

~ TRSL Member Handbook ~



February 2009

TRSL Member Handbook

Regular Plan, Plan A, and Plan B

Dear Member:

At the Teachers' Retirement System of Louisiana (TRSL), it is our goal to help you prepare for your financial future by providing clear and practical information about your retirement benefits.

This member handbook is designed to give you an overview of our retirement process, as well as the programs and services we administer. It's organized to walk you through the retirement process.

At the beginning, you'll get answers to the most common questions about retirement:

- What are TRSL membership requirements?
- How are retirement benefits calculated?
- How do sick and annual leave affect retirement benefits?

Next, in the Plan Detail section, you'll find information about the three separate retirement plans TRSL administers. Each plan has its own benefit structures and criteria for membership and retirement eligibility. In this section, you'll notice boldly marked pages with key retirement information specific to each plan. Be sure you refer to the appropriate pages for your plan. The plans are as follows:

- Regular Plan (*page 25*)
- Plan A (*page 31*)
- Plan B (*page 35*)

Finally, you'll get information that will help you apply for retirement and collect your benefits. You'll also learn more about other TRSL retirement services and programs, including the retirement benefits you're eligible for after five years of TRSL service credit, purchasing service credit, the Deferred Retirement Option Plan (DROP), and the Initial Lump-Sum Benefit (ILSB).

With the exception of the Plan Detail pages, all information contained in this handbook applies to all TRSL members regardless of their retirement plan.

We encourage you to become familiar with your retirement system and hope this handbook helps you prepare for your financial future.

TRSL Board and Staff

We're here to help. Contact us at:



Internet: Website: www.trsl.org
E-mail: web.master@trsl.org
Your questions will be answered within 1-2 business days.



Phone: Main: 225-925-6446
Toll free (outside Baton Rouge area): 1-877-ASK-TRSL (1-877-275-8775)
Telecommunications Device for the Deaf (TDD): 225-925-3653
After normal office hours, you can leave a message for a return call the following business day.



Mail: PO Box 94123, Baton Rouge, LA 70804-9123
Send overnight or certified mail to our physical address below.



Fax: 225-922-2522



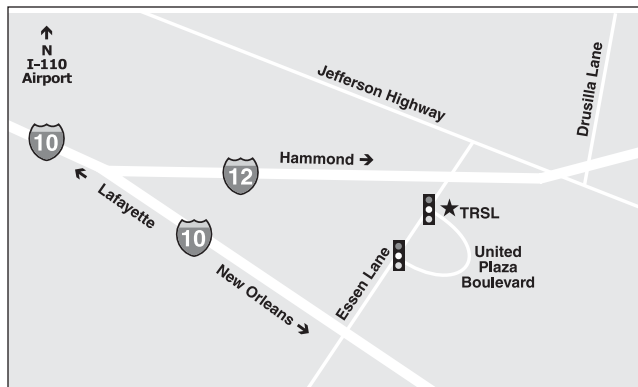
Visit 8401 United Plaza Boulevard, Suite 300, Baton Rouge, LA 70809-7017
Office hours are 8 a.m. - 4:30 p.m., Monday-Friday (excluding holidays)

Member Access

You have secure, online access to your Teachers' Retirement System of Louisiana (TRSL) account information 24-hours a day through **Member Access** on our website. To register, just visit www.trsl.org, click on the **Member Access** link, and follow the easy instructions. If you have any problems with registration, contact the TRSL HelpDesk at support@trsl.org.

Directions to TRSL's office

TRSL is located in Baton Rouge in the Louisiana Retirement Systems Building at 8401 United Plaza Boulevard, which is just off Essen Lane between Interstates 10 and 12.



From Lafayette: Exit I-10 and turn left on Essen Lane, or exit I-12 and turn right on Essen Lane;

From New Orleans: Exit I-10 and turn right on Essen Lane;

From Hammond: Exit I-12 at Jefferson Highway/Drusilla Lane, turn left on Drusilla Lane, then right on Jefferson Highway. Proceed to Essen Lane, and turn left.

Turn at the United Plaza Boulevard traffic signal on Essen Lane at the sign that reads: "LA RETIREMENT SYSTEMS BLDG."

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About TRSL

The Teachers' Retirement System of Louisiana (TRSL) is a public trust fund established in 1936 to provide retirement benefits for its members. These benefits are guaranteed by the state constitution.

As Louisiana's largest public retirement system, TRSL serves active members, as well as retirees, survivors, and beneficiaries for whom we provide benefits.

TRSL is governed by a Board of Trustees which includes 12 elected members—representatives from each of TRSL's seven districts; two trustees for retired teachers; one trustee for employees paid with school food service funds; one trustee for employees of state colleges and universities; and one trustee employed as a parish or city superintendent of schools. There are also four ex-officio members on the board—the State Superintendent of Education; the State Treasurer; and chairs of the retirement committees in the Louisiana House of Representatives and Senate.

The TRSL Board is responsible for safeguarding and managing the assets held in trust to provide retirement income for System members.

**The Teachers' Retirement System of Louisiana is
an equal opportunity employer and complies
with the Americans with Disabilities Act.**

The value of your TRSL benefit

TRSL is a defined benefit plan, which uses your age, years of service, and final average compensation at retirement—not the amount of your contributions—to determine your monthly benefit.

Since you're a member of TRSL, a percentage of your salary goes toward your retirement. Your employer also contributes to your retirement. These contributions are transferred to TRSL and maintained in a trust fund. TRSL pools and invests the contributions. Your contributions and the interest earned on TRSL investments ensure the stability of the System and your future lifetime retirement benefits.

No comparison

Most TRSL members do not participate in Social Security, which makes TRSL their primary source of retirement income. You'll probably receive two to three times more from TRSL than you would from Social Security if you stay in Louisiana and make teaching a career at a Louisiana public institution.

Did you know that a retirement benefit from TRSL costs about the same as one from Social Security? But Social Security benefits are generally only 40 percent of your average salary, while TRSL retirement benefits are typically 60-75 percent of your highest, three-year average salary consecutively earned.

What a bargain!

What you receive in retirement benefits is worth much more than what you pay in contributions, and is a far better value than a retirement annuity purchased through an insurance company.

Example: Suppose a 57-year-old single teacher retires after 30 years of working with an average salary of \$28,800. This teacher will be eligible to receive a lifetime monthly benefit of up to \$1,800 from TRSL.

This benefit would cost about \$50,000 in employee contributions over the 30-year career. However, the same monthly benefit of \$1,800 would cost the teacher \$335,000 as a retirement annuity purchased through an insurance company.

The TRSL benefit the teacher paid \$50,000 for is worth more than \$335,000!

TRSL pensions are also exempt from Louisiana state income tax, and members may receive periodic cost-of-living adjustments (COLAs). The retirement annuity purchased from an insurance company would be subject to state income tax, and the teacher would not receive COLAs.

So, your TRSL benefit is not only more valuable than Social Security, but it also costs thousands of dollars less than a typical retirement annuity purchased from an insurance company.

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Membership

Membership in TRSL comes with peace of mind. You or your beneficiary, if you choose, are eligible for a monthly benefit for life.

You're also eligible for disability and survivor benefits once you have five years of TRSL service credit.

Your membership in TRSL is an important part of your financial future. You can rest assured that you and your family have a safe, secure, and sound retirement plan.

Membership eligibility

Membership in TRSL is required for full-time employees of the following entities:

- Parish and city school boards (except for bus drivers, janitors, and maintenance personnel)
- Unclassified personnel of public colleges, universities, community and technical colleges (hired after July 1, 1991)
- Unclassified employees of boards governing elementary, secondary, and higher education (if employed on or after July 1, 1991, and not already members of the Louisiana State Employees' Retirement System, known as LASERS)

TRSL members belong to one of three retirement plans:

- **Regular Plan** for teachers
- **Plan A** for school food service employees
- **Plan B** for school food service employees in select parishes

Each plan has slight differences in retirement eligibility requirements, employee contribution rates, and benefit computation methods.

Membership for part-time employees

The following membership provisions apply to part-time employees:

- Any permanent, part-time worker who works more than 20 hours a week, or an employee who works 50 percent of full time for a university, is eligible for TRSL membership and must pay contributions to TRSL.
- A person with at least 10 years of TRSL service credit who performs substitute or part-time work must remain a member of TRSL and pay contributions to TRSL.
- Part-time, seasonal, and temporary classroom teachers (as defined by the Board of Elementary and Secondary Education) with five or more years of prior service credit are required to be members of TRSL.

However, any member—other than a classroom teacher—with fewer than 10 years of TRSL service credit who performs substitute work or works part time (fewer than 20 hours a week, or less than 50 percent of full time at a university) is ineligible for continued membership in TRSL. In most cases, he or she must contribute to Social Security.

Maintaining or changing membership

If you have at least five years of service credit in TRSL, you may choose to continue membership in TRSL even if you change to a new job covered under another Louisiana public retirement system (unless your new employment is covered by the Assessors' Retirement Fund, Clerks' of Court Retirement and Relief Fund, Municipal Employees' Retirement System, or the Parochial Employees' Retirement System).

To retain TRSL membership, you will need to submit an *Election to Retain Membership* (Form 2R) to TRSL within 60 days of your new employment.

Members of the Louisiana State Employees' Retirement System (LASERS) who have five years of service credit in that system may elect to continue membership in LASERS when they change to employment covered by TRSL.

Dual membership

Any person who is eligible to be a member of more than one public retirement system (by holding two or more public jobs) must be a member of each system.

Example: If you are a teacher who contributes to TRSL and you also drive a school bus, you will need to contact Louisiana School Employees' Retirement System (LSERS) to find out if you need to contribute to LSERS on your earnings as a bus driver.



**We are here to help you!
Contact us.**

225-925-6446 • 1-877-ASK-TRSL • web.master@trsl.org

Calculating your retirement benefit

Your lifetime retirement benefit is determined by a formula defined in state law. This formula takes into account your years of service, the average of your three highest years of salary consecutively earned, and a benefit factor.

Formula	years of service credit
	×
	final average compensation
	×
	benefit factor (2.0%, 2.5%, or 3.0%)

This formula calculates the maximum retirement benefit for which you are eligible.

Service credit

Service credit is based on the amount of time you work and contribute to TRSL. It also includes appropriate credit for unused sick and/or annual leave. In order to determine the exact amount of service credit, it is necessary that your current and past employers certify your employment history with us.

- Members earn a full year (100 percent) of service credit for each full contract year worked, regardless of whether they are employed on a 9-, 10-, 11-, or 12-month contract.
- Members cannot earn more than one year of service credit in a 12-month period, beginning July 1 and ending June 30.
- Members who earn a year of service credit for a 9-month contract will not receive more than one year of service

credit, even if they work during the summer. (In some cases, a member may receive experience credit from his or her employer for pay purposes. However, retirement credit is based strictly on the amount of time he or she works and for which TRSL receives contributions.)

- Members employed by year-round schools receive a full year of service credit if they work all available days of a fiscal year (July 1 to June 30).
- Your total service credit is rounded to the closest one-tenth of a year, not to exceed 100 percent of a year.

Example: 24.95 will round to 25, and 24.94 will round to 24.9.

REMEMBER: You can increase your service credit through a purchase, transfer, or reciprocal recognition agreement. These transactions need to be completed before you retire. For more information about purchasing service credit, see page 44.

Partial year credit

For any fiscal year in which a member earned less than a full year of service credit, in most cases, service credit will be based on a percentage of the actual salary paid divided by what would have been earned working the full year (full-time earnings).

Example: Suppose a member earns \$18,300 during a fiscal year. The member would have earned \$36,000 if he worked the full year:

$$\$18,300 \div \$36,000 = 51\% \text{ of a year of service credit}$$

(example continued on next page)

This same member worked full days during the summer school session and earned an additional \$2,000:

$$\$18,300 + \$2,000 = \$20,300, \text{ and}$$

$$\$36,000 + \$2,000 = \$38,000$$

Therefore,
 $\$20,300 \div \$38,000 = 53\%$ of a year of service credit

State law places a 10-percent cap on salary increases in each of the three years used to determine your average compensation.

The 10-percent limit does not apply to:

- Increases given by legislative acts (state raises)
- City/parish systemwide increases
- Systemwide increases at a college or university

Final average compensation

Your final average compensation (FAC) is the average salary earned during your three highest consecutive years of employment, or the three highest successive years of employment where interruption of service occurred. The three years used for average compensation cannot cover a period when you receive more than three (3.00) years of service credit.

The statute also applies a 25-percent limit on salary increases for the 12 months during which a classroom teacher changes employment to that of a classroom teacher in another parish.

Example: Member's highest consecutive 3 years of salary, plus the base year are:

	Base Year: \$30,000 Year 1: \$31,000 Year 2: \$33,000 Year 3: \$37,000
Year 1	$\$30,000 \times 10\% = \$3,000$ maximum increase allowed $\$30,000 + \$3,000 = \$33,000$ total allowed earnings for 1st year Actual earnings for Year 1 = \$31,000. No cap.
Year 2	$\$31,000 \times 10\% = \$3,100$ maximum increase allowed $\$31,000 + \$3,100 = \$34,100$ total allowed earnings for 2nd year Actual earnings for Year 2 = \$33,000. No cap.
Year 3	$\$33,000 \times 10\% = \$3,300$ maximum increase allowed $\$33,000 + \$3,300 = \$36,300$ total allowed earnings for 3rd year Actual earnings for Year 3 = \$37,000. Exceeds 10-percent cap of \$36,300.
Average compensation calculated using:	Year 1: \$31,000 Year 2: \$33,000 Year 3: \$36,300 (with cap)
3-year total @ \$100,300 ÷ 36 months = \$2,786.11 final monthly average compensation	

A supplemental benefit of \$300 is added to the annual benefit of Regular Plan members who joined TRSL before July 1, 1986, and left their contributions in the System until retirement. The supplement is not due if the member has reached 100 percent accrual. (See “Earning 100% of your average salary” on this page.)

Earnable compensation (overtime)

As of July 1, 1992, members contribute on earnings previously excluded from earnable compensation as overtime. This includes all salary, differential pay, contract pay, and grants paid to a TRSL member, unless those earnings are received because of employment normally eligible for a different retirement system.

Benefit factor

The benefit factor is the percentage used to calculate your retirement benefit. Your retirement plan and the date you joined TRSL determine which benefit factor will be used to compute your average compensation.

Retirement Plan	Benefit Factor
Regular Plan <i>if you joined TRSL before July 1, 1999*</i>	2.0% or 2.5%
Regular Plan <i>if you joined TRSL on or after July 1, 1999</i>	2.5%
Plan A	3.0%
Plan B	2.0%

*For Regular Plan members who joined TRSL before July 1, 1999, the benefit factor is determined by age and years of service. See page 26.

Earning 100% of your average salary

It is possible to receive 100 percent of your final average compensation (FAC) as a retirement benefit.

This is called maximum benefit accrual, and it happens when your years of service multiplied by your benefit factor equal 100 percent.

Depending on which retirement plan you belong to, you reach this limit after obtaining the following years:

Maximum Benefit Accrual		
Regular Plan	40 years	$40.00 \times 2.5 = 100$
Plan A*	33.33 years	$33.33 \times 3.0 = 100$
Plan B	50 years	$50.00 \times 2.0 = 100$

*Plan A members may reach this limit sooner with the additional 1.0-percent supplemental credit.

LSU employees hired before January 1, 1979, will reach maximum accrual at various times.

Once you reach maximum benefit accrual, the following provisions apply:

- You no longer make contributions to TRSL.
- Your FAC is not limited to the years in which employee contributions were made.
- Your retirement benefit cannot exceed 100 percent of your FAC.
- No additional increases to the accrual of your retirement benefit can be made.
- Unused sick and annual leave cannot be used to increase your monthly benefit.

Retirement eligibility for part-time employees

Members with part-time or sabbatical service credit may receive **full retirement credit for eligibility** purposes but only **partial service credit for benefit computation** purposes. Such members may find they are eligible for retirement or DROP participation earlier than expected and their benefits may be less than anticipated.

Example: A member who has 20 years of part-time service credit (50 percent of full time) would be eligible for retirement after 20 years but would have her benefit calculated at 20 percent of final average compensation, rather than 40 percent.

(20 years × 2% benefit factor × 50% of full time)

Any member with part-time service or sabbatical leave (especially those nearing retirement or DROP participation) should contact TRSL to have his or her records verified.

Retirement options

Once you decide to retire, your next big decision will be to choose a retirement option. Retirement options determine how much you and your beneficiary (if you choose) will receive in retirement benefits.

You have eight options, and you will need to submit a completed and notarized *Affidavit of Retirement Option Election* (Form 11E) notifying TRSL of your choice after you have submitted your application for retirement or Deferred Retirement Option Plan (DROP) participation.

REMEMBER: The retirement option cannot be changed once the affidavit has been processed or the effective date of retirement or DROP participation has passed, whichever is later.

If you are nearing retirement eligibility, you may request an estimate of your retirement benefits, either by mail using an *Estimate Request* (Form 10) or by contacting TRSL.

If you die within 30 days of your retirement date or DROP begin date, an Option 2 benefit will be paid to your surviving spouse. If there is no surviving spouse, a monthly survivor benefit will be paid to a maximum of two eligible minor children. If there is no surviving spouse or minor children, your employee contributions will be paid to the most recently designated beneficiary(ies).

The different retirement options from which to choose are shown on the following page.



**For your convenience,
all TRSL forms are
available online!**

Visit the TRSL website at www.trsl.org.

Retirement Options

	Member Benefit	Beneficiary Benefit	Conditions
Maximum Option	Member receives largest monthly benefit possible.	There is no beneficiary benefit.	All benefits cease at death. Only the amount of member contributions that have not been paid out in monthly benefits or in DROP deposits and interest is due the member's estate.
Option 1	Member receives a monthly benefit slightly less than Maximum Option, determined by the total amount of accumulated member contributions and member's age at time of retirement.	More than one beneficiary may be designated, and can be changed at any time by member/retiree.	Beneficiaries receive remaining balance of member's accumulated contributions in one lump-sum payment. (Option 1 may not be selected if member participates in Initial Lump-Sum Benefit.)

Lifetime Benefit Options: Under the following lifetime benefit options, only one beneficiary may be named and that beneficiary may not be changed. The benefits are actuarially reduced from the Maximum Option benefit based on reduction factors determined by your age and the age of your named beneficiary.

Option 2	Member receives a reduced monthly benefit.	Beneficiary receives same lifetime benefit member received.	
Option 2A (Pop Up)	Member receives a reduced monthly benefit.	Beneficiary receives same lifetime benefit member received.	If beneficiary dies before member, the reduced benefit "pops up" to Maximum Option.
Option 3	Member receives a reduced monthly benefit greater than Option 2 or 2A benefit.	Beneficiary receives lifetime benefit equal to ½ of benefit amount member received.	
Option 3A (Pop Up)	Member receives a reduced monthly benefit greater than Option 2 or 2A benefit but less than Option 3 benefit.	Beneficiary receives lifetime benefit equal to ½ of benefit amount member received.	If beneficiary dies before member, the reduced benefit "pops up" to Maximum Option.
Option 4	Member receives a reduced monthly benefit determined by cost of the amount member designates for beneficiary.	Beneficiary receives lifetime benefit designated by member, not to exceed Option 2 benefit amount.	
Option 4A (Pop Up)	Member receives a reduced monthly benefit determined by cost of the amount member designates for beneficiary.	Beneficiary receives lifetime benefit designated by member, but not to exceed the Option 2 benefit amount.	If beneficiary dies before member, the reduced benefit "pops up" to Maximum Option.

Sick and annual leave

Sick leave

Sick leave is a benefit of employment, and is subject to the authority of your employing agency. However, unused sick leave is an important part of your retirement because it can increase your monthly benefit when it is converted to retirement credit.

TRSL converts unused, accumulated sick leave to retirement credit after you have submitted an official application for retirement and your final benefit is calculated. For information to help you make the leave calculation yourself, see one of TRSL's booklets, *When It's Time to Retire* or *Ending DROP*.

Unused sick leave is not used to attain eligibility for retirement. Eligibility must first be attained, then unused sick leave credit is added for total retirement service credit.

The amount of sick leave that may be used to increase retirement service credit depends on when the sick leave was earned. Different laws govern sick leave credit earned through June 30, 1988, and sick leave credit earned through and after June 30, 1990.

Sick leave earned through June 30, 1988

For retirement purposes, 9-month employees accumulate 10 days per year even if the school year was less than 9 months. Similarly, 10-month employees accumulate 11 days per year.

Employees with 11- and 12-month contracts accumulate sick leave as follows:

- For the first three years, 12 days per year
- For the next seven years, 15 days per year
- For all years over 10, 18 days per year

Both 9- and 10-month employees who work extra summer months accumulate one extra day or a portion thereof for each additional month of full-time service.

Example: A 9-month teacher would accumulate 2.25 days of sick leave for a 9-week summer school session.

$$2.25 \text{ months} \times 1 \text{ day/month} = 2.25 \text{ days}$$

If he taught half time, then 9 weeks of summer school would equal 1.13 days.

$$2.25 \text{ months} \times 0.5 \text{ day/month} = 1.13 \text{ days}$$



Get fast, secure access to your retirement account information 24 hours a day, seven days a week!

Visit www.trsl.org and click on **MEMBER ACCESS!**

**Table 1 - Accumulated Sick Leave Conversion
for sick leave earned through June 30, 1988**

Sick Day Balance	Service Credit Earned	Sick Day Balance	Service Credit Earned
25 - 45	0.25 years	361 - 405	2.25 years
46 - 90	0.50 years	406 - 450	2.50 years
91 - 135	0.75 years	451 - 495	2.75 years
136 - 180	1.00 years	496 - 540	3.00 years
181 - 225	1.25 years	541 - 585	3.25 years
226 - 270	1.50 years	586 - 630	3.50 years
271 - 315	1.75 years	631 - 675	3.75 years
316 - 360	2.00 years	676 - 720	4.00 years

After subtracting the days of sick leave actually taken by the member, the balance of unused sick leave days on June 30, 1988, will be converted to service credit according to **Table 1 - Accumulated Sick Leave Conversion** above.

NOTE: The amount of sick leave that an employer allows a member to accumulate may be different from the amount state law will allow for retirement benefit computation credit.

Consider this example of a teacher's sick leave credit:

10 years @ 10 days =	100 days
8 summers @ 2.25 days =	18 days
3 years @ 12 days =	36 days
7 years @ 15 days =	105 days
5 years @ 18 days =	90 days
Total possible =	349 days
Less days used -	33 days
Retirement leave credit 316 days =	2 years

This example shows the sick leave credit earned for a teacher who worked 10 years on a 9-month basis, eight summers earning 2.25 days of sick leave credit per summer, and 15 years on an 11- or 12-month basis, and used 33 days during this period.

Sick leave earned after June 30, 1988

State law provides that all unused sick leave days earned after June 30, 1988, less the number of days for which the employer pays upon the member's retirement, will be converted to years based upon **Table 2 - Accumulated Sick Leave Conversion** below.

NOTE: School boards pay up to 25 days of unused sick leave at the daily rate of pay or the number of unused days at the discretion of the employer.

Under this provision, 9-month employees continue to accumulate 10 days of sick leave per year, and 10-month employees accumulate 11 days per year.

For retirement purposes 11- and 12-month employees accumulate sick leave as follows:

- For the first 10 years, 12 days per year
- For all years over 10, 18 days per year

From the accumulated total of sick leave days earned from July 1, 1988, through termination of employment and retirement, subtract the number of sick leave days used during that period **and** the number of days paid by the employer upon retirement.

The balance is converted to retirement service credit according to the table below, subject to the following section on sick leave earned after June 30, 1990.

Table 2 - Accumulated Sick Leave Conversion for sick leave earned after June 30, 1988

Accumulated sick leave days for those who work:				Fraction of year credit
9 months	10 months	11 months	12 months	
10-18	11-20	12-22	13-24	0.1 year
19-36	21-40	23-44	25-48	0.2 year
37-54	41-60	45-66	49-72	0.3 year
55-72	61-80	67-88	73-96	0.4 year
73-90	81-100	89-110	97-120	0.5 year
91-108	101-120	111-132	121-144	0.6 year
109-126	121-140	133-154	145-168	0.7 year
127-144	141-160	155-176	169-192	0.8 year
145-162	161-180	177-198	193-216	0.9 year
163-180	181-200	199-220	217-240	1.0 year

Sick leave earned after June 30, 1990

State law allows a member to convert into service credit one additional year of sick leave earned after June 30, 1990, at no cost.

However, all unused sick leave days earned after June 30, 1990, in excess of an amount that would convert to one year of service credit, may be added to a member's account only if purchased.

In order to purchase unused sick leave days as service credit, the member pays to TRSL an amount which, on an actuarial basis, totally offsets the increase in accrued liability of the System resulting from the receipt of the credit. Any leave purchased cannot be used to attain eligibility for any TRSL benefit and cannot be used in the computation of the average compensation.

At its discretion, the employer can pay up to 50 percent of the purchase price to convert unused sick leave to service credit. However, if the employer makes such a payment for one employee, it must do the same for all employees.

Annual leave

For state employees

Employees of Louisiana state agencies, colleges, universities, community colleges, and technical colleges may receive credit for unused annual leave at no cost, with certain restrictions.

NOTE: Members first eligible to retire after June 30, 1990, may convert unused annual leave earned after that date to service credit by purchasing the leave at actuarial cost.

For a member to obtain credit for unused annual leave, TRSL must receive official certification of the member's accrued annual leave for which an attendance record was maintained by the employer.

Members who are state employees are usually paid for 300 hours or 37.5 days of annual leave by their employers upon termination of employment. The number of days for which a member is paid is deducted from the number of days certified as unused by the employer.

Annual leave provisions

- The formula for computing unused annual leave is as follows: divide the annual leave days remaining by the days of the contract to determine the percentage of the year for retirement credit.
- Annual leave is not used to attain eligibility for any benefit nor is it used in the computation of average compensation.

For school board employees

Employees of school boards are eligible to receive credit for unused annual leave if it is purchased at actuarial cost. This annual leave must have accrued under established leave regulations, and an employee attendance record must have been maintained by the employer.

School board employees are eligible to purchase unused annual leave for which they are not entitled to payment.

At its discretion, the employer can pay up to 50 percent of the purchase price to convert unused sick leave to service credit. However, if the employer makes such a payment for one employee, it must do the same for all employees.

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Plan details for

Regular Plan, Plan A, and Plan B

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TRSL Regular Plan: Key plan provisions

Membership	The majority of TRSL's members are in the Regular Plan which includes those employed in any of the classifications defined by law as a "teacher."
Contribution Rate	8.0 percent of salary
Contributions	You and your employer each make contributions toward your retirement. Your contributions are refundable only if you leave TRSL-covered employment. If you withdraw your contributions prior to retirement, you lose your right to future benefits. You cannot borrow from your contributions or withdraw contributions made by your employer.
Accumulating Service Credit	Members earn a full year (100 percent) of service credit for each full contract year worked, regardless of whether they are employed on a 9-, 10-, 11-, or 12-month contract. Members cannot earn more than one year of service credit in a 12-month period, beginning July 1 and ending June 30.
Retirement Eligibility	Differs for members who joined TRSL before July 1, 1999, and those members who joined TRSL on or after July 1, 1999. See page 26.
Final Average Compensation (FAC)	The average of your highest, three years of salary consecutively earned is used to calculate your retirement benefit.
Benefit Formula	Years of service × FAC × benefit factor (2.0% or 2.5%). See page 26 for information on which benefit factor applies to you.
DROP Eligibility	Using the 2.5% benefit factor (whichever condition is met first): <ul style="list-style-type: none"> • 30 years of service/eligibility credit at any age or • 25 years of service/eligibility credit at age 55 Using the 2.0% benefit factor: <ul style="list-style-type: none"> • 10 years of service/eligibility credit at age 60
Maximum Benefit (100% Accrual)	Members with at least 40 years of service credit will typically earn 100 percent of their FAC.
Disability Retirement	Members with at least five years of TRSL service credit are eligible to apply for disability retirement if they are permanently disabled while actively employed.
Survivor Benefit	The eligible spouse and minor children of a member are entitled to receive survivor benefits if the member dies while actively employed and had at least five years of TRSL service credit.

Regular Plan

Retirement eligibility

For Regular Plan members, retirement eligibility is determined by the date you joined TRSL and your years of service.

Membership before July 1, 1999

If you joined TRSL **before** July 1, 1999, you may retire with a benefit factor of 2.0 or 2.5 percent based on eligibility described below.

2.0 percent benefit factor formula:

To retire under the 2.0 percent of average compensation factor, a Regular Plan member who joined TRSL before July 1, 1999, must be:

- Age 60 with at least five years of service credit, excluding military service purchased after September 10, 1982; or
- Any age with 20 years of service credit, excluding military service purchased after September 10, 1982.

2.5 percent benefit factor formula:

To retire under the 2.5 percent of average compensation factor, a Regular Plan member who joined TRSL before July 1, 1999, must be:

- Age 65 with 20 years of service credit, excluding any military service;
- Age 55 with 25 years of service credit; or
- Any age with 30 years of service credit.

Membership on or after July 1, 1999

If you joined TRSL **on or after** July 1, 1999, you will retire under the 2.5 percent of average compensation factor after meeting one of the following eligibility requirements:

- Age 60 with five years of service credit, excluding military service purchased after September 10, 1982;
- Any age with 20 years of service credit (actuarially reduced, see the chart on page 30), excluding military service purchased after September 10, 1982;
- Age 55 with 25 years of service credit; or
- Any age with 30 years of service credit.

Retirement benefit calculation:

2.0 percent formula

A 45-year-old member, who joined TRSL before July 1, 1986, retires with 20 years of service credit, one year of sick leave credit, and an average compensation of \$23,000.

The member has a 47-year-old beneficiary. His Maximum Option retirement benefit is computed like this:

$$(2.0\% \times 21 \times \$23,000) + \$300 = \$9,960$$

$$\$9,960 \div 12 = \$830 \text{ per month}$$

NOTE: The member receives an additional \$300 because he joined TRSL before July 1, 1986.

Example: 2.0 percent formula

Retirement option chosen by member at retirement	Monthly benefit paid during life of retiree	Monthly benefit paid to retiree's beneficiary
Maximum Option	\$ 830	N/A
Option 1*	829	N/A
Option 2	796	\$ 796
Option 2A	793	793
Option 3	812	406
Option 3A	811	405
Option 4	826	100
Option 4A	825	100

* Option 1 payout is computed using member contributions and age of the retiree.

Suppose his total member contributions were \$17,320 and he chooses the Option 1 retirement.

Option 1 Lifetime member benefit:

Based upon his age and the total amount of his contributions, the member's lifetime retirement benefit will be slightly less than \$830. See table above.

Option 1 Beneficiary benefit:

The member's total contributions of \$17,320 are reduced by an actuarially determined amount each month following his retirement. The amount of this monthly reduction is determined by the member's life expectancy. Upon the member's death, his beneficiary will receive the remainder of his total member contributions, if they haven't been exhausted yet. This will be a lump-sum payment. It normally takes between 10 and 15 years to exhaust a member's contributions.

In this example only, the monthly reduction would be \$125.22. It would take 11.53 years

to deplete the contributions. If the retiree died one month after retirement, the Option 1 beneficiary would receive \$17,194.78 in one lump sum. If the retiree died after 11.53 years, the Option 1 beneficiary would receive no payment.

2.5 percent formula

A 55-year-old member who joined TRSL before July 1, 1986, retires with 25 years of service, one year of sick leave credit, and an average compensation of \$30,000.

The member has a 57-year-old beneficiary. Her Maximum Option retirement benefit is computed like this:

$$(2.5\% \times 26 \times \$30,000) + \$300 = \$19,800$$

$$\$19,800 \div 12 = \$1,650 \text{ per month}$$

NOTE: The member receives an additional \$300 because she joined TRSL before July 1, 1986.

Example: 2.5 percent formula

Retirement option chosen by member at retirement	Monthly benefit paid during life of retiree	Monthly benefit paid to retiree's beneficiary
Maximum Option	\$ 1,650	N/A
Option 1*	1,647	N/A
Option 2	1,538	\$ 1,538
Option 2A	1,523	1,523
Option 3	1,592	796
Option 3A	1,584	792
Option 4	1,643	100
Option 4A	1,642	100

* Option 1 payout is computed using member contributions and age of the retiree.

Suppose her total member contributions were \$17,880 and she chooses Option 1.

Option 1 Lifetime member benefit:

Based upon her age and the total amount of her contributions, the member's lifetime retirement benefit will be slightly less than \$1,650. See table above.

Option 1 Beneficiary benefit:

The member's total contributions of \$17,880 are reduced by an actuarially determined amount each month following her retirement. The amount of this monthly reduction is determined by the member's life expectancy. Upon the member's death, her beneficiary will receive the remainder of her total member contributions, if they haven't been exhausted yet. This will be a lump-sum payment. It normally takes between 10 and 15 years to exhaust a member's contributions.

In this example only, the monthly reduction would be \$140.98. It would take 10.57 years

to deplete the contributions. Any time spent participating in DROP is included in the 10.57 years. If the retiree died one month after retirement, her beneficiary would receive \$17,739.02 in one lump sum. If the retiree died after 10.57 years, her beneficiary would receive no payment.

Estimating the Regular Plan benefit

Members can use the table on page 29 to estimate their monthly retirement benefit. The estimates are based on choice of the Maximum Option. Benefits would be actuarially reduced if another option were chosen. Add an additional \$25 per month supplement if the member joined TRSL before July 1, 1986. The table does not include sick or annual leave converted for retirement benefit purposes.

To read the chart, find the figure closest to the member's FAC, then read across to the years of service and age at retirement.

Estimating the Regular Plan benefit (based on Maximum Option)

Highest 3-year average annual compensation	Estimated monthly retirement benefit if service credit and age are:				
	5 years at age 60, excluding military service	20 years at any age	25 years at age 55	30 years at any age	20 years at age 65, excluding military service
21,600	180	720	1,125	1,350	900
24,000	200	800	1,250	1,500	1,000
26,400	220	880	1,375	1,650	1,100
28,800	240	960	1,500	1,800	1,200
31,200	260	1,040	1,625	1,950	1,300
33,600	280	1,120	1,750	2,100	1,400
36,000	300	1,200	1,875	2,250	1,500
38,400	320	1,280	2,000	2,400	1,600
40,800	340	1,360	2,125	2,550	1,700
43,200	360	1,440	2,250	2,700	1,800
45,600	380	1,520	2,375	2,850	1,900
48,000	400	1,600	2,500	3,000	2,000
50,400	420	1,680	2,625	3,150	2,100
52,800	440	1,760	2,750	3,300	2,200
55,200	460	1,840	2,875	3,450	2,300
57,600	480	1,920	3,000	3,600	2,400
60,000	500	2,000	3,125	3,750	2,500

Actuarial reduction factors for 20-year retirement

Years retired early	Percent of accrued benefit reduced upon early retirement before age 55	Percent of accrued benefit reduced upon early retirement before age 60
1	9.01	9.61
2	17.13	18.16
3	24.45	25.81
4	31.06	32.65
5	37.04	38.79
6	42.46	44.31
7	47.37	49.28
8	51.83	53.76
9	55.89	57.80
10	59.58	61.46

Actuarial reductions for 20-year retirement

For Regular Plan members who joined TRSL on or after July 1, 1999

In 1997, state law changed the 20-year retirement provisions for those who became TRSL members on or after July 1, 1999. In addition to the 2.5-percent formula requirements listed on page 26, those members may receive a 20-year retirement at any age based on a 2.5-percent benefit that is actuarially reduced depending on the member's age and years of eligibility credit.

The reduction is based on the number of years it would have taken to reach the next retirement eligibility had they continued to work. The greater the number of years to

regular retirement, the greater the actuarial reduction. These members also receive a 2.5-percent retirement benefit at age 60 with at least five years of service or eligibility credit. Reduction factors for 20-years-at-any-age retirement are summarized in the table above.



**Estimate your benefits.
Try one of our online
calculators!**

Visit the TRSL website at www.trsl.org.

TRSL Plan A: Key plan provisions

Membership Includes school food service workers who were active members of the School Lunch Employees' Retirement System on July 1, 1983, when that system merged with TRSL, and are employed in one of the 46 parishes that contribute to Plan A
(No new members can join this plan.)

Contribution Rate 9.1 percent of salary

Contributions You and your employer each make contributions toward your retirement. Your contributions are refundable only if you leave TRSL-covered employment. If you withdraw your contributions prior to retirement, you lose your right to future benefits. You cannot borrow from your contributions or withdraw contributions made by your employer.

Accumulating Service Credit Members earn a full year (100 percent) of service credit for each full contract year worked, regardless of whether they are employed on a 9-, 10-, 11-, or 12-month contract. Members cannot earn more than one year of service credit in a 12-month period, beginning July 1 and ending June 30.

Retirement Eligibility

- Age 60 with at least five years of service credit, excluding military service purchased after September 10, 1982;
- Age 55 with at least 25 years of service credit; or
- Any age with 30 years of service credit

Final Average Compensation (FAC) The average of your highest, three years of salary consecutively earned is used to calculate your retirement benefit.

Benefit Formula $\text{Years of service} \times \text{FAC} \times 3.0\% \text{ benefit factor}$

DROP Eligibility Whichever condition is met first:

- 30 years of service/eligibility credit at any age;
- 25 years of service/eligibility credit at age 55; or
- 10 years of service/eligibility credit at least age 60

Maximum Benefit (100% Accrual) Members with at least 33.33 years of service credit will typically earn 100 percent of their FAC.

Disability Retirement Members with at least five years of TRSL service credit are eligible to apply for disability retirement if they are permanently disabled while actively employed.

Survivor Benefit The eligible spouse and minor children of a member are entitled to receive survivor benefits if the member dies while actively employed and had at least five years of TRSL service credit.

Plan A

Retirement eligibility

Plan A members include those who were members of the Louisiana School Lunch Employees' Retirement System when that system merged with TRSL in June 1983. They remain members of Plan A as long as they are employed as school food service workers in one of the 46 parishes that contribute to TRSL's Plan A

(Plan A parishes are all those that are not listed as Plan B parishes on page 35.)

Plan A members who change employment, are no longer paid by school food service funds, and are still eligible for TRSL membership must become members of the Regular Plan.

3.0 percent formula

To retire under the 3.0 percent of average compensation factor, a Plan A member must be:

- Age 60 with at least five years of service credit, excluding military service purchased after September 10, 1982;
- Age 55 with at least 25 years of service credit; or
- Any age with 30 years of service credit.

Under Plan A, members who have contributed to retirement each year of employment have their TRSL Maximum Option benefit calculated according to the formula using the 3.0-percent benefit factor.

Plan A members who did not contribute to retirement until their employers withdrew from Social Security coverage will receive:

- one percent for those years before withdrawal **plus**
- \$24 per year for each year that retirement was not paid

Proportionate credit for unused sick leave will be used in both calculations.

Retirement benefit calculation:

A 60-year old member retires with 10 years of service credit and a FAC of \$9,000. The member has a 63-year-old beneficiary. His Maximum Option retirement benefit is computed like this:

$$(3.0\% \times 10 \times \$9,000) = \$2,700$$

$$\$2,700 \div 12 = \$225 \text{ per month}$$

Suppose his total member contributions were \$3,300 and he chooses Option 1.

Option 1 Lifetime member benefit:

Based upon his age and the total amount of his contributions, the member's lifetime retirement benefit will be slightly less than \$225. See table on the following page.

Option 1 Beneficiary benefit:

The member's total contributions of \$3,330 are reduced by an actuarially determined amount each month following his retirement. The amount of this monthly reduction is determined by the member's life expectancy. Upon the member's death, his beneficiary will receive the remainder of his total member contributions, if they haven't been exhausted yet. This will be a lump-sum payment.

Example: 3.0 percent formula

Retirement option chosen by member at retirement	Monthly benefit paid during life of retiree	Monthly benefit paid to retiree's beneficiary
Maximum Option	\$ 225	N/A
Option 1*	224	N/A
Option 2	207	\$ 207
Option 2A	203	203
Option 3	216	108
Option 3A	214	107
Option 4	221	50
Option 4A	220	50

* Option 1 payout is computed using member contributions and age of the retiree.

It normally takes between 10 and 15 years to exhaust a member's contributions.

In this example only, the monthly reduction would be \$27.84. It would take 9.88 years to deplete the contributions. Any time spent participating in DROP is included in the 9.88 years. If the retiree died one month after retirement, his beneficiary would receive \$3,272.16 in one lump sum. If the retiree died after 9.88 years, his beneficiary would receive no payment.

Estimating the Plan A benefit

Members can use the table on the next page to estimate their maximum monthly Plan A retirement benefit.

Additional benefits will be added for years when contributions were made to Social Security. The estimates are based on choice of the Maximum Option. Benefits are actuarially reduced if other options are chosen.

To read the chart, find the figure closest to the member's highest three-year average annual compensation, then read across to the years of service and age at retirement.

Estimating the Plan A benefit (based on Maximum Option)

Highest 3-year average annual compensation	Estimated monthly retirement benefit if service credit and age are:		
	5 years at age 60, excluding military service	25 years at age 55	30 years at any age
\$ 4,800	\$ 60	\$ 300	\$ 360
6,000	75	375	450
7,200	90	450	540
8,400	105	525	630
9,600	120	600	720
10,800	135	675	810
12,000	150	750	900
13,200	165	825	990
14,400	180	900	1,080
15,600	195	975	1,170
16,800	210	1,050	1,260
18,000	225	1,125	1,350
19,200	240	1,200	1,440
20,400	255	1,275	1,530
21,600	270	1,350	1,620
22,800	285	1,425	1,710
24,000	300	1,500	1,800
25,200	315	1,575	1,890
26,400	330	1,650	1,980
27,600	345	1,725	2,070
28,800	360	1,800	2,160
30,000	375	1,875	2,250

TRSL Plan B: Key plan provisions

Membership	Includes school food service employees who were active members of the Louisiana School Lunch Employees' Retirement System when that system merged with TRSL on July 1, 1983, and who work in the 20 parishes that have not withdrawn from Social Security coverage. Those parishes are Allen, Assumption, Avoyelles, Cameron, Catahoula, Concordia, DeSoto, East Feliciana, Jefferson, Jefferson Davis, Lafayette, LaSalle, Morehouse, Orleans, Red River, St. Helena, St. John the Baptist, St. Mary, Washington, and West Feliciana.
Contribution Rate	5.0 percent of salary. Plan B members also contribute to the old-age portion of Social Security and become eligible for unreduced Social Security benefits when reaching the required age for Social Security retirement.
Contributions	You and your employer each make contributions toward your retirement. Your contributions are refundable only if you leave TRSL-covered employment. If you withdraw your contributions prior to retirement, you lose your right to future benefits. You cannot borrow from your contributions or withdraw contributions made by your employer.
Accumulating Service Credit	Members earn a full year (100 percent) of service credit for each full contract year worked, regardless of whether they are employed on a 9-, 10-, 11-, or 12-month contract. Members cannot earn more than one year of service credit in a 12-month period, beginning July 1 and ending June 30.
Retirement Eligibility	<ul style="list-style-type: none">• Age 60 with five years of service credit, excluding military service purchased after September 10, 1982, or• Age 55 with 30 years of service credit
Final Average Compensation (FAC)	The average of your highest, three years of salary consecutively earned is used to calculate your retirement benefit.
Benefit Formula	Years of service × FAC × 2.0% benefit factor
DROP Eligibility	Whichever condition is met first: <ul style="list-style-type: none">• 10 years of service/eligibility credit at age 60 or• 30 years of service/eligibility credit at age 55
Maximum Benefit (100% Accrual)	Members with at least 50 years of service credit will typically earn 100 percent of their FAC.
Disability Retirement	Members with at least five years of TRSL service credit are eligible to apply for disability retirement if they are permanently disabled while actively employed.
Survivor Benefit	The eligible spouse of a member is entitled to receive survivor benefits if the member dies while actively employed and had at least 20 years of TRSL service credit. Social Security pays minor child benefits.

Plan B

Retirement eligibility

To be eligible for regular retirement, a member of Plan B must meet one of the following requirements:

- Age 60 with five years of service credit, excluding military service purchased after September 10, 1982; or
- Age 55 with 30 years of service credit.

Retirement benefit calculation:

2.0 percent formula

A member, age 55 with a beneficiary age 58, retires with 30 years of service credit with a FAC of \$8,000.

$$2.0\% \times 30 \text{ years} \times \$8,000 = \$4,800;$$

$$\$4,800 \div 12 = \$400 \text{ monthly.}$$

Members will also receive Social Security benefits when eligible.

Estimating the Plan B benefit

Members can use the table on the next page to estimate their maximum monthly Plan B retirement benefit. In Plan B, members generally receive two percent of their average compensation for each year of service. These benefits reflect years contributed to TRSL only.

Additional benefits will be added for years when contributions were made to Social Security. Estimates are based on choice of the Maximum Option. Benefits are actuarially reduced if another option is chosen.

To read the chart on the next page, find the figure closest to the member's FAC, then read across to the years of service and age at retirement.

Plan B members are eligible for retirement with 20 or 25 years of service credit once they have reached age 60.

Example: 2.0 percent formula

Retirement option chosen by member at retirement	Monthly benefit paid during life of retiree	Monthly benefit paid to retiree's beneficiary
Maximum Option	\$ 400	N/A
Option 1*	398	N/A
Option 2	374	\$ 374
Option 2A	370	370
Option 3	387	194
Option 3A	385	193
Option 4	397	50
Option 4A	396	50

* Option 1 payout is computed using member contributions and age of the retiree.

Estimating the Plan B benefit (based on Maximum Option)

Highest 3-year average annual compensation	Estimated monthly retirement benefit if service credit and age are:	
	5 years at age 60, excluding military service	30 years at age 55
\$ 4,800	\$ 40	\$ 240
6,000	50	300
7,200	60	360
8,400	70	420
9,600	80	480
10,800	90	540
12,000	100	600
13,200	110	660
14,400	120	720
15,600	130	780
16,800	140	840
18,000	150	900
19,200	160	960
20,400	170	1,020
21,600	180	1,080
22,800	190	1,140
24,000	200	1,200
25,200	210	1,260
26,400	220	1,320
27,600	230	1,380
28,800	240	1,440
30,000	250	1,500

Applying for retirement

What you need to know

To apply for retirement, you will need to complete and submit the following TRSL forms:

- *Application for Service Retirement* (Form 11A)
- *Direct Deposit of Benefits* (Form 15D)

The retirement application can be submitted as early as six months before the desired effective date of retirement.

NOTE: You will also need to complete all purchases, transfers, and reciprocals of service credit before the effective date of your retirement. (See page 44)

Once your employer verifies your service credit, sick leave, (and annual leave, if applicable), TRSL can begin final processing of the application and computation of final benefits.

Please be aware that some information cannot be submitted by your most recent employer until after your last day of work.

Copies of other documents necessary to process a retirement application

- Social Security cards (member and beneficiary)
- Birth certificate (member and beneficiary)
- Death certificate, if member's spouse is deceased
- Divorce decree or judgment of separation (including community property settlement), if member is divorced or legally separated

For a list of other acceptable records in place of a birth certificate, refer to the *Retirement Application Checklist* in the Publications section of our website. Go to the page entitled, *Date-of-Birth Verification Documents*.

TRSL recommends that you coordinate your date of retirement with your employer and inform TRSL of any change before cashing or depositing a retirement benefit check.

Once a member cashes or deposits (includes direct deposit) a benefit check, then he or she is retired as of the effective date of the retirement application, and the retirement cannot be canceled.

Any earnings after the effective date of retirement are subject to the return-to-work laws. (See page 53)

REMEMBER: Write your name and Social Security number on each document you submit to TRSL.

For information about applying for retirement after ending participation in the Deferred Retirement Option Plan (DROP), see our brochure *Ending DROP*, which is available at www.trsl.org.

Receiving your retirement payments

What you need to know

After you apply for retirement, TRSL will determine if you have met the minimum eligibility requirements to retire. If you meet these requirements, TRSL will send you an *Affidavit of Retirement Option Election* (Form 11E or Form 11E-5) so you can select a retirement option (see page 17 for the list of options).

You will need to return the notarized affidavit to TRSL within 15 days. You will also need to complete and submit a *Direct Deposit of Benefits* (Form 15D).

Your retirement payments are based on the retirement option you choose.

TRSL issues retirement benefits, including estimated payments, on the first of each month, pending completion of a minimum 30-day waiting period after the date of your retirement, and receipt of your retirement option election affidavit and direct deposit form.

Example: If your retirement date is June 6, the benefit can be set up for the August 1 payroll as long as TRSL receives the necessary forms by the first week of July.

The first retirement check will be mailed to your home address. State law requires TRSL to make subsequent payments by direct deposit.

Estimated payments

Estimated benefits are calculated based on information TRSL has on file. This information is subject to change as determined by your employer. If you requested an estimate of your benefits, the amount of your estimated payment may differ from the amount you received prior to retirement.

TRSL will finalize your benefit once your employer(s) reports and verifies all required information. If your benefit has not been finalized, TRSL will generally begin paying an estimated benefit after the *Affidavit of Retirement Option Election* and the *Direct Deposit of Benefits* (Form 15D) have been returned to TRSL.

REMEMBER: Once you cash or deposit (includes direct deposit) a retirement benefit payment, you are considered retired and are no longer able to cancel your retirement application or change your retirement date.

Also, please provide a copy of your Social Security card to TRSL. If your current marital status is divorced, we will need a copy of your most recent divorce documents before the affidavit can be sent.

The estimated payment is a partial benefit and will continue monthly until an official TRSL computation of benefits is completed. Additional retirement benefits due, if any, under the option selected on the affidavit are paid retroactively to the date of retirement.

Direct deposit

Benefit payments are made by Electronic Funds Transfer (EFT). You will need to complete and submit a *Direct Deposit of Benefits* (Form 15D) to designate the financial institution that is to receive your funds.

Benefits are deposited directly into your checking or savings account on the first of the month. However, when the first of the month falls on a weekend or a holiday, the deposit is typically posted to your account the first business day of the month. Direct deposits cannot be dated on a weekend or federal holiday because these are nonbanking days for the Federal Reserve Bank.

To change your banking institution, submit a new direct deposit form with your new financial institution's information. Be sure to complete the appropriate form for your deposit.

Under very limited conditions, waivers may be granted upon written request. Please send direct deposit exemption requests to:

TRSL Retirement Benefits Administrator
P.O. Box 94123
Baton Rouge LA 70804-9123

Canceling a retirement application

A retirement application can be canceled if a benefit payment (including an estimated benefit check) has not been negotiated, cashed, or deposited, even direct deposited. However, once a retirement benefit payment has been cashed, the member is considered retired and is no longer able to cancel the retirement application or change his or her retirement date. This includes direct deposit of DROP benefits.

You can send TRSL a signed written request by mail or fax to cancel your retirement. If you are unsure about retiring, you will need to request that your benefit be suspended before it is direct deposited into your bank account.

Cost-of-living adjustment (COLA)

COLAs are paid to eligible retirees, survivors, and beneficiaries to help offset an increase in inflation. Upon legislative approval, TRSL grants COLAs, payable July 1, if there are sufficient funds in the Employee Experience Account. The experience account is funded by setting aside 50 percent of TRSL's net investment earnings in excess of 8.25 percent.

The amount of the COLA is determined by TRSL's actuarial rate and the percentage increase in the Consumer Price Index-All Urban Consumers (CPI-U) from the preceding year.

If TRSL achieves or exceeds an actuarial rate of 8.25 percent, and there are sufficient funds in the experience account, the amount of the COLA will be the lesser of the percentage change in the CPI-U or up to 3.0 percent of the gross retirement benefit.

If TRSL does not achieve an actuarial rate of 8.25 percent, the amount of the COLA will be the lesser of the percentage change in the CPI-U or up to 2.0 percent of the gross retirement benefit.

A retiree must be at least 55 years of age by July 1 and have received a benefit for at least one year. Disability retirees do not have to meet the age 55 requirement, but must be retired at least one year. A beneficiary will be eligible for the COLA if the retiree would have been eligible for the COLA.

On July 1, 2001, state law began limiting the COLA to the first \$70,000 of a member's annual benefit. This limit is adjusted upward each year for inflation.

Renunciation of benefits

Anyone (except surviving children) who receives a TRSL benefit may permanently renounce his or her right to receive the whole benefit or any COLA. This may be advisable if the person would thereby become eligible for a greater benefit from another source, including the federal government.

Early retirement

Members who had 10 years of TRSL service credit as of January 1, 1982, regardless of age, may retire and receive an actuarially reduced retirement benefit. When determining if you are subject to a reduction in your Social Security benefit, please understand that the Social Security Administration does not recognize the retirement eligibility provision mentioned above.

Deferred retirement

Members with at least five years of service credit/retirement-credit-for-eligibility-purposes-only may terminate their positions, leave their contributions with TRSL, and on the first of the month after their 60th birthday be eligible to apply for a retirement benefit based on their total years, including unused sick leave. However, the sick leave cannot be used for eligibility.

Members with fewer than five years of service credit/retirement-credit-for-eligibility-purposes-only may leave their contributions in TRSL after termination. However, after five years, TRSL will attempt to contact the member to refund the contributions if the member has not returned to employment covered by TRSL. Refunded contributions do not include interest.

Tax-sheltered contributions made after June 30, 1988, are taxable upon withdrawal or at retirement. Contributions made before July 1, 1988, are not taxable.



**Need to send us overnight
or certified mail? Use our
physical address:**

8401 United Plaza Blvd., Ste. 300 • Baton Rouge LA 70809-7017

Social Security reductions if you receive a TRSL retirement benefit

Social Security benefits may be a major source of retirement income for you. To find out your projected Social Security benefits, file a *Request for Social Security Statement* (Form SSA-7004) with the Social Security Administration, www.ssa.gov.

If you receive a retirement benefit from TRSL and you are also eligible for Social Security benefits, federal regulations may reduce your Social Security benefit. **Your TRSL benefit will not be reduced.**

There are two types of Social Security benefits:

- A **spouse's or widow(er)'s benefit** is paid to spouses or surviving spouses of Social Security pensioners if those spouses did not work long enough under Social Security to have earned their own benefit or if their earned benefit is less than the pensioner's benefit. The spouse's benefit is generally one-half of the benefit paid to the Social Security pensioner.
- An **earned benefit** is paid to people who worked at other jobs where they paid Social Security taxes long enough to earn a Social Security benefit.

The type of Social Security benefit you receive determines the formula used to calculate the reduction to this benefit.

Government Pension Offset: reduction for spouse's or widow(er)'s benefit

Normally, when your spouse retires on Social Security, you are eligible for 51 percent of your spouse's benefit if you are at least

age 62. However, if you are eligible for a benefit from TRSL, you may be subject to the Government Pension Offset (GPO) with certain exceptions.

The GPO formula could reduce your Social Security spouse's or widow(er)'s benefit by two-thirds of your TRSL benefit. In some cases this offset could entirely eliminate your Social Security benefit.

Windfall Elimination Provision: reduction for earned benefit

If you receive a TRSL retirement benefit, a modified benefit formula, known as the Windfall Elimination Provision (WEP), is usually used to reduce your own Social Security earned benefit.

The WEP takes effect when you reach age 62 or become disabled with certain exceptions.

If you have at least 10 years of earnings, your Social Security benefit will not be completely eliminated by the WEP provision.

The WEP formula is complex, so we recommend that you contact the Social Security Administration for explanations of possible reductions.

REMEMBER: When you receive an estimate of your Social Security benefit, the amount probably will not have been reduced by either the GPO or WEP provisions. You should specifically ask Social Security to calculate the reduction for you.

For more information about Social Security reductions, including criteria for exceptions to these reductions, see TRSL's publication, *TRSL and Social Security Benefits*, which is available on the TRSL website, www.trsl.org.

Purchasing TRSL service credit

What you need to know

To increase the amount of their retirement benefits, active TRSL members may purchase additional service credit.

Generally, the cost of purchasing service credit is based upon the greater of either:

1. the actuarial cost or
2. the employee and employer contributions plus interest at the assumed actuarial valuation rate.

REMEMBER: All purchases, transfers, and reciprocal recognition agreements must be completed before retirement.

The actuarial cost is computed by the System's actuary and completely offsets TRSL's liability in allowing the credit. Periods of service for which you already have TRSL service credit are not eligible for purchase. The amount of TRSL credit that can be obtained is limited to one year for each fiscal year.

Service eligible for purchase

The following types of service may be purchased to increase the service credit:

- Previously refunded service
- U.S. military base teaching service
- Leave without pay
- Maternity leave

- Sabbatical leave
- In-state private school service
- Out-of-state public school service
- Military service

Example: Suppose a member is age 59, has 25 years of service credit, an average compensation of \$35,000, and wishes to purchase five years of refunded credit. Assuming the cost to purchase five years of refunded credit for this member only is \$14,875, or \$2,975 per year of service, here's how those five years will affect her benefit.

Benefit without purchase:

$$25 \text{ years} \times 2.5\% \times \$35,000 = \$21,875$$

Benefit with purchase:

$$30 \text{ years} \times 2.5\% \times \$35,000 = \$26,250$$

Difference:

$$\begin{aligned} \$26,250 - \$21,875 &= \$4,375 \text{ per year} \\ &(\$364.58 \text{ per month}) \end{aligned}$$

By purchasing the five years of refunded service, the member increased her annual retirement benefit by \$4,375. After 3.4 years of retirement, this member would recover the cost of purchasing five years of refunded service credit.

Recovery period:

$$\$14,875 \div \$4,375 = 3.4 \text{ years}$$

Transfer or reciprocal recognition of service credit

If you have other public service in Louisiana, you may have contributed to one or more Louisiana public retirement systems.

State law allows you to transfer the service credit from another Louisiana public retirement system to TRSL, or establish a reciprocal recognition of service credit between another Louisiana public retirement system and TRSL.

With an **actuarial transfer**, the service credit transferred is added to your TRSL years of service credit. The retirement benefit, based on the transferred service credit, is calculated using the retirement percentage factor of the transferring system. You will not receive credit for unused sick or annual leave earned for the years transferred.

Under a **reciprocal recognition of service credit**, members holding credit in more than one Louisiana public retirement system can combine years of service credit to determine eligibility for retirement. However, no transfer of funds or service credit takes place. Each retirement system will recognize credit in the other system to meet retirement eligibility

requirements. You must meet the highest minimum retirement eligibility requirements of each system in order to receive a retirement benefit from each system.

To transfer or reciprocate service from another Louisiana public retirement system to TRSL, you must have at least six months service credit and be an active member of TRSL at the time of transfer. However, if you are inactive then TRSL must have been the last system you contributed to, and you must not have been inactive for five years. You will also need to restore any refunded service credit with the other retirement system before the transfer of service credit can take place or the reciprocal recognition can be established.

For more information about purchasing, transferring or reciprocating service credit, see TRSL's publication, *Purchases and Transfers of Service Credit*, which is available on the TRSL website, www.trsl.org.



All of TRSL's forms and publications are just a click away.

Find them on our website at www.trsl.org

Disability retirement

What you need to know

Members with at least five years of service credit are eligible for disability retirement if their disabling condition occurred during a time of active, contributing membership in TRSL.

However, members should be aware that TRSL disability benefits are not normally provided for long-term disabling illnesses that do not prevent the member from performing his or her current job or are not considered to be permanent disabilities.

If the member is not in active service at the time of application and has not withdrawn his or her contributions, TRSL must receive clear, competent, and convincing evidence that the disability occurred while the applicant was an active, contributing member.

Applying for disability retirement

To apply for disability retirement, complete and submit the following forms to TRSL:

- *Application for Disability Retirement* (Form 12)
- *Disability Report by Supervisor* (Form 12A)
- *Member Statement of Disabling Condition* (Form 12B)
- *Physician Report of Disabling Condition* (Form 12C) from each physician listed on Form 12B
- *Physician Report of Disabling Condition* (Form 12C-P). If the disabling condition is of a psychiatric nature, submit Form 12C-P, instead of Form 12C.

Applicants also need to submit certain medical records and personal documents with their applications.

More detailed information about disability benefits, including survivor benefits, provisions for periodic re-examinations, earnings limitations, workers' compensation, and tax considerations is available in TRSL's publication, *Disability Retirement*, which is available on the TRSL website, www.trsl.org.

Survivor benefits

What you need to know

TRSL provides valuable benefits and financial protection to the families of deceased members and retirees. There are differences in the benefits available to spouses and minor children, which depend upon the member's years of service and whether he or she was actively employed at the time of death.

For Regular Plan and Plan A, TRSL provides survivor benefits to members with at least five years of TRSL service credit. Members with fewer than five years of service credit will have their employee contributions refunded in a lump sum to their named beneficiary. TRSL provides survivor benefits for spouses of Plan B members who have at least 20 years of service credit.

Survivors and beneficiaries should notify TRSL as soon as possible following the death of a member or retiree. Monthly benefits to any eligible survivor or beneficiary will be effective the first day of the month following the death of the member or retiree.

Applying for survivor benefits

To apply for survivor benefits, the following forms and documents should be sent to TRSL.

TRSL forms

- *Application for Survivor Benefits* (Form 13)
- *Student Attendance Certification* (Form 13C) for each unmarried child who is a full-time student, and is at least 21 years of age but not yet 23
- *Direct Deposit of Benefits* (Form 15D)

Other forms and copies of documents

- *Withholding Certificate for Pension or Annuity Payments* (IRS Form W-4P)
- Certified death certificate
- Birth certificates (spouse and minor children)
- Marriage certificate
- Social Security cards (spouse and minor children)
- Certified legal court document confirming the name of tutor/tutrix of minor children, when applicable

NOTE: The deceased member's employer will need to complete an online sick leave certification and certify annual leave, if applicable.

Applying for a refund of deceased member contributions

A refund of member contributions can be made to the named beneficiary only if the member dies prior to retirement and no survivor benefits are payable.

To receive a refund of member contributions, each named beneficiary must submit the following forms and documents.

TRSL forms

- *Application by Nonspousal Beneficiary for Refund of Deceased Member's Contributions/Benefits* (Form 13A)
- *Application by Spouse for Refund of Deceased Member's Contributions/Benefits* (Form 13AS)

Copies of other documents

- Certified death certificate
- Social Security card (of each beneficiary)

Find more detailed information about survivor benefits and eligibility in TRSL's publication about death and survivor benefits, available on the TRSL website, www.trsl.org.

Optional Retirement Plan (ORP)

What you need to know

The Optional Retirement Plan (ORP) is an alternative retirement plan available to academic or unclassified employees of public institutions of higher education.

With the ORP, retirement contributions are portable because the retirement benefit plan is provided by a private carrier. For a list of current ORP providers, please visit the ORP section of our website, www.trsl.org.

Employees who choose to participate in the ORP do not contribute to TRSL and waive all rights to TRSL retirement, survivor, and disability benefits.

If they later change to employment that makes them eligible to belong to TRSL, they must continue to belong to the ORP.

REMEMBER: The decision to participate in the ORP is irrevocable; members who choose the ORP can never change their minds and join TRSL.

For more detailed information about the ORP, members should contact their personnel offices or TRSL.

An online calculator comparing the benefits of TRSL's retirement plans and the ORP as well as the brochure, *Optional Retirement Plan (ORP)*, are available at www.trsl.org.



Find out how an ORP benefit compares to a TRSL benefit!

Read our brochure ***Optional Retirement Plan (ORP)*** at www.trsl.org.

Deferred Retirement Option Plan (DROP)

What you need to know

DROP is an optional program in which eligible TRSL members elect to freeze their regular retirement benefits and have those benefits deposited in a special account at TRSL, while they continue to work and draw a salary from a TRSL-reporting agency.

DROP allows a TRSL member to build up savings. However, DROP participation may not be a good idea for members expecting significant pay increases, as their lifetime benefit will be locked in at the pre-DROP average. Requests for estimates can be made if a member is interested in knowing how their benefit will be affected.

Members may elect to participate in DROP only once. The decision to participate in DROP is irrevocable once participation begins.

DROP eligibility

The eligibility requirements to participate in DROP are different from the requirements for a regular service retirement.

Regular Plan members must meet the following requirements to participate in DROP.

Using the 2.5 percent benefit factor/accrual rate, the member must meet one of the following requirements, whichever occurs first:

- 30 years of service/eligibility credit at any age or
- 25 years of service/eligibility credit at age 55

Using the 2.0 percent benefit factor/accrual rate:

- 10 years of service/eligibility credit at age 60

Plan A members may enter DROP using the 3.0 percent benefit factor/accrual rate, after they meet one of the following requirements, whichever occurs first:

- 30 years of service/eligibility credit at any age;
- 25 years of service/eligibility credit at age 55; or
- 10 years of service/eligibility credit at least age 60

Plan B members may enter DROP using the 2.0 percent benefit factor/accrual rate, after they meet one of the following requirements, whichever occurs first:

- 10 years of service/eligibility credit at age 60; or
- 30 years of service/eligibility credit at age 55

CONSIDERING DROP? Be sure you thoroughly understand DROP before beginning participation. The decision to participate is irrevocable.

For more information about DROP, review our publications, *Beginning DROP* and *Ending DROP*, which are available on the TRSL website, www.trsl.org.

Initial Lump-Sum Benefit (ILSB)

What you need to know

The monthly, lifetime retirement benefit will be actuarially reduced based on the lump-sum amount chosen and the member's age at retirement.

The monthly benefit reduction due to the ILSB is permanent. Members should carefully consider whether the reduced benefit they will receive after taking the lump-sum payment will be enough to meet their future financial obligations.

For more detailed information about ILSB and how to calculate the reduced monthly benefit, see the TRSL brochure, *Initial Lump-Sum Benefit (ILSB)*, which is available on the TRSL website, www.trsl.org.



***TRSL Now Showing* brings retirement to life.**

Visit www.trsl.org to find out more.

Community property and beneficiaries

Community property

The state of Louisiana considers most payments or benefits that members receive from TRSL to be community property, which should be accounted for in any community property settlement.

The funds and payments from TRSL that may be considered community property include:

- Regular retirement benefits
- Refunds of contributions
- DROP or ILSB withdrawals
- Death benefits

The court system ultimately determines which of these funds or payments are considered community property.

If a TRSL member divorces or legally separates, the ex-spouse may claim a portion of any of the above-mentioned payments and benefits that were earned during the time the member and ex-spouse were married, even if the benefits are not payable until **after** the divorce.

Consult an attorney about community property settlements

TRSL members who divorce or must otherwise agree on a community property settlement should consult their attorneys concerning the partition of their retirement and other community assets and liabilities.

If a member's legal counsel is preparing an order to divide TRSL retirement benefits or withdrawals, he or she should refer to LRS Statutes, Title 11, Section 291.

NOTE: The Employee Retirement Income Security Act (ERISA) and the Internal Revenue Code concerning Qualified Domestic Relations Orders (QDRO) do not apply to TRSL.

Questions about specific community property settlements and their effects on TRSL retirement benefits or withdrawals should be directed to the following:

Legal Division
Teachers' Retirement System of Louisiana
P.O. Box 94123
Baton Rouge, LA 70804-9123
Phone: 225-925-1829

Beneficiaries and community property

The issues of community property settlements and the designation of beneficiaries are distinct, and governed by different laws.

Simply because a retiree divorces a spouse does not allow him or her to automatically change or delete the beneficiary listed for retirement benefits.

The issues of divorce, community property, and beneficiaries of funds or benefits are separate issues and must be dealt with separately and in most cases by court order. However, a DROP beneficiary change does not require a court order.

For more information about community property and beneficiaries, see the TRSL brochure, *Community Property and TRSL Benefits*, which is available on the TRSL website, www.trsl.org.

Income tax information

What you need to know

Your retirement benefit is exempt from Louisiana state income tax. However, the benefit is subject to federal income tax and can include both a tax-free amount and a taxable amount.

Member contributions made to TRSL before July 1, 1988, were taxed (unsheltered) and are not subject to tax in retirement. However, member contributions made on and after that date were not taxed (sheltered) and become taxable in retirement.

The simplified method

The IRS developed the simplified method to calculate what portion of the retirement benefit is subject to federal income tax.

The basic formula for calculating the tax-free portion of the retirement benefit is the amount of unsheltered TRSL contributions divided by the number of months allowed for payout by the IRS according to the member's age. The resulting figure is the tax-free portion of the monthly benefit.

Formula	Unsheltered TRSL contributions
	÷
	Months allowed for payout
	=
	Monthly tax-free amount

The simplified method uses two different IRS tables to calculate the tax-free portion of the monthly benefit. Your date of retirement and the retirement option you choose determine which table you will need to use.

The simplified method tables can be found at www.trsl.org, under the "Income Tax Information" link in the Retirees section.

Tax sheltering and rolling over contributions for members who choose to receive a refund

Because member contributions made on or after July 1, 1988, were not taxed, they are generally subject to federal income tax and a 10-percent excise tax penalty upon withdrawal.

Tax-sheltered contributions since July 1, 1988, qualify for rollover into an IRA or another qualified plan. If a member chooses not to have these funds rolled over directly to an IRA or other qualified plan, a mandatory 20 percent will be withheld for federal taxes.

All TRSL members—except retirees who return to covered employment and pay contributions, and members with 40 years service credit—will participate in the tax-sheltering of employee contributions as long as they are enrolled in TRSL.

For more detailed information on tax sheltering and rollovers, see the TRSL booklet, *Special Tax Notice*, which is available on the TRSL website, www.trsl.org.

Returning to work after retirement

What you need to know

After completing a 12-month waiting period, all retirees (except disability retirees) can return to work performing job duties eligible for TRSL membership, and receive their full salary **and** full retirement benefits. The 12-month waiting period begins on the date of retirement.

Returning to work during the 12-month waiting period, performing job duties normally covered under TRSL membership, will result in the forfeiture of benefits for the duration of re-employment or the lapse of the waiting period, whichever occurs first.

Both the retiree and the employer **must make contributions** to TRSL during all periods of re-employment. The retiree will not earn any additional service credit from these contributions, and only the retiree's contributions—without interest—will be refunded upon request after termination of

employment. These contributions will not be made on a tax-sheltered basis.

NOTE: TRSL retirees (excluding disability retirees) who return to public employment in a position not normally eligible for TRSL membership are not subject to return-to-work provisions.

Failure to comply with these laws, including provisions that TRSL be notified of such employment, could result in substantial financial liability on the part of the retiree.

REMEMBER: DROP/ILSB account withdrawals can still be made even if the retiree is re-employed during the first 12 months after retirement.

For more detailed information about return-to-work laws, see TRSL's brochure, *Returning to Work after Retirement*, which is available on the TRSL website, www.trsl.org.



Find out if your re-employment after retirement is eligible for TRSL membership.

Contact TRSL: 225-925-6446 • 1-877-ASK-TRSL • web.master@trsl.org

Managing your membership data

Annual member account statement

TRSL will mail you a *Member Account Statement* (Form 5) at the end of each fiscal year if you were actively employed with a TRSL-covered employer.

This statement details the salaries, contributions, and service credit reported by your employer(s) as well as your accumulated funds and total service credit at the end of the fiscal year. The statement also contains a retirement benefit estimate—based upon employment information on record—for members with a certain amount of TRSL service credit.

Your current beneficiary designation and your home address as last reported to TRSL are also listed on the statement.

When you receive your statement, check it carefully. If your mailing address or beneficiary is outdated, notify TRSL by submitting an *Active Member Change of Address Authorization* (Form 2AC) or a *Beneficiary Designation* (Form 3).

These forms are available on TRSL's website at www.trsl.org. Active members may change their names and addresses using our online **Member Access** feature, which gives members 24-hour online access to their retirement account information through our website.

Your employer should contact TRSL if the statement information does not agree with your employer's records. An uncorrected error could affect your future retirement benefit.

Ask your employer to submit corrections to TRSL, and contact TRSL about any problem that cannot be resolved by your employer. Be sure to include your Social Security number on this correspondence. TRSL does not recommend sending your Social Security number through e-mail.

NOTE: Your annual member statement includes the service credit you have earned, which is used to calculate your retirement benefit. If you worked any part-time service during your career, you may be eligible for retirement-credit-for-eligibility-purposes-only. Contact TRSL for more information.

REMEMBER: If you find an error in salary, contributions, or service credit, call your employer first.

Correction of errors

Members and employers have three years to correct any errors in salary reported to TRSL by paying the correct amount of employee and employer contributions plus legal interest. For any corrections to earnings or salary made more than three years after a contribution report is due, TRSL will require that the actuarial cost of the service credit be paid by the responsible parties (member and/or employer).

Appeals

Members may file an appeal whenever they feel their rights under state law and/or the policies of TRSL have been violated. It is the duty of the TRSL Board of Trustees to hear such appeals and issue timely written decisions in these cases. Appeals may be made in writing to:

TRSL Board of Trustees
P.O. Box 94123
Baton Rouge, LA 70804-9123

Withdrawing your contributions

If you permanently terminate employment with all eligible positions covered by TRSL, you may withdraw your employee contributions 90 days after termination. You need to submit a completed *Application For Refund* (Form 7) to your employer. At the end of 90 days, your employer sends the application to TRSL for refund of contributions.

REMEMBER: A refund includes only your member contributions. It does not include employer contributions or interest.

By accepting a refund, you terminate your membership and cancel your service credit in TRSL.

Your TRSL account cannot be used as if it were a personal bank account or an individual retirement account. You cannot borrow money from your account or assign your account, nor may your account be attached by a lien in bankruptcy, etc. Your funds must remain in your account until you retire or become an inactive member eligible for a refund.

A refund of tax-sheltered contributions is eligible for rollover into a traditional IRA or Roth IRA, or transfer to another employer retirement plan that accepts the funds. Eligible plans include: traditional IRAs under IRC 408(a), qualified plans under IRC 401(a), tax-sheltered annuities under IRC 403(b), and governmental deferred compensation plans under IRC 457.

As long as you do not already have or deposit any other funds in the IRA to which you roll over your refund, you may later use these IRA funds to purchase service credit in TRSL if you begin working again in a position that makes you eligible for TRSL membership. This account is known as a conduit IRA (408(a) account).

After terminating re-employment, return-to-work retirees can apply to receive a refund of their post-retirement employee contributions once those contributions have all been reported and without waiting 90 days.

Glossary

Actuarial transfer

Transfer of service credit from one retirement system to another. May involve additional cost to the member.

Actuarially realized rate of return

The actuarial rate of return is a three-year weighted average return that is calculated with the following information:

- Realized returns for the current fiscal year
- One-third of unrealized returns of current year
- One-third of unrealized returns of previous year
- One-third of unrealized returns of year before that

Realized returns result from the actual sale or purchase of stocks or bonds. Unrealized returns are market value only; no money has changed hands.

This method of calculating the actuarial rate of return results in a three-year smoothing that lessens the dramatic effect of sharp turns in the market. It softens the blow of “down” years, but it also moderates the effect of upswings.

It is usually late September before TRSL knows what the actuarially realized rate of return will be for the fiscal year ending June 30. The Public Retirement Systems’ Actuarial Committee (PRSAC), which usually meets each January, must approve the rate.

Actuary

A statistician who calculates pension and annuity rates based on risk factors obtained from experience tables.

Actuaries make financial sense of the future by analyzing the past, modeling the future, assessing the risks, and communicating the results in financial terms.

Beneficiary

The person (trust or succession) who receives either a monthly benefit or the balance of the member’s contributions depending upon the member’s status at the time of death or the retirement option selected by the member.

Deferred Retirement Option Plan (DROP)

An alternative method for payout of retirement benefits for a specified and limited time. Retirement benefits accumulate in a special account during DROP participation. Maximum DROP participation is three years beginning on the date the member is first eligible to retire and ending three years and 60 days later.

Defined benefit plan

TRSL is a defined benefit plan, which is a retirement plan under which members are guaranteed a lifetime benefit at retirement if they meet certain age and/or service requirements. The benefit amount is based on age, length of service, and final average compensation. Guaranteed member benefits are prefunded by contributions made by the employer, employee, and investment earnings. The plan sponsor (the State of Louisiana) must ensure that sufficient monies are raised to pay all promised benefits to current and future retirees and their eligible beneficiaries.

Defined contribution plan

A retirement plan under which contributions are made by the employer, employee, and investment earnings. The benefit amount at retirement is the sum that accumulates in the member's account. Members (employees) are responsible for ensuring that their accounts have enough funds to provide them with adequate incomes in retirement.

DROP account

A special account credited with DROP benefits during participation. The account does not earn interest until DROP participation is completed.

DROP beneficiary

Person(s) designated as beneficiary(ies) of amounts credited to the DROP account. The DROP beneficiary may be changed and does not have to be the same person as the retirement beneficiary.

DROP deposit

An amount that is credited every month to a DROP account during participation. Upon retirement, this monthly amount becomes the retirement base benefit to which credit will be added for employment after DROP participation and unused leave.

Estimated payment

The initial retirement benefit calculated according to information on file at TRSL. Before TRSL can finalize a retirement, certain information is needed from the employer, who certifies earnings and leave once employment has ended.

Final average compensation (FAC)

Average of the member's highest three years of consecutive earnings, or the highest joined years of employment if service was interrupted. There may be a cap on earnings used in the average compensation.

Initial Lump-Sum Benefit (ILSB)

An optional program, selected at retirement, in which the member can receive a lump-sum payment of up to 36 months of the maximum monthly retirement benefit. Monthly retirement benefits for both retirees and beneficiaries are actuarially reduced by the amount of the lump-sum payment. Eligibility requirements for ILSB are the same as requirements for DROP participation.

Minor child

An unmarried child of a TRSL member, who is under the age of 21 or is an unmarried, full-time student under the age of 23, or an unmarried, permanently disabled child who became disabled prior to age 21.

Optional Retirement Plan (ORP)

An alternative defined contribution retirement plan available to academic or unclassified employees in higher education. Such employees who choose to participate in the ORP do not contribute to TRSL and waive all rights to TRSL retirement, survivor, and disability benefits not otherwise provided by state law. Participation in the ORP is irrevocable.

Part-time employee

An employee who does not work full time (works less than 100% effort a day) for a TRSL-eligible employer; or less than what a college or university considers full time if employed in higher education.

Plan A members

School food service employees who were members of the School Lunch Employees' Retirement System on July 1, 1983, when that system merged with TRSL and who are employed in one of the 46 parishes that contribute to TRSL's Plan A (all parishes except those in Plan B). Plan A members contribute 9.1 percent of their salaries to their retirement.

Plan B members

School food service employees in the parishes of Allen, Assumption, Avoyelles, Cameron, Catahoula, Concordia, DeSoto, East Feliciana, Jefferson, Jefferson Davis, Lafayette, LaSalle, Morehouse, Orleans, Red River, St. Helena, St. John the Baptist, St. Mary, Washington, and West Feliciana. Plan B members contribute five percent of salary to TRSL for retirement; they also contribute to Social Security.

Reciprocal recognition of service

Service credit in a Louisiana public retirement system recognized by another Louisiana public retirement system to determine eligibility for regular retirement, disability retirement, DROP participation, and survivor benefits. There is no cost to the member, but this must be requested in writing.

Regular plan members

The majority of TRSL membership, including those employed in any of the classifications defined by law as a “teacher” for whom enrollment in TRSL is mandatory as a condition of employment and who meet the eligibility requirements. Regular plan members contribute eight percent of their salaries to their retirement.

Retirement beneficiary

Persons named by retirees as recipients of one-time lump sum or monthly benefits when a retirement option is selected. Once named, the retirement beneficiary cannot be changed, except for Option 1. This person is not necessarily the same as the DROP beneficiary.

Retirement benefit

Monthly lifetime benefits that members receive after retirement.

Service credit

The credit a member is given for each full year worked, regardless of whether the

member was employed on a 9-, 10-, 11-, or 12-month contract. Members cannot receive more than one year of service credit in any fiscal year (July 1 through June 30). In most instances, service credit is calculated by dividing the actual earnings by the full-time rate that constitutes a full contract.

Service retiree

A retiree who did not participate in DROP or ILSB or who is not retired under disability provisions.

Sheltered contributions

Employee contributions paid into TRSL after July 1, 1988, which were not taxed, or any funds rolled over from a conduit IRA or other qualified plan to purchase service credit.

Student

An unmarried child of a TRSL member who is under the age of 23, and is enrolled full time in an accredited high school, vocational-technical school, college, or university.

Survivor benefits

Payments to a surviving spouse, minor children, and totally and permanently mentally or physically disabled children if an eligible active member dies. Certain eligibility requirements must be met by the member before death.

Unsheltered contributions

Employee contributions paid into TRSL before July 1, 1988, which were taxed, or any funds paid by the member directly to purchase service credit.

Vested or vesting

The guarantee of a future lifetime benefit after the member has worked at least five years and leaves his or her contributions on deposit at TRSL.

Revised February 2009

This public document was published at a cost of \$14,690.96. Twenty thousand copies of this document were published by the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, to inform TRSL members of laws and policies that affect them. Printing of this material was purchased in accordance with the provisions of Title 43 of the Louisiana Revised Statutes.



Teachers' Retirement System of Louisiana
8401 United Plaza Boulevard, Suite 300
Baton Rouge, LA 70809-7017

PO Box 94123
Baton Rouge, LA 70804-9123

Telephone: 225-925-6446
Fax: 225-925-6366
TDD: 225-925-3653
Toll free (outside Baton Rouge area):
1-877-ASK-TRSL (1-877-275-8775)

E-mail: web.master@trsl.org
Website: www.trsl.org