

REFUND OF CONTRIBUTIONS

(La. R.S. 11:537)

Persons who leave state service may, under certain circumstances, be eligible for a refund of their accumulated contributions in the retirement system. Accumulated contributions include all employee contributions paid by a member, excluding interest paid on the repayment of a refund. All funds paid to purchase Air Time are considered “accumulated contributions” and will be included in the refund. If you have terminated from state service and would like to apply for a refund, please complete Form 02-01: *Refund of Accumulated Contributions*, found on the LASERS website.

Once the completed form is received, receipt will be confirmed, and you will be notified by mail if any additional information is required. LASERS will issue your refund only after all required documents have been received, and all of your contributions have been processed. Most refunds are paid within 90 days. It is not necessary to contact LASERS regarding the status of your refund.

Refunds of contributions automatically cancel all service credit in LASERS. In other words, a refund cancels your membership in the retirement system, and renders you ineligible for benefits. The refund will only be of your contributions, not your employer's contributions, and will not include interest.

If you have received a refund of contributions and return to work in a LASERS-eligible position, your eligibility for retirement is based on the date you returned to State service. See Chapter 8 on Retirement Eligibility and Final Average Compensation for further information. The amount of contributions sheltered from federal income tax (amounts paid after January 1, 1984) are subject to federal taxes when refunded, unless the sheltered refund amount is rolled over into another qualified retirement plan (such as an IRA). If not rolled over, these funds are subject to a mandatory 20 percent

federal withholding tax. You may also be subject to a 10 percent federal early withdrawal penalty. LASERS does not withhold Louisiana taxes on your refund. An IRS tax notice is attached to each refund application. You should read this tax notice carefully before applying for a refund. The tax notice is a summary and should not be taken as tax advice. **LASERS encourages you to contact a tax consultant to determine if the provisions are applicable to your specific situation.**

To accept a rollover you must have established an account at a financial institution prior to the refund distribution. Your financial institution must complete Section 5 of *Form 02-01: Refund of Accumulated Contributions*. Your refund of employee contributions will be direct deposited into the bank account indicated in Section 3 of *Form 02-01: Refund of Accumulated Contributions*.

Your IRS Form 1099-R will be mailed in January of the following year to your address on file with LASERS.

APPLICATION PROCESS

To apply for a refund, you must submit the following to LASERS:

- *Form 02-01: Refund of Accumulated Contributions*
- A copy of your Social Security card

Repayment of Refunds (La. R.S. 11:537(D))

In order to repay a refund, you must have 18 months of non-refunded service credit on record with LASERS. To restore your prior service credit, you must repay the refunded amount plus the actuarially assumed rate of interest compounded annually from the date of the refund until payment is made. Payment must be made in a lump sum for any service restored; however, you are not required to restore all of your refunded service at once. You may elect to restore only a portion of the total refunded service by repaying the service, as earned, by calendar year.

EXAMPLE

Susan worked from October 30, 1995, to May 1, 1998, left state service, and received a refund of her contributions on July 5, 1998. Susan returned to state service for more than 18 months, and is eligible to repay the refund. Interest is calculated through May 15, 2016, when she applied for the purchase. She may repay the entire amount of the refund or she can make a partial repayment of the refund. In either instance, the payment to LASERS must be made in a lump sum. Under no circumstances can the repayment of a refund be made by paying monthly installments.

Year	Service credit	Earnings	Contributions	Interest	Total Due
1995	.80	\$23,000.00	\$1,725.00	\$5,285.49	\$7,010.49
1996	1.00	\$29,500.00	\$2,212.50	\$6,779.21	\$8,991.71
1997	1.00	\$31,350.00	\$2,351.25	\$7,204.35	\$9,555.60
1998	.40	\$12,800.00	\$960.00	\$2,941.49	\$3,901.49

Susan refunded her contributions, reflecting a total of 3.20 years of service credit. If she does not want to purchase the entire 3.20 years, she can purchase the time on a year-by-year basis beginning with the last year of employment. Susan would have to pay back the contributions plus interest from 1998 first and then she could repay the refund for the prior years (beginning with 1997).

You may repay a refund at any time prior to the date of your retirement. The calculation will be done at no cost to you for up to three invoices within a 12-month period. However, each additional invoice is subject to a \$75.00 nonrefundable calculation fee. Visit myLASERS.org and log into your account to calculate an estimate of your repayment amount by using the Repay Refund Estimate Calculator located under "Tools".

LASERS will provide invoices based on the date of the request. It is highly recommended that an invoice be requested several months prior to the date needed. All purchases must be completed prior to retiring. ■

APPLICATION PROCESS

To apply to repay a refund, you must submit the following to LASERS:

- *Form 02-11: Application for Repayment of Refunded Service*



MEMBER FORMS

Form 02-01: Refund of Accumulated Contributions

Form 02-11: Application for Repayment of Refunded Service