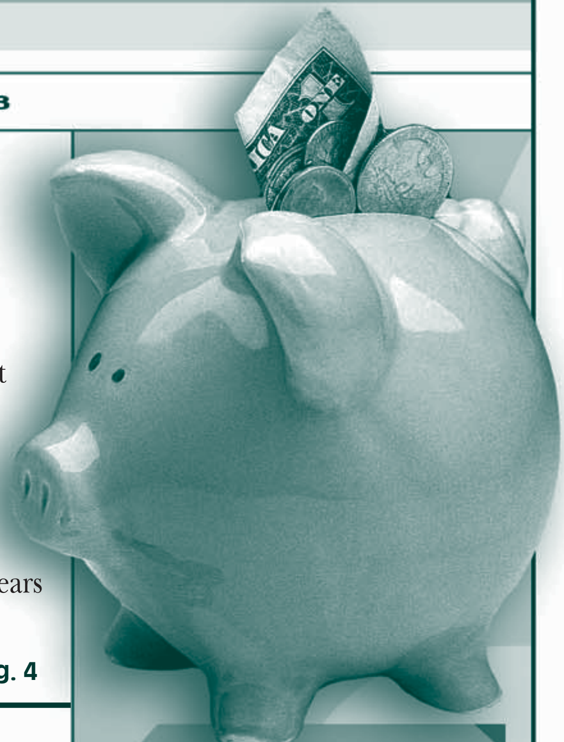
LACERA LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

P.S. POST SCRIPT

NEWS FOR ACTIVE MEMBERS

SEPTEMBER 2006 VOL. 17 NO. 3



A Guide to Purchasing Service Credit

Members of LACERA earn credit toward retirement based on the length of their service with L.A. County (or outside district) and the conditions of their retirement plan. In some instances, members can purchase additional service credit based on eligible prior service. Rules and requirements vary. This article explores the categories of service credit and the methods of purchasing it.

Purchasing Service Credit: the Benefits
LACERA benefits are based, in part, on service credit. The higher the number of years of service credit, the higher the monthly benefit you'll receive when you retire. In

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Walta M. Smith Joins Board of Retirement

We welcome Walta Marie Smith to the Board of Retirement.

Smith brings a wealth of experience and expertise to her new position. With a resume that includes 37 years of service to Los Angeles County, she has held a number of notable positions including Personnel Director in the Department of Parks and Recreation, Department Arbitrator on State Department of Fair Employment and Housing hearings, and Departmental Grievance Hearing Officer.

Additionally, Smith chaired both the Personnel Directors Committee of the Los Angeles County Management Council and the Los Angeles County Management Council Education Committee.

A woman of the world, she has traveled to every continent except Antarctica.

Smith holds a Bachelor of Arts in Journalism from the University of Texas.

articles

departments

Alternative formats available upon request.

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

Los Angeles County Employees Retirement Association

Members of the Board of Retirement

LES ROBBINS
Chair
Appointed by the Board of Supervisors

SIMON S. RUSSIN
Vice Chair
Elected by General Members

WILLIAM DE LA GARZA
Secretary
Elected by Retired Members

MARK J. SALADINO
County Treasurer & Tax Collector
Ex-Officio Member

YVES CHERY
Elected by General Members

SI FRUMKIN
Appointed by the Board of Supervisors

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Alternate Member
Elected by Safety Members

EDWARD "ED" C. MORRIS
Alternate Member
Elected by Retired Members

WILLIAM R. PRYOR
Elected by Safety Members

WALTA M. SMITH
Appointed by the Board of Supervisors

RICHARD WIRTH
Appointed by the Board of Supervisors

Members of the Board of Investments

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Chair
Appointed by Board of Supervisors

HERMAN SANTOS
Vice Chair
Elected by General Members

SIMON RUSSIN
Secretary
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MARK J. SALADINO
County Treasurer & Tax Collector
Ex-Officio Member

DIANE A. SANDOVAL
Elected by Retired Members

WILLIAM R. PRYOR
Elected by Safety Members

MICHAEL SCHNEIDER
Appointed by the Board of Supervisors

ROBERT L. SPARE
Appointed by the Board of Supervisors

LEONARD UNGER
Appointed by the 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

LACERA

Farewell... and may you fare well!

This is one instance when reports of a departure are absolutely true — I will be retiring in October. Having spent 33 years helping other people retire, I feel I am a real example of the old adage: always the bridesmaid, but never the bride. Now, finally, I am getting my turn to walk down the metaphorical aisle. Before I leave, I want to take this opportunity in my farewell newsletter article to express my heartfelt gratitude for the wonderful years I have enjoyed as LACERA's Chief Executive Officer.

The article that reported my pending retirement also highlighted some of the changes that we've made during my tenure as CEO. I do feel these changes have made LACERA a stronger, more effective organization than it was when I came here in 1989, but the article didn't report the whole story. My successes at LACERA were made possible by the support and efforts of so many wonderful people.

For starters, the LACERA Boards of Retirement and Investments have been true champions of the rights and benefits of LACERA members and retirees. They have been in the forefront encouraging staff to do a better job of responding to member needs. They enthusiastically supported all of the initiatives we have proposed to improve service to our members and they have made sure we had the resources necessary to implement change. They have performed their Board duties with great diligence and with a sincere commitment to act with the highest fiduciary standards.

> *"…you form the framework that allows America to work."*

I would also like to thank the Board of Supervisors for its excellent appointments to the LACERA Boards. Over the years, I have been so impressed by the high caliber of the people it has selected to undertake the complex and demanding role of pension trustee. These appointed members of our Boards

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2006 Legislative Updates

Late summer and early fall mark the time of year when we begin to see results from our legislature. In order for any bill to proceed, it must have passed out of its house of origin by June 2. This means all Assembly bills should have moved into the Senate and vice versa. Based on this rule alone, many of the bills LACERA has been tracking are effectively dead. Of those that remain, some have been passed by both houses and were subsequently signed by the governor. These include AB 2240 and AB 2366, which are described herein. The deadline for the legislature to pass other bills still under review is August 31. Bills passed by the legislature are sent to the governor; he has until September 30 to either sign them into law or veto them.

AB 1568 - BOARD MEMBERSHIPS/ETHICS TRAINING — This bill would preclude a member or employee of the board from selling or providing any investment product that would be considered an asset of the fund to any of the twenty counties that operate under the County Employees Retirement Law. It would also add provisions to the retirement law requiring all board of retirement and board of investment members to receive at least two hours of general ethics training. The training must be provided every two years.

Author: Torrico
Introduced: February 22, 2006
Sponsor: Author
Status: To Governor – August 21, 2006 (8-28-06)
Last Amended: May 31, 2006
LACERA Position: Support - Board of Investments, Watch - Board of Retirement

AB 2240 - ADDITIONAL RETIREMENT CREDIT — Currently the County Employees Retirement Law (CERL) authorizes the Los Angeles and Santa Barbara county boards of supervisors to adopt provisions that allow the counties' noncontributory plan members to purchase certain types of previous and other service. Under the current provision, the boards of supervisors cannot limit which types of eligible service the member may purchase. If the board wishes to adopt provisions covering one type of service, it must include all other previous service included in the governing provisions.

This bill adds a separate section to the CERL that would authorize Los Angeles and Santa Barbara county boards of supervisors to adopt provisions covering the purchase of Additional Retirement Credit (ARC) only. To receive ARC, the member must pay the full actuarial value of the additional retirement benefit received through the ARC purchase. This bill was signed by the governor, but will only be operative upon a resolution adopted by the respective boards of supervisors.

Author: Committee on Public Employees, Retirement and Social Security
Introduced: February 22, 2006
Sponsor: SACRS
Status: Signed by Governor – Chapter #117
LACERA Position: Support - Board of Retirement

AB 2309 - DROP — This bill has been amended dramatically since the last legislative update. Initially it sought to allow the county board of supervisors to authorize a DROP program for a subset of specified safety classifications. It was then amended to simply request a study of the benefits and detriments of such a program. In June, the bill was amended once more and no longer pertains to retirement benefits whatsoever.

Author: Negrete-McLeod
Introduced: February 22, 2006
Sponsor: SACRS
Status: Senate Committee on Judiciary
Last Amended: June 15, 2006
LACERA Position: No Longer Retirement-related (8-28-06)

AB 2351 - ELECTED OFFICERS/SERVICE CREDIT — This bill would prohibit any governing body of a city or county from granting credit for service to an elected officer or member for service that the elected officer or member has not performed. The bill would further prohibit these governing bodies from paying contributions for credit for service if an elected officer or member has not performed the service. The bill would permit an elected officer to purchase additional retirement credit at his or her own expense.

Author: Maze
Introduced: February 23, 2006
Sponsor: Author
Status: To Governor – August 21, 2006 (8-28-06)
Last Amended: August 7, 2006
LACERA Position: Watch – Board of Retirement

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Farewell… and may you fare well

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are volunteers who receive minimal compensation for many hours of service to LACERA. They work collaboratively with the elected Board members and with staff to ensure LACERA fulfills its duty to our members and to the LACERA trust fund.

I am also grateful to County labor organizations and retiree organizations. These groups represent the interests of many members and retirees. During my years as CEO, I have greatly appreciated their support of guaranteed retirement benefits and their willingness to fight to safeguard the benefits owed to our members.

Of course, I owe a gigantic debt of gratitude to the fabulous LACERA staff. No CEO can accomplish anything without the hard work, support, and loyalty of a committed staff. I have been extremely lucky with the wonderful people who work here at LACERA. They have embraced my goal of transforming LACERA into a world-class service organization and have methodically developed new procedures and processes that make us more member-friendly.

Finally, I thank all of you for allowing me to serve you. I am proud to have spent my career supporting other public employees. Unfortunately, you as public employees often do not receive the accolades you deserve. Your efforts are often taken for granted by the citizens you have devoted your lives to serving. It is too easy for the media to dismiss public employees as red tape bureaucrats. They forget you are the people who answer 911, who rush into burning buildings, who nurse the sick, who teach the young, who pick up the garbage, who keep the roads safe, and who make the justice system function. Through the years, I have listened to your stories and admired your dedication. I know you form the framework that allows America to work. It has been my great honor to ensure you receive the benefits you have earned.

As I say goodbye, I ask you to support my successor, Gregg Rademacher, as you have supported me. As LACERA's Assistant Executive Officer, Gregg has consistently demonstrated his commitment to LACERA's mission of paying and protecting the promised benefits. You can rest easy knowing he is there to keep LACERA on the right course.

I wish I could thank each one of you and give you a hug as I say goodbye. May you fare well.

Marsha D. Richter

Purchasing Service Credit

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addition, the higher the number of years of service credit you have, the lower your health insurance costs could be if you enroll in a LACERA-administered health care plan at retirement. ARC does not count toward lowering health insurance costs.

Service Credit: the Categories

Additional Credit for Service Prior to LACERA

This is credit for certain service prior to your LACERA membership. Under your LACERA retirement plan, the only way to receive credit for this service is to purchase it. Eligible service generally includes prior temporary, seasonal, or part-time employment with the County or outside district, and/or certain prior federal or military service, and/or prior employment with other California public agencies. Purchasing this type of service credit increases your retirement benefit, counts toward lowering your retiree health insurance premiums and in some cases is applied toward your vesting time (i.e., prior County service).

Credit Purchased to Enhance the Value of Existing Credit

These purchases are actually conversions of credit you've already received; a purchase of this type adds value to your existing service credit. Service credit purchases/conversions include Plan E to Plan D transfers and general to safety conversions. Since you are enhancing service credit you've already earned, this type of purchase does not lower your retiree health insurance premiums, nor does it add

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Editor's Note:

PostScript is published by the staff of LACERA. Signed articles represent the opinion of the writers and not necessarily the opinion of LACERA Management, Board of Retirement, or Board of Investments. Consult with professional advisors regarding legal, tax and/or medical matters; LACERA does not offer legal, tax or medical advice.

2006 Legislative Updates
cont'd from pg. 3

AB 2366 - REINSTATEMENT AFTER RETIREMENT — This bill permits a retired safety member in Los Angeles County who was required to retire because of age to be reemployed by the County and reinstated to active membership. Reemployment would occur upon the Board of Retirement's determination that the member is not incapacitated due to age. The member would be reinstated to active status effective the first day of the month following the date of reemployment. This bill permits that safety member to earn an additional retirement benefit for the period of service after reinstatement, pursuant to the formula applicable to that member prior to his or her reinstatement. This bill has been signed into law by the governor, but will only be operative upon a resolution adopted by the Board of Supervisors.

Author: Runner
Introduced: February 23, 2006
Sponsor: Los Angeles County Sheriff's
Status: Signed by Governor – Chapter #120
Last Amendment: May 10, 2006
LACERA Position: Oppose - Board of Retirement

AB 2570 - ECONOMIC DEVELOPMENT — Would require public retirement systems with assets exceeding $4 billion to include in their financial statements specified information regarding investments they obtain on or after January 1, 2007, and hold in California and emerging domestic markets within the state. Would require the reporting to cover investments by asset class, fair market value, and percentage of total portfolio.

Author: Arambula
Introduced: February 23, 2006
Sponsor: Author
Status: In Senate
Last Amendment: August 24, 2006 (8-28-06)
LACERA Position: Oppose - Board of Investments and Board of Retirement

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AB 2632 - MILITARY SERVICE — Existing law authorizes a board of supervisors to allow a member to receive credit for time while absent from service and serving in the armed forces if, among other things, the military service is not the basis for present or future military retirement pay. This bill would amend the government code to authorize the board of supervisors to allow a member to receive service credit whether his or her military service is the basis for present or future military retirement pay.

Author: Negrete-McLeod
Introduced: February 24, 2006
Sponsor: National Guard Association of California
Status: In Senate Committee on Appropriation's Suspense File
Last Amendment: June 20, 2006
LACERA Position: Watch – Insurance, Benefits and Legislative Committee

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AB 2765 - SAFETY MEMBERSHIP/ PROBATION OFFICERS — This bill would have classified probation officers in Los Angeles County as safety members effective January 1, 2007. The requirement of a Board of Supervisor's resolution to classify probation officers as safety members would have been deleted, bypassing one of the challenges to this law actually taking effect. However, the bill failed to make passage out of the Assembly Committee on Public Employment, Retirement and Social Security and therefore, will not be revisited.

Author: Negrete-McLeod
Introduced: February 24, 2006
Status: Died in Committee
LACERA Position: Watch - Board of Retirement

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AB 2795 - RECIPROCITY — Current California retirement law allows reciprocal benefits to a member who terminates employment with a covered retirement system and within six months begins employment with a second covered retirement system. This bill would have amended the Public Employees Retirement Law (PERL) and the County Employees Retirement Law (CERL) to extend reciprocal benefits if the lapsed period between service is less than 18 months. The bill was amended from its original version so that any potential rate reduction as a result of this law would occur prospectively. The 18-month break in service between reciprocal agencies would be allowed starting on or after January 1, 2007. This bill did not make it out of committee and therefore will not be revisited.

Author: Negrete-McLeod
Introduced: February 24, 2006
Sponsor: San Bernardino Sheriff's
Status: Died in Committee
Last Amended: April 24, 2006
LACERA Position: Oppose unless amended - Board of Retirement

AB 2863 - RETIREMENT EFFECTIVE DATE — This bill originally only dealt with one issue, which was to prohibit the retirement effective date from being earlier than the date the application is filed with the board. However, the bill was amended in late June and now tackles various retirement-related issues. Only one of the new sections in this bill will be of relevance to LACERA members. This section would recast provisions regarding payments toward group health insurance. It would permit a county board of supervisors to contribute to a Post-Employment Benefit Trust Account to provide for payments toward group health, life, welfare and other insurance benefits for specified members and their beneficiaries. The bill would allow the board of supervisors to contract with the board of retirement or another third party to administer and invest the trust account funds.

Author: Karnette
Introduced: February 24, 2006
Sponsor: SACRS
Status: In Senate
Last Amended: August 8, 2006
(8-28-06)
LACERA Position: Watch - Board of Retirement

ACA 23 - REVISED BENEFIT FORMULA – This constitutional amendment would have vastly altered the retirement system in California. However, the bill was unable to make it out of committee and therefore will not be revisited.

Author: Richman
Introduced: September 8, 2005
Last Amended: January 30, 2006
Status: Died in Committee
LACERA Position: Actively Oppose – Board of Retirement

SB 1263 - TAX LAW/LONG-TERM CARE – This bill would have provided that in the tax year beginning on January 1, 2007, taxpayers would be allowed to take a state tax deduction for long-term care insurance premiums. The allowable deduction for 2007 would be 25 percent and increase 15 percent each year until the allowable deduction is 100 percent of the premium for tax year beginning 2012. This bill did not make it out of committee and therefore will not be revisited.

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Rademacher Named to Succeed Richter as LACERA CEO

The Boards of Retirement and Investments unanimously selected Gregg Rademacher as LACERA's next Chief Executive Officer. He succeeds Marsha Richter, who is retiring in October after leading LACERA for the past 12 years.

Members of both boards praise Rademacher for the leadership he has exhibited as a LACERA Assistant Executive Officer, a position he has held since 1996. He has been with the association since 1991.

Richter commends her successor for his unflagging commitment to LACERA's mission to produce, protect, and provide the promised benefits to its members.

Heidrick & Struggles, a nationally recognized executive search firm, assisted in LACERA's nationwide CEO search.

Congratulations, Gregg!

Look for Gregg Rademacher's profile in the December PostScript.

THE LACERA MEMBER HOME LOAN PROGRAM

A Special Program for Our Members

Getting a home loan or refinancing is always a big deal, but with LACERA's Member Home Loan Program (MHLP), it can be a good deal, too!

The MHLP program is for LACERA members, retirees and beneficiaries and offers fixed and adjustable loans at competitive rates with attractive terms:*

- **Discounted origination fee of three-quarters of one point (.75%) of the total loan amount**
- **Low $350 application fee includes credit report and appraisal report**
- **Modest $175 processing fee****
- **No charge interest rate lock-in option secures lowest rate in effect on any of these dates:**
  - **Application date**
  - **Approval date**
  - **Date documents are drawn**
- **Easy application process**

All MHLP loans are originated, funded, and serviced by GMAC.

Apply by phone, fax, or in person at GMAC. For additional information, call GMAC's LACERA-only hotline at **1-800-2-LACERA**.

Check out the MHLP online - loan descriptions, terms, FAQs, the home loan calculator, and the daily interest rates.

*Certain eligibility restrictions apply. Contact a GMAC representative at 1-800-2-LACERA to discuss your individual qualifications.

**Other third party fees may apply.

What they are and how they can affect you…

The Windfall Elimination Provision and Government Pension Offset

If you're a LACERA member who worked at other jobs (for the County or other employers) where you paid Social Security taxes, or if you are eligible to receive a Social Security spousal benefit along with a LACERA pension, you should be aware of two laws that may negatively impact your Social Security benefit: the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO).

The WEP affects the computation of Social Security benefits for retired and disabled workers. The GPO affects benefits for individuals receiving spouse's or surviving spouse's Social Security benefits. The law reduces your Social Security benefit; **it does not reduce your LACERA retirement benefit**. *(The WEP is separate and distinct from the LACERA retirement allowance reduction that affects members who were covered by Social Security while employed by L.A. County prior to 1983.)*

The Windfall Elimination Provision
The WEP is a federal law that reduces the Social Security benefit for retired and disabled workers receiving government pensions from employment not covered by Social Security. Since many Los Angeles County employees participated in Social Security prior to 1982 when the County withdrew from the program, many LACERA members are or will be affected by the WEP.

Will the WEP Affect You?
If you are entitled to a Social Security retirement or disability benefit along with your LACERA retirement benefit, the WEP will affect you.

How the WEP Works
Simply speaking, the Social Security Administration uses a different (less favorable) formula to calculate a worker's benefit under the WEP than it does to calculate the benefit of a worker who is not affected by the WEP.

The "normal" Social Security benefit formula separates a worker's average monthly earnings into three segments, and multiplies each by a different percentage. The WEP modifies the percentage by which the first segment is multiplied; this results in the worker receiving a lower Social Security benefit than he/she would have received were he/she not entitled to a government (i.e., LACERA) pension.

The WEP formula includes a sliding scale based on length of Social Security-covered employment. If you have 21 to 29 years of coverage ("substantial earnings") under Social Security, you are eligible for a partial WEP exemption.* Under a partial exemption, the 90 percent factor is reduced to between 45 and 85 percent depending on your earnings in each year you worked in Social Security-covered employment. If you have fewer than 21 years of coverage, the 40 percent factor applies.

If you have 30 or more years of coverage under Social Security, you are fully exempt from the WEP.

Example:

LACERA Member Who Turns 62 in 2006 and Worked in Social Security-Covered Employment for Less Than 20 Years.

	Multiplier Under Normal Social Security Benefit Formula	Multiplier Under WEP
First $656 in covered monthly earnings	90%	40%
Next segment of earnings, up to $3,299	32%	32%
Any additional earnings	15%	15%

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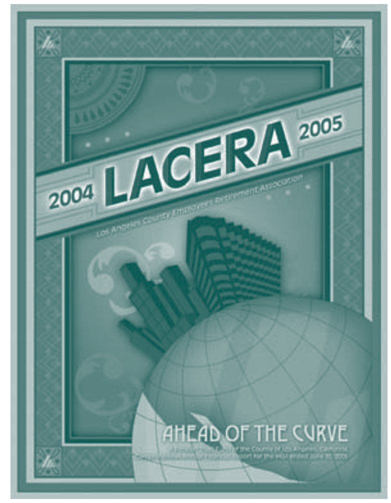
*A chart of "substantial earnings" can be accessed online at http://www.ssa.gov/pubs/10045.html.

LACERA Annual Report Wins International Award

LACERA has won the prestigious ARC (Annual Report Competition) Award for its 2005 annual report. The annual report was named the 2006 Gold Winner in the Non-Profit Pension Fund category.

The international competition presented by MerComm, Inc. is the world's largest and most respected annual report competition. Approximately 2,000 entries from across the globe vie for recognition in this competition which is based on creativity, clarity, effectiveness and excellence. Elements considered in the judging include cover design, president's letter, interior design, clarity of written information, presentation of corporate information, expression of financial data, and how well the spirit of the organization is communicated.

The annual report was produced by LACERA's Communications Division.



FAQs:

Prospective Transfer

Q: If I transfer prospectively from Plan E to D and don't buy all my E time, which plan will my retirement be based on?

A: When you retire, you will have service credit in both plans, so your retirement benefit will be a combined allowance. First, your retirement allowance under each plan will be calculated separately, based on the service credit you earned under that plan. Then, the two amounts will be added together to determine your total monthly allowance. You may retire from each plan when you meet the age (age 50 for Plan D; age 55 for Plan E) and service credit requirements (10 years of combined Plan D and Plan E service credit). If you become vested in Plan D and leave your contributions on deposit (deferred membership) when you terminate, you are eligible to retire from D on the date you would have earned the required service credit had you remained in a full-time County position.

Q: What are the payment terms on a Prospective Transfer (Plan E to Plan D) contract?

A: You may choose a contract term (payment period) from one month to 10 years (120 months). Generally, your payment contract must be completed before you retire or terminate County employment. However, if you terminate County service or retire earlier than anticipated, you may pay the balance due with a before-tax, lump-sum rollover within 120 days after your effective date of retirement or termination.

Q: If I transfer prospectively from D to E, can I get back into Plan D after three years without having to pay for my service credit?

A: Yes. If you transfer from D to E prospectively, you must remain in Plan E for three years. After three years, you may choose to transfer back to Plan D prospectively. You are not required to purchase any of your Plan E service. However, your monthly Plan D contributions will be higher (based on your current age) when you transfer back to Plan D.

Quote: *"My grandfather once told me that there were two kinds of people: those who do the work and those who take the credit. He told me to try to be in the first group; there was much less competition."*

~ Indira Gandhi

Can the WEP eliminate my entire Social Security benefit?
No. The WEP's reduction of your Social Security benefit may be no more than one-half of the government pension to which you are entitled in your initial month of entitlement to the pension.

Does the WEP Affect Survivors Benefits?
No. If an individual subject to the WEP dies and has one or more survivors entitled to a benefit, the Social Security Administration re-computes the amount in a manner that eliminates the WEP and results in a higher benefit. However, a GPO offset may affect the survivor benefit.

GOVERNMENT PENSION OFFSET: A LAW AFFECTING SPOUSES, WIDOWS, AND WIDOWERS

If you receive a LACERA pension (based on work when you did not pay Social Security taxes), your Social Security spouse's, widow's, or widower's benefits may be reduced by the GPO.

How Your Social Security Benefits Will Be Reduced
If you are affected by the GPO, your Social Security benefits will be reduced by two-thirds of your LACERA pension. For example, if your monthly LACERA retirement allowance is $900, two-thirds of that, or $600 must be deducted from your Social Security survivor benefit. Using this example, if you are eligible for a $700 spouse's, widow's, or widower's benefit from Social Security, you will receive $100 ($700 – $600 = $100).

Example:

Your monthly LACERA retirement allowance	$900
Two-thirds GPO deduction	$600
You are otherwise eligible for Social Security dependent's benefit of	$700
Less two-thirds deduction from above	($600)
Amount of Social Security dependent's benefit you receive	$100

Why?
Social Security benefits paid to spouses and surviving spouses (dependent's benefits) were established in the 1930s to compensate spouses who stayed home to raise a family and were financially dependent on the working spouse. As times changed, it became more common for both spouses to work, and for each to earn his or her own Social Security benefit.

Social Security has always required that an individual's "dependent's" benefit be offset (reduced) dollar for dollar by the amount of his or her own retirement benefit. However, before the enactment of the GPO, the offset did not apply to government employees who didn't pay into Social Security. The GPO was enacted to insure government employees who do not pay into Social Security are treated in a similar manner to workers in the private sector who do participate in Social Security.

Exemptions
If you are receiving a LACERA pension that is not based on your earnings (i.e., survivor's allowance), your Social Security benefits as a spouse, widow, or widower will not be reduced.

You are also exempt from GPO, if:

- You received or were eligible to receive a LACERA pension before December, 1982 ***and*** meet all the requirements for Social Security spouse's benefits in effect in January 1997, or
- You received or were eligible to receive a LACERA pension before July 1, 1983, and were receiving one-half support from your spouse

For More Information
This information is provided as an overview of the WEP and GPO. For more information and specifics of how these laws may apply to your individual situation, contact the Social Security Administration at 1-800-772-1213.

NEW On LACERA.com

New Plan Transfer Information:

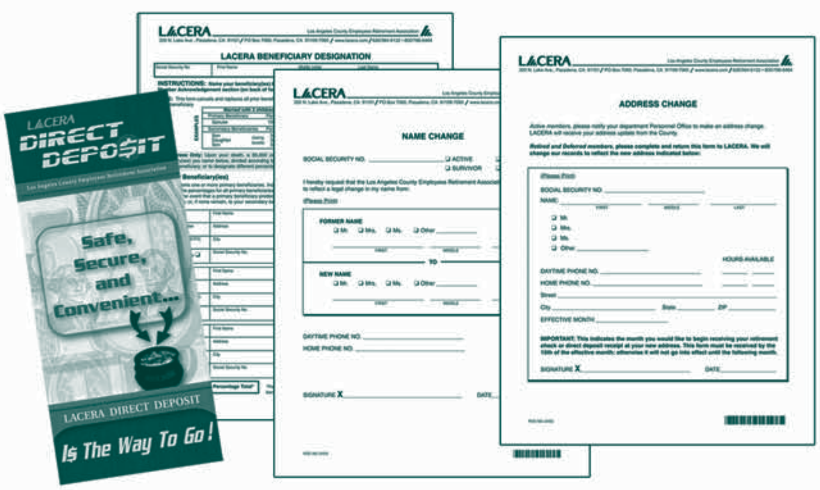
- **Open Window**
- **Prospective**

In the **Benefits** section

Expanding Our Customer Service

For your convenience, our friendly and knowledgeable staff in the LACERA Call Center will assist you over the phone with some of your changes.

1-800-786-6464



- Beneficiary change
- Address change
- Name change
- Direct Deposit registration

Easy, Efficient, and Helpful!!! Call 1-800-786-6464

Please note: For your protection, you will be asked a few screening questions to verify your identity prior to discussing your personal information.

We're here to help you. Customer Service is #1.

Service Retirement Options Offer Flexibility

As a LACERA member, you have flexibility in structuring your retirement allowance to suit your individual circumstances.

Depending on the option you elect, you can provide your eligible survivor(s) with 65 to 100 percent of your allowance. If you elect Unmodified +Plus or Option 2, you receive a reduced allowance during your lifetime to cover the cost of the survivor's continuing allowance. The amount of the reduction varies according to the option elected. Other options provide additional benefit choices, from a single lump-sum payment to customized benefits for multiple beneficiaries. The accompanying chart outlines the various options offered:

LACERA Service Retirement Options			**PLAN A, B, C, or D**	**PLAN E**
	Overview	**Eligible Beneficiary**	**Survivor Benefit**	**Survivor Benefit**
Unmodified	Provides member the highest monthly retirement allowance available	Eligible spouse, children, or domestic partner	65% of member's allowance	55% of member's allowance
Unmodified +Plus	Allows member to provide survivor a customized percentage of member's reduced allowance	Eligible spouse, children, or domestic partner	Custom percentage between 66% and 100% of member's reduced allowance *(reduced by only enough to cover the difference between 66% and 100%)*	Custom percentage between 56% and 100% of member's reduced allowance *(reduced by only enough to cover the difference between 56% and 100%)*
Option 1	Allows member to provide a single lump-sum payment; member receives slightly reduced Unmodified allowance	Any named beneficiary with an insurable interest	Lump Sum (remaining balance of member's contributions)	Not available
Option 2	Allows member to provide survivor 100% of member's reduced allowance	Eligible spouse, children, or domestic partner, or person with insurable interest	100% of member's reduced allowance *(reduction covers the entire cost of survivor's continuing allowance)*	100% of member's reduced allowance *(reduction covers the entire cost of survivor's continuing allowance)*
Option 3	Expanded beneficiary eligibility; member receives reduced Unmodified allowance. Beneficiary cannot be changed after retirement.	Eligible spouse, children, or domestic partner, or person with insurable interest	50% of member's reduced allowance	50% of member's reduced allowance
Option 4	Can be customized to provide for multiple beneficiaries; member receives reduced Unmodified allowance	Eligible spouse, children, or domestic partner, or person with insurable interest	Member can provide a fixed percentage or a set dollar amount to one or more beneficiaries	Member can provide a fixed percentage or a set dollar amount to one or more beneficiaries

Certain restrictions on beneficiaries apply and vary according to the option elected. For additional information on retirement options, call 1-800-786-6464 and speak with a LACERA Retirement Benefits Specialist.

Purchasing Service Credit
cont'd from pg. 4

any additional service credit for vesting purposes. However, a purchase of this type can increase your retirement benefit.

Additional Retirement Credit (ARC)
Unlike other types of service credit, ARC has no relation to actual employment. It is purchased to increase the years of service credit applied when determining the percentage of your final compensation that you receive at retirement. ARC, like all purchased service credit, cannot increase your benefit at retirement to more than 100 percent of your final compensation. All ARC purchases must be made with before-tax dollars.

At this time, LACERA is not accepting termination pay for the purchase of ARC. We have received informal notice from the IRS that using termination pay may be considered a "prohibited transaction" and we want to protect our members from any adverse tax consequences.

Service Credit: How the IRS Views It
The IRS requires you to use before-tax dollars to purchase certain types of service credit, while it allows you to use either before or after-tax dollars for the purchase of other types of service credit.*

cont'd on pg. 15

*The Pension Protection Act of 2006 which was recently passed by Congress and is awaiting the President's signature, may change how the IRS views service credit. Once LACERA has analyzed the 907 pages of the law, we will update you with any pertinent information.

Fridge Food: How Long Can You Keep It?

If you're relying on looks and smell to determine if the food in your refrigerator is still good, think again! Food doesn't have to have grown fur or developed a stench to be unsafe to eat. The Center for Disease Control and Prevention estimates 76 million Americans each year fall sick with food-borne illnesses, and 5,000 die of them. Many of these illnesses result from eating food that has overstayed its welcome on the refrigerator shelf. Pregnant women, young children, the elderly, and those with compromised immune systems are particularly vulnerable to food poisoning, which can cause nausea, vomiting, diarrhea, fever, and body aches.

Making note of the "purchased on" and "opened on" dates of your food, and monitoring the expiration dates and "best when used by" dates on the labels will help you to avoid food that's too risky to eat.

Here are some basic guidelines:

Source: prevention.com

Food Type	Life Span
Raw poultry and ground meat	Eat or freeze within 1 or 2 days
Leftovers	3 to 4 days; with gravy, 1 to 2 days
Lunch meat	Opened, 3 to 5 days; unopened, 2 weeks
Hard cheese	Opened, 3 to 4 weeks; unopened, up to 6 months
Soft cheese	1 week
Condiments	Up to 6 months

2006 Legislative Updates
cont'd from pg. 6

Author: Alquist
Introduced: February 9, 2006
Status: Died in Committee
LACERA Position: None taken

SCR 117 - PERS/REVERSE ANNUITY MORTGAGES – Directs the California Public Employees' Retirement System to study and consider development of a reverse annuity mortgage program for retired members and to report findings of its study to the legislature. As written, this bill is for PERS only and is shown here for your information.

Author: Soto
Introduced: May 1, 2006
Sponsor: Author
Status: From Senate Committee on Appropriations, be adopted
LACERA Position: None taken

PUBLIC SERVICE ANNOUNCEMENT

Glendale Community College Offers Tuition-Free Classes

The Continuing Education program of Glendale Community College offers a wide range of tuition-free classes — no pre-enrollment is required, and students are free to attend classes at their convenience.

Courses in the program include Business Math and Accounting, Business Communications, Introduction to Computers, Windows XP, Microsoft Excel, Quickbooks, Microsoft Word, and PowerPoint, along with other business technology and career and vocational classes. Classes in parenting and home arts are offered, as well.

Continuing Education classes are held at various locations in Glendale, Montrose, Verdugo City, and La Crescenta.

The community is invited to attend an open house at Glendale Community College Garfield Campus on Thursday, September 14. Attendees will able to tour the facility, meet the staff and enjoy refreshments.

To learn more about this program, which is open to California residents, call (818) 548-5233, or visit www.glendale.edu/continuinged.

PUBLIC SERVICE ANNOUNCEMENT

Volunteers Needed at County Animal Shelters

L.A. County Animal Shelters are looking for animal lovers who would like to spend a few hours a week helping to care for shelter animals. Volunteer job categories include Dog Companion, Cat Companion, Shelter Host, Pet Groomer, Office Assistant, Foster Parent, Community Relations, Professional Services Volunteer, and Adoption Specialist.

Volunteers must be at least 16 years old and complete a three-hour orientation and animal handling safety class.

County Animal Shelters are located in Agoura, Baldwin Park, Carson, Castaic, Downey and Lancaster.

For additional information, call Ken Kramer at (562)256-1367 or visit animalcontrol.co.la.ca.us.

LACERA FYI

Plan D and Plan E - How Many Members in Each Plan?

Currently, general members of LACERA can elect either contributory Plan D or non-contributory Plan E. Over time, Plan choice preference has shifted from Plan E to Plan D:

- In the early 80s, there were more Plan E members
- In 1988, Plan D enrollment overtook Plan E

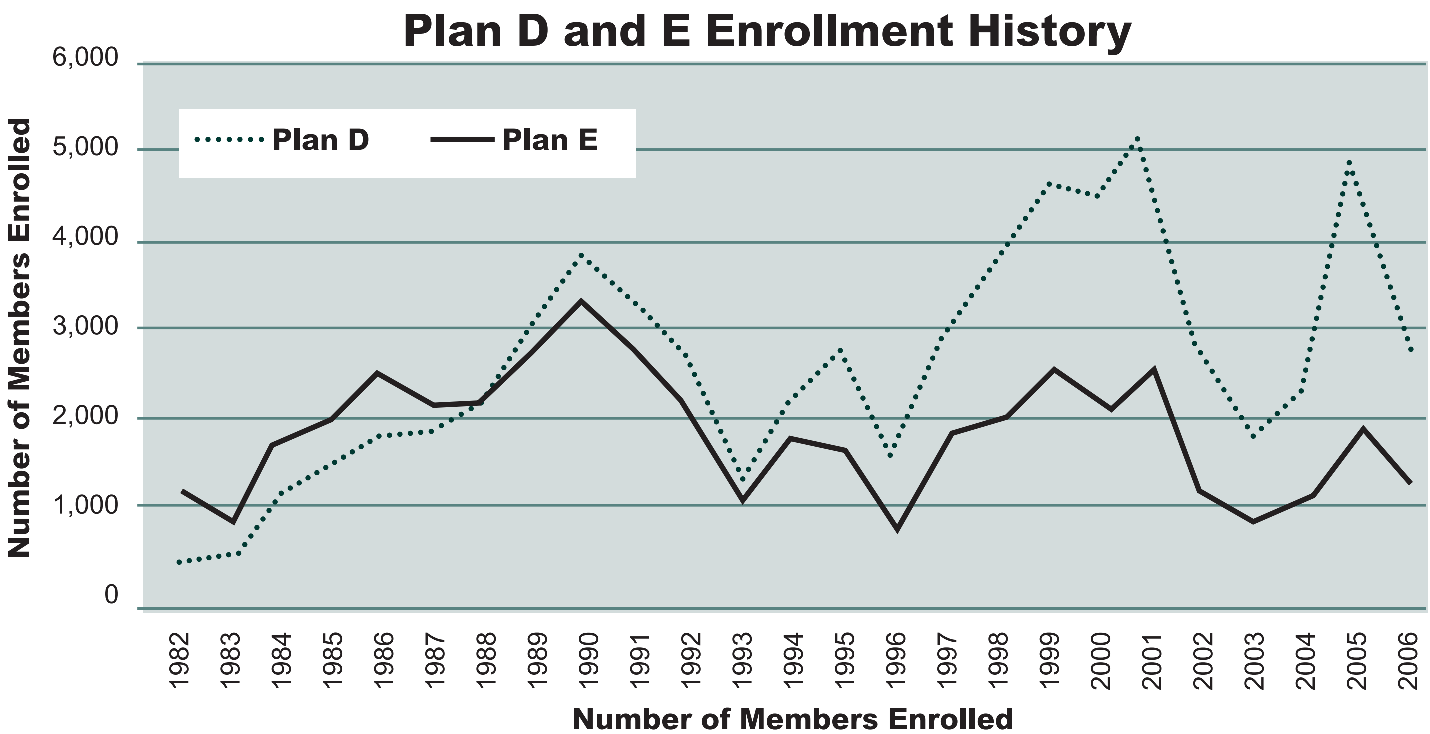
LACERA attributes the shift in enrollment to the development of educational member resources:

- Introduction of Summary Plan Description brochures
- Creation of an Outreach program featuring New Member Workshops onsite and at various County locations

In 2000, Plan D members doubled those of Plan E:

- LACERA launches www.lacera.com

Today, the trend continues; Plan D enrollment continues to outnumber that of Plan E.



Purchasing Service Credit

cont'd from pg. 13

Basically, the IRS divides service credit into two categories:

Additional Credit for Service Prior to LACERA: may be purchased with either before-tax or after-tax dollars.

Credit Purchased to Enhance the Value of Existing Credit: can only be purchased with before-tax dollars.

"Before-tax dollars" refers to money that is deducted from your paycheck before your taxes are calculated. Purchases with before-tax dollars lower the amount of taxable income that is reported to the IRS. In addition to payroll deductions, before-tax dollars generally include funds from 401(k) plans and 457 Plans, although certain restrictions may apply.

"After-tax dollars" denote funds from which taxes have been deducted. Purchases with after-tax dollars are most often made through payroll deductions.

For additional information on service credit and any options that may apply in your individual situation, call a LACERA Retirement Benefits Specialist at 1-800-786-6464.

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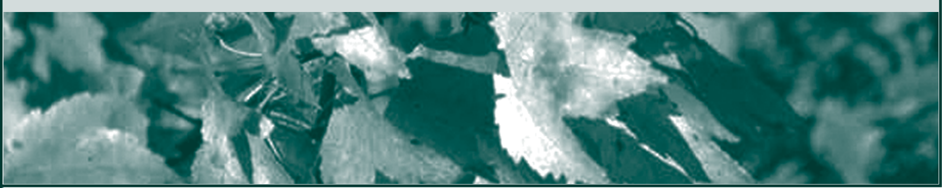
- CEO news — Fond Farewell, Warm Welcome
- Guide to Purchasing Service Credit
- What the WEP and GPO Mean to You



Did You Know?

Defined Benefit (DB) Plans

LACERA retirement allowance is determined by:

- Age at Retirement
- Years of Service
- Final Compensation

Defined Contribution (DC) Plans

401(k) and 457 Plans benefit amount is determined by:

- Investment Performance
- Amount of Contributions

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