We have linked the ISSUE HIGHLIGHTS section on the front page of the newsletter to the individual articles. We linked the "Cont'd on . . ." notations as well.

LACERA
POSTSCRIPT

P.S.

PLANNING A SECURE FUTURE

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

VOL. 15 NO. 2 NEWS FOR ACTIVE MEMBERS JUNE 2005

Ventura Settlement Approved

The original "Ventura" decision by the California Supreme Court reversed the rule that excluded from the calculation of pensionable income pay items that were not received by everyone in the same pay class ("special pay items"). As a result, LACERA began including special pay items in pensionable income, starting October 1997 when the Supreme Court's ruling became final.

A second round of litigation was instituted to determine whether the Supreme Court's Ventura decision should be applied retroactively to persons already retired. The trial court held that retroactive application was required, and that ruling was upheld by the Court of Appeal. Recently, the parties concluded negotiation of a settlement that sets forth the procedures for

cont'd on pg. 9

Preparing for Retirement's Legalities

There are legal aspects to consider when preparing for retirement, in addition to its financial and emotional challenges. Not having your legal affairs in order as you approach retirement can cause undue stress, especially if a medical emergency should arise. It is important that you have the appropriate legal documents in place *before retirement* in case a serious medical situation should occur. Doing this not only gives your family peace of mind, it also keeps caregivers legally informed about your needs and desires.

Now, before retirement, is the best time to handle your legal affairs. Now is the time to find out which documents need to be in place in the event of a medical emergency. If, for example, you were to become incapacitated due to a stroke or dementia, everyone will look to the primary caregiver for guidance and decisions. Will they know what kind of care you want? Will they execute things according to your wishes? Spelling everything out ahead of time in the appropriate legal documents will clearly communicate your desires, protect family assets, and pave the way for smoother transitions.

As you move toward retirement, four essential documents need to be in place. They are:

1. An up-to-date Will
2. A Durable Power of Attorney
3. A Living Will
4. A healthcare proxy

There are a number of situations in which the correct legal documents can protect you and your family's assets. For example, siblings may disagree about your medical treatment; physicians may argue convincingly about heroic measures; or nursing homes, in order to protect themselves legally, may suggest invasive and unnecessary medical procedures. All of these conflicts can severely affect your quality of life.

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ISSUE • HIGHLIGHTS

From the **EXECUTIVE DESK**

Marsha D. Richter—CEO, LACERA

An Update on Defined Benefit Plans

In the previous issue of PostScript, I discussed some of the proposals being considered in Sacramento regarding Defined Benefit Plans. At the time, these proposals included:

- Governor Schwarzenegger's proposed initiative entitled "The Fair and Fiscally Responsible Public Employee Retirement Act" (sponsored by the Howard Jarvis Taxpayers Association)
- Assembly Constitutional Amendment [ACA] No. 1 and Assembly Constitutional Amendment [ACA] No. 2, introduced in the State Legislature by Assemblyman Richman.

You may have heard on the news that Governor Schwarzenegger planned to qualify his initiative measure for the November ballot. That was his original plan.

But after much protest, **the Governor decided to withdraw his ballot initiative**. Of particular concern was the fact the ballot measure would have **eliminated death and disability benefits**.

While we may have received a temporary reprieve, **the issue is by no means dead**. Pension reform is a serious and vital issue to us at LACERA, to our members, and to thousands of other public employees around the state. In withdrawing his initiative, the Governor said that he would give the legislature a year to come up with viable solutions; otherwise, he vowed to reintroduce his initiative—most likely in an altered form—to the voters again in 2006.

Providing Information

Several people have asked me why LACERA has refused to take a stronger stand with regard to the Governor's proposed ballot measure.

LACERA is a publicly-funded governmental agency. As such, state law prevents anyone in the organization, including me, from using LACERA funds in an attempt to influence the voters. Our courts have held that it would violate a fundamental precept of our democratic process if the government was allowed to "take sides" in election contests. It is our civic responsibility at LACERA to remain impartial in matters pending before the voters. We can educate but not influence. This is our charter.

But this does not prevent us from taking an active role in the *legislative* process. As bills are passing through the Legislature, interested parties may attend hearings and debate the pros and cons. We are free at this point to lobby members of the Legislature for our interests and for the interests of our members. Trust that we will do all we can to keep LACERA strong and vital, and that I will report back to you on a regular basis

cont'd on pg. 7

2005 Legislative Updates

by Jan Barcus

This is turning into a very busy and interesting legislative session. You probably have already read the *Update on Defined Benefit Plans* by Marsha Richter, our Chief Executive Officer, on page two. After Marsha wrote her article, a new series of pension reform and rate stabilization bills were introduced in the First Extraordinary Session of the Legislature. Below is the current status of those and other bills that LACERA is following this year:

AB 30 County Employees Retirement: Military Service Purchase (Negrete-McLeod)

Existing retirement law authorizes a County Board of Supervisors to allow members to purchase up to 4 years military service. One limitation on the member's eligibility to purchase his or her military service is that the member is not now, or in the future, eligible to receive a retirement pension based on that service. This bill would amend the law to authorize a Board of Supervisors to allow the member to purchase the military service whether or not he or she is entitled to a future pension based on that service. This bill would also remove the 4-year limit on the amount of service that could be purchased. The April 25th amendment made this provision at the option of the Board of Supervisors in each county. The bill died in Committee before it went back to the Board of Retirement to lift its opposition.

Introduced: December 6, 2004
Last Amended: April 25, 2005
Sponsor: National Guard Association
Status: Remained in Committee and is Dead
LACERA position: Oppose, unless made at local option

AB 1405 County Employees Retirement: Actuarial Valuations (Evans)

This bill would change the time period in which the board of retirement is required to recommend to the board of supervisors any changes in interest or contribution rates. The current time period is 45 days. This bill would extend the period to 60 days. This is most likely a spot bill and we are watching it for future changes.

Introduced: February 22, 2005
Sponsor: California Professional Firefighters
Status: Senate, Committee on Public Employment and Retirement, May 26, 2005
LACERA position: Watch

SB 973 County Employees Retirement: Domestic Partners Benefits (Kuehl)

Since January 1, 2000, domestic partners have been able to register their relationship with the California Secretary of State if specific requirements are met. The registration with the Secretary of State must occur at least one year prior to the member's retirement effective date. This bill would recognize that many domestic partner relationships were established prior to the 2000 enactment of state law creating the Domestic Partner Registration. The bill would amend the California Public Employees Retirement Law, the State Teachers Retirement Law, and the County Employees Retirement Law to entitle a retired member and his or her domestic partner to elect to change the member's optional retirement allowance to an allowance that may be more beneficial to the member and his or her partner. To be eligible to change the retirement option the member must show specific documentation that the domestic partnership existed continuously since at least one-year prior to the member's retirement effective date. Any increase in the member's allowance under this provision would be payable on a time forward basis only.

Introduced: February 20, 2005
Sponsor: Equality California
Status: Passed to the Assembly on May 26, 2005
LACERA position: Support

Pension Reform

In addition to the pension reform bills mentioned in this month's *From the Executive Desk* column, four bills that would amend the County Employees Retirement Law (CERL) were recently introduced in the legislature's First Extraordinary Session. (Bills from the Extraordinary Sessions are designated by "x", for Extraordinary Session, and "1", the first such session.)

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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.

welcome@lacera.com

You can e-mail LACERA to ask about general retirement information at

welcome@lacera.com.

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.

Cost-of-Living Benefit

As you plan for your retirement, it may be helpful to understand the annual Cost-of-Living Adjustment (COLA) benefit that is paid to retirees and survivors each year.

Your basic retirement allowance is a lifetime benefit based on your age, years of retirement service credit, and highest average final compensation (salary) at the time you retire. Each April 1, retirees and survivors may receive a cost-of-living benefit, as adopted by the Board of Retirement.

Plan A retirees are eligible for up to a 3% cost-of-living benefit. Plan B, C, and D retirees are eligible for up to a 2% COLA benefit. Plan E members (who retire after June 4, 2002), are eligible to receive up to 2% based on the ratio explained on page 8. Over the years, these cost-of-living increases help your retirement income keep up with inflation.

cont'd on pg. 6

LACERA Board Election Schedule 2005

July 26, 2005, is Board Election Day to fill positions in the LACERA Board of Retirement and Board of Investments.

The following positions are up for election:

On the **Board of Retirement** there are three openings:

1. The General Member seat;
2. The Retired Member seat; and
3. The Alternate Retired Member seat.

The **Board of Investments** has two seats opening. They are:

1. The General Member seat; and
2. The Retired Member seat.

Schedule of Events

- June 28, 2005—Election Ballots were mailed to all members
- July 14, 2005—Last day for members to request a duplicate ballot from the Registrar Recorder/County Clerk's office
- July 15, 2005—Last day duplicate ballots will be mailed to members by Registrar's office
- July 26, 2005—Final date for ballots to be received by the Registrar's office in order for them to be counted
- July 29, 2005—County Registrar to certify election results
- August 2, 2005—Scheduled date for the Board of Supervisors to declare the election results official (barring a recount)

Please contact the Registrar Recorder/County Clerk's office for election information and duplicate ballots. *LACERA's involvement with the election is limited to:*

1. Providing a name and address file to the Registrar to mail the ballots.
2. Verifying the status of any member requesting a duplicate ballot upon request of the Registrar Recorder/County Clerk's office.
3. Clarifying election information when necessary.

Semi-Annual Interest Crediting Rate of 4%

Twice a year LACERA posts interest to member contributions. The interest posted semi-annually may vary depending on the performance of LACERA's investment portfolio. Due to strong earnings the first half of our 2004-2005 fiscal year, LACERA was able to credit contributory plan member accounts with 4% semi-annual interest, effective December 31, 2004.

LACERA is a Defined Benefit Plan, and your retirement allowance is not directly tied to the amount you have contributed to the fund or to the interest credited to your account. As a result, the contributions and interest mentioned above are not available to you unless you terminate your employment with the County.

On January 26, 2005, the Board of Investments adopted an annual investment return rate of 7.75%, which will most likely affect the interest posted to member contributions in the future.

Legislative Updates cont'd from pg. 3

AB 1x 4 County Employees Retirement: Contribution Rate Stabilization (Torrico)

The goal of this bill is to have the employer pay a consistent rate of contributions. The employer pays the same contribution rate in years when the retirement system is over funded (the system assets are more than needed to pay the earned retirement benefits for the retired and active members); as in years when the system is underfunded (the value of the assets is less than the amount needed to pay retirement benefits for retirees and the future benefits for those members that are still working).

The bill would establish the Taxpayer Risk Reduction Account (TRRA), a type of rainy day fund for future use. All or a portion of the employer's contributions could go into the TRRA during periods when the system's assets are greater than the value of the promised benefit for the retirees and active members. Likewise, during those periods when the system's assets are less than are required to pay current and future benefits, money may be transferred from the TRRA to pay the difference between the steady rate of contributions required of the employer and the contribution rate recommended by LACERA's actuary. The money in the TRRA may not be used to pay benefits.

In theory this bill presents a desirable goal. However, while stabilizing the County's contribution rate it could result in a significant increase in the County's contributions. Money in the TRRA would not be considered when the actuary evaluates the funding status of the plan. Theoretically the total LACERA assets could be over 100%. Because the amount in the TRRA cannot be included in the funding status, however, we would continue to show an unfunded liability. As a result the County would be required to pay a higher contribution.

Introduced:	May 4, 2005
Sponsor:	Author's bill
Status:	Assembly Committees on Public Sector and Ways And Means, May 12th
LACERA position:	Strongly Oppose (Insurance, Benefits and Legislative Committee)

AB 1x 6 County Employees Retirement: Final Compensation (Evans)

This bill would add specific language to the County Employees Retirement Law (CERL) defining "compensation" and "compensation earnable." These terms are used to determine the amount of your earnings that is eligible to be counted toward salary for assessing your retirement contributions and to calculate your retirement allowance. LACERA supports having clear and comprehensive definitions in the law. Unfortunately much of the language of this bill was pulled directly from the Public Employees Retirement Law (PERL) for state employees and local agencies that contract with CalPERS, and does not apply to the County retirement systems.

Introduced:	May 4, 2005
Last Amended:	June 2, 2005
Sponsor:	Author's bill
Status:	Assembly Ways and Means Committee, June 2, 2005
LACERA position:	Oppose (Insurance, Benefits and Legislative Committee)

SB 1x 2 County Employees Retirement: Contribution Rate Stabilization (Dunn)

This bill is nearly identical to AB 1x 4. Only here the rainy day fund is called the Taxpayer Adverse Risk Prevention Account (TARPA). The account established by each of these bills can only be used to reduce the volatility that changes in the value of the system's assets may have on the employer contribution rate.

cont'd on pg. 8

Cost-of-Living cont'd from pg. 4

Here's how it works:

Each year, in February, the Board of Retirement reviews the Consumer Price Index (CPI) for the Los Angeles/Riverside County area and determines the percentage change from the prior year. The CPI change for the year ending December 2004 was 4.4%. The chart below shows the eligible retirement dates, plan types, maximum COLA benefit, CPI change, and the amount the retirees were eligible to receive in their April 30th check. When the CPI exceeds the maximum allowable COLA (3% or 2%), the excess can be accumulated and used to fund the COLA in years when the CPI is less than the maximum allowable. The excess over the maximum allowable amount per plan this year is shown in the COLA Accumulation column.

Retirement Dates	Plans	Max. COLA	CPI Change	Your April COLA	Added to COLA Accumulation
All Dates	A	3.0%	4.4%	**3.0%**	1.4%
All Dates	B, C, D	2.0%	4.4%	**2.0%**	2.4%
6/04/02 - 3/31/05	E	2.0%	4.4%	**up to 2%**	2.4%

Plan E COLA

On June 4, 2002, the Board of Supervisors adopted a COLA benefit for Plan E. The Plan E COLA benefit operates in the same manner as the cost-of-living benefit enjoyed by Plan A, B, C and 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" account. However, a significant difference between the two programs is that the Plan E COLA benefit is "earned" during months of service worked on or 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 on or after June 4, 2002, and those members who joined Plan E before June 4, 2002.

Members Who First Joined Plan E on or after June 4, 2002

- Members who joined Plan E on or after June 4, 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 4, 2002

- Members with Plan E service before June 4, 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 their 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 retired Plan E members with Plan E service prior to June 2002 to fully participate, provided they pay additional contributions as active members to cover the cost of the COLA benefit. The cost is actuarially determined so as not to increase the County's cost. If you are considering purchasing the Plan E Elective COLA, please contact a LACERA service representative before retirement at 800-786-6464 for more information.

There are a number of important conditions 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. 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 exceed the annual assumed earnings rate of 7.75%.

cont'd on pg. 7

Cost-of-Living cont'd from pg. 6

2. Purchasing an Elective COLA is similar to purchasing an annuity. LACERA currently uses a 7.75% investment return assumption (effective July 1, 2005). This assumption may be more or less than annuity products available from other financial institutions.
3. LACERA will 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.
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 will not be refunded; however, if there is an eligible surviving spouse receiving benefits, the Elective COLA will be applied to his or her

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Message from the CEO cont'd from pg. 2

with the latest developments.

Traveling to Sacramento

Since these developments, I've been spending considerable time in Sacramento, working with the Governor's staff and other state officials to review pension policies. My role has largely been an informational one, acting as a resource to help clarify how Defined Benefit Plans work and to explain the potential impact of legislative changes on public retirement funds. It has been an enlightening and valuable experience.

I have pointed out that LACERA has remained actuarially responsible and has exercised great care to act prudently in our investments and policies. It is important for our elected representatives to understand that the apparently inappropriate activities of a few pension funds cannot be generalized to all pension funds in the state.

Recent Legislative Activity

In addition to the bills mentioned above, several new ones have been introduced in the legislature. Many of these bills are in the early stages of development and are likely to be changed as they proceed through the legislative process.

Assemblyman Richman has introduced another proposed constitutional amendment, **ACA 1x 8**,* that would require employees hired after June 30, 2006, to enroll in a "hybrid" plan that has both a defined benefit component and a defined contribution component.

AB 1x 3,* also introduced by Assemblyman Richman, would revise actuarial procedures, change employee and employer contribution rates, restrict the use of "excess earnings," and revise disability retirement eligibility rules.

SB 877** (Speier) would revise disability retirement eligibility rules by requiring "clear and convincing evidence" that the employment is "a substantial cause of the incapacity," and by changing the definition of "permanent incapacity."

SB 880** (Ashburn) states the intent of the Legislature to create contingency reserve funds that could not be used to enhance benefits or reduce employee contributions.

SB 885** (Ashburn) would preclude safety members from continuing to receive Labor Code Section 4850 benefits once the Board of Retirement has granted the member a disability retirement.

SB 891** (Ashburn) states the intent to enact pension reform to provide cost reduction, reduced volatility of contribution rates, equitable sharing of costs and risks between employer and employees, greater system accountability, and the elimination of abuse.

Additional Information

You may wish to visit our home page at **www.lacera.com** for additional information. For a comparison of defined benefit and defined contribution plans, click on the link to "Proposals to Close Public Defined Benefit Plans." If you would like specific information or a status update on any of the bills in Sacramento, you may click on the link to the California Legislative Web Site. Once there, simply type in the number of the bill for details.

Many of you also belong to unions and trade organizations which may be an additional source of information about the differences between Defined Benefit Plans and Defined Contribution Plans.

It will be an interesting year going forward. I will keep you posted.

*These bills failed passage and are dead. However, as in Governor Schwarzenegger's initiative measure, pension reform is still being actively discussed in the legislature. See the 2005 Legislative Update on page 3 for information on newly introduced pension reform legislation.

**SB 877 and SB 891 remained in Committee and become two-year bills.

Changing Your Address

Whenever you move or change your address, please remember to inform your Personnel Office. They, in turn, will update your address with the County Auditor-Controller payroll system.

We receive your information directly from the Auditor-Controller's office and, as a result, we are unable to change the addresses of active members.

Important LACERA information is often sent through the mail, such as:

- The official Election Ballots to be mailed by the Registrar-Recorder/County Clerk's Office on June 28, 2005. The ballots are for the election of board members for LACERA's Board of Investments and Board of Retirement.
- LACERA's Annual Benefits Statements, mailed to you the month after your birthday.
- The LACERA PostScript newsletter, filled with information about retirement plan changes, legislative updates, and other important announcements to keep you up-to-date.

So, if you have recently moved, or are planning a move in the near future, don't forget to update your address with your personnel office.

Legislative Updates cont'd from pg. 5

Introduced:	May 12, 2005
Sponsor:	Author's bill
Status:	Senate Committee on Public Employment and Retirement, May 12th
LACERA position:	Strongly Oppose (Insurance, Benefits and Legislative Committee)

SB 1x 5 County Employees Retirement: Final Compensation (Ducheny)

This bill contains most of the same language as presented in AB 1x 6 summarized above. Both bills contain a complex formula to determine the maximum "pay rate" that can be used to determine final compensation. LACERA is working through the State Association of County Retirement Systems (SACRS) to provide the author with alternative language for County retirement systems.

Introduced:	May 17, 2005
Last Amended:	June 2, 2005
Sponsor:	Author's bill
Status:	Assembly Ways and Means Committee, June 2, 2005
LACERA position:	Oppose (Insurance, Benefits and Legislative Committee)

Cost-of-Living cont'd from pg. 7

survivor benefit. If the member dies prior to retirement, the member's contributions will be refunded.

5. LACERA assumes a 3.5% 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. No refunds are available after retirement.

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 as well as 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, as can be done with 457 or 401(k) funds and other investment programs.

LACERA encourages you to analyze all of your retirement savings options before considering the purchase of the Plan E Elective COLA.

Ventura Settlement cont'd from pg. 1

implementing the Ventura ruling retroactively for LACERA members who retired with a final compensation period that included any time prior to October 1997.

The negotiated settlement was presented to the court for approval. All objections to the proposed settlement were overruled and the settlement was approved on May 31, 2005. Anyone who filed an objection has until August 1, 2005, to appeal the court's approval. As an organization, LACERA has already begun the administrative work necessary in order to make payments to retirees, survivors, and beneficiaries as soon as possible.

How Does This Affect Active Members?

Since October 1, 1997, the date of the initial Ventura decision, contributions have been collected on all special pay items earned by active members.

While the judgment allowed LACERA to collect contributions from active members on special pay items earned prior to October 1, 1997, the Board of Retirement has decided not to collect these back contributions. **This is good news for active members**, as you will not be required to pay contributions on that income.

When you retire, the special pay items earned during your final compensation period (one or three years, depending on your plan) will be automatically included in the calculation of your retirement allowance.

For more information about the Ventura Settlement, visit **www.lacera.com**. On the home page, look for Ventura Settlement Approved to read an article detailing the settlement's effect on retirees, or click on the link to see a complete list of the special pay items.

Questions & Answers

Q: When I retire, what salary items, in addition to my regular pay, will be included in my pensionable earnings?

A: In addition to your **regular earnings** and the pensionable portion of **cafeteria plan contributions**, if any, there are a number of special pay items that now qualify as compensation earnable as a result of the 1997 Ventura Decision. These items are now included in your pensionable earnings used to calculate your retirement allowance.

Overtime pay is not included, except under specific cases when it covers regularly scheduled working hours (for example, FLSA compensation for a 56-hour firefighter schedule, and overnight trips required of Deputy Sheriffs assigned to the Statewide Transportation Unit). Your department may allow you to sell back a limited amount of unused sick leave, holiday, and vacation time, and this buyback figure is pensionable during the one- to three-year final compensation period, up to the maximum allowable amount. (Buybacks are not available to Megaflex participants.)

Check with your personnel department for more details about these and other programs. You may also want to go to www.lacera.com and visit the Retirement Calculator under the Benefits tab to read about pensionable income. Also, the Ventura Settlement article on the LACERA website home page will link you to a complete listing of pensionable pay items.

Q: If I'm injured while I'm in Plan E, can I transfer to Plan D and apply for disability?

A: Yes, you can transfer prospectively from Plan E to Plan D and apply for disability after you meet the requirements below. (As you know, Plan E does not provide disability retirement. However, the County provides LTD benefits. Please contact your Department of Human Resources.)

Plan D members are eligible for two types of *disability retirement benefits:* **Nonservice-Connected Disability** and **Service-Connected Disability**.

If you prospectively transfer from Plan E to Plan D, you will be eligible to apply for a service-connected disability or non-service connected disability under Plan D after you have completed one of the following two criteria:

1. Two years (24 months) of continuous active service as a Plan D member after your most recent effective date of transfer; or, if not continuous,
2. Five years of service as a Plan D member after your most recent effective date of transfer.

Note: Following a prospective plan transfer, a *nonservice-connected disability* retirement requires a minimum of 5 years of County service, which may include Plan D, Plan E, or reciprocal service credit, but must include one of the Plan D service credit options listed above.

cont'd on pg. 10

Retirement's Legalities cont'd from pg. 1

Still, if you have your wishes plainly spelled out ahead of time, no one can change them. Possessing the proper legal documentation is essential to this process.

Legal problems affecting seniors have become increasingly complicated in recent years. As a result, a specialty in the practice of law, known as *elder law*, has arisen. Elder law attorneys help with issues regarding Medicare, Social Security, and disability claims and appeals. A good elder law attorney can also help you qualify for Medicaid, preserve your assets, arrange for the necessary legal documents, and create living trusts. The costs are well worth the peace of mind and can prevent future legal problems.

In a time of frailty and declining health, many retirees feel they no longer have control over their bodies or their lives. By working with an elder law attorney *before retirement*, you can gain control over important issues regarding your personal property, your health, and other crucial decisions. Having the proper legal documents in place protects your wishes and maintains your dignity, directs your caregivers, and brings peace of mind to the entire family.

For information regarding LACERA's Special Durable Power of Attorney, visit **www.lacera.com.** From any page, click on *Brochures & Forms*, then look under Other Brochures for Power of Attorney. You may read, print, or order the brochure and form online. If you have any questions, please call 800-786-6464 to speak with a Retirement Benefits Specialist.

Q & A cont'd from pg. 9

Q: I will be retiring on August 31 of this year. When can I expect my first retirement check?

A: You will receive your first retirement check within 60 days after your retirement date. Each month thereafter your monthly benefit will be paid on the last business day of the month.

Q: I registered on My LACERA but have forgotten my password. What do I do?

A: No problem. Go to our home page and click on My LACERA. This will take you to the My LACERA sign-in page. Click on the link that says "Forgot Your Password?" When the next window opens, type your email address into the box marked "Please enter your Email Address," and hit NEXT. We will automatically send your password to your email inbox.

Q: What topics are covered at a LACERA Pre-Retirement Workshop?

A: The Pre-Retirement Workshop covers a number of topics. Among the most popular are:

- How Much Money Will I Need?
- Choosing the Best Retirement Date
- Purchasing Service Credit
- Designating your Beneficiaries

Due to the rising popularity of our workshops, please call LACERA at 800-786-6464 to reserve a space. You might want to also visit our website to see workshop times and schedules.

Q: I did not receive the last issue of *PostScript*. What should I do?

A: If you do not receive an issue of *PostScript*, you can view and print out a copy from **www.lacera.com**. Also, please feel free to call Member Services at 800-786-6464 and ask for a copy to be mailed to you.

Our mailing information comes to us through the County Auditor-Controller's office, which receives your address from your Personnel Office. Please check with your Personnel Office to make sure they have your current address on file, especially if you have moved recently. The March 2005 *PostScript* was mailed to home addresses the end of March.

Keeping Your Teeth Healthy: The Plaque Attack

Excerpted from *The Wellness Letter*

Keeping your teeth healthy is especially important as you work toward retirement. What you eat and drink affects the health of your whole body, in particular your teeth, but a few practical steps can keep you out of the dentist's chair and on the road to wellness. Below you'll find gathered together some commonly asked questions and answers about dental health.

Here are answers to some questions about food and teeth:

cont'd on pg. 12

Calculated Moves: Looking at Refinancing?

If you've been thinking about refinancing your home, but aren't sure if the time is right, check out LACERA's Mortgage Calculator on **www.lacera.com**. Using the online Mortgage Calculator, you can 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. It's easy to use the calculator. Just fill in the variables and click "Calculate." 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.

New to the Member Home Loan Program (MHLP) program? Read all about it online at **www.lacera.com**. Just go to the *Investments* tab and click on Home Loan Program. You'll find the LACERA Mortgage Calculator, FAQs, descriptions of loans, daily mortgage rates, and more.

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 fax.

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 all 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

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.

What Is Pensionable Income?

Recently, we have received a number of queries asking whether vacation, sick, or holiday pay are pensionable. Although most of you reading this are not yet retired, we thought you might be interested to know which earnings will be calculated into your retirement allowance.

If you have accumulated vacation, sick, or holiday time and are getting ready to retire, the unused time will be paid to you in a lump sum by the County after you retire. This sum is not included in your retirement allowance calculation.

Twice a year (in January and July), while you are still working, your department may allow you to "buy back" accumulated sick leave, if you have not used any sick or personal leave for at least six months. This amount is included in your pensionable income. Certain job classifications, such as firefighter, are also eligible to accumulate and buy back holiday time, with special limitations. (Please check with your personnel department for eligibility requirements).

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Healthy Teeth cont'd from pg. 10

What is the worst enemy of tooth enamel?
Food sweetened with sugar, whether it's table sugar (sucrose) or fruit sugar (fructose), is the worst. Bacteria in your mouth feed on sugar and thus create the chemical conditions that erode tooth enamel. We all eat some sugars (including those naturally present in dairy products and fruits), but most Americans eat far too much added sugar. The worst foods for your teeth are hard candies, breath mints, lollipops, and sticky foods such as jellybeans and raisins.

Are starchy foods like potatoes just as bad as sugar?
No. Starchy foods like rice and potatoes are less likely to cause cavities, because you chew and swallow them quickly. Plant foods (vegetables, fruits, whole grains) are generally good for your teeth while you chew them and afterward. In the mouth, the phosphates they contain protect tooth enamel. But starchy sweets (such as cookies) tend to stay in the mouth and can cause decay.

What about fruit?
Fresh fruit is not a strong promoter of cavities. But dried fruit is, because the sugars are more concentrated, and the fruit sticks to your teeth. After eating dried fruit, it's a good idea to brush your teeth, or at least rinse your mouth with water or chew sugarless gum.

Is tap or bottled water better for your teeth?
Provided it's fluoridated, tap is better. Bottled water contains no fluoride, a known factor in preventing cavities.

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Editor's Note—

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