

Membership Handbook



Louisiana State Employees' Retirement System
as of January 2012

DROP/IBO Account Withdrawals and the Self-Directed Plan

(LAC 58:I:4101-4135)

DROP/IBO Accounts Held at LASERS

If you were eligible to retire before January 1, 2004, and have a LASERS DROP or IBO account, you can make withdrawals from your account after you terminate state service and LASERS has finalized your retirement benefit.

You may choose from the following disbursement methods:

- Rollover to a qualified tax annuity plan or IRA
- Lump-sum payment of the entire balance
- Payment of a specified amount (as requested)
- Monthly withdrawals of a specified amount
- Monthly withdrawals of an amount based on your expected lifetime
- Annual withdrawal of a specified amount

Tax penalties may apply depending on the withdrawal method selected. Lump-sum payments, one-time payments, and monthly payments where the distributions will be paid out in less than 10 years, will be subject to a mandatory 20 percent federal income tax withholding. If you are under age 59 ½, payments may also be subject to a 10 percent early withdrawal penalty. LASERS recommends that you consult a qualified tax advisor before making any decision about the withdrawal of these funds.

IRS laws dictate that withdrawals must begin no later than the year you reach age 70 ½, provided that you have retired, and are receiving monthly retirement benefits. At the beginning of each year, LASERS will notify you of the amount of your minimum required distribution for that year. If you have not met this minimum distribution by December 1, a check for the required amount will automatically be issued to you so that you will avoid any IRS penalties.

Should you die, your DROP/IBO account beneficiary will be entitled to the remaining funds in your DROP/IBO account. LASERS encourages you to consult a tax advisor for withdrawal restrictions.

Application Process

To make a withdrawal from your LASERS DROP/IBO account, you must submit the following to LASERS:

- Form 9-03, *Request for Withdrawal from DROP-IBO*
- Form 4-04, *Spousal Consent* (if you are married and this is your first withdrawal)
- Form 4-05, *Authorization for Direct Deposit* (for Direct Deposit only)
- Form 2-01A, *Authorization for Direct Rollover* (for rollovers only)

Self-Directed Plan DROP/IBO Accounts

Members eligible to retire on or after January 1, 2004, automatically have their DROP/IBO accounts transferred to the third-party administrator, Great-West Retirement Services. Members who have a DROP/IBO account held at LASERS can make the irrevocable decision to transfer the balance of their DROP account to Great-West.

Once your DROP/IBO account balance has been transferred to Great-West, you may choose from a wide array of fixed and variable investment options. Each option is explained in the Great-West Retirement Services booklet and fund data sheets. Participation in the Self-Directed Plan (SDP) may result in the loss of principal or earnings based on market performance. Each participant agrees that neither the State of Louisiana nor LASERS is obligated for any loss in account funds.

Please contact Great-West to find out about your withdrawal options and submit all forms requesting a withdrawal to Great-West. Upon your death, your designated beneficiary should contact Great-West for information regarding the DROP/IBO account.

Visit the Great-West Retirement Services website, www.LouisianaDCP.com, or call KeyTalk, toll free, at 800.701.8255. The website and KeyTalk are available to you 24 hours a day, seven days a week.

Great-West Retirement Services
2237 S. Acadian Thruway, Suite 702
Baton Rouge, LA 70808
225.926.8082 or toll free 800.937.7604

Taxes

All DROP/IBO Distributions from LASERS and the SDP are exempt from Louisiana state income tax. Ordinary federal income tax will apply to any benefit received during the calendar year, and some penalties may apply for early withdrawal. Form 1099-R (federal tax) will be issued to you annually and will include any DROP/IBO withdrawals.

LASERS

Contact Information

Location: 8401 United Plaza Blvd. • Baton Rouge, LA 70809

Mail: P.O. Box 44213 • Baton Rouge, LA 70804-4213

Phone: (toll-free) 800.256.3000 • (local) 225.922.0600

Web: www.lasersonline.org

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