



PLANNING A SECURE FUTURE

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

VOL. 14 NO. 2

NEWS FOR ACTIVE MEMBERS

JUNE 2004

Active Member Q & A

Q: I have been employed by the County for 30 years, and recently got divorced. Is my ex-spouse entitled to receive any of my pension when I retire?

A: The division of assets in divorce settlements varies depending on how you, your lawyers, and the court handle your particular case. In some legal split cases, the court may use a calculation called "The Brown Formula" to divide a member's pension. The 1976 case "Brown vs. Judd" ruled that a non-member has a right to a portion of a member's pension based on the time they were married and living together while the member was employed. The court stated that though contributions in the early years of employment are based on a smaller salary, those contributions may be worth more when the member reaches

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LACERA Outreach Workshops

LACERA offers a variety of Outreach Workshops to suit the needs of active members. Each workshop is designed to help you plan your financial future. So whether you're already thinking about retirement or have a few years to go, take a moment to review the workshops below. Remember: The key to a great retirement is planning ahead.

New Member Workshop

New Member Workshops are presented at several departments on a routine basis, providing new hires with an overview of the retirement plans. We discuss how to make a retirement plan choice that will fit the needs of each employee. New Member Workshops are provided to Safety and General members. New Member Workshops are scheduled at LACERA on Wednesday afternoons at 3:00 p.m. Please call 626-564-6000 ext. 3410 for reservations.

Preretirement Planning Workshops

We suggest that you attend a preretirement workshop three to five

years before your intended retirement date. This will also give you time to purchase any eligible service prior to membership. Planning well in advance will also allow you time to get your personal affairs in order for a smooth transition into retirement. If you visit LACERA, a Retirement Benefits Specialist will help you choose the most advantageous retirement dates and provide you with personalized retirement allowance estimates based on your completed years of service and age at retirement.

You should also attend a second LACERA preretirement workshop a year before your planned retirement date in order to fine tune your plans and take care of any additional retirement matters you may have.

Deathbed Counseling Sessions

This is a service provided to terminally ill members and their families to assist them in making retirement decisions. Since members requiring this type of guidance are generally not able to visit the

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From the **EXECUTIVE DESK**

Marsha D. Richter—CEO, LACERA



Tools for the Active County Employee

As active County employees, you probably don't spend much time thinking about how LACERA is relevant to your life. We're a *retirement* association, after all. You won't really need us until you retire, right? Wrong. There are many programs, workshops, and tools that LACERA offers to active County employees. Additionally, we are continually updating the information we have on new legislation and Board decisions that could affect your future benefits. Whether you visit us in person or browse our web site, you will marvel at how much information can be applied to your active-County life. Read below to see some of the information featured just for active members on www.lacera.com.

The Member Home Loan Program

One of LACERA's popular programs is the Member Home Loan Program (MHLP), featured online at www.lacera.com. This 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 can calculate the summary breakdown for a mortgage loan including interest costs, property taxes, principal balance, and more. 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.

For Active Members Only

When you became an employee of Los Angeles County, you may have attended a New Member Workshop that introduced you to the world of retirement benefits. But for many of you, that workshop was a long time ago. You may have forgotten the finer points of vesting and preretirement death benefits. A quick way to find information about these and many other topics is to visit the FAQ page on www.lacera.com. Just go to the "Benefits" tab at the top of the home page and click on "Active Members."

In addition to frequently asked questions, the Active Member section offers descriptions, definitions, and explanations about purchasing retirement service credit, transferring plans, disability, rollovers, reciprocity, and more.

Workshop Schedules

You want to attend a Preretirement Workshop, but aren't sure when they're offered. Where can you find a schedule? Online, of course. LACERA posts the safety and general workshop schedules online in the Active Member section.

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2004 Legislative Updates

by Jan Barcus

Below is the current status on some of the bills LACERA is following:

AB 476 County Employees' Retirement: Safety Members 30-Year Cancellation (Correa)

Because this bill as written clarifies existing law, LACERA understands that the sponsor of the bill will use it for a different topic.

Introduced: February 14, 2003

Amended: January 14, 2004

Sponsor: California Professional Firefighters

Status: Senate Public Employment and Retirement Committee

AB 979 County Employees' Retirement: Alternate Retired Member/Survivor Benefits/\$5,000 Death Benefit

- 1) Provides compensation to the alternate retired member for all meetings attended. Defines the duties of the alternate retired member.
- 2) Allows a retired member to elect a reduced allowance to provide a survivor's continuance when marriage occurs after retirement. Allows member to elect a reduced allowance to "purchase" a "pop-up" provision should the named beneficiary die before the member. In the event that the beneficiary dies before the member, the member's allowance will "pop-up" to the unmodified amount on a prospective basis.
- 3) Authorizes the Board of Retirement to elect to provide the \$5,000 death benefit through a group life insurance policy if the

cost is the same or less than other methods of providing the benefit.

Introduced: February 20, 2003

Amended: April 14, 2004

Sponsor: State Association of County Retirement Systems (SACRS)

Status: Senate Public Employment and Retirement Committee

LACERA position: Support

AB 1281 County Employees' Retirement: Purchase of Prior Service by Law Enforcement and Firefighters

This bill would authorize law enforcement and firefighter members to receive retirement credit for *any* prior public agency. To purchase the prior service, the member pays his or her contributions plus accrued interest. This bill is very similar to AB 80 vetoed by Governor Davis last session. The Governor's veto message cited the unfunded liability that would be created and that the measure may inadvertently allow a retiree to double dip by collecting a pension with the out-of-state service while also collecting a pension in California.

Introduced: February 21 2003

Amended: January 29, 2004

Sponsor: California Professional Firefighters

Status: Senate Committee on Appropriations

LACERA position: Watch

AB 2234 County Employees' Retirement: Service Purchase by Plan E Members; Catastrophic Event Response

- 1) This bill would amend the retirement law to authorize the Board of Supervisors to allow Plan E members to purchase qualified service credit. Qualified service is defined to include Additional Retirement Credit (ARC) and previous government employment as currently available, and under the same terms, as contributory plan members. The bill would also extend the time period from 90 days to 120 days in which the surviving spouse of a Plan E member could complete a plan transfer contract elected by the member before his or her death.
- 2) This bill would allow the retirement system to contract with a third party to administer the system after a catastrophic event if LACERA was temporarily unable to continue its operations.
- 3) This bill would authorize a legislative body of a local agency that invests pension funds to hold a closed session to consider the purchase or sale of specific pension fund investments. All investment transaction decisions made during the closed session shall be made by rollcall vote and disclosed at the first open meeting of the Board following the close of the transaction or transfer of assets.

Introduced: February 18, 2004

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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.

P.S.

Drugs Past the Expiration Date

Excerpted from *Health After 50*

Think of expiration dates—which the U.S. Food and Drug Administration (FDA) requires be placed on most prescription and over-the-counter drugs—as a very conservative guide to longevity.

The expiration date is a guarantee from the manufacturer that a drug will remain chemically stable—and thus maintain its full potency and safety—prior to that date. Most medications, though, retain their potency well beyond the expiration date, and outdated drugs, whether prescription or over-the-counter, are not usually harmful.


In a study conducted by the FDA on a large stockpile of drugs purchased by the military, 90% of more than 100 drugs were safe and effective to use years after the expiration date. More recently, the FDA approved 2-year extensions on expiration dates for a number of drugs, including the antibiotics ciprofloxacin (Cipro), penicillin, and tetracycline; the antiulcer/antireflux drug cimetidine (Tagamet); and diazepam (Valium), a tranquilizer.

The drugs in the FDA study, however, were stored under ideal conditions—not in a bathroom medicine cabinet, where heat and

humidity can cause drugs to degrade.

If your drugs have been stored under good conditions, they should retain all or much of their potency for at least 1 to 2 years following their expiration date, even after the container is opened. But you should discard any pills that have become discolored, turned powdery, or smell strong; any liquids that appear cloudy or filmy; or any tubes of cream that are hardened or cracked.

To help maintain potency, store your medications in a closet or cabinet located in a dry, cool room. Also, don't mix medications in one container: chemicals from different drugs can interact to interfere with potency or cause harmful side effects. If two or more drugs have been mingled for any period of time, discard them.

A few drugs, like insulin and some liquid antibiotics, do degrade quickly and should be used by the expiration date. Also, consider replacing any outdated drug that you're taking for a serious health problem, since its potency is more critical than that of an over-the-counter drug you take for a headache or hay fever. *If in doubt, consult a pharmacist.* 



Legislation updates cont'd from pg. 3

Amended: June 10, 2004
Sponsor: State Association of County Retirement Systems (SACRS)
Status: Senate Public Employment and Retirement Committee
LACERA position: Support

AB 2982 County Employees' Retirement: Alternative Work for Disabled Employees

This bill would amend the retirement law regarding the service-connected disability salary supplement. Under this proposal, after the Board of Retirement finds that a member is disabled for his or her job, the Board would request the member's department to conduct an analysis, under State accommodation standards, to determine if alternative work is available. Placement in an alternate position requires the mutual written agreement of the employer and the employee. Existing law provides that if a member, after concurring with a rehabilitation plan, refuses an offer of alternative work without reasonable cause within one year after being determined to be eligible for a disability retirement, the agency employing the member may request to have the member's

disability allowance discontinued. This bill would delete those provisions. This bill is an urgency statute and would take effect immediately.
Introduced: February 20, 2003
Amended: May 26, 2004
Sponsor: Orange County
Status: Senate Public Employment and Retirement Committee
LACERA position: Oppose

AB 3094 County Employees' Retirement: Electronically Deposited Benefit Payments

This bill would add an exemption to the California Right to Privacy provisions of the Government Code on Exceptions to require a financial institution to provide a retirement system information about member accounts that received direct deposit transfers after the date of the member's death. This bill, as currently written, would also amend the Public Employees' Retirement Law and the County Employees Retirement Law by requiring that retirement benefit payments from a state or county retirement system that are directly deposited by electronic fund transfer into the member's account after the member's death are

to be refunded to the retirement system.

Introduced: March 11, 2004
Amended: May 24, 2004
Status: Senate Public Employment and Retirement Committee
LACERA position: Support

SB 1260 County Employees' Retirement: Option to Provide an Increased Survivor Allowance

The unmodified benefit settlement provides a continuing allowance to an eligible spouse (65% for Plans A, B, C, and D; 55% for Plan E). This bill would allow a member to increase the allowance paid to an eligible spouse by taking a reduction in his or her allowance equal to the actuarial difference between the continuing allowance provided under the unmodified benefit settlement and an increased survivor allowance. This bill is at the option of the Board of Supervisors in each county.

Introduced: February 12, 2004
Sponsor: Los Angeles County
Status: Assembly Public Employment, Retirement and Social Security Committee
LACERA position: Support

Ventura Update

by David L. Muir, Chief Counsel

On May 28, 2004, LACERA's staff explained its proposal for implementing the judgment in the Ventura case in a meeting with outside legal counsel, its actuary, counsel for the plan members, and the County. The meeting went very well. Substantial progress was made

toward obtaining complete agreement by all parties. The attorneys representing plan members and the County requested additional information from LACERA's actuary, who is in the process of complying with the requests. We are hoping that discussions to arrive at a

final agreement for implementing the Court's decision will be completed within the next few weeks. Once agreement has been reached, the proposal can be submitted to the Court for approval.

Public Service Announcement: **Volunteers Needed** **Women's Isoflavone Soy Health (WISH) Trial**

The consumption of soy, a natural food found in plants, has been associated with lower rates of heart disease and breast cancer in women. However, whether soy can actually reduce atherosclerosis (hardening of the arteries) is unknown, and a carefully controlled study to determine the effects of soy has not yet been undertaken. If left untreated, atherosclerosis can result in coronary heart disease and stroke; it is the leading cause of death and disability in women over 40 years of age.


The USC Atherosclerosis

Research Unit at the Keck School of Medicine is an international leader in both prevention and treatment of atherosclerosis and in the study of women's health issues. This center is currently performing an important study to determine whether soy supplementation has beneficial effects in the prevention of atherosclerosis, osteoporosis, cognitive decline, and other health-related issues that affect postmenopausal women.

If you are past menopause and do not have heart disease or diabetes, you may qualify for this important disease prevention study.

Participation is free and will take place in a modern clinical facility on the USC health campus.

If you qualify, you will receive free examinations that include cholesterol measurements, blood pressure monitoring, dietary assessment, bone density scans, mammograms, pelvic examinations, electrocardiograms (EKG), ultrasound scans of the neck arteries, and more.

For more information, call toll-free at 866-240-1489, Monday through Friday, 8:00 a.m. to 3:00 p.m., or visit their web site at www.usc.edu/medicine/aru. 

Whose Workshop Is It?


How can you tell a LACERA-sponsored workshop from the others? As an active County employee, you may occasionally see insurance companies at your workplace conducting informational seminars. Representatives may set up tables, answer questions, and hand out brochures and advice. LACERA also conducts outreach workshops at County worksites to share information about retirement benefits. So how do you know if you are speaking with a LACERA-sanctioned representative?

Look for the Logo

If LACERA is conducting an on-site workshop at your place of employment, our representatives will be wearing T-shirts with the

LACERA logo or nametags which identify them as LACERA employees, or drape the tables with LACERA tablecloths. You will know at a glance that we work for LACERA.

LACERA benefits and retirement information is often complicated and frequently updated. In plain words, it can be mighty confusing. That's why LACERA's Retirement Benefits Specialists are specifically trained to answer your questions and help you make informed decisions about your retirement. Representatives from insurance companies are not prohibited from discussing LACERA benefits, and may even be able to explain how they work, but they do not have access to any personnel files or other personal information.

Be aware that if they don't wear our LACERA nametag, they don't work for us. Information is power, but only if it's the *right* information. So when it comes to your benefits, make sure the information you get is accurate. Make sure it comes from LACERA. 



Are You Eligible for Medicare?

Were you a County employee on January 1, 1983? On this date the County of Los Angeles withdrew its employees from the Social Security system. If you did not earn enough Social Security credits before January 1, 1983, you may not be eligible to receive Social Security or Medicare benefits when you retire. However, if you were hired by the County after March 31, 1986, you have paid H.I.T. taxes into the Medicare system as required by federal law. These payments may or may not be sufficient to establish Medicare eligibility for you, even if you are not eligible for Social Security.

Following are the eligibility requirements for Medicare:

MEDICARE PART A

(Hospital Insurance Coverage)

Age 65 or Older

Medicare Part A is free to any person age 65 or older who is either:

- Eligible to receive a monthly Social Security benefit, or
- Eligible based on wages on which sufficient Medicare payroll taxes were paid.

You are automatically eligible for

Medicare Part A when you apply for Social Security benefits. Your spouse may also qualify for Part A coverage at age 65, based on your eligibility for Social Security, or vice versa.

When you enroll in Medicare Part A, you are automatically enrolled in Medicare Part B (for a monthly fee of \$66.60) unless you decline it.

If you are not eligible for free Part A coverage, you may purchase this coverage by paying a monthly premium of \$343.

Under Age 65 and Disabled

Medicare Part A is free to any person under age 65 who is disabled and has either:

- Received Social Security disability benefits for 24 months as a worker, surviving spouse, or adult child of a retired, disabled, or deceased worker, *or*
- Accumulated a sufficient number of Social Security credits to be insured for Medicare and meets the requirements of the Social Security disability program.


Special provisions for Part A coverage apply to a person of any age with chronic kidney disease who requires dialysis or a transplant.

MEDICARE PART B

(Supplementary medical insurance coverage for physicians, labs, testing procedures, etc.)

Automatic Enrollment

The automatic Medicare Part B enrollment rule applies to people age 65 or older, and also to those under age 65 and disabled or with chronic kidney disease. However, if you are not otherwise eligible for Part A, but pay a premium for the coverage, you must enroll in Part B. Part B coverage always requires payment of a monthly premium of \$66.60, which is ordinarily deducted from your Social Security benefit. If you and/or your spouse are Medicare eligible and enroll in a LACERA-sponsored Medicare Plan, the County will reimburse the Part B premium.

This general information does not address every eligibility issue. For more comprehensive eligibility information and to review the Medicare rules and exceptions, contact your Social Security office or the Centers for Medicare & Medicaid Services (CMS). 

Workshops cont'd from pg. 1

LACERA office, we send counselors to the home or hospital to provide assistance and answer questions.

You may schedule attendance for a workshop at the LACERA Office by calling 800-786-6464. Reservations for all workshops are required due to high attendance.


Scheduling a LACERA Workshop

If you'd like to arrange for a LACERA workshop presentation at your place of employment, speak with your departmental management

staff or Personnel Office to authorize a workshop or seminar. They'll schedule an appropriate time and meeting room for the presentation. The only requirement is that you have 10 or more employees who would like to attend the workshop. Just call LACERA at 800-786-6464 and ask for Eilene Morken, and we'll take care of the rest.

Great-West Workshops

In addition to making Great-West presentations at LACERA retirement


workshops, Great-West offers separate workshops to help you review the various payment options available at retirement to participants in the 457 Deferred Compensation Plan and 401(k) Savings Plan. You should view these plans as ways to improve your retirement income. For more information, call Great-West at 800-947-0845. 

CEO cont'd from pg. 2

Calculate It

When should you retire? Should you transfer from Plan E to Plan D? Is it in your best interest to purchase additional retirement credit (ARC)? By using the LACERA calculators on www.lacera.com, you can calculate a retirement allowance with

different retirement dates, explore the cost/benefit to transferring plans, and see if purchasing ARC is the right decision for you. Although our calculators do not provide official LACERA cost estimates, they are excellent guidelines for retirement planning.

As an active County employee, I hope you will take advantage of all of the retirement planning tools offered by LACERA. We are your retirement association, and your future is important to us. We will do everything we can to help you make your retirement the best it can be. 


Q&A cont'd from pg. 1

retirement age due to accumulated interest. To find out more about how your County pension could be affected by a divorce, contact the LACERA Legal department and ask for Kathy Proulx.

Q: I have accumulated quite a lot of unused sick leave. Will this time be pensionable when I retire?

A. When you retire, your unused sick leave is paid back to you in a lump sum or “payout,” and is not included in your final compensation used to calculate your retirement allowance. However, as an active employee, you may be eligible to “buy back” up to 3 days of sick leave every 6 months. During your last 12 or 36 months of service, the funds you receive from a County buyback (up to 6 days per year) can be included in your final compensation that is used to calculate your retirement allowance.

Q: When I retire, will I be able to use my termination pay to pay the balance of my Additional Retirement Credit (ARC) contract?

A. Yes. Termination Pay may include balances of unused vacation, sick leave (not Personal Sick), accrued overtime, holiday, and megaflex non-elective leave balance. The Board of Supervisors has adopted a resolution allowing active members who are purchasing Additional Retirement Credit (ARC) to use termination pay (officially called Time Certificate) to complete an ARC contract. If you have already applied for retirement, but are interested in using termination pay to complete an ARC contract, please contact LACERA now. Your County termination pay contract must be signed at least 90 days prior to a termination date on or after June 1, 2004. Therefore, to meet the 90-day requirement, you may need to contact your department to postpone your termination date from the County, and write or fax LACERA (626-564-6155) to rescind your retirement request. 

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