will determine all of the options available to the member based on what he or she requested. Once the cost has been determined, LASERS will send an invoice to the member. The member is under no obligation to complete the transfer and/or upgrade. If the invoice expires prior to the member making a decision, then it is canceled and the member must reapply in order to obtain a new invoice.

Actuarial Fees

The amount of the actuarial calculation fee depends upon the member's selection to transfer and/or upgrade. If the member requests only to transfer service credit to LASERS or upgrade the accrual rate for service previously transferred, then the actuarial fee is \$150.00. If the member requests to transfer service credit to LASERS and upgrade the service credit being transferred, then the actuarial fee is \$200.00. This fee is non-refundable and may be paid by personal check, cashier's check or money order made payable to LASERS. The fee payment should always accompany the member's application. LASERS sends the fee to the system actuary, who calculates the cost for transfers and/or upgrades based on the specific circumstances of the member.

The Payment Process

Once a member has decided to proceed with a transfer and/or upgrade, payment must be made in full prior to the expiration of the invoice. The cost cannot be paid in monthly installments. If the invoice expires, then the member must reapply and pay an additional actuarial

calculation fee, if appropriate, in order to obtain a new invoice. All payments must be paid in a lump sum by any combination of personal checks, cashier's checks, certified checks, money orders, and rollovers from qualified accounts. A copy of the invoice must accompany all payments.

If the member rolls over funds to LASERS from a qualified account, then [Form 02-13: LASERS Acceptance Letter of Rollover of Assets](#) must be completed by an authorized agent of the financial institution that is remitting the payment and submitted to LASERS. LASERS **will not** accept a financial institution's direct rollover form in lieu of Form 02-13; however, a letter from the financial institution verifying the information on Form 02-13 is acceptable.

REVERSE TRANSFER

A reverse transfer occurs when a member transfers service credit, accumulated employee and employer contributions, and interest from his or her current Louisiana retirement system into another Louisiana retirement system in which the member is not active. The receiving system is not the last system to which the member contributed. This type of transfer is allowed only once, and a member must retire immediately after the transfer is complete. If the member is not eligible to retire upon completion of the transfer, then the transfer cannot be executed.

To apply for a reverse transfer from a member's current retirement system to LASERS, the member must submit [Form 02-04: Application for Transfer and/or Upgrade of Creditable Service to LASERS](#) along with the appropriate retirement application and the appropriate actuarial calculation fee (depending on the calculation requested).

Submitting a Breakdown of Contributions

For some types of purchases, [*Form 02-10B: Breakdown of Contributions for Service Credit to be Purchased*](#) must be submitted in order to properly calculate the cost. It is important that the form be submitted at the same time that the application (or administrative error letter, if applicable) is submitted. If this form is not submitted in a timely manner, it will cause delays in calculating the cost of the purchase and could increase the amount due by the member and employer. Payroll reports, screenshots or other methods will not be accepted in lieu of this form.

When completing this form, the agency should ensure that the correct period start date and end date are listed. It is also important that the "correct base" and "correct earnings" sections of the form are completed correctly. These sections should indicate the base and earnings for which the member **should have paid** contributions, not for the contributions that were actually submitted to LASERS. If the member was part-time, the base must be reported as if the member worked in a full-time position. For more detailed guidelines for completing Form 02-10B, refer to the How-To guide at the end of this chapter.

Frequently Asked Questions

1. If a member receives an invoice for any type of purchase, is the member obligated to make a payment for the invoice?

No, a member is under no obligation to submit payment for any invoice received.

2. How long does a member have to submit payment after an invoice has been issued?

Invoices are valid for approximately 90 days. Members will have interest added after 30 days and 60 days. If the invoice expires, the member will need to request an updated invoice by submitting a new application and actuarial fee, if applicable.

3. Is there an actuarial fee for USERRA purchases?

No, USERRA purchases do not require an actuarial calculation. A member is only required to pay his or her portion of employee contributions while on leave and the agency is only required to pay the employer contributions due while the member was on leave.

4. Why is it important to submit [*Form 02-10B: Breakdown of Contributions for Service Credit to be Purchased*](#)?

LASERS staff and the system actuary need this form in order to accurately calculate purchases and administrative errors.

5. Can an agency or member set up a payment plan to pay an invoice in monthly installments?

No, all invoices must be paid in a lump sum.

Reference Material

APPLICABLE FORMS

- [02-03: Application for Reciprocal Recognition of Service](#)
- [02-04: Application for Transfer and/or Upgrade of Creditable Service](#)
- [02-05: Certification for Purchase of In-State Service](#)
- [02-06: Application for Purchase of Military Service](#)
- [02-07: Application for Purchase of Service Under La. R.S. 11:429\(B\) – Air Time](#)
- [02-08: Application for Purchase of Service by Legislators or Members of the Legislative Plan](#)
- [02-10: Application for Purchase of Leave](#)
- [02-10B: Breakdown of Contributions for Service Credit to be Purchased](#)
- [02-11: Application for Repayment of Refunded Service](#)
- [02-12: Application for Repayment of Refunded Service to Reciprocate/Transfer](#)
- [02-13: LASERS Acceptance Letter of Rollover of Assets](#)
- [02-15: Judicial Upgrade Invoice Request](#)
- [02-16: Request Research of Refundable Contributions](#)
- [02-17: Postsecondary Employee Furlough](#)
- [02-19: Application to Transfer/Upgrade Service into the Hazardous Duty Services Plan](#)
- [02-20: Application for Purchase of Federal Service Under La. R.S. 11:428](#)
- [15-01A: ORP Defined Contribution Plan Transfer to LASERS Defined Benefit Plan](#)
- [16-03: Department of Public Safety & Corrections Upgrade Invoice Request](#)

APPLICABLE AGENCY LIAISON MEMORANDA

- [06-12: Payment Acceptance Policy](#)
- [07-08: USERRA](#)
- [09-21: Contributions for Furloughed Employees- Unclassified Employees](#)
- [11-23: Air Time for Retirement Eligibility Purposes](#)
- [13-15: Reminder on Air Time Purchases and Health Insurance Premiums](#)
- [16-16: Steps to Retirement](#)

APPLICABLE LAWS

(Note: this list is not exhaustive)

- [La. R.S. 11:142](#) Reciprocal Recognition of Credited Service in State, Parochial, and Municipal Systems
- [La. R.S. 11:143](#) Transfers Between Systems
- [La. R.S. 11:144](#) Repayment of Refunded Contributions
- [La. R.S. 11:144.1](#) Repayment of Refunded Contributions; Merged Retirement Systems
- [La. R.S. 11:145](#) Creditable Service of Certain Elected Officials
- [La. R.S. 11:150](#) Reciprocal Recognition; Applicability
- [La. R.S. 11:152](#) Military Service Credit
- [La. R.S. 11:153](#) Credit for Military Service
- [La. R.S. 11:158](#) Service Credit in State and Statewide Systems; Price
- [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. 11:403	Definitions
→ 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
→ La. R.S. 11:428	Credit for Certain Federal Service
→ La. R.S. 11:429	Purchase of Service Credit
→ La. R.S. 11:537	Refund of Contributions; Application, Payment, Effect, Repayment to System; Restoration of Service
→ La. R.S. 11:553	Eligible Judges and Court Officers
→ La. R.S. 11:558.1	Credit Resulting from Certain Delays
→ La. R.S. 11:559	Transfer of Creditable Service; Purchase of Credit for Service
→ La. R.S. 11:601	Application; Definitions
→ La. R.S. 11:605	Transfer of Other Service Credit
→ La. R.S. 11:620	Transfer of Other Service Credit
→ La. R.S. 24:36	Additional Benefits Payable to Legislators; Certain Legislative Personnel; Governor; Lieutenant Governor; Political Subdivision Service Credit; Credit for Service Previously Rendered; Additional Contributions; Computation of Benefits Payable; Membership

→ LAC 58:I.113	Rollover of Refunds
→ LAC 58:I.701	Purchase of Military Service
→ LAC 58:I.703	Requirements for Application to Purchase Military Service
→ LAC 58:I.913	Payment of Contributions after Military Service is Completed
→ LAC 58:I.1501	Purchases and Transfers of Service; Calculations; Costs
→ LAC 58:I.1503	Transfers of Service; Other Requirements
→ LAC 58:I.1707	Repayment of Refund of Contributions

APPLICABLE CHAPTERS IN MEMBER'S GUIDE TO RETIREMENT

- [Chapter 6: Purchases of Service Credit](#)
- [Chapter 7: Transfers and Reciprocals From Other Retirement Systems](#)

APPLICABLE LASERS VIDEOS

- [Purchases of Service](#)

How to Complete Form 02-10B: Breakdown of Contributions

Form 02-10B: *Breakdown of Contributions for Service Credit to be Purchased* is needed to ensure that purchases and administrative errors are calculated accurately and in a timely manner. Below are guidelines for correctly completing Section 1 of the form. In addition to the member's information at the top of the form, Section 2 of the form should be completed in its entirety.

Section 1: Employment Information

Period Start Date	Period End Date	Calendar Year (please use a separate form for each calendar year)

- ❖ *Period Start Date* — this date should be entered as the beginning date within the calendar year for the time period in question.
- ❖ *Period End Date* — this date should be entered as the end date within in the calendar year for the time period in question.
- ❖ *Calendar Year* — the calendar year should be entered based on the year for which the earnings are being reported. If multiple calendar years are being reported, a new form must be submitted for **each year** reported.

	Correct Base	Correct Earnings	EEs Required	ERs Required	EEs Actually Paid	ERs Actually Paid
January						
February						
March						
April						
May						
June						
July						
August						
September						
October						
November						
December						
Total						

- ❖ *Correct Base* — this field should be entered as the “new base” being reported to LASERS for each month in question. The base entered may never have been reported to LASERS, or it may be a correction to a base that was already reported.
- ❖ *Correct Earnings* — this field should be entered as the “new earnings” being reported to LASERS for each month in question. The earnings entered may never have been reported to LASERS, or it may be a correction to earnings that were already reported.

(Continued on next page)

How to Complete Form 02-10B: Breakdown of Contributions

(Continued from previous page)

- ❖ *EEs Required* — this field should be entered based on the employee contribution rate for the plan in which the member is enrolled based on the “new earnings” entered for each month in question. Employee contribution rates can be found on the LASERS website at www.lasersonline.org in the Employer section, under “Historic Agency Contribution Rates.”
- ❖ *ERs Required* — this field should be entered based on the employer contribution rate for the plan in which the member is enrolled based on the “new earnings” entered for each month in question. Remember that employer contribution rates change yearly on July 1. These rates can be found on the LASERS website at www.lasersonline.org in the Employer section, under “Historic Agency Contribution Rates.”
- ❖ *EEs Actually Paid* — if contributions were reported to LASERS for any particular month, then this field must be completed. If no contributions were reported, the field should be left blank.
- ❖ *ERs Actually Paid* — if contributions were reported to LASERS for any particular month, then this field must be completed. If no contributions were reported, the field should be left blank.