



# Service, ILSB, and DROP Retirement

This presentation contains general information to be used as a guide during the Genesys web based training.

For complete detailed instructions, please refer to the Employer Procedures Manual at [www.trsl.org](http://www.trsl.org).



# Service and DROP Retirement

## Service:

### ➤ Regular retirement

Stop working and begin receiving lifetime monthly retirement benefit check

### ➤ Initial Lump Sum Benefit (ILSB)

Stop working, receive a lump sum up to 36 times your monthly maximum benefit, receive a lifetime reduced monthly retirement benefit

## Deferred Retirement Option Plan (DROP):

Continue working for up to 36 months, build a retirement nest egg, retire some time after completion of DROP participation



# Act 270: Annual COLA Option (ACO)

A new retirement option that allows a retiring member to receive a guaranteed annual 2.5% cost-of living adjustment (COLA) by accepting an actuarially reduced retirement benefit.

# Application for Service Retirement ILSB, or DROP (Form 11) **NEW**

Members applying for Service Retirement, ILSB, or DROP will complete a Form 11, selecting which form of retirement they choose.

- ILSB choice: complete Section 3
- ACO estimate: check box in Section 4
- Employer signature not needed

**NOTE:** Application for Service or ILSB Retirement (Form 11A) and Application for Deferred Retirement Option Plan (Form 11F) are **obsolete**.

# Service Retirement Eligibility

## REGULAR

30 years at any age

25 years at age 55

20 years at age 65

5 years at age 60\*

20 years at any age\*

## PLAN A

30 years at any age

25 years at age 55

5 years at age 60

## PLAN B

30 years at age 55

5 years at age 60

\* Benefit computed using 2.0% formula for those hired prior to 7/1/99.

# ILSB Eligibility

## REGULAR & PLAN A

30 years at any age

25 years at age 55

10 years at age 60\*

## PLAN B

30 years at age 55

10 years at age 60

**\* Regular Plan members: if hired on or after 7/1/99, 2.5% factor.**

**NOTE: Eligibility credit and service credit may not be the same.**

# ILSB

- Must first meet DROP eligibility
- Once eligible, may retire and take ILSB anytime in career (not locked into “window”)
- One time lump sum distribution at time of retirement
- Available amount equal to 36 times monthly maximum benefit (regardless of option chosen)
- ILSB funds begin to earn interest immediately
- Actuarially reduced lifetime monthly benefit



# DROP Eligibility

## Regular & Plan A\*

30 years at any age

25 years at age 55

10 years at age 60\*\*

## Plan B\*\*\*

30 years at age 55

10 years at age 60

\* 10 years at age 60 at 2% regardless of hire date (Regular)

\*\* Plan A members have benefit calculated at 3%

\*\*\* Plan B members have benefit calculated at 2%

**NOTE: Eligibility credit and service credit may not be the same.**

# DROP “Window”

- One time opportunity to participate in DROP
- Participation period up to 3 years
- “Window” opens when member reaches 1<sup>st</sup> possible eligibility
- 60 day “grace period” to enter after 1<sup>st</sup> eligibility
- “Window closes 3 years + 60 days from date “window” opened

# During DROP

- Keep working
- May change jobs (**no break in service**)
- No contributions to TRSL
- Retirement benefit amount locked in
- Retirement benefit deposited in DROP account (equal to option amount)

# Who may want to forgo DROP

- Members who may increase from 2.0% to 2.5% benefit calculation
- Members who are expecting a large salary increase
- Members who plan to work several years after DROP (no break in service)

# After DROP Participation

- DROP accounts become eligible to earn interest.

**AND**

- Member can retire and begin receiving their monthly retirement checks AND their DROP funds.

**OR**

- Member can continue to work and earn additional service credit toward final retirement benefit and retire later.

# Withdrawing from DROP or ILSB Account

- Lump sum withdrawal
- Rollover
- Lump sum/Rollover split
- Leave at TRSL
  - monthly withdrawals
  - annual withdrawals
  - partial single sum



# Withdrawing from DROP or ILSB Account

- Withdrawals must begin within one year of retirement date
- DROP account disbursements paid on 15th of each month
- Louisiana State Tax exempt
  - must file La. income tax to claim the exemption

# **How to contact us**

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***www.trsl.org***