



Louisiana State Employees' Retirement System

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LIAISON MEMORANDUM
NUMBER 16-23

To: Agency Liaison Officers
From: Cindy Rougeou
Executive Director
Re: Self-Funded COLA Election – New Form
Date: September 8, 2016

Form 04-09: Self-Funded Cost of Living Adjustment (COLA) Election has been created, and is required for any member who wishes to select the Self-Funded COLA at DROP entry or retirement. This selection will no longer be made on the DROP/Retirement applications.

The change is to ensure that members are consciously making the selection to receive an initially reduced benefit in order to fund their own cost-of-living adjustment. By moving the selection to an independent form, we are taking steps to help prevent members from choosing this retirement option by mistake, which can have a significant impact on their monthly retirement benefit. In addition to the new form, we are updating the language in our publications in order to alleviate the confusion between the member’s Self-Funded COLA versus the system-generated COLAs, which are granted via legislative approval once certain criteria are met.

All DROP/Retirement applications have been updated and will instruct members to complete Form 04-09 if they wish to elect to receive the Self-Funded COLA. This form must be received prior to the DROP start/retirement date. This decision is irrevocable once the effective DROP start/retirement date has been reached.

It is important to note that selecting the Self-Funded COLA will cause the member to receive an actuarially reduced benefit in order to fund the 2.5% annual increase. For more information, please direct members to the Retirement Options and the Self-Funded COLA chapter of the LASERS Membership Handbook, which provides an example of the effect the Self-Funded COLA can have on benefits earned over many years.

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