



# I've Completed **DROP...** What's Next?

March 11, 2025

# Friendly reminders

- This presentation contains general information to be used as a guide during the webinar. For more information, please visit **[www.TRSL.org](http://www.TRSL.org)**
- All participants are muted.
  - Have a question? Type your question in the **Q&A Box**.
  - We will answer questions during the webinar and at Q&A periods.
- This webinar will be recorded. Our recordings & PDFs are available at [www.trsl.org/members/webinars](http://www.trsl.org/members/webinars)
- Check out our YouTube page **@TRSLOnline**

**If you have any specific questions about your retirement,  
please contact us at [AskTRSL.org](http://AskTRSL.org)  
so we can look up your account and assist you directly.**

# Agenda

- Review of what happens during DROP
- Options after DROP participation
- After-DROP supplement
- Forms needed to retire
- DROP account withdrawal options & examples
- Tax liabilities



# You're in DROP!

- The retirement option you selected on your affidavit (**not your contributions**) determines how much is deposited into your DROP account.
- **The option chosen is a permanent choice.** You will not get to choose another option when you retire.

You submitted an application to enter DROP, not to officially retire.



TRSL computed your benefits & sent you an Affidavit of Retirement Option Election.



You returned the notarized affidavit, in which you chose a retirement option.



# While in DROP, what is the same?

- You continue to work and draw a salary.
- You continue to earn and use leave.
- You are still eligible for raises, promotions, etc.
- You can change jobs or employers.
- Your DROP deposits will continue as long as there is no break in service.



# While in DROP, what is different?

- **Neither you nor your employer makes contributions to TRSL.**
  - No service credit is earned while you are in DROP.
- **Your salary is not reported to us while you are in DROP.**
  - We will not know if you have received a salary increase/decrease.
- **Your retirement benefit is “frozen.”**
  - The retirement option you chose determines how much is deposited into your account.
    - If you don't work after DROP participation and retire, this will be your base monthly retirement benefit.



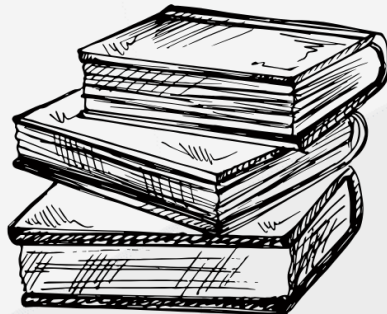
# Your options after DROP participation



## **TERMINATE EMPLOYMENT (RETIRE):**

- Start receiving monthly benefits
- Begin DROP account withdrawals

**OR**



## **CONTINUE TO WORK:**

- DROP deposits will end
- Resume contributions to TRSL
- Earn supplemental benefit (added to your future monthly retirement benefit after you retire)



# Formula for after-DROP supplement

- The formula for calculating the after-DROP supplement uses the same three components as the DROP deposit calculation.
- Your benefit factor will be the same as when you entered DROP (2% or 2.5%) and “froze” your benefit.
- The retirement option you chose at the time of entering DROP is also a factor in calculating your supplemental amount.





# Working after DROP

- Upon retirement, TRSL will calculate a supplemental retirement benefit for **ALL** post-DROP service.

✓ 4 months

✓ 1 year

✓ 5 years



***Any** amount of time you work after DROP **can** result in a higher monthly retirement benefit.*



# After-DROP supplement

- Your length of employment after DROP will determine the FAC amount used in the supplemental calculation:

	<u>PRIOR TO Jan. 1, 2011</u>	<u>ON OR AFTER Jan. 1, 2011</u>
<b>If you work LESS than...</b>	<b>3 YEARS:</b> <ul style="list-style-type: none"><li>TRSL will use your before-DROP average.*</li></ul>	<b>5 YEARS:</b> <ul style="list-style-type: none"><li>TRSL will use your before-DROP average.*</li></ul>
<b>If you work MORE than...</b>	<b>3 YEARS:</b> <ul style="list-style-type: none"><li>TRSL will calculate an after-DROP average.**</li></ul>	<b>5 YEARS:</b> <ul style="list-style-type: none"><li>TRSL will calculate an after-DROP average.**</li></ul>

\* This is the same FAC that was used to calculate your DROP deposit.

\*\*This may be a different FAC, depending on if your salary is higher or lower 3/5 years after DROP.



# Example: After-DROP supplement

Final monthly retirement benefit equals base benefit (before DROP) plus supplement (after DROP) in one payment.

*Using "maximum benefit" in this example.*

<b>1 x 2.5% x \$3,770 = \$94</b>	
Base benefit	<b>\$2,356</b>
+ supplement	<b>\$94</b>
Final retirement benefit	<b>\$2,450</b>

Working 1 year  
after DROP

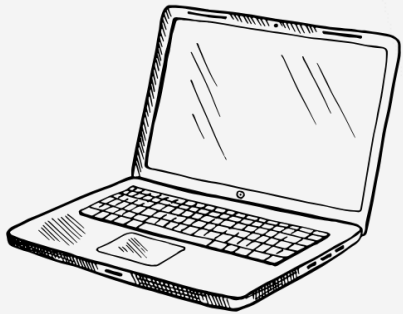
<b>3 x 2.5% x \$4,000 = \$300</b>	
Base benefit	<b>\$2,356</b>
+ supplement	<b>\$300</b>
Final retirement benefit	<b>\$2,656</b>

Working 3 years  
after DROP

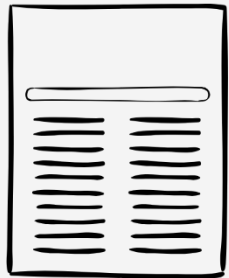


# Applying for retirement

There are two ways you can apply for retirement/DROP:



Apply online through your **MEMBER ACCESS** account:  
[www.TRSL.org/memberaccess](http://www.TRSL.org/memberaccess)



Submit **Application for Service Retirement, ILSB, or DROP (Form 11)** via fax, mail or scan/email to TRSL.

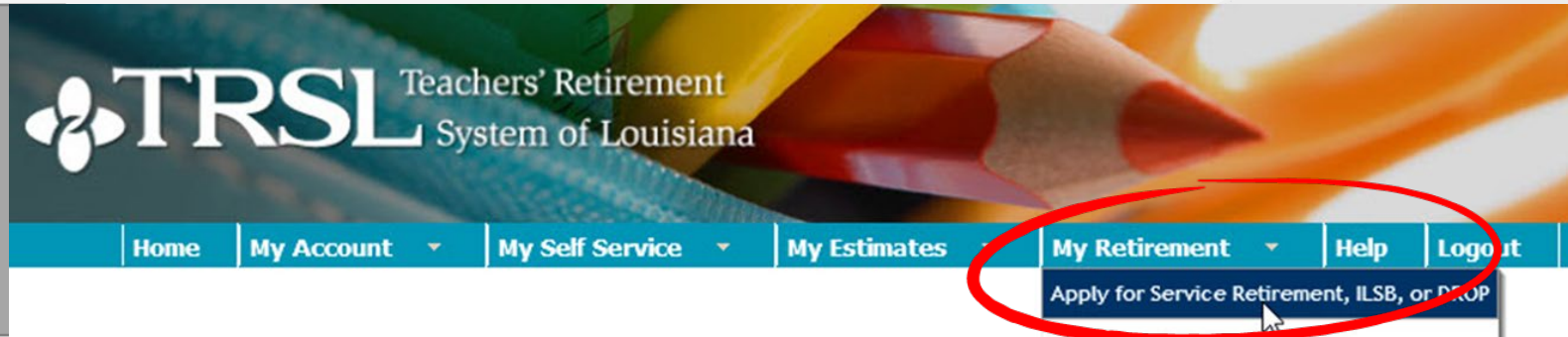
**Entering DROP:** Submit **Form 11 (only)** to enter DROP.



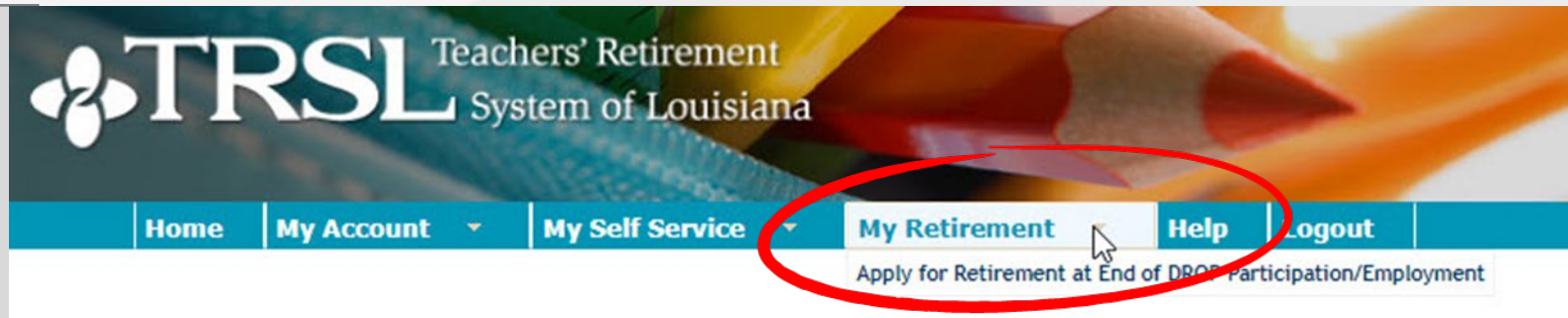
**Retiring after DROP:** Submit **Form 11H, Form 15D & IRS Form W-4P** to retire.

# Apply through Member Access

Entering DROP:  
Submit Form 11



Retiring after DROP:  
Submit Form 11H



*NOTE: Two weeks after submission of the Form 11 or 11H to TRSL, you will receive an acknowledgment letter in the mail.*

# Apply through Member Access



**Application for Service Retirement, ILSB, or DROP**

Applications may be canceled before cashing any benefit check, including estimated benefit payments and direct deposits. Your application may be submitted within six months before your effective retirement/DROP date. It is your responsibility to submit your application before your selected retirement/DROP date.

**Your retirement information (Must be completed)**

Select one:  Service – 06-11A     ILSB – 06-11A5     DROP – 06-11F    Date of retirement/DROP begin date  (mm/dd/yyyy)

Annual COLA Option (ACO) allows a retiring member to receive a guaranteed annual 2.5% cost-of-living adjustment (COLA) by accepting an actuarially REDUCED retirement benefit. Check the box below only if you are considering ACO.  
 Yes, I wish to receive an estimate of REDUCED benefits based on the self-funded Annual COLA Option (ACO).

**Your member information (All fields must be completed)**

Name: Last, first, MI, suffix (Jr., III, etc.)  \*\*    Your Social Security number

Street address/P.O. Box  \*\*    Your date of birth

City  State  Zip  \*\*

Home/cell telephone\*     Work telephone\*

\* include area code  
Months of contract  
 9    10    11    12

Information for you and your spouse will automatically load from your account, but you will be able to make changes, if necessary.



**Electronic Signature**

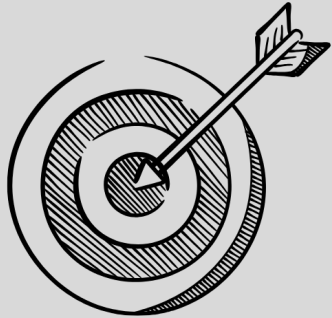
I hereby make application for retirement in accordance with Louisiana laws. I understand that I should receive an acknowledgment letter by mail approximately two weeks after the date TRSL receives my application. If I do not receive an acknowledgment letter, I will contact TRSL.

I understand that by submitting my application online that I agree to conduct this transaction by electronic means and that I am signing my retirement application.



# When can you withdraw DROP funds?



DROP withdrawals **must** begin within one year of your retirement date. \*



The minimum amount to be withdrawn is based on the Internal Revenue Service (IRS) life expectancy chart.



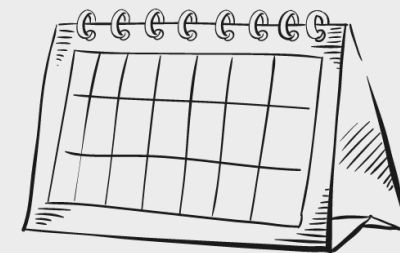
Withdrawals can begin **only after** you terminate employment (retire).

*\*If a member does not submit DROP withdrawal paperwork within **ONE** year of retirement, TRSL will issue the member a minimum annual payment.*



# When are DROP withdrawals paid?

- Monthly DROP withdrawals:
  - Paid on the 15th of each month, following payment of your first monthly retirement benefit.
- Keep in mind that your lifetime monthly retirement benefit is paid on the 1st of each month.





# Early withdrawal penalty age

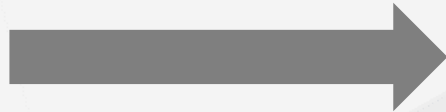
- Will you be (or turn) age 55 or older in the calendar year (Jan 1 – Dec 31) in which you retire?

**YES**



Early withdrawal penalty will **NOT** apply

**NO**



Early withdrawal penalty **MAY** apply\*

*\*Additional 10% early withdrawal penalty by the IRS may be assessed only if withdrawals are taken before age 59 ½, **unless** retirement age is 55 or older during the calendar year of retirement **or** TRSL transfers the withdrawal directly to a rollover-eligible plan **or** if withdrawals are taken monthly/annually over your life expectancy (per IRS life expectancy tables).*



# Projected DROP withdrawals



If **projected** DROP withdrawals  
*DO NOT* exhaust the balance  
in your TRSL account within  
10 years or less

*DROP funds in TRSL account last at least  
10 or more years*

**SUBJECT TO: Voluntary federal income tax  
withholding based on your W4P**



If **projected** DROP withdrawals  
*WILL* exhaust the balance in  
your TRSL account in less than  
10 years

*DROP funds in TRSL account do NOT last at  
least 10 years*

**SUBJECT TO: Mandatory 20%  
federal withholding tax**



# What are your DROP withdrawal options?

- **Total account balance withdrawal**

- Direct payment
- Rollover
- Direct payment/rollover split

- **Withdrawals from TRSL**

- Monthly
- Annual

- **Partial Single-Sum withdrawal**

- You will have one opportunity in a 12-month period to change the withdrawal method and/or amount.
- Amount cannot be decreased.
- Total account balance withdrawal is an available option for members.

***NOTE: If TRSL pays your DROP withdrawal directly to you, it is exempt from Louisiana state taxes, provided you live in LA. You must still file a Louisiana income tax return each year and claim the exemption.***

# Total account withdrawal

A total account balance withdrawal is an available option for members.

- DROP withdrawals that will exhaust the account balance in less than 10 years have tax consequences:
  - Mandatory 20% federal withholding tax
  - Additional 10% early withdrawal penalty if taken before age 59 ½, unless retirement age is 55 or older during the calendar year of retirement



# Rollovers

- Must be rolled over to another qualified plan within the United States.
- If TRSL rolls over the account to an IRA or other qualified plan, there will be no tax withholding at the time the funds are rolled over.

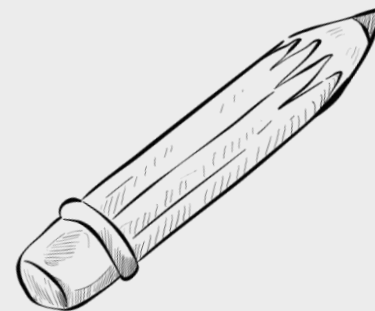
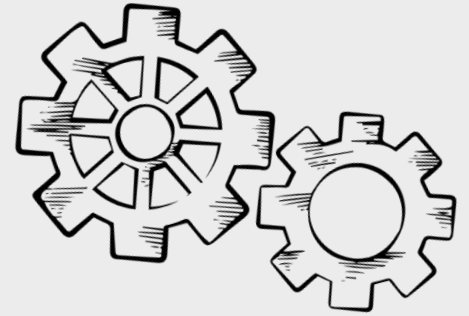
Eligible accounts						
Minimum rollover amount: \$200						
401(a)	401(k)	403(b)	457	Roth IRA	408(a)	Traditional IRA

- When withdrawals are made from a rollover, the funds are subject to **both federal and state** taxes.
  - No longer Louisiana state tax exempt



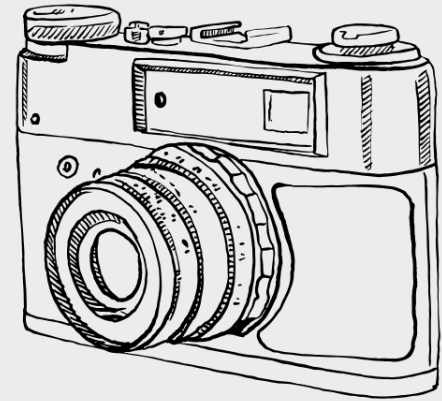
# Direct payment/rollover split

- Must be rolled over to another qualified plan within the U.S.
- Minimum rollover amount: \$500
- Direct payment subject to federal taxes:
  - Mandatory 20% federal withholding tax
  - Additional 10% early withdrawal penalty if taken before age 59½, unless retirement age is 55 or older during the calendar year of retirement



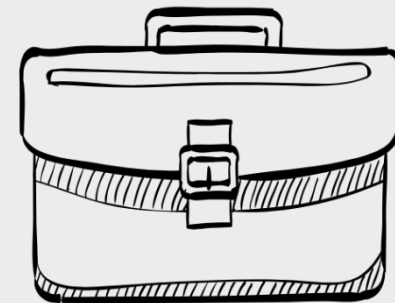
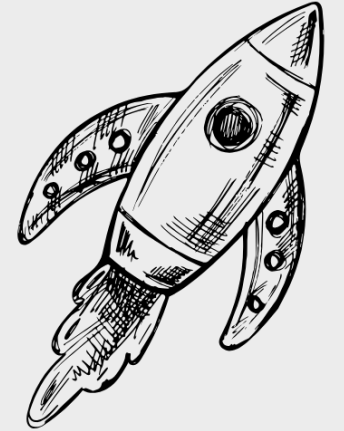
# Monthly withdrawals from TRSL

- Minimum amount is determined by IRS life expectancy table
- Can be increased once every 12 months, never decreased
- Must be direct deposited (U.S. banks only)
- Total account balance withdrawal is an available option for members



# Annual withdrawals from TRSL

- Minimum amount is determined by IRS life expectancy table
- Can be increased once every 12 months, never decreased
- Must be direct deposited (U.S. banks only)
- You specify the month you wish to receive payment
- Total account balance withdrawal is an available option for members

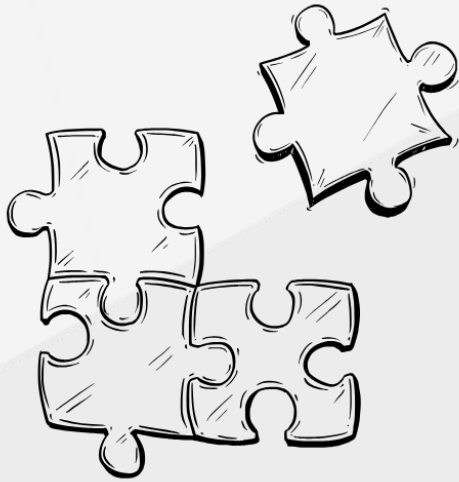




# Partial Single-Sum withdrawal

Can be taken as follows:

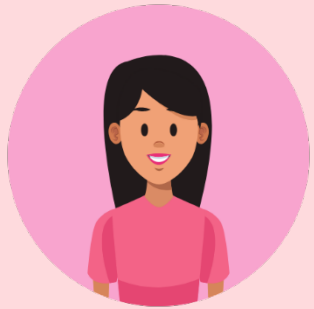
- Once in the lifetime of you or your spousal beneficiary; **AND**
  - At time of retirement; **OR**
  - After withdrawals have begun



- You must have been at least age 55 at time of retirement (during the calendar year of retirement), or at least age 59 ½ at the time withdrawal is taken.
- It will affect the lifetime of the account balance and tax liabilities.
- If you are married, a DROP or ILSB Retiree Spousal Consent to Withdrawal Method (Form 11G-1) must be completed.



# \$100K – Withdrawal comparison



Withdraws  
\$80K to  
move  
abroad.\*



Withdraws  
approx. \$40K to  
pay off house.  
Rolls over  
remaining  
\$50K.\*



Withdraws  
\$700-\$800  
per month  
for 10 or more  
years to  
supplement  
income.\*\*



Withdraws  
\$8K-\$9K per  
year for 10 or  
more years to  
take his family  
on vacation.\*\*



Withdraws \$25K  
for a new car  
(\$20K after  
taxes).\*

Still receives  
\$500-\$600 per  
month for 10 or  
more years.\*\*

**\*Subject to 20% mandatory federal withholding tax and possible 10% early withdrawal penalty.**

**\*\*Based upon the IRS life expectancy table; allows them to avoid 20% mandatory federal withholding tax.**



# Some tax considerations

DROP withdrawals that will exhaust the account balance in less than 10 years have tax consequences.

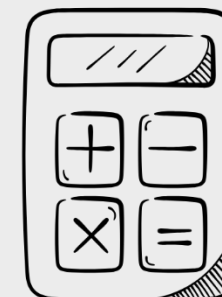
- **Less than** 10 years: (if not rolled over to another qualified plan)
  - 20% mandatory federal withholding tax
  - Additional 10% early withdrawal penalty if taken before age 59½, unless retirement age is 55 or older during the calendar year of retirement
- **At least** 10 years:
  - Voluntary federal income tax withholding based on your W-4P

***PLEASE NOTE: Consult a qualified tax advisor before making any decisions about withdrawing your funds. Federal taxes are deferred on DROP account deposits and become due as funds are withdrawn.***

# Tax liabilities

  <b>IRS</b>	<b>Subject to LA STATE income tax?</b>	<b>Subject to FEDERAL income tax?</b>
<b>Regular monthly retirement benefit</b>	NO*	YES
<b>DROP withdrawals paid directly by TRSL</b>	NO*	YES

\*LA state tax exemption is not automatic. You must claim the exemption when you file your LA taxes:



Louisiana State Teachers' Retirement Benefits

Taxpayer date retired:       Spouse date retired:       03E

# Summary

- You do not have to retire immediately after DROP participation ends.
- You can increase your final retirement benefit if you work after your DROP participation period ends.
- You must receive your first retirement payment before you can access your DROP funds.
- Depending on the withdrawal method chosen, you may face tax consequences.



# Things to do now for DROP members

## TRSL CHECKLIST

Register for Member Access

Update important docs

Update contact info

Get a retirement estimate!

Contact the SSA for SS/  
Medicare questions

Submit Form 10


SSA.gov



# Request an after-DROP benefit estimate

Complete & submit a “**Form 10**” to TRSL for an after-DROP estimate.  
[www.trsl.org/my\\_trsl/forms](http://www.trsl.org/my_trsl/forms)



 <b>Benefit Estimate Request</b> (Form 10)	<b>03-10</b> rev. 07/21		
<b>HOW TO SUBMIT:</b>	<b>DROP OFF or MAIL IN</b> 8401 United Plaza Blvd, Ste 300 Baton Rouge LA 70809	<b>EMAIL</b> web.master@trsl.org	<b>FAX</b> (225) 925-4779

To have an estimate sent to your mailing address, complete form below and return to TRSL. Please allow up to four weeks for a response. You can also create an unofficial estimate yourself by using the benefits calculator which is available through Member Access at [www.TRSL.org/memberaccess](http://www.TRSL.org/memberaccess).

*NOTE: Incomplete or improperly completed forms will be returned to you. Depending upon your membership date, TRSL will use an average of your highest three or five years of consecutive reported earnings to compute your estimate for retirement or DROP deposit amount. Please see TRSL's booklet "Planning for Your Retirement" for more detailed information on preparing for your retirement or DROP participation and what final average compensation may be used for you.*

Current salary projections and leave conversions are not considered for estimates. Estimates are computed based on information that has been currently provided to TRSL by your employer(s).

**Section 1 — Member information**

Name: Last, first, MI, suffix (Dr., III, etc.) \_\_\_\_\_ Date of birth (mm/dd/yyyy) \_\_\_\_\_ Social Security number (###-##-####) \_\_\_\_\_

Street address / PO box \_\_\_\_\_ City, state, zip \_\_\_\_\_

Daytime telephone (include area code) \_\_\_\_\_ Alternate telephone (include area code) \_\_\_\_\_ Email address \_\_\_\_\_

**If you are interested in beneficiary options, please complete the following portion:**

Beneficiary name(s) \_\_\_\_\_ Beneficiary date of birth (mm/dd/yyyy) — Not necessary if more than one beneficiary listed \_\_\_\_\_

Beneficiary(ies) gender \_\_\_\_\_ Beneficiary(ies) relation to member \_\_\_\_\_

**Section 2 — Estimate information**

Type of estimate(s) desired:

**Service**  **Initial Lump-Sum Benefit (ILSB)** — Must meet eligibility requirements for DROP Projected date of retirement (mm/dd/yyyy): \_\_\_\_\_

**Entering DROP** (Deferred Retirement Option Plan)  **Disability** (Minor child benefits are only applicable to members who first joined one of the four statewide retirement systems prior to January, 1, 2011. Please indicate below if you have minor children.)

**Retiring after DROP**  YES  NO If "YES" provide youngest child's date of birth (mm/dd/yyyy): \_\_\_\_\_

**2.5% Annual COLA Option (ACO)** — The ACO is a retirement option that allows a retiring member to receive a guaranteed annual 2.5% cost-of-living adjustment (COLA) by accepting an **actuarially reduced retirement benefit**. Please check the box below **ONLY** if you are interested in receiving a benefit comparison estimate.

YES, I would like to receive a 2.5% ACO estimate.

**Section 3 — Signature**

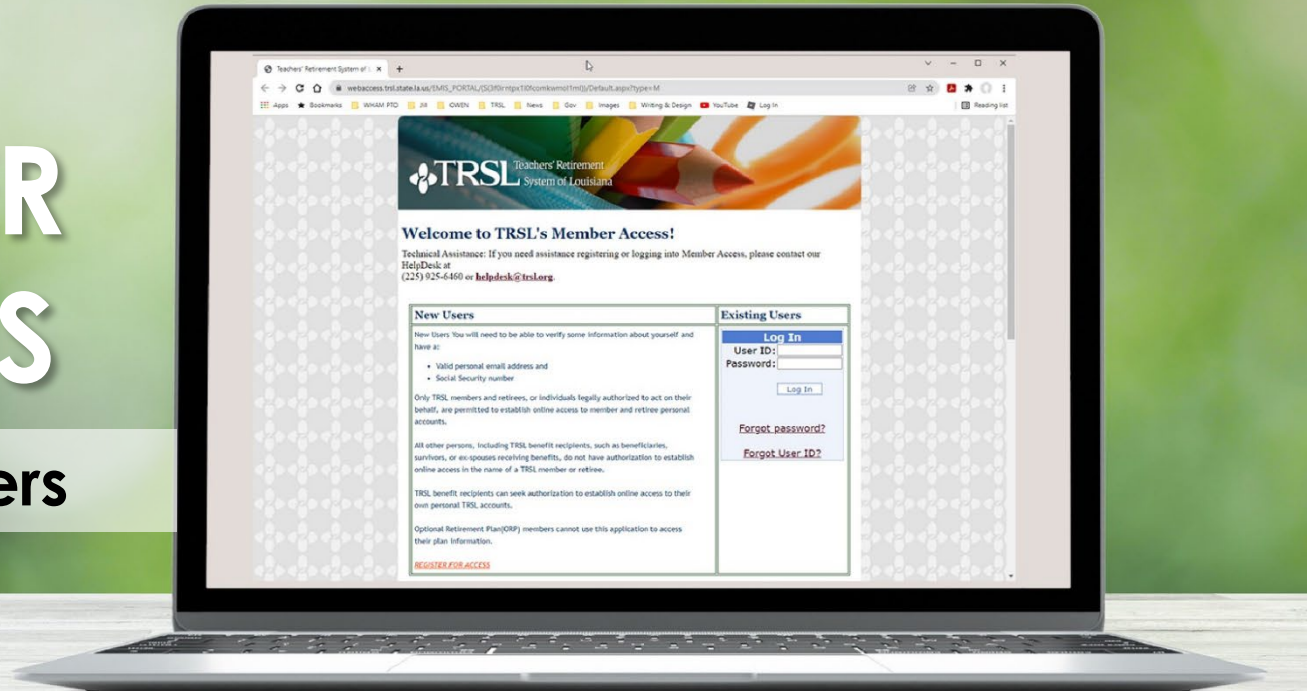
I hereby understand that the figures I will receive are estimated and subject to change once final employer certifications are received at the time of my retirement.

Signature (DO NOT PRINT OR TYPE) \_\_\_\_\_ Date of request (mm/dd/yyyy) \_\_\_\_\_

PO Box 94123 • Baton Rouge, LA 70804-9123 • 1-877-ASK-TRSL (1-877-275-8775) • [www.TRSL.org](http://www.TRSL.org) • [web.master@trsl.org](mailto:web.master@trsl.org)

# MEMBER ACCESS

Active members

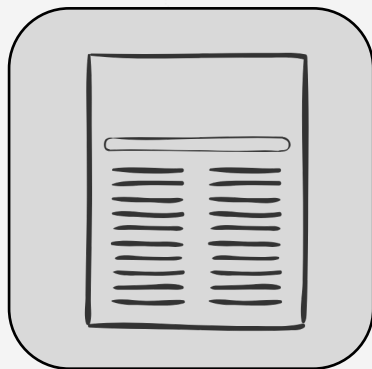


- Update name & mailing/email address
- Estimate future benefit with online calculators (pre-DROP members)
- View annual statements
- Apply for retirement/DROP
- View DROP account
- View beneficiary(ies)
- Print income verification letter
- Request Social Security verification letter





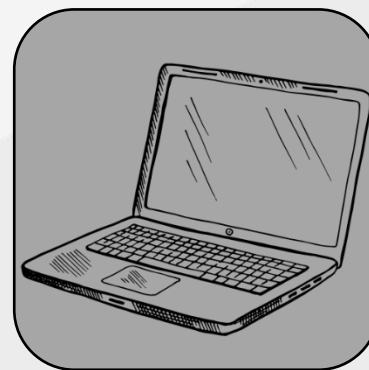
Find it online at [www.TRS�.org](http://www.TRS�.org)



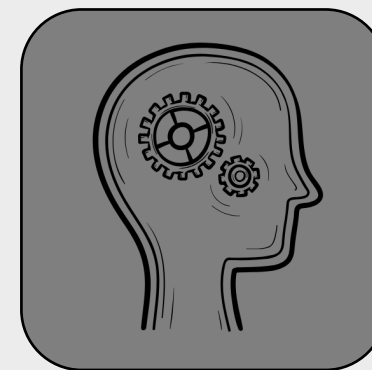
BROCHURES



FORMS



WEBINARS

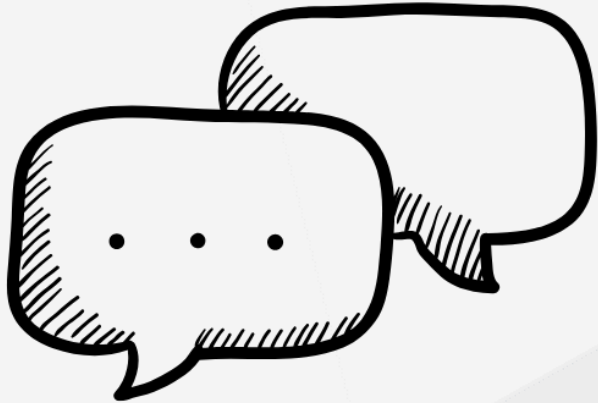


NEWSLETTERS



# Questions?

If you have specific questions about your TRSL retirement, please contact us for a direct reply:



[AskTRSL.org](https://www.AskTRSL.org)

## Questions about...



DROP window

Eligibility

Benefit estimate

FAC

And more!

# We are here for you!

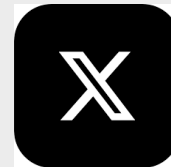
- **Local phone:** (225) 925-6446
- **Toll free (outside Baton Rouge):**  
1-877-ASK-TRSL (1-877-275-8775)
- **Website:** [www.TRSL.org](http://www.TRSL.org)
- **Questions:** [AskTRSL.org](http://AskTRSL.org)



Subscribe on  
YouTube!



Like us on  
Facebook!



Follow us  
on Twitter!



Follow us  
on LinkedIn!

