

**For Immediate Release  
Friday, June 22, 2012**

## **LASERS Board Urges Legal Clarification of Cash Balance Plan**

**Baton Rouge** – At its June board meeting, the Louisiana State Employees' Retirement System (LASERS) Board of Trustees considered implications of the cash balance plan created by Act 483 of the 2012 Legislative Session. The cash balance plan will apply to certain employees hired in non-hazardous duty positions after July 1, 2013. Given the implementation delay, the Board recognized the opportunity to clarify important questions about Social Security and tax consequences.

Therefore, the Board voted to urge the Division of Administration on behalf of the State, as the employer for state employees, to seek a determination from the Internal Revenue Service (IRS) of the Social Security equivalency of the new cash balance plan. Since LASERS members do not participate in Social Security, it is critical to determine whether the cash balance plan offers a benefit to all members that is adequate to maintain the current exemption from Social Security.

The Board also voted to seek a determination from the IRS as to whether the cash balance plan will jeopardize the tax qualified status of the existing defined benefit plan. Plan status determines whether contributions and earnings are taxable and if distributions are eligible for rollover into another tax-qualified vehicle.

The 12-member policy-making Board of Trustees has fiduciary oversight over LASERS. For more information, please contact LASERS Public Information Director Tonja Normand at [tnormand@lasersonline.org](mailto:tnormand@lasersonline.org) or 225.922.1131.

####