

## AGENDA

### MEETING OF THE OPERATIONS OVERSIGHT COMMITTEE and BOARD OF RETIREMENT\*

#### LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 NORTH LAKE AVENUE, SUITE 810  
PASADENA, CA 91101

THURSDAY, JULY 9, 2015 - 9:00 A.M.\*\*

#### COMMITTEE MEMBERS:

Joseph Kelly, Chair  
Yves Chery, Vice Chair  
Anthony Bravo  
Ronald Okum  
David Muir, Alternate

#### I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of June 11, 2015

#### II. PUBLIC COMMENT

#### III. ACTION ITEMS

A. Recommendation as submitted by Bernie Buenaflor, Manager, Benefits Division: That the Committee recommend the Board of Retirement direct staff to coordinate with the Occupational Health Programs (OHP) the medical examination and medical advice required under CERL Sections 31680.4 and 31680.8, respectively, for retirees seeking reinstatement to active LACERA membership, and implement a standardized medical affidavit in conjunction with that process. (Memorandum dated July 9, 2015)

#### IV. FOR INFORMATION

A. LACERA Operations Briefing  
Robert Hill/JJ Popowich

B. Retirement Calculations: PEPRA and Optional Retirements  
Robert Hill/JJ Popowich

C. Overpayment & Forgery Receivables (Period Ended March 31, 2015)  
Susana Seeckts/Angel Calvo/David Bayha

July 9, 2015

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V. GOOD OF THE ORDER

(For information purposes only)

VI. ADJOURNMENT

**\*The Board of Retirement has adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five or more members of the Board of Retirement (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Retirement. Members of the Board of Retirement who are not members of the Committee may attend and participate in a meeting of a Board Committee but may not vote on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.**

**\*\*Although the meeting is scheduled for 9:00 a.m., it can start anytime thereafter, depending on the length of the Board of Retirement meeting preceding it. Please be on call.**

**Any documents subject to public disclosure that relate to an agenda item for an open session of the Committee, that are distributed to members of the Committee less than 72 hours prior to the meeting, will be available for public inspection at the time they are distributed to a majority of the Committee, at LACERA's offices at 300 North Lake Avenue, Suite 820, Pasadena, California during normal business hours from 9:00 a.m. to 5:00 p.m. Monday through Friday.**

***Persons requiring an alternative format of this agenda pursuant to Section 202 of the Americans with Disabilities Act of 1990 may request one by calling Cynthia Guider at (626)-564-6000, from 8:30 a.m. to 5:00 p.m. Monday through Friday, but no later than 48 hours prior to the time the meeting is to commence. Assistive Listening Devices are available upon request. American Sign Language (ASL) Interpreters are available with at least three (3) business days notice before the meeting date.***

MINUTES OF THE MEETING OF THE  
OPERATIONS OVERSIGHT COMMITTEE  
and  
BOARD OF RETIREMENT\*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
GATEWAY PLAZA - 300 N. LAKE AVENUE, SUITE 810, PASADENA, CA 91101

THURSDAY, JUNE 11, 2015, 1:35 P.M. – 2:05 P.M.

**COMMITTEE MEMBERS**

PRESENT: Yves Chery, Vice Chair  
Anthony Bravo  
Ronald Okum  
David Muir, Alternate

ABSENT: Joseph Kelly, Chair

**ALSO ATTENDING:**

BOARD MEMBERS AT LARGE

William de la Garza  
Vivian H. Gray  
Les Robbins

STAFF, ADVISORS, PARTICIPANTS

Robert Hill  
JJ Popowich  
James Beasley

Kaercher Campbell & Associates Insurance Brokerage (KCAIB)

Jolene Williams  
Penni Campbell

The meeting was called to order by Chair Chery at 1:35 p.m. Due to the absence of Mr. Kelly, the Chair announced that Mr. Muir, as the alternate, would be a voting member of the Committee.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the special meeting of May 21, 2015

Mr. Okum made a motion, Mr. Bravo seconded, to approve the minutes of the special meeting of May 21, 2015. The motion passed unanimously.

II. PUBLIC COMMENT

III. FOR INFORMATION

A. LACERA Operations Briefing  
Robert Hill/JJ Popowich

Messrs. Hill and Popowich presented the monthly briefing on LACERA's operations. Many of the items highlighted may recur in subsequent briefings or may result in a future comprehensive OOC presentation.

➤ Public Records Request Update

B. Cyber Liability Insurance Presentation  
James Beasley

The Administrative Services staff has been working with LACERA's insurance broker to analyze our business need for cyber liability insurance. Mr. Beasley introduced Jolene Williams and Penni Campbell of KCAIB, who gave a presentation describing the risks inherent in using today's technology, and an explanation of how cyber liability insurance can protect the organization. The presentation covered the following areas:

- History of Cyber Insurance
- Direct Risk to LACERA and Boards
- Legal Impacts
- What is Covered
- Application Process

IV. GOOD OF THE ORDER

(For information purposes only)

June 11, 2015

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V. ADJOURNMENT

The meeting adjourned at 2:05 p.m.

**\*The Board of Retirement has adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five or more members of the Board of Retirement (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Retirement. Members of the Board of Retirement who are not members of the Committee may attend and participate in a meeting of a Board Committee but may not vote on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.**



July 9, 2015

**TO:** Each Member  
Operations Oversight Committee

**FROM:** Bernie Buenaflor *B. Buenaflor*  
Manager, Benefits Division

**FOR:** Operations Oversight Committee Meeting of July 9, 2015

**SUBJECT:** Reinstatement Medical Examinations

**Recommendation**

Recommend that the Board of Retirement direct Staff to:

- coordinate with the Occupational Health Programs (OHP) the medical examination and medical advice required under CERL Sections 31680.4 and 31680.8, respectively, for retirees seeking reinstatement to active LACERA membership, and
- implement a standardized medical affidavit in conjunction with that process.

**Introduction**

At the May 21, 2015, meeting of the Board of Retirement, Board Members shared their desire to see greater clarity, reliability, and consistency in the medical evidence provided to the Board in connection with applications for reinstatement.

**Background**

CERL Sections 31680.4 and 31680.8 require that, before the Board of Retirement may reinstate a LACERA retiree to active LACERA membership, the Board must determine based upon “medical examination” (CERL Section 31680.4) or “medical advice” (CERL Section 31680.8) that a retiree seeking reemployment with the County is not incapacitated for the duties he or she will be assigned (see page 2 of Attachment 1 for specific language under CERL Sections 31680.4 and 31680.8).

## Discussion

Staff is proposing the following two-part plan:

1. Standardized Medical Form. Staff is proposing a standardized medical form that can be required from all County Departments reemploying a retired member and requesting LACERA to reinstate that member to active LACERA membership. The standardized medical form will ensure that medical eligibility standards are in alignment with the job specifications. A copy of this form can be found under Attachment 1. LACERA's Legal Office reviewed this form and concurs that it will satisfy the intent of CERL Sections 31680.4 and 31680.8 without inappropriately divulging a member's personal health information.
2. Coordination with the County's Occupational Health Programs. Staff is proposing to coordinate the medical examination with the County. The Occupational Health Programs (OHP) under the Risk Management Branch of the County's Chief Executive Office is the agency already designated by the County to set the medical eligibility standards for all County workers. Leveraging the OHP to oversee medical examinations for reinstated employees will help ensure that these workers are not incapacitated for the duties to which they are assigned. A description of OHP's mission and functions can be found under Attachment 2.

OHP management has expressed their willingness to conduct all medical examinations required for determining retirees' eligibility for reemployment. They are prepared to utilize the standardized form described above and have already established medical criteria and examination protocols that will ensure that they can provide the medical examination and medical advice required under CERL Sections 31680.4 and 31680.8, respectively. Depending on the job specifications and medical expertise required, the OHP has the option to use its own in-house physicians or contracted physicians under OHP's oversight to collect the necessary medical data. OHP staff would evaluate the date, and OHP's Medical Director would render an opinion. Note that, under this protocol, it is possible that the physician signing the Medical Affidavit for LACERA may not be the same physician who actually examined the retiree but, instead, may be the OHP Medical Director or other OHP Physician overseeing the examination process.

Based on this information, Staff believes that OHP can provide the resources, structure, controls, objectivity, and consistency needed to meet the Board of Retirement's expectations. Coordinating with OHP would help ensure that reinstated retirees are subject to medical eligibility standards that are in alignment with the job specifications.

**THEREFORE, IT IS RECOMMENDED YOUR COMMITTEE** Recommend that the Board of Retirement direct Staff to:

- coordinate with the Occupational Health Programs (OHP) the medical examination and medical advice required under CERL Sections 31680.4 and 31680.8, respectively, for retirees seeking reinstatement to active LACERA membership, and
- implement a standardized medical affidavit in conjunction with that process.

Reviewed and Approved

A handwritten signature in black ink, appearing to read 'Robert Hill', written over a horizontal line.

Robert Hill  
Assistant Executive Officer

Encl:

Attachment 1: "Reemployment and Reinstatement to Active LACERA Membership:  
Medical Affidavit Pursuant to CERL Section 31680.4 or 31680.8"

Attachment 2: Excerpt from the Website of the Occupational Health Programs



**ATTACHMENT 1: 3 PAGES**

**REEMPLOYMENT AND REINSTATEMENT TO ACTIVE LACERA  
MEMBERSHIP**

MEDICAL AFFIDAVIT PURSUANT TO CERL SECTION 31680.4 or 31680.8

**SECTION A-INSTRUCTIONS**

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To Department Re-Hiring the Retiree:

- 1) Arrange a medical examination of the retiree with Los Angeles County's Occupational Health Programs (OHP).
- 2) To be acceptable to LACERA's Board of Retirement, Section C of this form should be completed and signed by the Medical Staff of OHP who is authorized to oversee the medical examination prescribed under CERL Section 31680.4 or 31680.8 (see SECTION B-REFERENCE) and determine that the retiree is not incapacitated for the assigned duties.
- 3) This properly completed document and all other required documents should be delivered to LACERA no later than three weeks before the Board of Retirement Administrative meeting at which you wish this case to be addressed. Contact LACERA's Benefits Division at (626) 564-6000, extension 3373 for further instructions.

To the Medical Staff of the OHP who is overseeing the examination and is authorized to determine that the retiree is not incapacitated for the assigned duties:

- 1) After reviewing the Class Specification for the position for which the LACERA retiree will be hired, and the results of the medical examination prescribed under CERL Section 31680.4 or 31680.8 (SEE SECTION B-REFERENCE), please complete and sign Section C of this form.
- 2) Return this form to the hiring Los Angeles County Department and forward a copy to LACERA's Benefits Division.

**ATTACHMENT 1: 3 PAGES**

**REEMPLOYMENT AND REINSTATEMENT TO ACTIVE LACERA  
MEMBERSHIP**

MEDICAL AFFIDAVIT PURSUANT TO CERL SECTION 31680.4 or 31680.8

**SECTION B-REFERENCE**

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County Employees Retirement Law of 1937

Section 31680.4. Reemployment; reinstatement to active membership; contingent operation

Notwithstanding any other provision of law, a member retired for service and reemployed in a county or district under this chapter shall become again an active member of the retirement association upon (a) his or her application to the board for reinstatement, **(b) the determination of the board, based upon medical examination, that he or she is not incapacitated for the duties assigned to him or her;** and (c) meeting the conditions for membership in Article 4 (commencing with Section 31550) are met. [Emphasis Added]

Section 31680.8. (Operative Date contingent) Reemployment and reinstatement; Additional Retirement benefit; Applicability (Los Angeles)

(a) Notwithstanding any other provision of law, a safety member who was required to retire for service because of age during the operative dates of, and as described in, Section 31662.4, 31662.6, or 31663, may be reemployed by the county in the same position that he or she retired from and be reinstated to active membership upon all of the following:

(1) His or her application to the board for reinstatement to active membership.

**(2) The determination of the board, based on medical advice, that the member is not incapacitated for the duties of the position assigned to him or her.**

[Emphasis Added]

**ATTACHMENT 1: 3 PAGES**

**REEMPLOYMENT AND REINSTATEMENT TO ACTIVE LACERA  
MEMBERSHIP**

**SECTION C-MEDICAL AFFIDAVIT PURSUANT TO CERL SECTION 31680.4 or 31680.8**

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On \_\_\_\_\_, I, the undersigned, conducted or oversaw the  
<date of medical examination>,

medical examination of \_\_\_\_\_  
<Name of Retiree>

pursuant to Section 31680.4 or 31680.8 of the County Employees Retirement Law, in connection with  
this Retiree's application to be re-employed as:

\_\_\_\_\_  
<Prospective Job Title>.

I have also reviewed the Class Specification for this position. Based on this examination, I find that this  
individual is not incapacitated for the duties assigned to this position. A copy of the medical  
examination report is retained at Los Angeles County's Occupational Health Programs.

Signature of Physician performing or overseeing medical examination:

\_\_\_\_\_

Print Name and Title of Physician:

\_\_\_\_\_

Date Signed:

\_\_\_\_\_

Operations Oversight Committee

July 9, 2015

## **ATTACHMENT 2: EXCERPT FROM THE WEBSITE OF THE OCCUPATIONAL HEALTH PROGRAMS**

### **OCCUPATIONAL HEALTH PROGRAMS**

3333 Wilshire Blvd., Suite 1000

Los Angeles, CA 90010

(213) 738-2269

(213) 637-0822 Fax

The Occupational Health Programs (OHP) is under the Risk Management Branch of the Chief Executive Office (CEO). Our mission is to protect the health of County employees, and by extension, the health and safety of the public they serve. We strive to minimize the adverse effects of employee illness and injury on

County departments. Our primary responsibility is to develop and implement job-related medical guidelines for County employees and new job applicants, advance the health of County employees, and manage the County's employee medical records.

Applicants and employees seeking promotional opportunities must meet the medical standards for a County position by taking a pre-placement medical examination. To meet this standard, OHP provides medical evaluation services through multiple, contracted medical clinic sites throughout the County for both applicants and County employees while maintaining their confidential medical records.

OHP also provide periodic medical monitoring for County employees, under Cal/OSHA or California Department of Motor Vehicles requirements, or as part of an established wellness program. OHP medical staff review the evaluations and liaisons with County departments to provide medical clearance. OHP responds to County Civil Service appeals if an evaluation is challenged.

OHP also revises and develops new medical guidelines according to Federal and State laws, including Cal/OSHA, the Federal Americans with Disabilities Act, and the State's Fair Employment and Housing Act. The need to establish medical guidelines occurs when new positions are created or existing positions change in their physical, psychological or emotional demands, or when medical knowledge advances.

For questions or comments, please feel free to contact us at:



Steve NyBlom  
Manager, Chief Executive Office  
Risk Management Branch  
snyblom@ceo.lacounty.gov  
(213) 738-2214

Robert L. Goldberg, M.D., M.S.O.M.  
Medical Director, Chief Executive Office  
Occupational Health Programs  
rgoldberg@ceo.lacounty.gov

## FOR INFORMATION ONLY

June 30, 2015

TO: Operations Oversight Committee  
Joseph Kelly, Chair  
Yves Chery, Vice Chair  
Anthony Bravo  
Ronald Okum  
David Muir, Alternate

FROM: Robert R. Hill, Assistant Executive Officer   
JJ Popowich, Assistant Executive Officer 

FOR: July 9, 2015 Operations Oversight Committee Meeting

SUBJECT: **LACERA OPERATIONS BRIEFING**

The purpose of this briefing is to share insights on staff activities, updates on goals, and discuss opportunities and/or concerns. Many of the items highlighted may recur in subsequent briefings or may result in a future comprehensive OOC presentation.

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- Public Records Request Update
- Report of Felony Forfeiture Cases Processed
- Strategic Plan – Board Package Web Posting

RRH:rrh

**CA PUBLIC RECORDS REQUEST – 2015 TRACKING LIST**

DATE RECEIVED	REQUESTER	DOCS REQUESTED
06-04-15	A. Mills, Pitchbook	Requested public records from Jan. 1, 2015 through Apr. 15, 2015 regarding participating in, or quarterly performance of, any private equity, venture capital, mezzanine, distress, real estate/REIT, debt and infrastructure partnership held by LACERA's portfolio. <i>DVD containing requested materials sent on June 15, 2015.</i>
06-05-15	J. Peterson, IPE	Requested documents re June 10 Board meeting. <i>Submitted via email:</i> <ol style="list-style-type: none"> <li>1. <i>May 22, 2015 RE Memo to BOI re Real Estate Performance Measurement Report; 4<sup>th</sup> Q 2014;</i></li> <li>2. <i>Townsend Group June 10, 2015 Real Estate Program History and Presentation;</i></li> <li>3. <i>Townsend Group memo dated June 10, 2015 to LACERA Real Estate Committee re Proposed Investment Plan and</i></li> <li>4. <i>June 1, 2015 RE Memo to BOI re Real Estate Debt Program.</i></li> </ol>
06-11-15	Los Angeles Sheriff Department	Monthly submission to LASD. <i>Submit via email the Sheriff Department List and also the First Department List.</i>
06-11-15	J. Peterson, IPE	Requested information on apartment complex in Renton, Washington. <i>Information submitted via email:</i> <i>Gross sale price was \$49.5 million. LACERA had previously place \$19 million of debt on the asset. Name of the property is Pebble Cove Apartments, and the number is 288. Property held in LACERA's portfolio for 14 years. Property was acquired in 2000 for \$22.7 million. LACERA does not have data regarding cap rate at time of sale nor returned based on the property's current net operating income or a projection on the NOI for the future. Buyer is Jackson Square Properties and LACERA does not have a public record relating to where buyer is based. Sale was motivated by property type considerations at portfolio level as well as high demand in the capital markets for such assets. LACERA does not have names and contact for brokers involved in the sale. Sale proceeds are aggregated with the Fund treasure for deployment as needed. LACERA does have exposure to the Seattle apartment market through its separate account managers. Property name is TOWER 801 and is a 173 unit high-rise located in Seattle. Investment is overseen by LACERA by Capri Capital. LACERA does not have data concerning the apartment market in Seattle.</i>
06-12-15	R. Fellner, Transparent California	Inquiry as to whether it is possible to include years of service on the 2015 Pension Benefits Report. <i>Submitted via email: Transparent California Survivors 2014 update and Transparent California Retirees update.</i>

**CA PUBLIC RECORDS REQUEST – 2015 TRACKING LIST**

DATE RECEIVED	REQUESTER	DOCS REQUESTED
06-15-15	D. E. Kushner, for LACERA CIO	Requested a DVD from the BOI meeting held on June 10, 2015, and an electronic copy of all materials provided to the BOI at the June 10, 2105 meeting, including Green Folder items. Submitted via email on June 18, 2015, electronic data and notification of DVD with cover letter has been sent via FedEx on June 18, 2015.
06-15-15	D. Kane, Money Management Intelligence	Media Contact  Item VI-A: Inquired as to who the semi-finalists are for investment consultant search. <i>Answer: Semi-finalists are Aon Hewitt, Wilshire Associates, Callan Associates, and Meketa Investment Group.</i> Item VI-C: Requested documents detailing the RE pacing plan for 2015-2016. <i>Submitted via email RE memo dated May 26, 2015 re Recommendation to adopt Real Estate Investments Plan for Fiscal Year 2015-2016.</i>
06-17-15	J. Peterson, IPE	Inquired as to name of West Coast apartment deal, number of units, city and state location and through which manager was the property brought. <i>Answers provided via email: High return deal is called Wren, a 362-unit apartment development project in Los Angeles, CA. Capri Capital is the LACERA advisor. There is a 4,030 square foot of retail planned for the project.</i>
06-17-15	J. Chase, Chicago Tribune	Request for documents regarding GCM Grosvenor Hedge Funds. Such request may take longer than a 10-day response. <i>Ist response is that documents are presently being reviewed and redacted. Not yet in final form for submission to requester.</i>
06-17-15	M. Sunitha AARM Corp	Requested Alternative Investment's performance data for the most recent quarter. <i>Submitted via email the Hedge Funds Memo dated May 27, 2015 to BOI re 2015 First Quarter Hedge Fund Performance Report; Portfolio Investment Report as of June 30, 2014 and LACERA 4thQ 2014 Report.</i>
06-18-15	Professional Peace Officers Association	Requested report on how many PPOA members would be on service connected lifetime disability. <i>Report ran to identity all active-paying (not deceased) retirees (not survivors) who are in the Sherriff Department. (Irene is waiting to receive response.)</i>

**Report of Felony Forfeiture Cases Processed  
6/30/2015**



<b>CASE #</b>	<b>MEMBER'S LAST NAME</b>	<b>MEMBER'S FIRST NAME</b>	<b>DEPT.</b>	<b>CONVICTION DATE</b>	<b>LACERA NOTIFIED</b>	<b>MEMBER NOTIFIED BY LACERA</b>	<b>FINAL STATUS</b>	<b>DISABILITY STATUS</b>	<b>IMPACT NOTIFICATION SERVICE LEVEL</b>
20	EVANS	KIMBERLY	PROBATION	6/11/2015	6/30/2015		Active		(42,185)
19	ELLIS	JAYSON DANIEL	SHERIFF	6/18/2015	6/30/2015		Active		(42,185)
18	PALMER	ROBYN	CHILDREN & FAMILY SERVICES/CHILD	8/21/2014	5/7/2015	6/5/2015	Withdrawn	N/A	29
17	MOENNICH	PATRICIA	MENTAL HEALTH	3/20/2015	4/30/2015	6/5/2015	Inactive		36



**For Information Only**

July 1, 2015

TO: Operations Oversight Committee  
Joseph Kelly, Chair  
Yves Chery, Vice Chair  
Anthony Bravo  
Ronald Okum  
David Muir, Alternate

FROM: Robert R. Hill, Assistant Executive Officer   
JJ Popowich, Assistant Executive Officer 

FOR: July 9, 2015 Operations Oversight Committee Meeting

SUBJECT: **Retirement Calculations: PEPRA and Optional Retirements**

**BACKGROUND**

The introduction of PEPRA and the integration of a COLA in the Optional Retirement calculation(s) required a major modification to our Final Calculation Engine. The Final Calculation of a member's benefit is an integral and necessary step to pay the promised benefit. The final calculation is performed by a Calculation Engine that was implemented in 1991 by our plan actuary. The calculation relies on mathematical models, formula, and related calculation rules that are encapsulated in a "black box" of source code that cannot be easily manipulated.

The implementation of PEPRA and the integration of a COLA in the Optional Retirement calculation(s) are the first steps in moving the design, implementation, and maintenance of the Calculation Engine from a third party vendor to LACERA staff. Staff has been vigilant and resourceful at effectively implementing these new provisions while simultaneously modernizing the Calculation Engine.

In this presentation, staff will detail the implementation plan, as well as our communications strategy to inform members of the upcoming changes.

**PEPRA Retirement Calculation**

The Public Employees' Pension Reform Act of 2013 (PEPRA) was a huge mandate that required LACERA to open new plan tiers, design and develop member communications, conduct staff training, create new monitoring protocols, and modify information systems. Staff is pleased to report that the PEPRA calculation engine has been deployed across multiple applications including Workspace, Member Portal, and the Final Calculation program (Final Calc).

### **COLA Integration for Retirement Option Calculations**

Historically, a very small percentage of members elect to actuarially reduce their retirement allowance and retire with an Optional Retirement Annuity. However, the introduction of the Unmodified+Plus (Option 7) was a game changer. The Unmodified+Plus is now one of the more popular retirement choices. Milliman, the Plan Actuary, noted this trend in the triennial Experience Study and recommended that a COLA be integrated into the Optional Retirement Annuity calculation, which was subsequently approved by the Board of Investments.

Key factors, including COLA factors, that are used for calculations are maintained in operating tables. LACERA maintains 24 operating tables that are intrinsic to our System calculations, spanning many aspects of our operations including retirement estimates, social security reduction factors, tax withholding, previous service calculations, and optional retirement annuities.

Generally, the implementation of operating tables is a seamless, routine, and straightforward exercise that results in a de minimis calculation variance. However, introducing a COLA factor into the actuarially reduced benefit calculations may result in material variances. It's imperative that LACERA identify and inform members who may be impacted. Staff in Member Services, Benefits, Systems, and Communications worked together to develop a communication plan to explain the variations to members at various stages of the retirement process.

### **CONCLUSION**

Our purpose is to pay and protect the promised benefit. This is embedded into everything we do at LACERA. Consequently, staff is in the process of implementing two calculation provisions that address protecting and paying the promised benefit. PEPRAs are required to pay the promised benefit, and the COLA integration is necessary to fund and protect the promised benefit.

# Retirement Calculations

## PEPRA and Optional Retirement

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Presented by: Robert Hill and JJ Popowich



# Retirement Calculations

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1. PEPRA Implementation
  - Estimates, On-Line, Final Calc (Payroll)
2. COLA Integration for Retirement Options
3. Improved Privacy

# Optional Retirement Allowances

## “No Free Lunch”

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“...a member, in lieu of the retirement allowance for his life alone, may elect to have the **actuarial equivalent** of his retirement allowance as of the date of retirement applied to a lesser retirement allowance payable throughout life in accordance with one the optional settlements..” section 31760



# Actuary: Experience Study

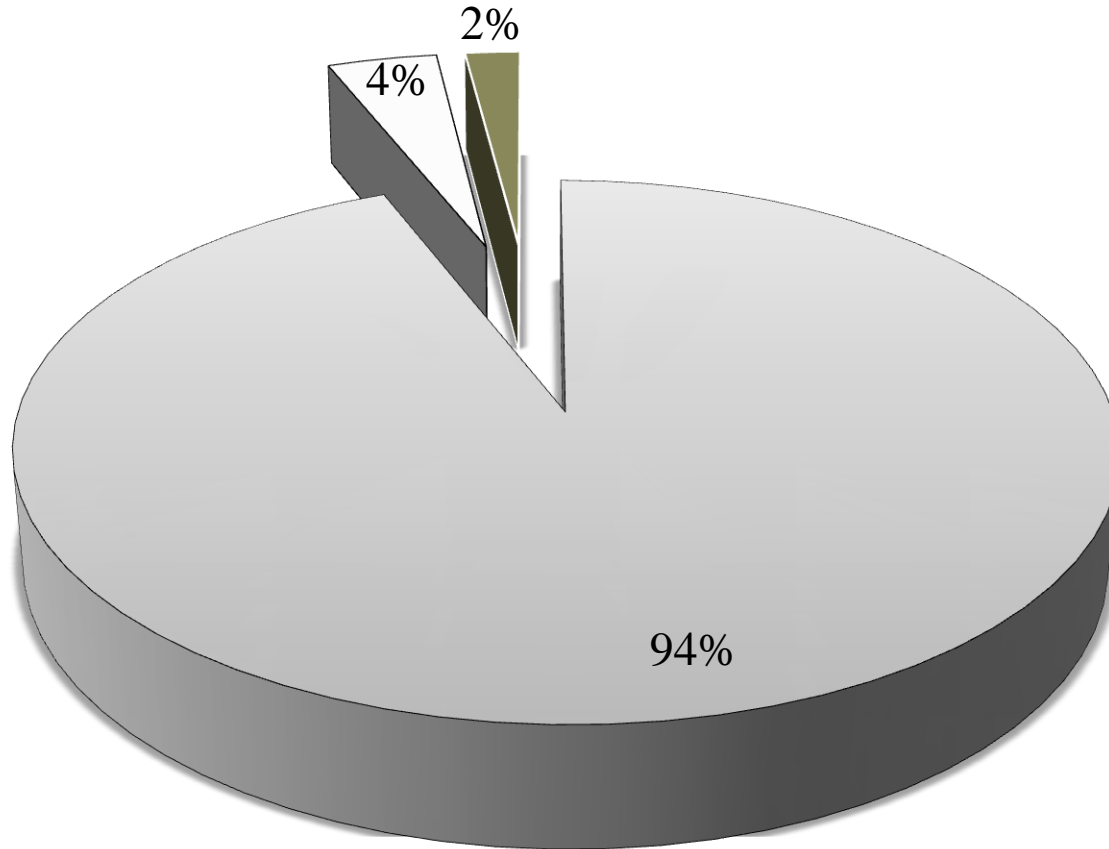
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“To the extent COLAs are granted in the future, the no-COLA assumption used for calculating optional monthly annuities will tend to slightly understate the actuarial cost, if all other assumptions are met. We recommend LACERA revise the procedures for calculating optional annuities to reflect the value of the expected COLA.”

# UNMODIFIED BENEFIT

□ Unmodified Plus    □ Actuarial Reduction    ■ COLA Reduction

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# Actuary Calculated Samples

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Plan	Member	Beneficiary	No COLA	COLA	Percent Change
D	62	60	\$960.99	\$953.52	-0.8%
Safety-B	55	50	\$971.16	\$962.23	-0.9%





# Summary: Impact to Members

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- ❑ Retirees: No Impact
- ❑ The Unmodified Retirement: No Impact
- ❑ Unmodified Plus: Reduced for Retirement Date(s) post Oct 1, 2015
- ❑ Optional Retirements: Reduced for Retirement Date(s) post Oct 1, 2015



# Implementation– Operating Tables

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- 24 Operating Tables are intrinsic to our applications
- Maintained by Actuary but implemented into system by LACERA.
- Routinely Updated – but this is different
- Used for various calculations:
  - Previous Service, Optional Retirement
  - Mortality, Interest Crediting, Social Security Integration, Tax Withholding, COLA etc..



# Implementation

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- Why implement Now?
  - Traditionally a Slow Retirement Period
  - Complex Systems Change
    - Member Portal
    - Lacera.com Retirement Estimate
    - Workspace
  - Desire to Coordinate a Great Communications Program



# Targeted Communication

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## □ Goals

### ■ Educate members

- Message – Updates occur routinely
- What are tables used for & why they are updated
- What is the impact

### ■ Help members understand what to think about

### ■ Target Impacted Members Only

- No need to reach out to members with estimates after March 31, 2016
- No need to reach out to inactive, retired members

# Targeted Communication

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## □ Target Audience

- Any member with an estimate for a retirement date on or after October 1, 2015 and...
  - Included a beneficiary / spouse, and ...
  - Shows a material change between original estimate and revised estimate, or
  - Shows a material change between September 30, 2015 estimate and revised October estimate
  
- Material Change: > \$20.00

# Targeted Communication

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- Respecting member's chosen service channel
  - Full Service Channels
    - Letter of explanation
    - Revised estimate for first date after October 1, 2015
    - Estimate for September 30, 2015 – if eligible
  - Self Service Channels
    - Letter of explanation
    - Referred back to My LACERA
      - Encouraged to run new estimate
      - Encouraged to run September 30, 2015 estimate if eligible

# Targeted Communication

**LACERA** Los Angeles County Employees Retirement Association  
300 N. Lake Ave., Pasadena, CA 91101 / PO Box 7060, Pasadena, CA 91109-7060 / www.lacera.com / 626/564-6132 • 800/786-6464

June 22, 2015

IMA MEMBER  
300 N. LAKE AVE  
PASADENA, CA, 91101

Emp #: 999999

## CHANGE IN ACTUARIAL TABLES FOR RETIREMENT OPTIONS EFFECTIVE OCTOBER 1, 2015

Enclosed please find the requested retirement benefit estimate for a retirement date on or after October 1, 2015.

Our records indicate you are eligible to retire on or before September 30, 2015. Due to a regularly scheduled adjustment in the actuarial tables, the benefit amounts for the retirement Options 2, 3, 4, and the Unmodified+Plus option that you would receive if you retired on or after October 1, 2015, may be lower than the benefit amount you may receive if you retired on or before September 30, 2015. You should take this information into consideration in determining whether you wish to retire on or after October 1, 2015. To assist you we have provided an estimate for September 30, 2015 as well.

**Note: The Unmodified allowance is not affected by this change**

### What are Retirement Options?

When a member retires and elects the Unmodified allowance, the member receives the maximum benefit based on the member's age/service/salary at the time of the member's retirement. When a member chooses the Unmodified allowance, only an eligible spouse or, if there is no spouse, the member's minor child may receive a Survivor Continuation of 65% of the member's Unmodified allowance upon the passing of the Retired member.

Members who elect the Unmodified+Plus benefit amount may choose to take a reduction in their monthly Unmodified allowance to ensure an eligible survivor receives a Survivor's Continuation between 66% to 100%, or 55% for Plan E, of their reduced Unmodified allowance.

In addition, some members choose to "modify" the retirement benefit to leave a Continuation to someone other than a spouse or minor child. Like the Unmodified+Plus benefit, the member takes a reduction in their own Unmodified retirement allowance which is the actuarial equivalent of what we expect to pay the named beneficiary.

### What are the Changes?

The estimated amounts provided for the optional retirement benefits (Option 2, 3, 4 & Unmodified+Plus) are based on factors that will be revised for retirements on or after October 1, 2015. The changes are an adjustment to account for changes in the actuarial assumptions including mortality rates, projected future investment earnings, inflation, and to ensure the actuarially required reduction to fund the Survivor's Continuation accounts for future Cost of Living Adjustments (COLA) that your survivor or beneficiary would receive during their lifetime. This adjustment ensures LACERA is meeting its legal and fiduciary obligation to properly fund the promised Survivor Continuation.

If you have any further questions about this information or need assistance, please contact LACERA's Call Center toll free at 1-800-786-6464, visit our Member Service Center in Pasadena, or email us at [welcome@lacera.com](mailto:welcome@lacera.com). Retirement Benefits Specialists will gladly assist you.

Sincerely,  
Member Services

# Targeted Communication

- Disclosures for all estimates generated after June 8, 2015

Estimated Benefits						
Option	Benefit	% of Salary	Survivor %	Survivor Benefit	Pre 62 Benefit	Post 62 Benefit
Unmodified	\$2,700.00	14%	65%	\$1,755.00	N/A	N/A
Option 1	\$2,680.00	14%	0%	See Opt 1 Note	N/A	N/A
Option 2	\$2,350.00	12%	100%	\$2,350.00	N/A	N/A
Option 3	\$2,510.00	13%	50%	\$1,255.00	N/A	N/A
Option 4	\$0.00	N/A	0%	\$0.00	N/A	N/A
Unmodified Plus	\$2,580.00	14%	100%	\$2,580.00	N/A	N/A

The estimated retirement benefit amounts for Option 1, 2, 3, 4 & Unmodified Plus are based on actuarial factors that will change on or after October 1, 2015. The new factors likely result in lower optional and Unmodified Plus benefit amounts than you would receive if you retire before October 1, 2015. In other words, your optional or Unmodified Plus benefit shown is likely lower for a retirement date on or after October 1, 2015 than for a retirement date before October 1, 2015. You should take this information into consideration in determining whether you wish to retire before or after October 1, 2015. Options 2, 3, Unmodified Plus have been calculated using Elizabeth Bruckner, whose birthdate is 05/07/1954, as the primary beneficiary. LACERA uses an average of the highest monthly salary earned during any one-year period (12 consecutive months) or average of the highest monthly salary earned during any three years, whether consecutive or not (each year must be 12 consecutive months). Opt 1 Note: The Option 1 Beneficiary Benefit will be the total of your contributions and interest of \$85,835.34 less \$530.00 for each month you receive an allowance AND one-half of total COLA paid to you during retirement.



# Targeted Communication

- Disclosures for all estimates generated after June 8, 2015

## Retirement Benefit Estimate Form

Preparer Information		
Estimate Prepared by	Phone Number	Input Date
LRASXP	1(800) 786-6464	05-29-2015

### NOTES:

*The estimated retirement benefit amounts for Option 1, 2, 3, 4 & Unmodified Plus are based on actuarial factors that will change on or after October 1, 2015. The new factors will likely result in lower optional and Unmodified Plus benefit amounts than shown. In other words, your optional or Unmodified Plus benefit will likely be lower if you retire on or after October 1, 2015 than if you retire before October 1, 2015. New estimates reflecting these factors will be available upon request after July 1, 2015. You should take this information into consideration in determining whether you wish to retire before or after October 1, 2015.*

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**my LACERA** Connect with your personal retirement network  
Los Angeles County Employees Retirement Association

Maximize Your Retirement

You are signed in as Mr. Ted E. Account II | Profile | Sign Out

### RETIREMENT BENEFIT ESTIMATE

**Please Note**

The estimated retirement benefit amounts for Option 1, 2, 3, 4 & Unmodified Plus are based on actuarial factors that will change on or after October 1, 2015. The new factors will likely result in lower optional and Unmodified Plus benefit amounts than shown. In other words, your optional or Unmodified Plus benefit will likely be lower if you retire on or after October 1, 2015 than if you retire before October 1, 2015. New estimates reflecting these factors will be available upon request after July 1, 2015. You should take this information into consideration in determining whether you wish to retire before or after October 1, 2015.

**Introduction**

Your Retirement Benefit Estimate (RBE) is a personalized calculation of the benefits you will be entitled to when you retire. It's a valuable tool you can utilize throughout your career as you make decisions that may impact your retirement.

**Create Your Retirement Benefit Estimate**

- **Calculation with Bonus Tips** - Takes you step by step through the variables involved in estimating your retirement allowance.
- **Quick Calculation** - Use this version if you're within six months of retirement. The quickest way to create your estimate, it offers limited flexibility.

**RBE CALCULATION with BONUS TIPS**  
Step by step through the process with helpful tips along the way.

**RBE QUICK CALCULATION**  
The quickest route to create your estimate, if you are eligible to retire within six months.

**CALCULATE** **CALCULATE**

Retirement Help 800.786.6464

Email Us lacera.com

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**Entrust** Secured

# Targeted Communication

Member Services • Operating Instructions  
To Produce, Protect, and Provide the Promised Benefits

**RETIREMENT ESTIMATES – Actuarial Calculation Update for Modified Options After September 30, 2015**

OI: 256  
Updated: 06/19/2015

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- Staff Education
  - Discussed in team meetings
  - Extensive Operating Instructions
- Staff Tools
  - Checklists

QUESTIONS?

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# Overpayment & Forgery Receivables 6 Month Period Ended March 31, 2015

**A Strategic Partnership Between:**  
**Benefits Division**  
**Member Services**  
**Financial & Accounting Services**  
**Legal Office**



**Presented by:**

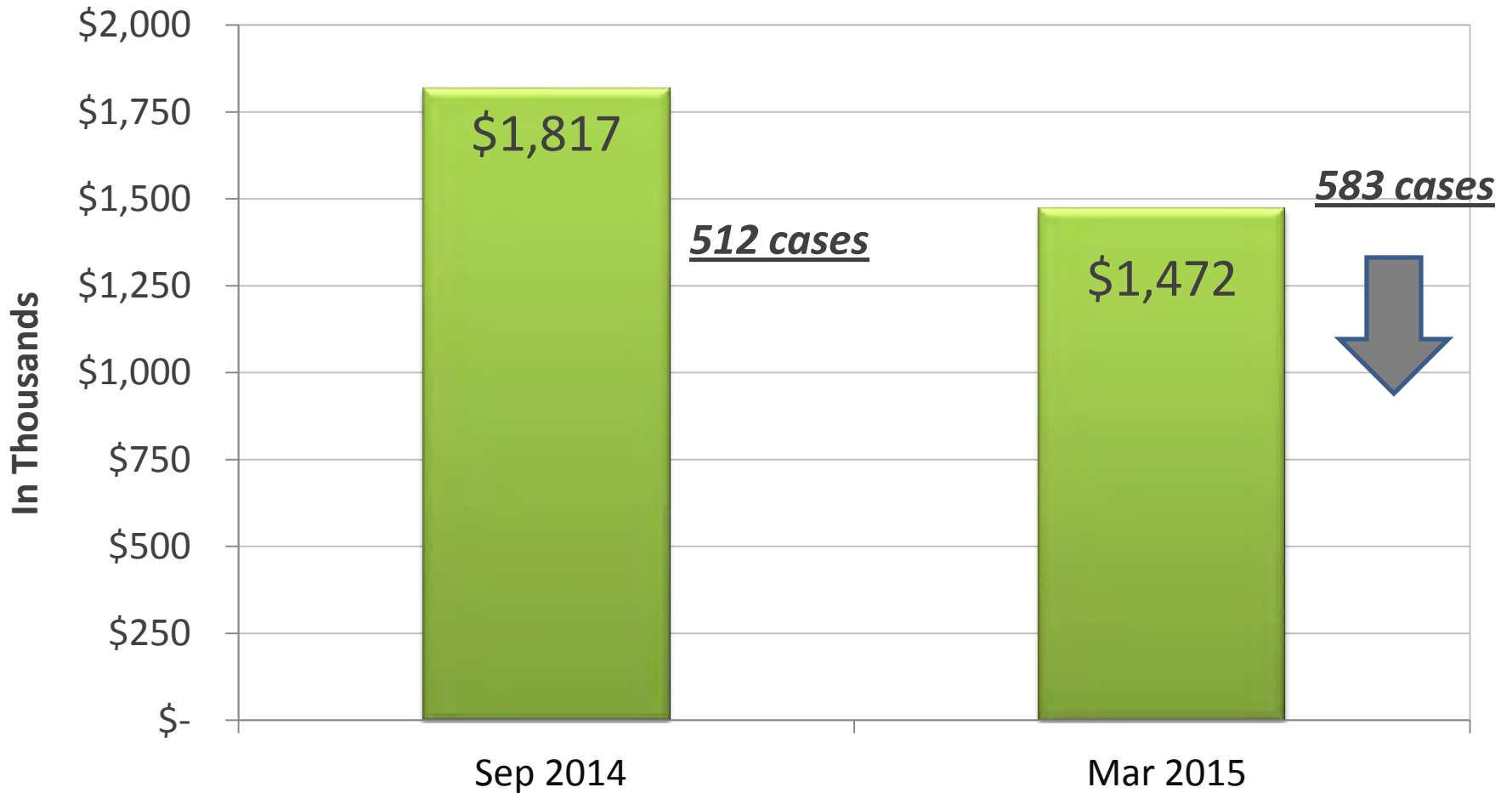
**Susana Seeckts & Angel Calvo - *Financial & Accounting Services Division***

**David Bayha – *Benefits Division***

**July 9, 2015**

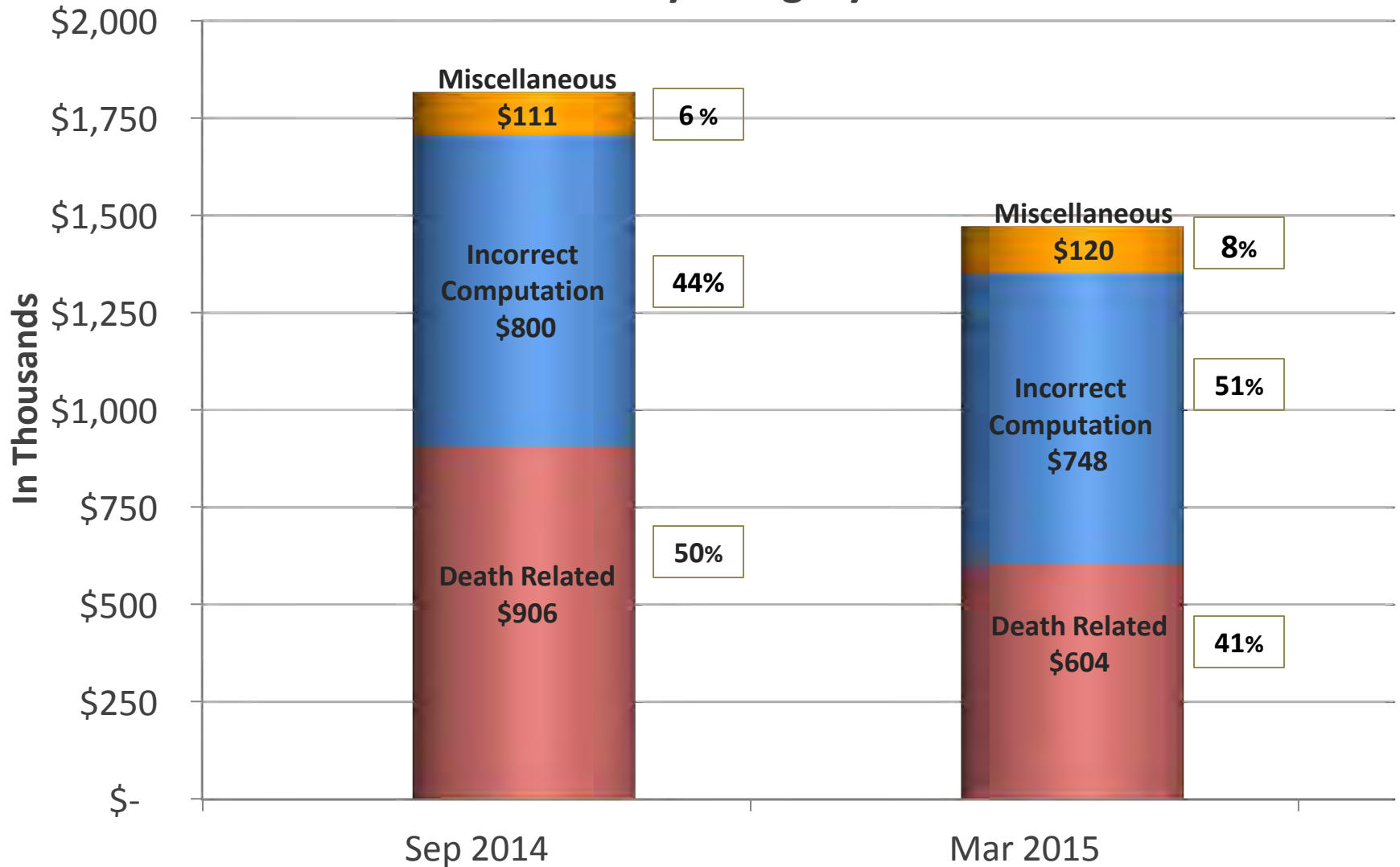
# Overpayment & Forgery Receivables

## Ending Balance Comparison



# Overpayment & Forgery Receivables

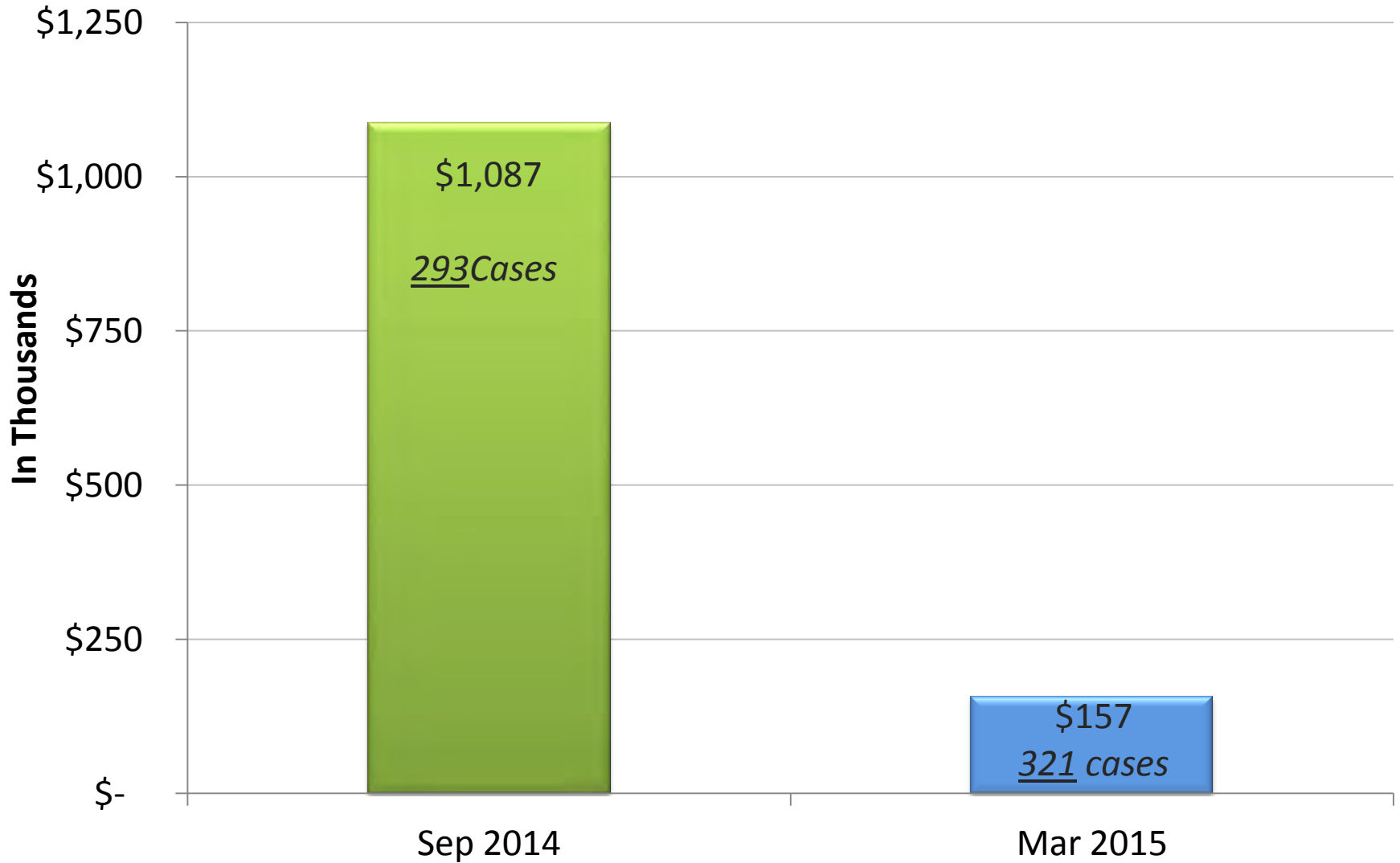
## Balance by Category



# Overpayment & Forgery Receivables

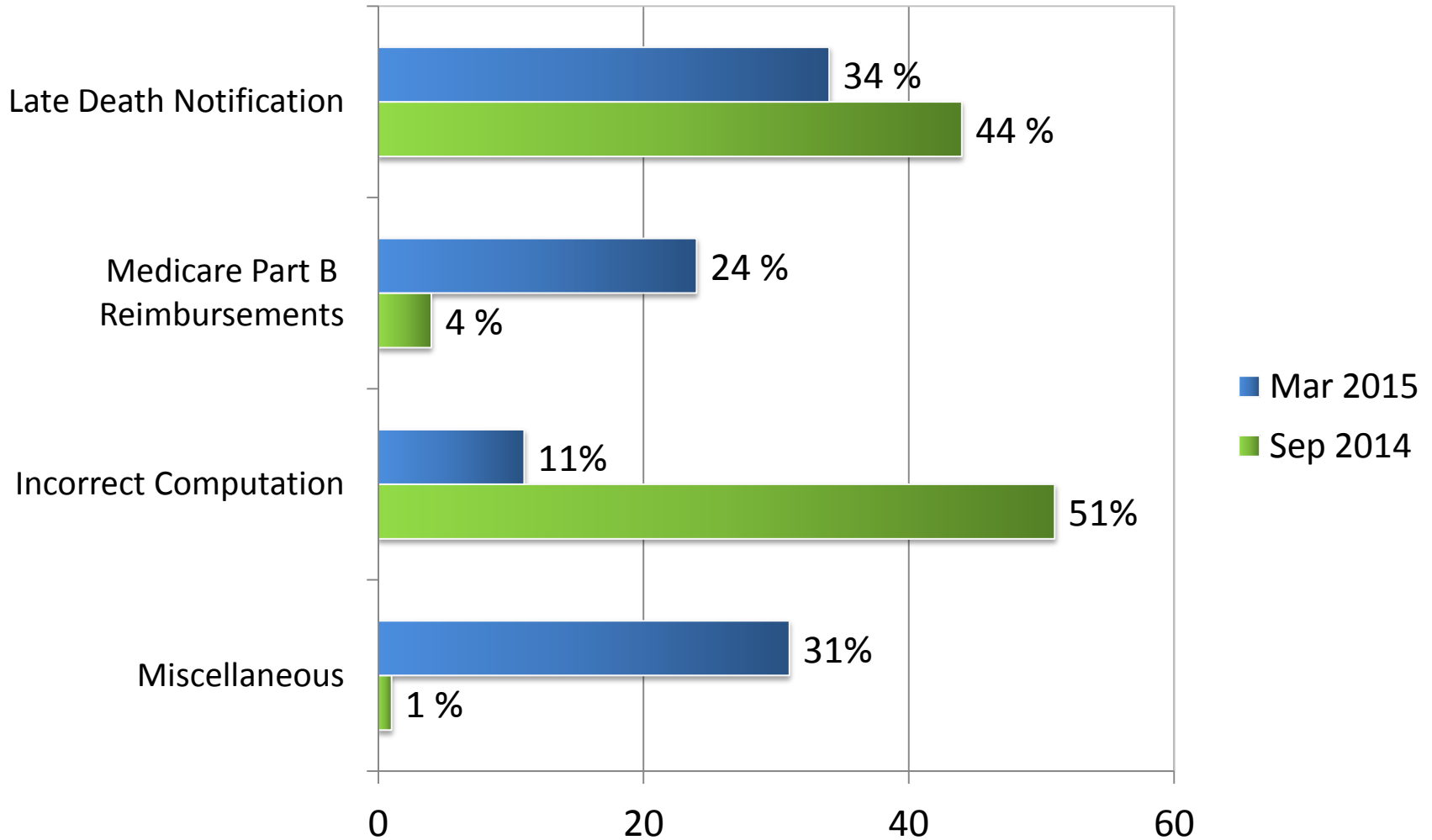
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## New Cases Added Each Period Ended



# Overpayment & Forgery Receivables

## Breakdown of New Cases





# Overpayment & Forgery Receivables

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## What have we been doing?

### Medicare Part B Reimbursements

- 277 cases - \$37,000

### Late Death Notification

- 12 cases - \$54,000

### Incorrect Computation

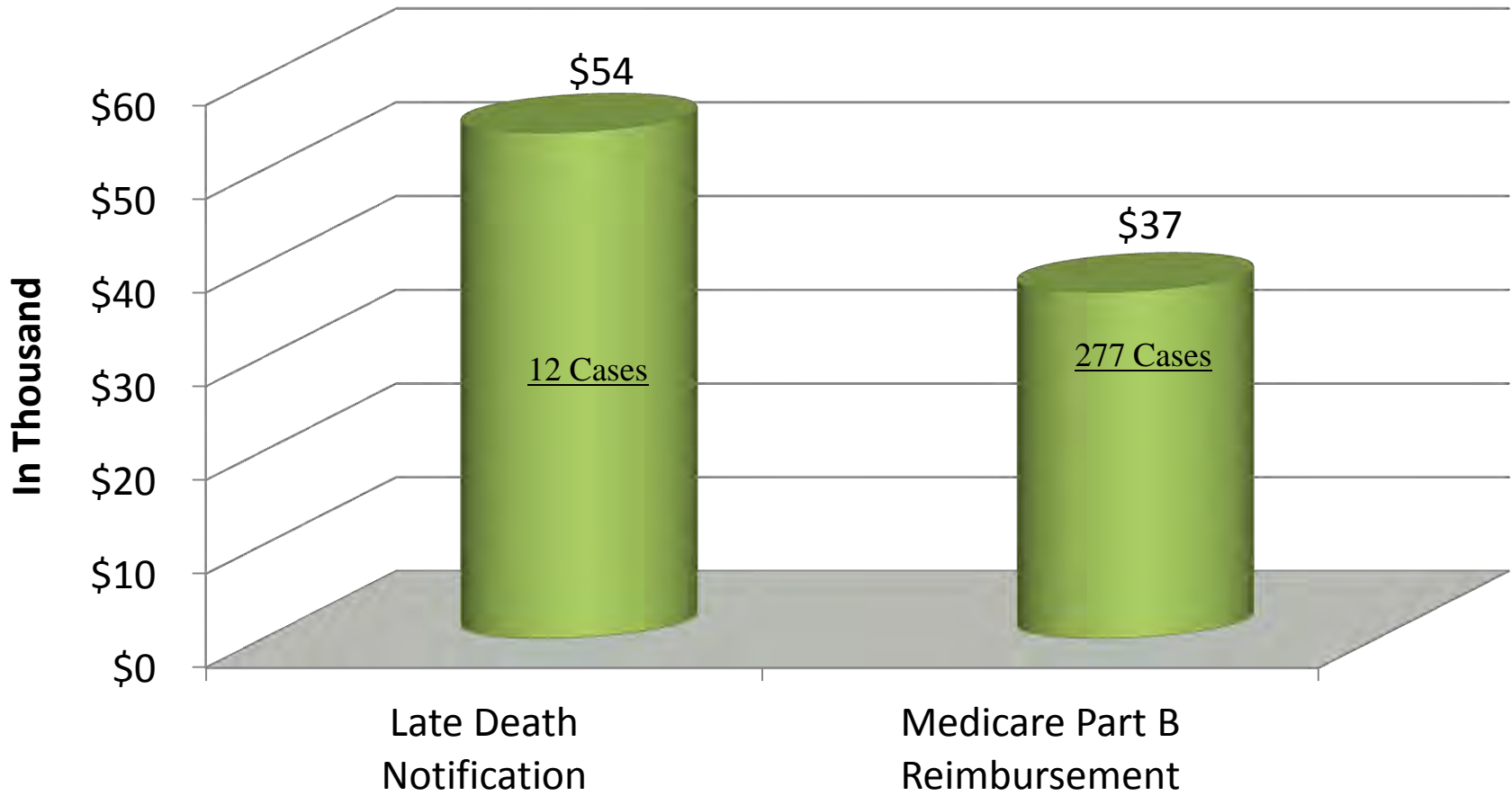
- 17 cases - \$17,000

### Miscellaneous

- 15 case - \$49,000

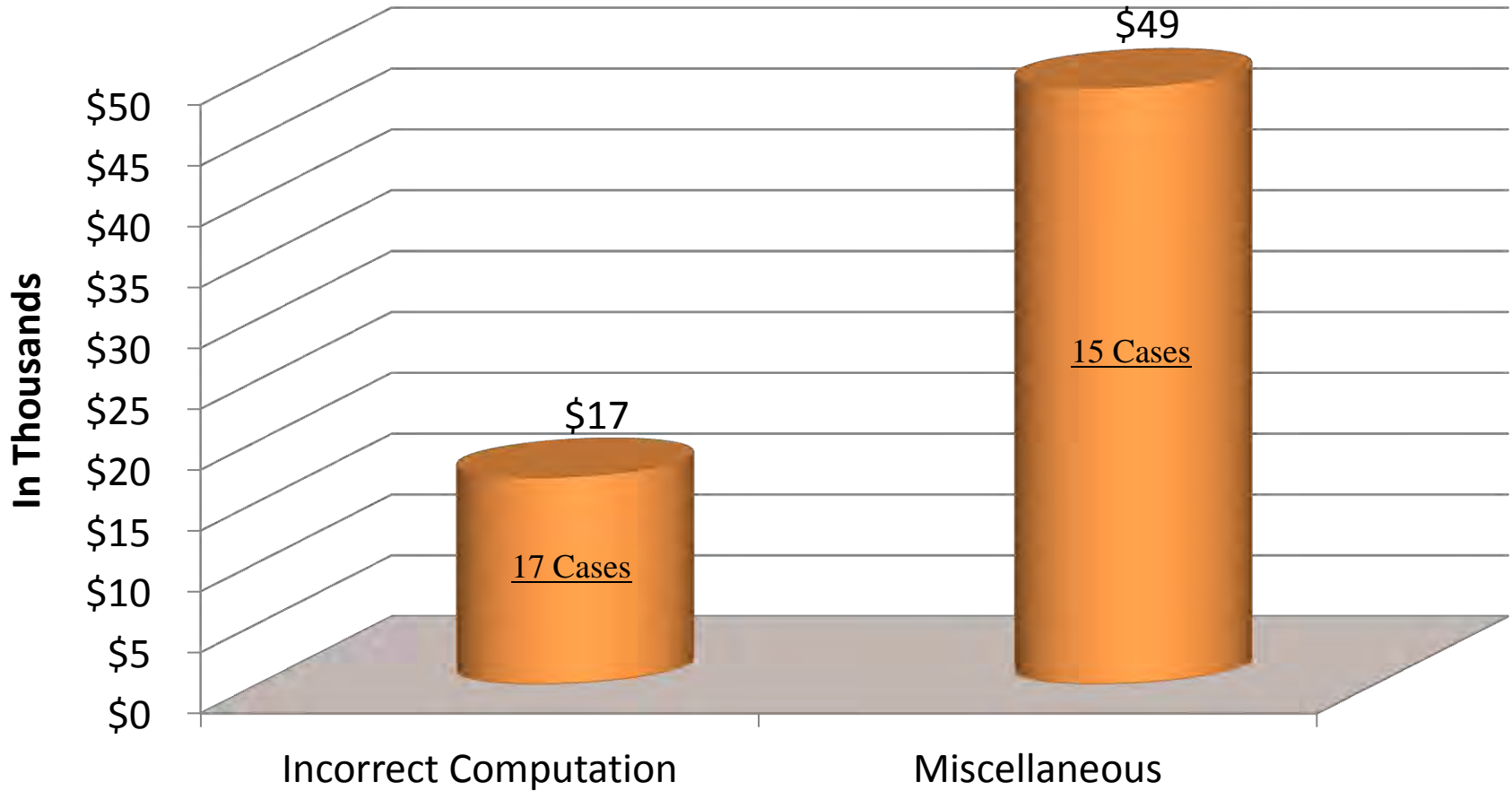
# Overpayment & Forgery Receivables

## New Cases – Beyond LACERA's Control



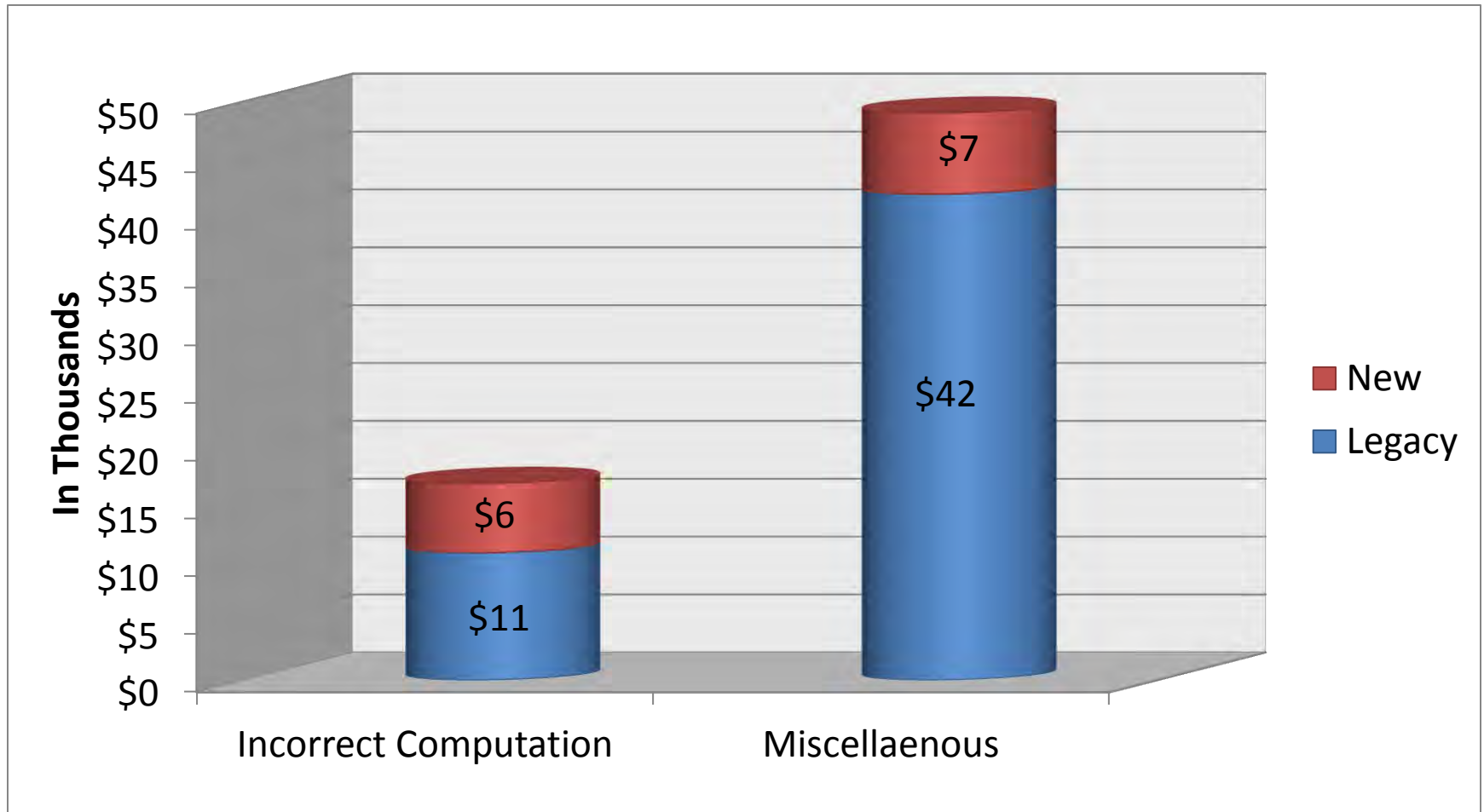
# Overpayment & Forgery Receivables

## New Cases – Within LACERA's Control



# Overpayment & Forgery Receivables

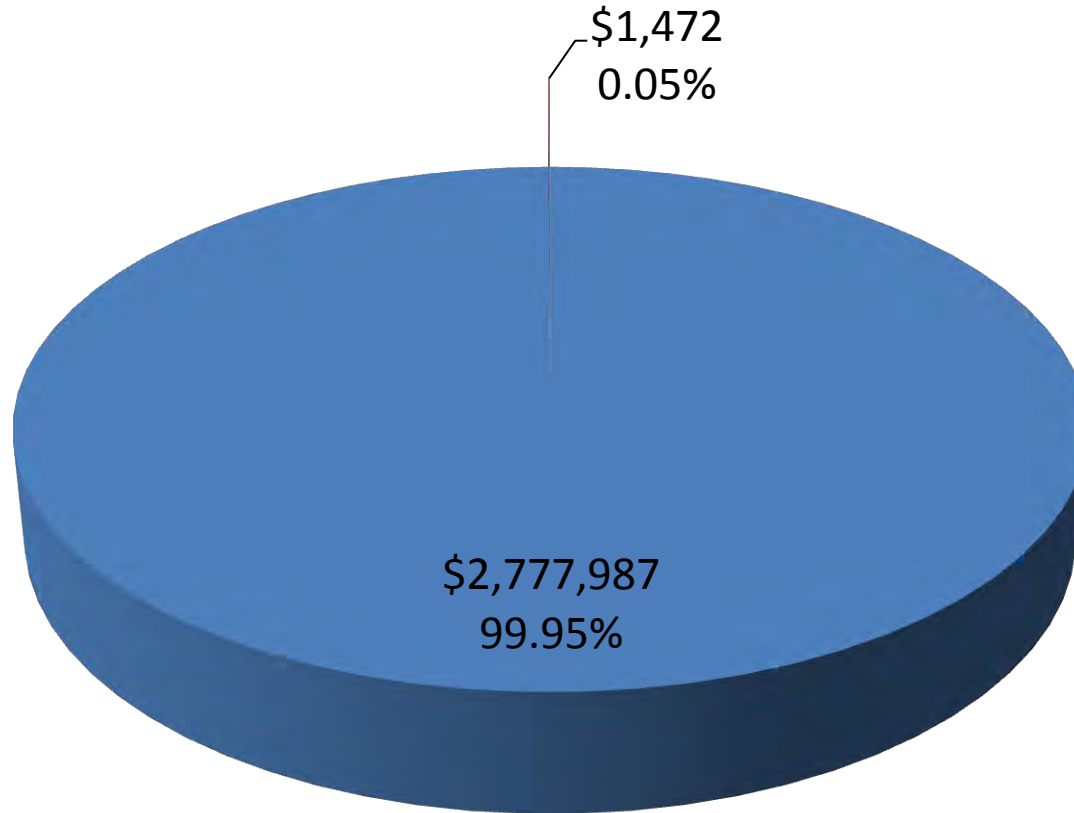
## New Cases – Within LACERA's Control



# Overpayment & Forgery Receivables

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## Balance as a Percentage of Payroll



■ Payroll ■ Overpayment  
(Dollars in Thousands)

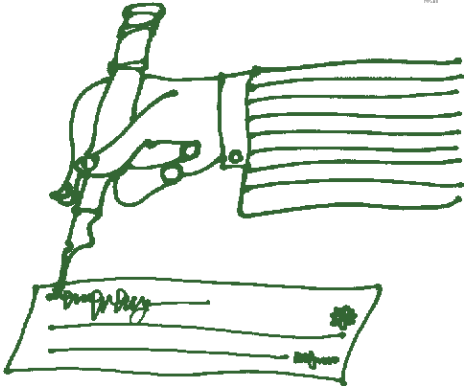
# Overpayment & Forgery Receivables

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## Collections for this Period



**\$ 71,000 – Automatic Deduction/TTC**



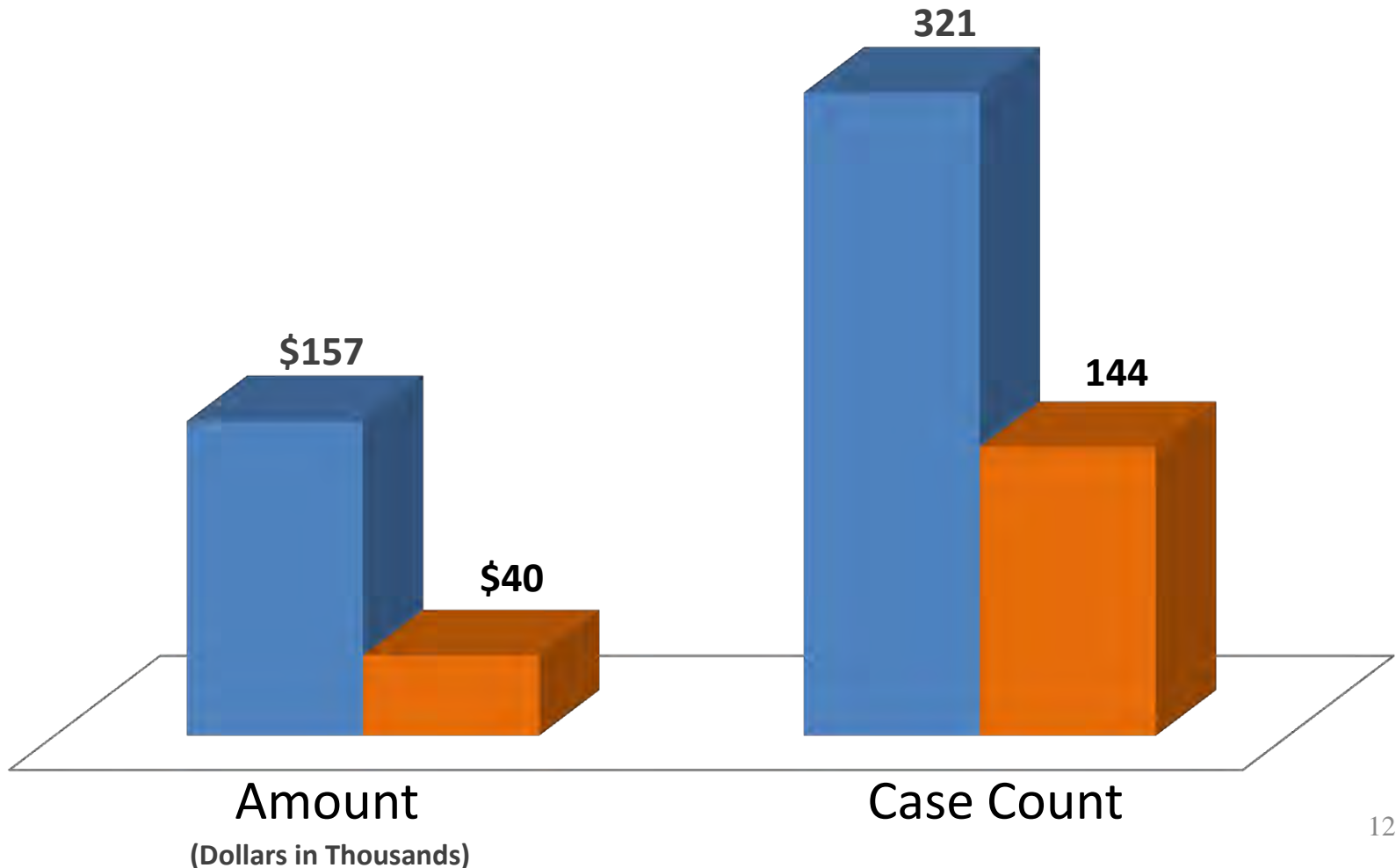
**\$ 169,000 – Over the Counter Checks**

**\$ 240,000**

# Overpayment & Forgery Receivables

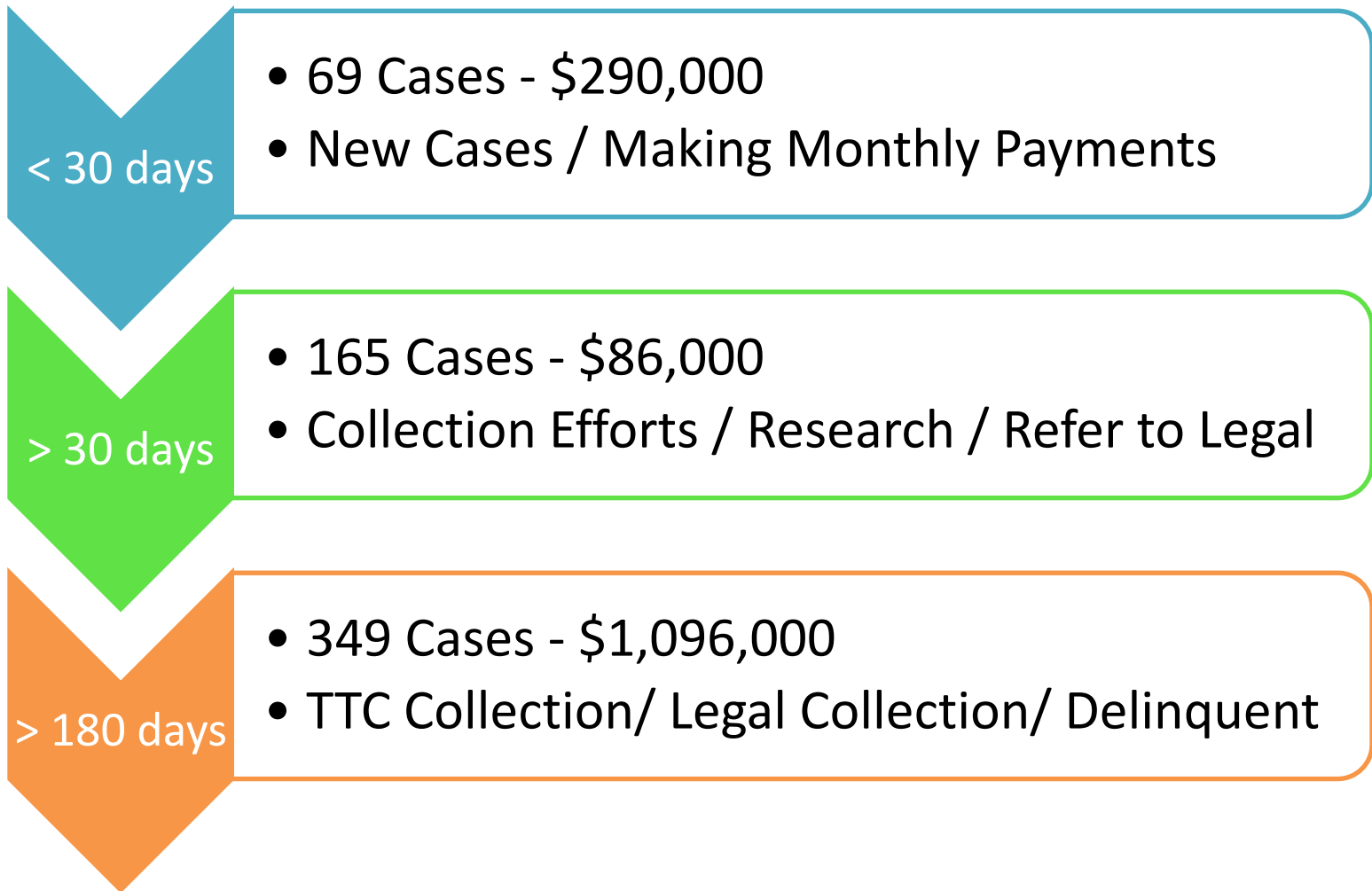
Collection Status: New Cases  
For This Period

■ Set-up ■ Collected



# Overpayment & Forgery Receivables

## Aging Report





# Overpayment & Forgery Receivables

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## Breakdown of Cases

< \$1,000

- 456 cases
- \$60 K

< \$10,000

- 103 cases
- \$348 K

> \$10,000

- 24 cases
- \$1,064 K

# Underpayment of Contributions

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Update for the current period

Waiver of Interest

**Questions . . .**

