



## PLANNING A SECURE FUTURE

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

VOL. 13 NO. 2

NEWS FOR ACTIVE MEMBERS

JUNE 2003

### Member Q&A

**Q: What is the current interest rate applied to the contributions in my account?**

**A:** LACERA posts interest to the employee accounts each December 31 and June 30. The highest possible rate is the investment rate of return that is recommended by the actuary and approved by the Board of Investments. On December 31, 2002, the rate credited was 2.6%. We are currently awaiting the determination for June 30, 2003 and will post it on the web when it is approved. Please note that LACERA only credits as much as the investment portfolio earns, not necessarily the highest rate.

**Q: Which pay code items were made pensionable by the Ventura Decision?**

**A:** The listing is lengthy. It can be found on [www.lacera.com](http://www.lacera.com). Go to the Calculators under the Benefits tab. Select the Retirement Calculator, then

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### Reciprocity and a New Court Decision

Reciprocity is the special relationship that exists between certain public retirement systems. It is designed to protect your earned retirement benefits when you transfer from one public employer to another. First, this article will explain the basic rules of reciprocity, and then tell you about the opportunities for teachers

and judges that were established by a new court decision.

**To be eligible for full reciprocity,** you must terminate employment and defer your retirement with the first system and enter employment, covered by a reciprocal retirement system.

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### Plan E Elective COLA for Retirees

LACERA members are beginning to talk about the new 2% Plan E Cost-of-Living Adjustment (Plan E COLA) and the Plan E Elective Cost-of-Living Adjustment (Elective COLA) for retirees. A few members have called LACERA to ask about the Elective COLA, so we thought this would be a good opportunity to get the word out. Before we start talking about Elective COLA, it is important to understand a little bit about the Plan E COLA benefit.

On June 4, 2002, the Board of Supervisors improved LACERA

benefits. One such improvement is the addition of a 2% Plan E cost-of-living benefit (Plan E COLA). The Plan E COLA benefit operates in the same manner as the 2% cost-of-living benefit enjoyed by Plan D retired members. It is based on the change in the Consumer Price Index and limited to a maximum of 2% per year with any overages added to a "COLA Accumulation." However, a significant difference between the two programs is that the Plan E COLA benefit is "earned" during months of service worked during or

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**Los Angeles County  
Employees Retirement  
Association**

**Members of the  
Board of Retirement**

- SIMON S. RUSSIN  
Chair  
Elected by General Members
- EDGAR H. TWINE  
Vice Chair  
Appointed by Board of Supervisors
- LES ROBBINS  
Secretary  
Elected by Safety Members
- MARK J. SALADINO  
County Treasurer & Tax Collector  
Ex-Officio Member
- SADONYA ANTEBI  
Appointed by Board of Supervisors
- WARREN L. BENNETT  
Appointed by Board of Supervisors
- BRIAN C. BROOKS  
Elected by General Members
- WILLIAMDELAGARZA  
Elected by Retired Members
- SI FRUMKIN  
Appointed by Board of Supervisors
- WILLIAM PRYOR  
Alternate Member  
Elected by Safety Members

**Members of the  
Board of Investments**

- SANDRAJ. ANDERSON  
Chair  
Elected by Retired Members
- MARK J. SALADINO  
Vice Chair  
County Treasurer & Tax Collector  
Member Ex-Officio
- BRIAN C. BROOKS  
Secretary  
Elected by General Members
- CODYFERGUSON  
Appointed by Board of Supervisors
- BRUCEPERELMAN  
Elected by General Members
- LESROBBINS  
Elected by Safety Members
- OLON C. SOTERAS  
Appointed by Board of Supervisors
- LARKIN TEASLEY  
Appointed by Board of Supervisors
- ESTEVANR. VALENZUELA  
Appointed by Board of Supervisors

- Chief Executive Officer  
**MARSHA D. RICHTER**
- Assistant Executive Officer  
**GREGG RADEMACHER**
- Assistant Executive Officer  
**ROBERT HILL**

From the **EXECUTIVE DESK**

Marsha D. Richter—CEO, LACERA




**Message from the CEO**

As we get closer to Board election time, I want to take this opportunity to emphasize the importance of your participation in the voting process. LACERA is your retirement association, and as an active member you can directly impact the outcome of issues that may affect your retirement future. By voting for Board members, you let us know what types of issues are important to you, and what your retirement priorities are. There are two different ways to get acquainted with the Boards, the issues, and the candidates' platforms. In addition to reading about the candidates in their statements, which are sent out with your voting ballots, you can also visit LACERA online at [www.lacera.com](http://www.lacera.com) and read the Board agendas.

The job of the Board of Retirement and the Board of Investments is to protect, invest, and administer the retirement fund. In order to fulfill this duty, consultants are hired to help them determine what health care rates and changes are reasonable (Board of Retirement), as well as how best to invest the fund's resources for the most positive returns (Board of Investments). Working within the scope of Retirement law, the Union negotiates benefits, the Board of Supervisors adopts these negotiated benefits, and

LACERA administers them. By lending your voice to the process, you help to insure that your best interests are being addressed.

Looking back over the years, many decisions made by the LACERA Boards have had positive lasting effects. Due to the Board of Retirement's careful consideration of health care plan changes, our retirees now enjoy some of the best health care plans available from any retirement system. Though unavoidable, annual rate increases are consistently offset by the increasing level of care and new technology that plan members enjoy. And it is thanks to forward-thinking Board decisions that LACERA has expanded its customer services to include retirement and health care call centers, and other outreach programs.

I hope that as you review the upcoming Board candidate information, you take into account the important decisions that the Boards make, all with an eye toward making your retirement future as good as it can be. Be an active participant in the election this year and every year. Only you know what issues are important to you, and this is your chance to be heard. I hope you'll take advantage of this important opportunity. 

# 2003 Legislative Updates

On April 21, 2003, the Legislature reconvened following the Spring Recess. Many retirement related bills were heard in committee that week. June 6 is the last day for bills to be passed out of the house of origin; if a bill fails to pass out of the house of origin it is considered to have “died” and will not be heard unless reintroduced the next legislative session.

Below are listed some of the bills LACERA is currently following:

## **AB 55 County Employees’ Retirement: Additional Retirement Credit (Correa)**

This bill, introduced by SACRS, allows the Board of Supervisors to authorize members to purchase up to five years of additional retirement credit by paying the full actuarial cost of the future retirement benefit and not place any additional financial burden on the retirement system. The additional service shall not be counted to meet the minimum qualifications for retirement, for cancellation of retirement contributions at 30 years of service, additional ad-hoc cost-of-living benefits, or health care.

As originally written, the bill required that payment for the additional service must be made within five years. The five-year payment period would have made the monthly payment amount for the additional service prohibitively expensive for all but the most highly paid members. LACERA was successful in its efforts to have the bill amended to allow up to 10 years to complete payment. We are continuing to seek other technical language amendments for the ease of administering the new benefit.

*Amended:* 3/11/03

*Sponsor:* SACRS

*Status:* The bill has passed the Assembly and is in the Senate

*LACERA position:* SUPPORT IF AMENDED

## **AB 80 Firefighters: Public Service Purchase (Bogh)**

This bill allows all 37 Act County firefighters to purchase service credit for fire fighting service performed for another public agency. It broadens the current purchasable service to include fire fighting service with any city, state, county, or governmental “public agency” within the United States. To receive the above service, the member must deposit an amount equal to the contributions they would have made for that service, plus interest.

The Board of Supervisors may vote to pay part of the employee contributions. However, employer’s contributions are not included in the cost for the additional service, which creates an unfunded liability.

*Amended:* 5/01/03

*Sponsor:* California Professional Firefighters  
*Status:* This bill passed the Assembly to the Senate Public Employment and Retirement Committee

*LACERA position:* OPPOSE UNLESS AMENDED

## **AB 285 California Employees Retirement: Reciprocity (Negrete-McLeod)**

This bill eliminates all reference to restrictions on the period of time between a member’s public employment subject to a reciprocal retirement system, and would make those reciprocal benefits available regard-

less of the length of time between employment.

The SACRS Legislative Committee and LACERA would like to see language in the bill clarifying member redeposit rights and the rate of future member contributions.

*Sponsor:* SEIU

*Status:* Assembly PER & S Committee

*LACERA position:* SUPPORT IF AMENDED

## **AB 933 Tuition Payment/Survivor Benefits (Reyes)**

Extends the definition of “child” to include a stepchild for purposes of providing tuition and special death benefits in the case of a law enforcement officer killed in the line of duty.

The April 9 amendment revises Sec. 31781.1 of the 1937 Act to provide survivor benefits to the stepchild of any member who would have been entitled to a nonservice-connected retirement but dies prior to retirement. According to the office of Assemblywoman Reyes, the intent of the April 9 amendments was to extend survivor benefits to the stepchildren of members who die in the line of duty. As written, the stepchildren of a member who is eligible for nonservice-connected retirement but dies prior to retirement as a result of non-industrial causes would be entitled to the benefit, while the stepchild of a short-term employee killed in the line of duty would not. Further amendments

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**Do you have questions  
regarding your  
retirement benefits?**

**Telephone LACERA at**

**626-564-6132**

**800-786-6464**

**FAX: 626-564-6155**

**Your Social Security number  
is the key to  
finding your records.**

*We thank you for your patience  
and understanding when you call.*

**welcome@lacera.com**

Now you can e-mail LACERA to ask about general retirement information. Just use the LACERA e-mail address shown above. If you have specific questions about your benefits or need to resolve any issues affecting your personal retirement account, please contact LACERA at **800-786-6464** and ask to speak to a Retirement Benefits Specialist.



## Retirees Disappointed Again

On April 10, the Board of Retirement again considered adopting a resolution to implement SB 670, the law that extends benefits to surviving spouses who marry a LACERA member after retirement. Once again, by a vote of 6 to 3, the resolution did not pass. Currently, members must be married at least one year prior to their retirement date to provide a continuing allowance for their surviving spouse. (Those receiving a service-connected disability retirement must be married prior to retirement, but do not have the one-year requirement.)

### Why Didn't the Board Adopt This Resolution?

The boardroom was filled to capacity. Nearly twenty retirees and spouses urged the Board members to support and approve this valuable benefit. Their testimony was heartfelt and very moving as retirees described their fear of leaving a spouse without income upon their demise. Some Board members expressed their concern and support for this benefit. However, the majority of the Board voted against the issue.

Representatives from Local 660 spoke against the issue because of the financial burden it would create for the Plan Sponsor—L.A. County. They suggested that it would not be prudent to pass this additional benefit during this time of economic hardship, cutbacks and layoffs. Local 1014 opposed it because the benefit

was not part of the collective bargaining and did not apply equally to all members in a class.

One Board member expressed opposition because, under SB 670, the authority for approving this benefit enhancement was given to the Board of Retirement, but the financial risk for the benefit lies with the Board of Supervisors. The Board member noted that this is the only law ever passed that allows the Board of Retirement to adopt a benefit increase, then send the bill to the County.

LACERA also received a letter from the law firm Silver, Hadden & Silver alleging LACERA cannot lawfully implement such benefits unless and until LACERA meets and confers in good faith with the Coalition of County Unions in accordance with Government Code Section 3505.

The retirees were clearly disappointed with the outcome. They have been trying to implement this benefit since 1986 when the legislature amended the retirement law to authorize the Board of Supervisors to approve this additional benefit. However, the Board of Supervisors never acted to approve it. Therefore, the retirees sponsored legislation to amend the law in 1999 giving authority to the Board of Retirement to implement the benefit. The Board has deliberated this issue at length and in depth over the years. This again, was a very difficult decision for the Board, and a disappointing decision for the retirees.

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## Plan E Elective COLA from pg. 1

after June 2002. You could say that the Plan E COLA is a “go-forward” benefit. This go-forward approach means we need to look at Plan E members in two groups: those members who first joined Plan E in or after June 2002, and those members who joined Plan E before June 2002.

### Members Who First Joined Plan E on or after June 2002

- Members who joined Plan E in or after June 2002 will fully participate in the Plan E COLA. As retirees, they will receive the full COLA percentage awarded each year on their total years of service credit.

### Members Who Joined Plan E before June 2002

- Members with Plan E service before June 2002 will partially participate in the Plan E COLA. These members will participate in the Plan E COLA based on the number of months of Plan E service credit earned on or after June 2002 when compared to all of their Plan E service credit. For example, consider the member who joins Plan E in June 1982 and retires 30 years later in May 2012. This member worked 10 of her 30 years after the June 2002 date, and as such, participates in the Plan E COLA program at a level of 10/30 or 1/3. This means that if the COLA award is at its maximum, this member will receive 1/3 of the 2% which is about .66%

### Plan E Elective COLA

The Elective COLA benefit allows Plan E members with Plan E service prior to June 2002 to fully participate provided that they pay additional contributions. The cost is supposed to be fully paid by the

member and not increase the County’s cost. LACERA is working with the plan actuary to develop the calculation. We will provide updates on this issue as new information becomes available.

There are quite a few important aspects to understand before considering the purchase of the Elective COLA:

1. The Elective COLA must be completely paid for by the employee and not the County. There is no free lunch here. The member is hoping to beat the average mortality rates, betting that inflation will be greater than 2% per year during retirement, and that the annual investment market returns will be at least 8%.
2. Purchasing an Elective COLA is similar to purchasing an annuity. LACERA uses an 8% investment return assumption. This assumption may be more or less than other annuity products available from other financial institutions.
3. LACERA will do its best to estimate the cost of your Elective COLA purchase contract, however California State Law requires that the contract amount be recalculated at the time of retirement. This recalculation is mandatory whether or not the original Elective COLA purchase contract has been completed. At retirement, additional amounts may be payable by you for full participation in the Plan E COLA. Similarly, if you have over-contributed, the difference

would be returned to you.

4. Should a retired member’s death occur prior to his or her expected mortality age (die earlier than expected), the unused Elective COLA contributions paid by the member would be *transferred to the County*. Please note that if there is an eligible surviving spouse receiving benefits, the Elective COLA will be applied to his or her retirement benefit.
5. LACERA assumes a 4% rate of inflation over the long term and the Plan E COLA is limited to a 2% inflation adjustment. Should inflation be less than 2% over the long term during your retirement, you will have overpaid for the Elective COLA. Once retired, there is no way to refund you for this unfavorable experience.

Looking at the big picture, older workers in Plan E may want to consider other financial instruments for their retirement savings before considering an Elective COLA. Things to consider would be full participation in the County 457 and/or 401(k) plans, annuity products that have more favorable investment and inflation terms, and annuity products that will return your investment upon your death. Younger workers in Plan E may want to consider transferring to Plan D on a prospective basis and fully participating in the County 457 and 401(k) plans. It should also be noted that once money has been deposited in the Elective COLA program, it cannot be withdrawn or transferred to another program with a more favorable return, as can be done with 457 or 401(k) funds and

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Elective COLA cont'd from pg. 5

other investment programs.

There is one loophole in the Elective COLA that a member may find useful. The purchase contract could be used as a tax shelter for your current income. A member could enter into an irrevocable pretax contract to purchase the Elective COLA. This allows the member to make additional contributions into LACERA on a pretax basis. LACERA sets this money aside for the member and the County reports the income as nontaxable in the year it is earned. The money set aside at LACERA may or may not earn interest depending on the realized investment returns. At retirement the member has the choice of whether to go ahead with the Elective COLA or take a refund of the additional contributions plus the applied interest. Again, as this is an irrevocable pre-tax contract with an uncertain interest-crediting rate, we recommend that you consider all of your other retirement savings options before considering an Elective COLA.

LACERA would like to thank you for your patience while we finalize the calculation software and procedures for the Elective COLA, and encourage you to analyze all of your retirement savings options before considering the purchase of the Plan E Elective COLA. //

## Benefit Notes

# Workshops

As an active County employee, you may not be aware of all of the benefits and options available to you through the County and LACERA. Whether you are a new employee or are just starting to think about retirement, there is a workshop for you that can help you make informed decisions about your retirement future.

For your convenience, workshops are offered at LACERA in Pasadena and at several on-site locations on a regular basis. Attendance

is free and requires an RSVP. To attend, contact your personnel office for a schedule of workshops at your work site, or go online at [www.lacera.com](http://www.lacera.com) for the schedule at LACERA; then call LACERA to reserve a space.

If you are interested in scheduling a workshop at your workplace, contact your personnel office (not LACERA) and submit a request. If enough employees express an interest in attending, a workshop may just come to you!

# Core Conditioning

Excerpted from the *UC Berkeley Wellness Letter*

If you walk, cycle, swim, and occasionally weight-train, are you doing enough to keep yourself in shape, maintain your strength for sports (and life), and ward off backaches and other problems resulting from weak muscles? If you think you could be doing more, you might consider “core conditioning” or “core training” to supplement your normal workout.

Core conditioning is an integrated approach that focuses on developing the muscles of the center of your body, so you can move effectively through your activities. The basic idea is that all the muscles of the trunk and spine need to be trained for strength, balance, agility, and

flexibility. Rather than strengthening individual muscle groups such as the abdominals or biceps, core conditioning typically focuses on various muscles in the torso, back, hips, inner and outer thighs, and even chest. The training emphasizes the role of proper breathing and posture, and is as much a state of awareness about your muscles as a new way to exercise.

There are many advantages to building a strong core. With a strong “platform” from which your arms and legs work, you’ll be a better swimmer, cyclist, and runner. If your spine and abdominal muscles are a powerful base for your legs, you’ll be able to run or walk farther and

# for Members


In addition to monthly workshops, Benefit Days are also scheduled at various departments throughout the County. Unlike the scheduled workshops above, employees of that department can just drop in on Benefit Days for personal retirement counseling.

## Member Workshops

Please call 800-786-6464 from 7:30 a.m. to 5:30 p.m. Monday through Friday to make your reservation. You may also stop by the

LACERA Outreach Counter from 7:00 a.m. to 5:00 p.m. (Please arrive before 4:30 so you have enough time to speak with a representative.)

**New Member Workshop**  
Every Wednesday

**Pre-Retirement Workshop**  
Every Tuesday for General Members; first Tuesday of the month for Safety Members 

## Leaving County Service Workshop

If you have been laid off from County employment, you may have questions regarding your benefits, vesting, transferring to another agency, returning to County service, deferment, and more. LACERA offers a Leaving County Service Workshop to answer your questions and help guide you through this time of transition.

Call LACERA at 800-786-6464 to inquire about upcoming workshops at your facility and those held at LACERA's office, or visit the LACERA Outreach Counter for one-on-one counseling.




faster, and hit a golf ball more effectively. Core training strengthens your lower back by improving posture, and may also reduce the likelihood of injuries. Strengthening your core is also an excellent way to improve balance.

### Is Core Training A New Idea

Actually, no. If you think you have heard all this before, you probably have. Several kinds of "movement therapies," including yoga, have always emphasized the core muscles. Yoga is a very popular form of fitness activity, and can emphasize the physical or spiritual benefits, or both, depending on the instructor. It's best to learn yoga from an expe-

rienced teacher who can adopt the poses to your ability and who can help you concentrate on the core muscles for strength, flexibility, balance, and better posture—all of which can help improve your golf game!

Adding a new form of training to your fitness routine is always a good idea. It freshens up your workouts as well as gives you an opportunity to reevaluate your fitness goals. Many gyms and health clubs offer core conditioning and yoga classes. In addition to these specialized forms of training, some exercise equipment can be used to strengthen your core, including exercise balls and balance boards.

No exercise system, including core conditioning, can work magic or take the place of weight training, brisk walking, swimming, running, cycling, or other forms of aerobic exercise. The best thing you can do for your physical health is to vary your exercise routine to include a little of everything. And always remember: If you have injuries, back problems, or any limiting medical condition, you should check with your doctor before adding core conditioning to your exercise program. 

## Reciprocity cont'd from pg. 1

Your transfer must occur within six months of terminating the first system and have no overlapping membership dates between the two systems. Your transfer must occur after the date reciprocity is established between the two systems. Establishing reciprocity gives you certain advantages:

1. Your rate of contribution will be based on your age at your birthday nearest the entry in your first retirement system.\*
2. Service credit accumulated under each reciprocal retirement system is added together to determine benefit eligibility. The total service credit counts toward meeting the minimum vesting and service credit requirement for retirement.
3. You must retire on the same date from each reciprocal agency—unless prohibited from doing so because of different retirement age requirements.
4. Your final compensation, used to calculate your monthly retirement allowance, will be determined by using the highest pensionable earnings under all reciprocal systems involved.

Once you establish reciprocity, you cannot waive reciprocity in order to withdraw your contributions, if any, from your previous retirement system(s) unless you terminate employment and withdraw contributions from your current system. By withdrawing current contributions, you break the rules of reciprocity and forfeit your right to receive retirement benefits in the future from that system.

### Court Decision Provides Limited Reciprocity

Prior to December 20, 2002, the benefits of reciprocity applied to members only if they transferred between reciprocal retirement systems after the date reciprocity was established between the two systems. Therefore, members who transferred prior to the statute establishing reciprocity were not eligible for reciprocal benefits.

However, on November 20, 2002, the Court of Appeals in California affirmed a lower court decision in the **Maffei case** that changed the rules of reciprocity. The court decided that even though a member transferred to another system prior to the establishment of reciprocity, he or she is eligible for one of the benefits of reciprocity provided he or she retires after the date that the two systems became reciprocal.

### Final Compensation Used by Both Systems

The Maffei decision stated that as long as reciprocity has been established prior to the member's retirement date, the final compensation used in computing a member's retirement allowance will be based on the member's highest salary earned in either retirement system. The court did not address other benefits of reciprocity, such as a member's entry age or contribution rate, so these benefits of full reciprocity are not applicable.

### Who Is Eligible for Limited Reciprocity?


The Maffei decision, effective December 20, 2002, applies to mem-

bers who terminated service and transferred within six months to LACERA from one of the following agencies, or vice versa, prior to the effective dates of reciprocity indicated below:

- State Teachers Retirement System (STRS) on or before January 1, 1999
- Judges' Retirement System (JRS), on or before January 1, 2002
- Judges' Retirement System II (JRS II) on or before January 1, 2002

The decision is applied to anyone in these three systems who retired after reciprocity was established (see dates above). There is a three-year statute of limitations applied retroactively to December 20, 1999. Therefore, a STRS member, for example, who retired between January 1, 1999 and December 20, 1999 is entitled to an adjustment, but it will only apply to his or her allowance earned on and after December 20, 1999. LACERA will also recalculate and adjust the retirement allowance for members who retired after December 20, 1999.

If you transferred to or from LACERA to one of these systems after the dates reciprocal statutes were signed, you are eligible for full reciprocity.

**If you transferred to LACERA from STRS or the Judges Retirement System, or vice versa, and feel you may qualify for benefits under the Maffei decision, please contact LACERA at 800-786-6464 to speak with a Retirement Benefits Specialist.** 


\* **For example:** If you were 29 when you entered your first retirement system in March, and your birthday is in August, your official entry age would be 30.



**Proposed Legislation— An Alternative to SB 670**

In the May 7 Board meeting, the Board of Retirement unanimously approved Marsha Richter’s recommendation to investigate the feasibility of preparing a legislative proposal allowing retirees to select an option that would provide continuing monthly payments to a spouse who is acquired after retirement.

Under this proposed change, retirees who retired under the unmodified allowance would be able to choose an option to name a new spouse as the beneficiary *after retirement*. This option would reduce the member’s monthly benefit in order to insure a continuing allowance to the new spouse after the retiree’s death. This election would happen after retirement and once made would be irrevocable. Although this election would result in a lesser allowance to the retiree, it would provide the retiree with a mechanism for providing a survivor benefit for a new spouse at a cost that may be far less than the cost of insurance.

LACERA’s actuary is investigating the feasibility of administering this proposed payment option. If the results are favorable, a legislative proposal will be presented to the Board of Retirement for consideration in 2004. 

may be sought by the sponsors to correct this oversight.

*Amended:* 4/9/03  
*Sponsor:* Fresno Deputy Sheriffs Association  
*Status:* Assembly PER & S Committee  
*LACERA position:* SUPPORT IF AMENDED

**AB 1585 California Employees Retirement (Assembly PER & S Committee)**

This bill would:

- 1) Authorize the system to obtain a loan against the assets in case of an emergency for purposes of paying retirement benefits;
- 2) Change the time to file financial statements;
- 3) Establish a replacement benefit plan for payment of benefits that may exceed IRC Section 415 annual distribution limits.

*Amended:* 4/28/03  
*Sponsor:* Assembly PER & S Committee  
*Status:* Passed Assembly to the Senate  
*LACERA position:* SUPPORT

**SB 270 California Employees Retirement (Soto)**

This bill requires the Board to provide organizations that are recognized by the Board as representing the retired employees of the county or district with notice and an opportunity to comment on any proposed changes to the system’s retirement benefits or the use of excess funds.


*Amended:* 3/24/03  
*Sponsor:* CRCEA  
*Status:* Passed from Senate to Assembly

*LACERA position:* WATCH

**SB 274 County Employees Retirement: DROP (Soto)**

This bill establishes a Deferred Retirement Option Plan (DROP) for law enforcement members. In implementing a DROP program, the bill requires the County to elect a forward, back, or actuarial equivalent DROP.


*Sponsor:* Professional Peace Officers Association  
*Introduced:* 2/18/03  
*Status:* Passed from Senate to Assembly

*LACERA position:* WATCH 

click the Retirement Eligibility link for more information. You will find the information under number 3: Average Monthly Salary.

**Q: I have filled out my Beneficiary Designation form four times and LACERA keeps rejecting the form. Why is it so difficult to do this?**

**A:** If the Designation form is incomplete or incorrect, the system will reject it. Common errors we see include percentages not adding up to

100% and a missing signature. It is important to read the entire form—both sides—before completing the information. Because the form cancels and replaces all prior designations on record, you must rewrite all designations, not just those that are changing. If LACERA is not able to process the request, we will send a notice indicating the reason. If you have questions, or if you would like assistance completing your Beneficiary Designation form, please call 800-786-6464 for assistance. 

## New Feature on LACERA.com: The Member Home Loan Section

Are you tired of renting? Forking over thousands of dollars every year just to pay someone else's mortgage? Or maybe you've been thinking about refinancing your

home mortgage to take advantage of the current interest rates. Whether you are a first-time home buyer or you already own a home, LACERA's Member Home Loan Program (MHLP) can

help you take advantage of the most favorable interest rates in decades (see page 12 to read about the MHLP). And now you can read all about the MHLP online at [www.lacera.com](http://www.lacera.com). This new web site section is complete with a LACERA Mortgage Calculator, FAQs, descriptions of loans, daily mortgage rates, and more. Just go



to the "Investments" tab on the home page and click on "Home Loan Program."

Using the Mortgage Calculator, you'll be able to calculate the summary breakdown for a mortgage loan including interest costs, property taxes, principal balance, and more. You can even determine the impact of any principal prepayments.

In addition to the calculator, there is also a Glossary of Terms—useful to know when you're in the buyer's market. You'll also find a helpful list of common questions and answers about the Member Home Loan Program, as well as other general-interest homebuyer questions. The Home Loan Program at LACERA welcomes all members.

Come visit us online and check out what's new!

### The Mortgage Calculator

It's easy to use the calculator. Just fill in the variables and click "Calculate" to see how your payments and remaining balance will be affected by filling in different amounts.

You can view what your total mortgage will be (principal plus interest), and also see a payment schedule over the life of your loan, either monthly or yearly: Just select either "Report Amortization Schedule by Year" or "Report Amortization Schedule by Month."

By using the "Prepayments" option, you can see how much money you would save over the life of your loan by making extra yearly, monthly, or one-time payments.

Financial Calculator Results - Microsoft Internet Explorer

Mortgage Loan Calculator Results

Your payment is \$536.82 for 30 years with a rate of 5.000%.

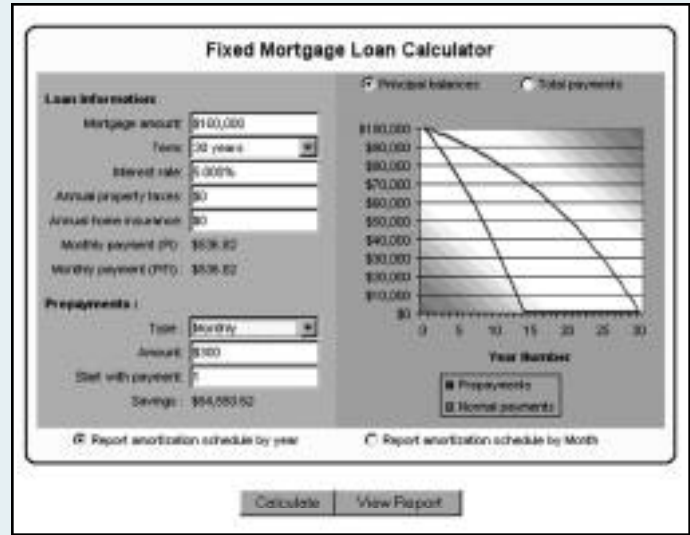
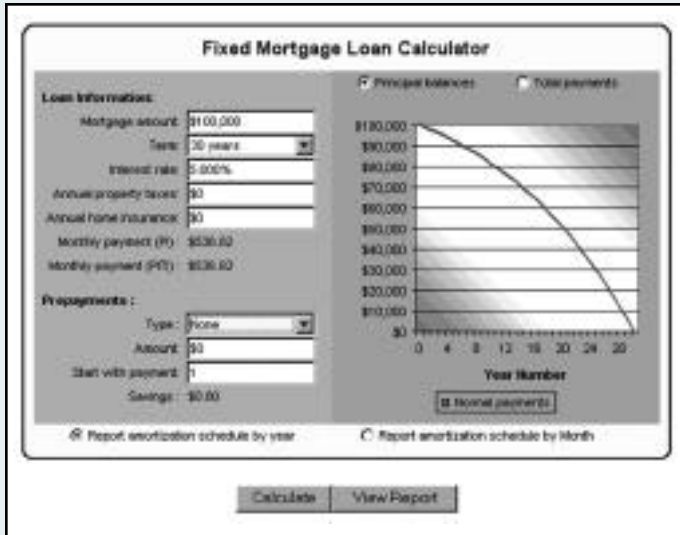
Mortgage Summary	
Loan amount	\$100,000.00
Term	30 years
Interest rate	5.000%
Annual home insurance	\$0.00
Annual property taxes	\$0.00
Monthly payment	\$536.82
Monthly payment (PITI)*	\$536.82
Total principal and interest payments	\$193,256.49
Total interest	\$93,256.49

cont'd on pg.11

New Feature cont'd from pg.10

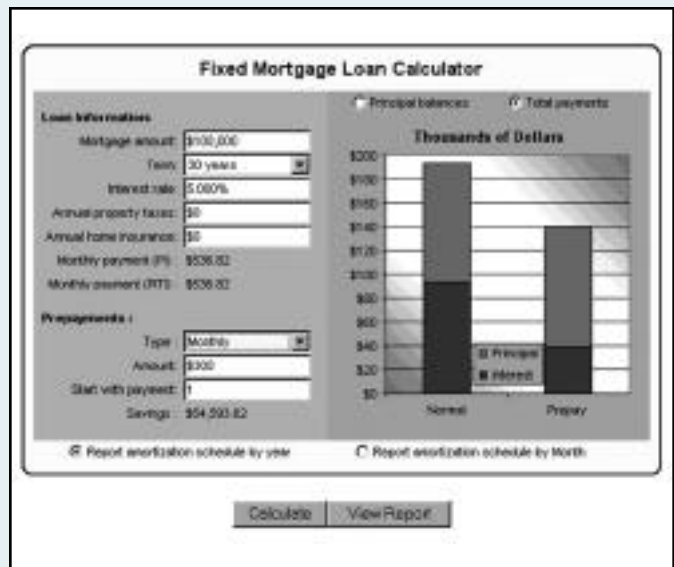
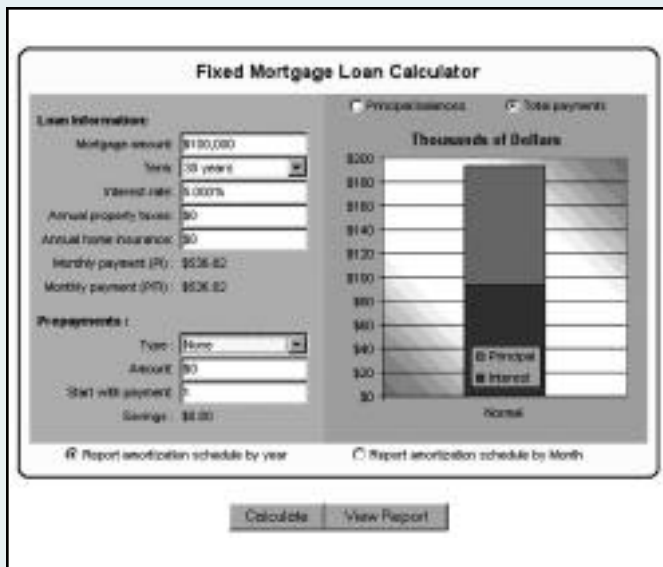
### Principal Balances


If you choose to view the payments by selecting “Principal Balances,” a graph will show a line that indicates how your balance will evolve over the life of your loan. If you fill out the “Prepayments” section, a second line will appear to indicate how much you would save.



### Total Payments

If you choose “Total Payments,” a graph will show the dollar amount of your principal and interest over the life of your loan. If you fill out the “Prepayments” section, a second graph will appear to indicate how much you would save.



*Note: Information and interactive calculators are made available to you as self-help tools for your independent use. We cannot and do not guarantee their accuracy or their applicability to your circumstances. We encourage you to seek personalized advice from qualified professionals regarding all personal finance issues. *

## Member Home Loan Program (MHLP)

Take advantage of the flexible interest rate lock-in option and other discounted fees offered through the LACERA MHLP program. The interest rate lock-in option allows you, the borrower, to receive the lowest prevailing interest rate on one of the following dates: your application date, your approval date, or on the date your documents are drawn. You will receive the lowest interest rate of these three dates and there is no extra charge for this flexible feature.

The MHLP offers a wide range of fixed and adjustable rate loans, all with competitive rates and low fees. LACERA's active members, retirees, and beneficiaries may participate in our exclusive LACERA Member Home Loan Program.


- Easy application process
- At no additional cost, you will receive the lowest interest rate applicable from the following

three dates—the application date, approval date, or the date the documents are prepared

- 25% discount off the 1% origination fee
- \$350 application fee includes credit report and appraisal report
- \$175 processing fee (other third party fees, escrow, and title insurance may apply)
- Zero point loans available
- A dedicated 800 number
- Pre-approvals

GMAC Mortgage Corporation provides financing for the LACERA MHLP program, and they will assist you in completing your home loan application. Loan officers are available to visit your residence or job site to take your application. Or you may visit the GMAC offices to apply for a home loan. Also, the entire loan application can be completed by phone, mail or by fax.

LACERA can help you and your family save money with our Member Home Loan Program and lock-in

option. Just call 800-2-LACERA (252-2372) to speak with a GMAC mortgage representative today. 

### Contributing Writers:

Alison Herschberg  
Jan Barcus

### Design:

Courtney Cook

### Letters to the Editor may be sent to:

Delia Price  
Editor-in-Chief

**POSTSCRIPT**  
LACERA  
PO BOX 7060  
PASADENA, CA 91109-7060



## Editor's Note—

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