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APPLICATION FOR RETIREMENT FOR ALL CLASSES OF EMPLOYEE (La. R.S. 11:442)

Members must make application for retirement in writing. Termination of state service does not automatically constitute application for retirement. An *Application for Retirement* form 6-1, or an *Application for Retirement with IBO* form 6-1A shall be considered officially filed with the board when received in the office of the Director. Any member may cancel his application for retirement prior to the effective date.

INITIAL BENEFIT OPTION

The Initial Benefit Option (IBO) became available January 1, 1996. Only members who **have not** participated in the Deferred Retirement Option Plan (New or Old DROP) can select this option. Disability retirees and 20-year early retirees cannot select this option. All classes of employees who retire may choose this option, at retirement, in addition to a monthly retirement benefit that is reduced on an actuarial basis. The reduction depends on the age of the retiree at retirement and on the amount receive initially. ***An IBO recipient cannot choose Retirement Option 1.***

Before the initial benefit option can be calculated, the retiree must first decide whether he wants to add his converted unused leave to his benefit, or be paid a lump sum payment for the leave. The retiree can then elect to receive part of his future benefits in an "initial" lump sum payment. The lump sum can be any amount not to exceed an amount equal to 36 months of the maximum monthly retirement benefit.

The retiree can receive the "initial benefit" in a lump sum payment. If the retiree receives the lump sum, 20% federal withholding will be deducted from the payment and reported to the IRS. The retiree may choose to rollover the lump sum amount to an IRA, or similar qualified plan, or it can be deposited in an interest-bearing account similar to the DROP accounts. The interest earnings and withdrawals will be the same as for DROP accounts. The main difference is the account will be created at retirement instead of accumulated over a DROP participation period. The account will accrue interest from set up. The retiree must name an IBO account beneficiary at the time the account with LASERS is established. The account is subject to rules governing community property.

If the retiree is under age 55 at retirement, the initial benefit lump sum will be subject to the federal early withdrawal penalty of 10% of the lump sum amount. If the amount is placed in an account like the DROP account, it will not be subject to the penalty unless it is withdrawn prior to age 55.

Calculating the IBO

Here's an example: The Maximum Option monthly retirement benefit for a 52 year old "Regular Plan" member is calculated as follows:

30 years of service credit x 2.5% accrual factor x \$30,000 average compensation = \$22,500.00. Then divide this annual amount by 12 to determine the maximum monthly benefit of \$1,875.

If the member chooses the IBO, the member could receive at the time of retirement a maximum lump sum payment of up to 36 times \$1,875 or \$67,500.

To find the monthly cost of the one-time payment, the member uses the chart below to find his or her age and the corresponding cost per \$1,000 of \$7.73. The monthly cost to withdraw \$67,500 would be \$7.73 times 67 or \$517.91.

The \$517.91 would be subtracted from the \$1,875 monthly maximum benefit to determine the actuarially reduced monthly benefit. Therefore, \$1,875 minus \$517.91 equals \$1,357.09. The member's new lifetime maximum monthly benefit would be \$1,357.09 if he withdrew \$67,500. **Selection of retirement Option 1, 2A, 2B, 3, 4A or 4B will result in a lower monthly lifetime retirement benefit.**

Note: If the member has service that is not classified as "Regular Plan" service, the retirement formula for the other type of service is used for this calculation.

**Age and Cost per \$1,000.00 Chart
(Chart changes periodically)**

20 – 6.71	34 – 6.91	48 – 7.46	62 – 8.92	76 – 13.22
21 – 6.72	35 – 6.93	49 – 7.52	63 – 9.10	77 – 13.73
22 – 6.73	36 – 6.96	50 – 7.59	64 – 9.30	78 – 14.27
23 – 6.74	37 – 6.99	51 – 7.66	65 – 9.50	79 – 14.85
24 – 6.75	38 – 7.01	52 – 7.73	66 – 9.73	80 – 15.47
25 – 6.76	39 – 7.05	53 – 7.82	67 – 9.98	81 – 16.13
26 – 6.77	40 – 7.08	54 – 7.90	68 – 10.24	82 – 16.83
27 – 6.78	41 – 7.12	55 – 8.00	69 – 10.52	83 – 17.58
28 – 6.80	42 – 7.16	56 – 8.10	70 – 10.83	84 – 18.38
29 – 6.81	43 – 7.20	57 – 8.21	71 – 11.15	85 – 19.23
30 – 6.83	44 – 7.24	58 – 8.33	72 – 11.51	86 – 20.16
31 – 6.85	45 – 7.29	59 – 8.46	73 – 11.89	87 – 21.16
32 – 6.87	46 – 7.34	60 – 8.60	74 – 12.30	88 – 22.25
33 – 6.89	47 – 7.40	61 – 8.76	75 – 12.74	89 – 23.42

Checklist for *Application for Retirement form 6-1*

📖Instructions

- Have member complete Parts 1 through 6
- Certify application-Part 7
- Attach copies of signed social security cards and birth certificates for applicant and all named beneficiaries
- Attach certified copy of divorce papers-if applicable
- Keep copy of all completed forms for member's personnel file
- Give copy of all completed forms to member
- Send retirement system copy of all forms to LASERS Member Services-Benefits-Post Retirement

Additional forms to be completed and attached to *Application for Retirement 6-1 & 6-1A (IBO) --if applicable*

- Spouse's Approval of Retirement Option Selected form 4-4*
- W4-P-Federal Withholding form*
- Insurance Premium Deduction Authorization form 6-2*
- Authorization for Direct Deposit form 4-5*
- Certification of Unused Annual and Sick Leave 7-1*

Checklist for *Application for Retirement with IBO form 6-1A*

📖Instructions

- Have member complete Parts 1 through 9
- Certify application-Part 10
- Attach copies of signed social security cards and birth certificates for applicant and all named beneficiaries
- Attach certified copy of divorce papers-if applicable
- Keep copy of all completed forms for member's personnel file
- Give copy of all completed forms to member
- Send retirement system copy of all forms to LASERS Member Services-Benefits-Post Retirement

Follow "Additional forms" instructions as stated above, if applicable.

Special Information **on *Application for Retirement*** **Form 6-1 & 6-1A (IBO)**

Form Usage:

- Complete form for any member who wants to apply for regular, IBO, or reduced retirement.
- If member is married, attach *Spousal Consent* form 4-4.
- If member is divorced, attach a copy of divorce decree.
- Retain copy for member's personnel file.
- Give copy to member.

Form Features:

- Copies of signed *Social Security cards* and *birth certificates* for both applicant and beneficiary, if paid a monthly benefit, must be attached to form.
- Attach any additional forms as needed.
- Make sure daytime phone is home phone not work phone.

Chapter 6 Forms:

(Forms are located on the LASERS website, <http://www.lasers.state.la.us> under "Agency Information/Agency Forms." Refer to Liaison Memorandum Number 04-15 for online forms distribution information.)

- 6-1 Application for Retirement
- 6-1A Application for Retirement-Initial Benefit Option
- 6-1B Application for Retirement IBO on or before 01/01/04
- 6-2 Insurance Premium Deduction Authorization