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HUMAN RESOURCE MEMORANDUM NO. 01-058

August 1, 2001

TO: Lt. Governor, Secretary, Undersecretary, Assistant Secretaries, Deputy Assistant Secretaries, Program Managers

FROM: Mary F. Ginn
Human Resources Director

SUBJECT: Legislative Changes to LASERS

Numerous Acts of the 2001 Regular Legislative Session make changes to the Louisiana State Employees= Retirement System (LASERS). The following are just some of the changes to LASERS that could affect you or your retirement benefits:

Act 267 - Prohibits a LASERS= member who retires with 20 years of service from being eligible for the Initial Benefit Option.

Act 405 - Regards survivor benefits to the surviving spouse and major children of a deceased member. Allows a married member who has major children (over age 18/23) of both a current marriage and a prior marriage, but no minor children, to enter into a written agreement to divide the benefit between the major children and the spouse in any amount they choose. Prior to the death of the member, either the member or the spouse may revoke the agreement. If the couple divorces, the agreement is automatically revoked. If the member has major children of a prior marriage, he/she may unilaterally elect to divide the survivor benefit between the spouse and the major children. In those cases, the spouse must receive a benefit based on the ratio of the length of marriage to the total service credit. These agreements may be made even if the member has minor children, however, the agreements are not valid until the minor children reach majority. These agreements must be made prior to the member=s death. The benefits payable are based on the spouses= benefit and will cease upon the death of the surviving spouse.

Act 419 - Makes the purchase of military service the same regardless of when the military service occurred. Under the new law, military credit for reserve service can be purchased by paying the actuarial cost even if the person is receiving military retirement for the reserve time.

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Act 455 - Regards re-employment of LASERS retirees. Effective July 1, 2001, retirees are prohibited from returning to work for the state for 12 months following retirement. If they return to work during the first 12 months of retirement, their retirement benefit will be suspended for 12 months, beginning the first month of re-employment. A retiree who was re-employed on or before June 30, 2001 is not subject to the 12-month Awaiting period.® This law applies to all employment of retireesBfull-time, part-time, temporary and seasonal.

Act 844 - Regards the early Retirement and Payroll Reduction Act of 2001. Allows a person with 10 years service and age 50 to retire with an actuarially reduced benefit. Provides that each job vacated by early retirement (both 10 years/age 50 and 20 years/any age) is abolished. An agency must receive approval from the Commissioner of Administration to fill the position. Members retiring under either early retirement provision are prohibited from returning to work for the state for 2 years. This Act is effective from July 1, 2001 through December 31, 2002.

Act 1016 - Adjusts the cost-of-living increase for LASERS= retirees. The annual cost of living amount was increased from 2% to 3%, or the Consumer Price Index (CPI), whichever is less. The additional 1% is payable only if the investment return for the year is equal to or greater than 8.25 %. The COLA was also limited to the first \$70,000 of retirement benefits.

Act 1079 - Repeals the restriction against becoming a member of a system from which credit was previously transferred. Under the old law, a person who transferred service credit from one retirement system to another and then retired was prohibited from rejoining the system from which he/she transferred.

NOTE: This is not a complete listing of all new retirement legislation. For more information on LASERS, check their web site at <http://www.lasers.state.la.us/>. A complete list of the acts of the 2001 Regular Legislative Session is located at <http://www.legis.state.la.us/>.

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