

Conversion of Leave for Retirement Credit

La. R.S. 11:1755E

Any participating employer in MERS may elect to allow their employees to receive retirement credit for unused annual and sick leave at the time of their retirement. The amount of leave to be converted is calculated after any leave is paid based on a policy of the employer.

The employer must submit a resolution to MERS indicating its acceptance of this option. A sample resolution is provided.

The employer must pay the actuarial value of the leave to MERS which is then used to increase the monthly retirement benefit of the member. Payment must be made within 30 days of the member's retirement. The actuarial value of the leave is less than the cash value of the leave. Examples are provided below.

The decision to allow conversion of leave is irrevocable and applies to all employees* of the employer. Unused leave is not used for retirement eligibility, only to increase benefits. Conversion of leave occurs at termination of employment, not at the time of entry into the Deferred Retirement Option Plan (DROP), if applicable.

There is no limit on the amount of unused leave that may be converted. Conversion is based on the number of days of leave using the following scale:

Days	Percentage of a Year
1 – 26	10
27 – 52	20
53 – 78	30
79 – 104	40
105 – 130	50
131 – 156	60
157 – 182	70
183 – 208	80
209 – 234	90
235 – 260	100

Employers submit the Conversion of Leave form upon a member's termination at the time of retirement. Leave is computed in days. Fractional days of one-half or more shall be granted as one day and less than one half of a day is disregarded. MERS will send an invoice to the employer.

*If an employee had terminated employment and later becomes reemployed, the employee must be an active contributing member of MERS for at least 18 months before being eligible to convert unused leave to retirement credit at retirement.

Examples of Cost for Conversion of Annual and Sick Leave

PLAN A

Sex	Age	Leave Amount (days)	Additional Retirement Credit	Final Average Compensation (Annual)	Additional Benefit (Annual)	Calculation Factor (based on member's age)	Actuarial Cost
M	60	6	0.1 years	\$44,431	\$133.29	10.72499242	\$1,429.53
F	72	177	0.7 years	\$34,361	\$721.57	9.18490527	\$6,627.65
M	67	74	0.3 years	\$30,364	\$318.82	9.34050314	\$2,552.54
M	61	407	1.6 years	\$46,804	\$2,246.58	10.55670873	\$23,716.62
F	67	125	0.5 years	\$50,000	\$750.00	10.41254167	\$7,089.41

PLAN B

Sex	Age	Leave Amount (days)	Additional Retirement Credit	Final Average Compensation (Annual)	Additional Benefit (annual)	Calculation Factor (based on member's age)	Actuarial Cost
M	75	50	0.2 years	\$28,000	\$112	7.29221570	\$816.73
F	55	98	0.4 years	\$18,000	\$144	12.40449559	\$1,786.25
M	60	125	0.5 years	\$36,000	\$360	10.72499242	\$3,861.00
M	50	200	0.8 years	\$25,000	\$400	12.09097624	\$4836.39
F	62	300	1.2 years	\$40,000	\$960	11.41123642	\$10,954.79