

Membership Handbook



Refund of Contributions

(La. R.S. 11:537)

Persons who leave state service may, under certain circumstances, be eligible for a refund of their accumulated contributions in the retirement system. If you feel that you qualify, contact the human resources office of your **last employing agency** to complete Form 2-01, *Refund of Accumulated Contributions*.

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

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

If you receive a refund of your contributions, and return to work in a LASERS-eligible position as a Regular Member between July 1, 2006, and December 31, 2010, you will be considered a newly hired employee under the provisions of La. R.S. 11:441(A)(2). In addition to other changes, you should be aware that as a newly hired Regular Member, the only eligibility requirement for retirement is 10 or more years of service at age 60 or thereafter until December 31, 2010. After January 1, 2011, the eligibility requirement for retirement is five or more years of service at age 60 or thereafter or 20 years of service at any age, with an actuarially reduced benefit. If you receive a refund and return to work after January 1, 2011, you will be subject to the provisions of Act 992.

The amount of contributions sheltered from federal income tax (amounts paid after January 1, 1984) are subject to federal taxes when refunded, unless the sheltered refund amount is rolled over into another qualified retirement plan (such as an IRA). If not rolled over, these funds are subject to a mandatory 20 percent federal withholding tax. You may also be subject to a 10 percent federal early withdrawal penalty. LASERS does not withhold Louisiana taxes on your refund. An IRS tax notice is attached to each refund application. You should read this tax notice carefully before applying for a refund. The tax notice is a summary and should not be taken as tax advice. **LASERS encourages you to contact a tax consultant to determine if the provisions are applicable to your specific situation.**

To accept a rollover you must have established an account at a financial institution prior to the refund distribution. Your financial institution must complete Form 2-1A, *Authorization for Direct Rollover* verifying your account information. You must submit this form along with Form 2-01, *Refund of Accumulated Contributions*.

Your refund of employee contributions will be mailed to the address indicated on Form 2-01. Your IRS Form 1099R will be mailed at the end of the year to your address on file with LASERS.

Application Process

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

- Form 2-01, *Refund of Accumulated Contributions*
- Form 2-01A, *Authorization for Direct Rollover* (if rolling over your refund)
- A copy of your Social Security card

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

In order to repay a refund, you must return to LASERS-covered employment, and have a minimum of 18 months active service credit. To restore your prior service credit, you must repay the refunded amount plus 8.25 percent interest compounded annually from the date of the refund until payment is made. Payment must be made in a lump sum for any service restored; however, you are not required to restore all of your refunded service at once. You may elect to restore only a portion of the total refunded service by repaying the service, as earned, by calendar year.

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

Year	Service credit	Earnings	Contributions	Interest	Total due
1995	.80	\$23,000.00	\$1,725.00	\$2,263.12	\$3,988.12
1996	1.00	\$29,500.00	\$2,212.50	\$2,902.69	\$5,115.19
1997	1.00	\$31,350.00	\$2,351.25	\$3,084.73	\$5,435.98
1998	.40	\$12,800.00	\$960.00	\$1,259.47	\$2,219.47

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

You may repay a refund at any time prior to the date of your retirement or entering DROP. The calculation will be done at no cost to you for up to three invoices within a 12-month period. However, each additional invoice is subject to a \$75.00 nonrefundable calculation fee. You can also calculate an estimate of your repayment amount by using our on-line calculator located under the Active Member Self-Service section of our website at www.lasersonline.org.

Application Process

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

- Form 2-11, *Application for Repayment of Refunded Service*

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

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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