

"I'm on LWOP/furlough..."

Your retirement options in LWOP/furlough situations

What is LWOP/furlough?

In general, leave without pay (LWOP) or furlough is the placing of an employee in temporary non-duty, non-pay status because of lack of work or funds, or for other non-disciplinary reasons.

How does LWOP/furlough affect my retirement?

During LWOP/furlough, you are still considered an active member of TRSL. However, during the actual period of time when you are on LWOP/furloughed, you are not working or contributing to TRSL; therefore, **you do not earn service credit during this time.** This can affect when you are eligible to retire and how much your retirement benefit will be. Participation in the Deferred Retirement Option Plan (DROP) is not affected by being placed on LWOP or being furloughed.

You have options!

Once you begin contributing to TRSL again after LWOP/furlough, you can purchase service credit for the periods of time that you were on LWOP/furlough. Purchasing service credit can enable you to increase your retirement benefit and/or retire sooner.

Purchasing LWOP/furlough service credit

The cost of purchasing this type of leave is calculated by TRSL's actuary and requires a non-refundable calculation fee of \$200 payable to TRSL by check or money order. (*Fee is subject to change.*)

The actuarial cost is based on your age, current salary, years of TRSL service credit, and years of service to be purchased. This cost completely offsets the increase in TRSL's accrued liability resulting from the purchase of the credit.

To purchase LWOP/furlough service credit, you must pay the greater of either:

- the actuarial cost (as just described), or
- the amount of total contributions (both employee and employer) that would have been paid if you had contributed to TRSL during the period of service to be purchased plus interest at the TRSL Board-approved rate. (*Interest rate is subject to change.*)

Purchasing LWOP/furlough service credit:

- You must be an active, contributing TRSL member.
- You can purchase one year of official leave for each five years of actual service credit in TRSL, (or 0.5 year of official leave for each 2.5 years of actual service credit).
- You can purchase up to two consecutive years of leave. However, if the periods are not consecutive, you can purchase more than two years.
- If the unpaid leave of absence occurred during a refunded period, all years of refunded service must first be restored.

Required form: *Application for Purchase of In-State Service (Form 9)*

For more information: Read our brochure, *Purchases and Transfers of Service Credit.*

How can I pay for an LWOP/furlough service credit purchase?

Payments for purchases of service credit for LWOP/furlough must be made in one lump sum. Incremental payments and payroll deductions are not acceptable payment methods (except for payments by higher education employees under budget reduction furlough, see back for details). You can pay by check, money order, or eligible rollover accounts. Please make checks and money orders payable to TRSL.

NOTE: Personal checks returned due to insufficient funds are subject to a return fee in addition to payments for the service credit purchase.

Rollover funds:

Rollovers can only be used to purchase eligible service credit. Please submit *Rollover Acceptance Form (Form 9R)*, to initiate a rollover. See back for a list of accounts eligible for rollover as methods of payment.

TRSL provides payment information on all invoices and cost notifications, including information on rollovers. If you intend to use rollover funds, you should contact the financial institution that currently holds your funds about their requirements and time frame to process a rollover to TRSL.

NOTE: IRS regulations limit LWOP/furlough purchases to a MAXIMUM of five years as LWOP/furlough time is considered air time.

ROLLOVERS: Eligible payment methods

- 401 (a) defined governmental benefit plan
- 401 (k) defined contribution plans
- 403 (a)
- 403 (b) tax-sheltered annuities
- 408 (a)
- 408 (b)
- 457 deferred compensation

NOTE: Rollover funds must be in your own name. You cannot use rollover funds from accounts in your spouse's name (or child's, parent's, etc.).

Service credit purchases must be made before retiring or entering DROP. TRSL strongly recommends that you submit any application at least six months before you retire or enter DROP.

ADDITIONAL INFO for individuals employed in postsecondary education

Most individuals employed at a public college or university (including the governing or management boards of public colleges/universities) participate in either TRSL's defined benefit plan or the Optional Retirement Plan (ORP).

In cases where these individuals are furloughed without pay as a result of budget reductions, they have the option to pay member contributions for a period of up to 30 days per fiscal year for the furlough period.

If the individual elects to pay member contributions, the employer must pay the employer portion. Member contributions are paid monthly through the employer.

Individuals indicate their choice to continue or not continue contributions by completing *Option to Continue Contributions During Time of Furlough Without Pay* (Form FBR).

For TRSL defined benefit plan members:

- Service credit for furlough days accrues upon the payment of employee and employer contributions based on the salary that the member would have been paid if not for the furlough.

For ORP participants:

- Only an ORP participant's contributions are affected by LWOP/furlough because they do not earn service credit.

NOTE: This option is not available if a public college or university declares financial exigency.

Involuntary furlough

Involuntary furlough is another furlough situation that can occur, but only happens when TRSL members are involuntarily furloughed without pay because of the **temporary closure** of their employer due to a gubernatorially declared disaster or emergency.

During involuntary furlough, you do not contribute to TRSL, and therefore do not earn service credit. The cost to purchase involuntary furlough would be calculated by TRSL's actuary.



Other TRSL resources

TRSL strongly encourages you to visit our website, www.TRSL.org.

- All TRSL forms and publications are available online.
- If you haven't done so already, register for **myTRSL** so you can easily access your TRSL retirement account information.
- Use an **online calculator** to get a retirement benefit estimate.

Or just call, email, or make an appointment to visit us. We're available Monday through Friday from 8 a.m. – 4:30 p.m. (excluding holidays).

- **Physical address:**
8401 United Plaza Blvd, Ste 300
Baton Rouge LA 70809-7017
- **Mailing address:**
PO Box 94123
Baton Rouge LA 70804-9123
- **Telephone:** 225-925-6446
- **Toll free (outside Baton Rouge area):**
1-877-ASK-TRSL (1-877-275-8775)
- **Email:** web.master@trsl.org
- **Web:** www.TRSL.org



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