



Optional Retirement Plan (ORP) Enrollment Booklet

**Note - Enrollment in this plan closed
December 7, 2007**

Louisiana State Employees' Retirement System

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LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM OPTIONAL RETIREMENT PLAN (ORP)

PURPOSE

The Optional Retirement Plan (ORP) was established July 1, 2000 to provide retirement and death benefits to eligible participants while affording the maximum portability of these benefits to the participants. The ORP is a defined contribution plan and an alternative retirement plan for eligible employees who may make an **IRREVOCABLE** election to participate in the ORP rather than the Louisiana State Employees' Retirement System (LASERS) Defined Benefit Plan (DBP), a term used to describe the system's original plan.

ACTION TO BE TAKEN

Determine Eligibility

- a. The following employees are eligible to make an irrevocable election to participate in ORP:
 - (1) Any unclassified state employee who is appointed by a statewide elected official and whose appointment is subject to confirmation by the Louisiana Senate.
 - (2) Any unclassified state employee who is a member of the immediate staff of any such employee described in Item a (1) of this section.
 - (3) The chief executive officer of the State Group Benefits Program.
 - (4) Members of the Executive Career Service (to be established and defined by Civil Service Commission).
- b. An ORP member who becomes employed by a LASERS reporting agency in a position not listed in Part (a) of this section must continue participation in ORP. The ORP election is irrevocable.

Moving from LASERS Defined Benefit Plan to the ORP

- a. Hires with an effective date between July 1, 2004, and December 7, 2007, may make the election to enroll in the ORP by completing the Form 15-1 ORP Enrollment Application and filing it with LASERS within 60 days of their appointment. No person appointed to an otherwise eligible position after December 7, 2007, will be eligible to enroll in the ORP. Members who do not enroll in this election within sixty (60) days, will be enrolled, by default, in the LASERS Defined Benefit Plan.
- b. Current members, (those appointed to an eligible position after December 7, 2003) may move from LASERS Defined Benefit Plan and into the ORP by submitting the ORP Enrollment Application no later than August 31, 2004. If an eligible member fails to make this election within this timeframe, the member will, by default, remain in LASERS Defined Benefit Plan.
- c. Members of the Executive Career Service may move from LASERS Defined Benefit Plan to the ORP within sixty days of their appointment.

SUMMARY PLAN DESCRIPTION

The Optional Retirement Plan (ORP), to be administered by the Louisiana State Employees' Retirement System (LASERS), was enacted by the Louisiana Legislature by Act 1320 of the 1999 Regular Legislative Session (R.S. 11:502 through 502.6). The ORP was revised by Act 923 in the 2004 Legislative Session. The major features of the Revised Plan are as follows:

Effective Date: July 1, 2004
 Sunset Date: December 7, 2007
 Plan Year: July 1 through June 30

Eligibility: (i) any unclassified state employee who is appointed by a statewide elected official and whose appointment is subject to confirmation by the Louisiana Senate; (ii) any unclassified state employee who is a member of the immediate staff of any such employee described in item (i); (iii) the chief executive officer of the State Group Benefits Program; and (iv) members of the Executive Career Service as defined by the State Civil Service (to be established by Civil Service).

NOTE: Since LASERS does not have sufficient information to determine eligibility under subgroup (ii), it will be up to the employing agency to certify, in writing, to LASERS that the unclassified employee is a member of the immediate staff of subgroup (i). Without this certification the employee will be denied participation in the ORP.

Participation Date: Any current participating member of the Defined Benefit Plan, who would otherwise be eligible for the ORP as of December 7, 2003, may **IRREVOCABLY** elect to participate in the ORP. Such an **IRREVOCABLE** election shall be filed in writing with LASERS no later than August 31, 2004, or the member shall remain in the Defined Benefit Plan. If this election is made, then only the employee contributions maintained by LASERS in the Defined Benefits Plan for that member shall be transferred to the ORP provider. All service credit and employer contributions in the Defined Benefits Plan shall be forfeited. If the employee has refunded service credit from the Defined Benefit Plan, that employee must repay the refund prior to enrollment in the ORP to transfer employee contributions, or forfeit the right to repay the refunded service credit. After enrollment in the ORP, the employee will not be permitted to purchase service credit from the Defined Benefit Plan.

New hires: For employees hired on or after July 1, 2004, an **IRREVOCABLE** election to participate in the ORP must be made in writing and filed with LASERS sixty (60) days after the eligible employee begins work. Elections shall be effective as of the date of appointment. If an eligible employee fails to make an election to participate in the ORP within sixty (60) days of appointment, he shall become a member of the Defined Benefit Plan as of the date of appointment.

Enrollment: All eligible employees shall be enrolled in the ORP utilizing the forms approved by and made available by LASERS. No enrollment forms, except those approved by LASERS, shall be acceptable. Providers must check with each agency's human resource office and adhere to the agency's procedures for enrollment in the ORP.

The employing agency, not LASERS, shall control access to eligible participants.

Employee Contributions: Each participant in the ORP shall contribute at the regular member's rate (currently 7.5 %) of salary monthly, less one per cent (1%) of salaries for the LASERS administrative costs.

Employer Contributions: Each employer agency shall contribute to LASERS on behalf of each participant in the ORP the same amount that would have been contributed to the defined benefit plan. LASERS shall forward to the ORP provider an amount equal to the employer's portion of the normal cost contributions as set forth in the actuarial valuation of the retirement system. LASERS shall retain that portion of the employer's contribution, which applies to the unfunded accrued liability, in excess of the employer's portion of the normal cost contribution.

LASERS may also retain an additional portion of the employer contributions for any adverse actuarial impact as a result of employees participating in the ORP in accordance with R.S. 11:502.3 B.(3).

Vesting: Immediate vesting for all contributed funds submitted to the ORP by LASERS on behalf of the participant.

Disability Benefit: None, other than payout of balance of account.

Death Benefit: Account balance in ORP, to be paid out in accordance with applicable Internal Revenue Code provisions.

Forfeitures: None

Distribution: Only after termination of employment with the State of Louisiana, and in accordance with applicable Internal Revenue Code provisions.

Loans: None

Hardship Withdrawals: None

Investment Options: The ORP provider shall establish the investment fund options available to the participant. The participant may elect to invest in any or all of these investment fund options.

Benefit Obligations: All benefits payable to ORP participants shall be the sole obligation of the ORP provider to which contributions are made, and shall not be the obligation of LASERS. Payments to participants or their beneficiaries shall be made by the ORP provider, not by LASERS, in accordance with the contracts approved for use in the ORP.

Participants in the ORP shall not be entitled to any benefits under the Defined Benefit Plan, and once a choice is made by a participant to participate in the ORP, that individual will be ineligible to participate in the Defined Benefit Plan.

- Waivers:** By participating in the ORP the participant waives any rights that accrue to members in the Defined Benefit Plan, and shall waive any right or cause of action against LASERS relative to the member's participation in the ORP.
- Internal Revenue Code:** The provider shall be responsible for complying with all applicable provisions of the Internal Revenue Code, including but not limited to annual contribution limits. If any violation of this code occurs as a result of an employee's participation in the ORP, it shall be the responsibility and liability of the participant and the provider and not LASERS.
- Sunset:** Currently the law provides that the authority to enroll eligible employees in the ORP shall terminate on December 7, 2007. Those employees who enroll or transfer prior to that date shall continue participation in accordance with ORP provisions.

Movement from the ORP back to the LASERS Defined Benefit Plan:

Act 923 of 2004 also allows members, who enrolled in the ORP from July 1, 2000, through July 31, 2002, to regain membership in the LASERS Defined Benefit Plan.

It also provides for the transfer of all service credit and funds the member has in the ORP into the Defined Benefit Plan. Act 923 specifies that the funds transferred shall be used to pay for service credited to the member in the Defined Benefit Plan and prohibits membership in both the ORP and the Defined Benefit Plan.

A member making the choice to re-enter the Defined Benefit Plan must transfer all benefits before retiring or entering DROP. If a deficit exists to restore credit once the funds are transferred from the ORP to the LASERS Defined Benefit Plan, the member must pay the deficit.

A member electing to re-join the LASERS Defined Benefit Plan must complete form 1-1 Membership Registration and sign the waiver on form 15-1A Transfer to Defined Benefit Plan from Optional Retirement Plan (ORP).

Comparison of Benefits

LASERS Defined Benefit Plan	LASERS Optional Retirement Plan (ORP)
Defined Benefit Plan--Monthly pension determined by years of service and highest 36 months average annual salary times 2.5 per cent.	Defined Contribution Plan--Monthly annuity determined by employer and member contributions and investment return on those contributions.
Contributions do not determine benefits. Most employee payroll contributions are 7.5 per cent of salary. Total employer contribution is the same as for the Optional Retirement Plan.	Contributions determine benefits. Employee payroll contribution is 7.5 per cent of salary less administrative fees of 1% of salary (or 6.5%). UAL (unfunded accrued liability) is withheld from employers' contributions.
Lifetime Benefit -- The retirement benefit continues no matter how long a member lives.	Benefit based on amount accumulated in contributions account.
Lifetime benefit payable after: <ul style="list-style-type: none"> •30 years at any age •25 years at age 55 •10 years at age 60 •20 years at any age (actuarially reduced) 	Benefit based on accumulated contributions; payable at the member's option, after termination of employment.
Guaranteed by the State of Louisiana.	Guaranteed by the solvency of the provider.
Refund of employee contributions upon request at termination of employment.	Annuity or lump-sum payout possible at time of termination. Also, rollover of all or part of the funds to an IRA or qualified plan may be done after termination of employment.
The Defined Benefit Plan is mandatory for most state employees.	ORP members have 60 days after being appointed to enroll and cannot participate in Defined Benefit Plan. The decision is irrevocable.
Survivor benefits are provided for minor children if member had five years service credit, or to a surviving spouse if member had ten years of service credit.	Upon death of a member, the amount of the ORP account is paid out in a lump sum or as an annuity.
If a member with ten years of service credit is certified as disabled, he or she will receive disability benefits from LASERS.	Lifetime benefit based on accumulated contributions; payable at the member's option, after termination of employment. No other disability benefits are included.
Transferable to other Louisiana retirement plans with reciprocal agreements with LASERS.	Portable when employee terminates employment in state government.
LASERS controls and monitors a professionally-designed investment allocation.	Each individual enrolled in the ORP controls their own investments.

Enrolling Employees in the ORP Instructions

A. New Employees:

- (1) Provide employee with an Optional Retirement Plan (ORP) Enrollment Application form (Form 15-1). See the attachments for a copy of this form. The employee must complete and sign the form. The employee (applicant) must sign and date the form and initial all acknowledgments. LASERS requires two copies of the completed Enrollment Application with original signatures.
- (2) The employer completes the "Agency Certification" portion and then forwards the application to LASERS. The effective date should reflect the new employee's first date of employment.
- (3) Report contributions to LASERS on the normal reporting format until the employee has made his or her election. When enrollment is complete, 6.5% of employee contributions to LASERS will be transferred to the ORP provider by credit taken from the Defined Benefit Plan Report and submitted on the next ORP Report.

B. Current LASERS Defined Benefit Plan Members Enrolling in ORP: This includes employees who change from a non-covered position to a position eligible for the ORP. The employee is not required to enroll in ORP.

- (1) Procedures will be the same as in the above section.
- (2) After the completed **Optional Retirement Plan Enrollment Application** is received by LASERS, employee contributions made by the member to LASERS Defined Benefit Plan will be transferred to the designated ORP provider within a reasonable timeframe by LASERS.
- (3) The effective date should be the first day of the first pay period paid in the next month after the election. This will prevent both LASERS and the agency from dividing the month between ORP and LASERS.

Enrollment Check List:

- A. Complete the form, include agency certification.
- B. Make two copies.
- C. The applicant should sign each of the two copies.
- D. The authorized agency representative should also sign each of the two copies.
- E. Make a copy for the applicant's records.
- F. Make a copy for the agency's records.
- G. Forward the two signed originals to:

Physical Address

LASERS
ATTN: ORP Section, Fiscal Division,
Room 235
Retirement Systems Building
8401 United Plaza Blvd., First Floor
Baton Rouge, LA 70809

Mailing Address

LASERS
P.O. Box 44213
Baton Rouge, LA 70804-4213

Since this process is "time critical," messenger mail is preferred.



Louisiana State Employees' Retirement System

P.O. Box 44213, Baton Rouge, LA 70804-4213 • 225-922-0600 • Toll-Free 1-800-256-3000 • Fax 225-922-0595 • www.lasers.state.la.us

Optional Retirement Plan (ORP) Enrollment Application

PRINT OR TYPE ALL INFORMATION

Member's Name - First	Middle	Last	Today's Date (MM/DD/YYYY)	Social Security Number
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

IMPORTANT: Complete the entire form. Follow the specific instructions for each section.

SECTION 1: MEMBER'S STATEMENT (To be completed by applicant)

Instructions: It is important that you carefully read this entire packet, including the enrollment instructions. Please attach a copy of your Social Security card. Fill in your name as it appears on your card. It is important that you read and initial or sign all portions of this form. **(Note: Two (2) copies with original signatures are required.)**

Check One:

Hired between 12/07/03 and 06/30/04

Hired 07/01/04 or later

Filing Deadline 08/31/04

Filing Deadline - Within 60 days of Appointment Date

Member's Birthdate (MM/DD/YYYY)

Hire Date (MM/DD/YYYY)

Home Area Code and Telephone Number

Work Area Code and Telephone Number

Male

Female

Mailing Address

City

State

Zip

LA

New Enrollment

ORP Provider Name

ORP Provider Code

Great-West/Benefits Corp.

GRWEST

SECTION 2: ACKNOWLEDGEMENTS (Please initial all items.)

The Optional Retirement Plan (ORP) under R.S. 11: 502.2 is available only to unclassified employees who are appointed by a statewide elected official and are subject to Senate confirmation, their immediate unclassified staff, and the Group Benefits chief executive officer. ORP is a defined contribution plan. Benefits under this plan are based on the balance of the member's contributions (both employee and employer) to the ORP Provider. There is no state or governmental guarantee of benefits. Your decision to participate in the ORP program is irrevocable and must be made no later than 60 days after your hire date; otherwise you must remain a member of LASERS defined benefit plan.

- _____ 1. I acknowledge that I have received the ORP Enrollment Booklet, which includes a comparison between the ORP (defined contribution plan) and regular LASERS membership (Defined Benefit Plan), a Summary Plan Description, and this Enrollment Application form with instructions.
- _____ 2. I acknowledge that by electing to participate in the ORP that I am forfeiting all present and future rights to the LASERS Defined Benefit Plan, even if I change my employment to a regular classified position.
- _____ 3. I acknowledge that if I am currently participating in the LASERS Defined Benefit Plan and that when I elect to participate in the ORP program, I must withdraw from membership in the LASERS regular Defined Benefit Plan and transfer my employee contributions (account balance) to the ORP provider.
- _____ 4. I acknowledge that my contributions must be the same amount I would have been required to contribute to LASERS, and my employer also must contribute the same employer rate as for LASERS regular plan.
- _____ 5. I acknowledge that the amount deposited in my ORP account will be the normal cost portion of the employer contribution plus the employee contribution less 1% of earnings. The unfunded accrued liability (UAL) portion of the employer contributions will be retained by LASERS. The remittance to the ORP provider will be made within five business days after contributions have been properly received by LASERS from my agency. If the enrollment form is not completed correctly or contributions submitted are not accurate, they will be returned to my agency for correction.

I hereby make irrevocable application to enroll in the LASERS Optional Retirement Plan. I understand that by joining the ORP: 1.) I forfeit all my rights to participate in or receive benefits from the LASERS defined benefit (DB) plan for life; 2.) If I am currently a LASERS member, I must transfer my employee contributions to the LASERS ORP providers, and 3.) I forfeit all my LASERS service credit received to date.

SECTION 3: MEMBER CERTIFICATION

Member's Signature

Today's Date (MM/DD/YYYY)

SECTION 4: AGENCY CERTIFICATION

I hereby certify that this applicant is eligible to participate in the LASERS Optional Retirement Plan (ORP); that this Application is complete; and that my agency will remit contributions, beginning with the effective date of enrollment.

Signature

Today's Date (MM/DD/YYYY)

Title

X

Agency Name

Agency Number

Daytime Area Code and Telephone Number

RETAIN COPY FOR YOUR RECORDS

Reset Form

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