

P.S.

# POSTSCRIPT

NEWS FOR ACTIVE MEMBERS

DECEMBER 2010 • VOL. 21, NO. 4

## Teamwork Makes LACERA Tick

It takes the coordinated efforts of 15 divisions for LACERA to produce, protect, and provide the promised benefits to our members. Each division plays a specialized and integral role in our success. With that in mind, we'd like to take this opportunity to introduce you to our LACERA Divisions.

### **Administrative Services**

Our Administrative Services Division provides vital support services to our overall operation, including procurement, budget administration, facilities management, document

processing, and mail distribution. The division also oversees special programs, such as Health & Safety, Risk Management, Records Management, and Business Continuity.

### **Claims Processing**

The knowledgeable specialists in Claims Processing handle benefit requests from active and retired members and their beneficiaries, in accordance with applicable law, Board of Retirement (BOR) bylaws, and policies. Their duties include such tasks as processing retirement plan enrollments, disbursing

monthly retirement and survivor allowance payments, and processing plan transfer and service credit purchase contracts.

### **Communications**

Communications creates, produces, and maintains all of LACERA's print and web materials. This includes the *PostScript* and *Spotlight* newsletters, our annual reports, and an array of brochures, forms, and member mailings.

In addition, Communications is responsible for the creation and

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## Welcome and Welcome Back to LACERA Boards

**Congratulations to Shawn Kehoe** on his election to the Board of Retirement (BOR) as the Alternate Safety Member for a term beginning January 1, 2011. Mr. Kehoe is a Sergeant with the Los Angeles County Sheriff's Department, assigned to the Transit Services Bureau-Homeland Security Division. He is also active in a number of civic organizations, including the International City/County Management Association and Cops 4

Causes. Mr. Kehoe received his Bachelor's degree in Business Administration with a specialty in Finance from Walden University, and a Master's degree in Public Administration from the University of Southern California.

**LACERA also congratulates William R. Pryor** on his reelection as a Safety Member to the Boards of Retirement

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## 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

#### YVES CHERY

Secretary  
Elected by General Members

#### MARK J. SALADINO

County Treasurer & Tax Collector  
Ex-Officio Member

#### MARVIN ADAMS

Appointed by the Board of Supervisors

#### EDWARD L. BLECKSMITH

Appointed by the Board of Supervisors

#### WILLIAM DE LA GARZA

Elected by Retired Members

#### EDWARD "ED" C. MORRIS

Alternate Member  
Elected by Retired Members

#### WILLIAM R. PRYOR

Elected by Safety Members

### Members of the Board of Investments:

#### HERMAN SANTOS

Chair  
Elected by General Members

#### JOHN M. BARGER

Vice Chair  
Appointed by the Board of Supervisors

#### DIANE A. SANDOVAL

Secretary  
Elected by Retired Members

#### MARK J. SALADINO

County Treasurer & Tax Collector  
Ex-Officio Member

#### WILLIAM R. PRYOR

Elected by Safety Members

#### SIMON S. RUSSIN

Elected by General Members

#### MICHAEL S. SCHNEIDER

Appointed by the Board of Supervisors

#### LEONARD UNGER

Appointed by the Board of Supervisors

#### ESTEVAN R. VALENZUELA

Appointed by the Board of Supervisors

Chief Executive Officer

**GREGG RADEMACHER**

Assistant Executive Officer

**ROBERT HILL**

Assistant Executive Officer

**JANICE GOLDEN**

## From the Executive Desk

Gregg Rademacher – CEO, LACERA



# Looking Back on 2010; How I See It

They say time flies, and whoever “they” are, they’re right. This year seemed to zip right by. As I reflect back on 2010, I see a lot at LACERA to feel good about. Let’s start with our retirement fund (Fund). During the 2009–2010 fiscal year (July 1 - June 30), amid continued market volatility, the total Fund returned 11.6 percent. At fiscal year-end, the Fund’s net assets totaled \$33.4 billion, which represents an increase of \$2.9 billion or 9.6 percent over the prior year. Our Fund remains healthy and sound, and positioned to finance the promised benefits to current, as well as future recipients. If you’d like more facts and figures on our financial condition and our achievements, **I encourage you to read the enclosed LACERA Popular Annual Financial Report (PAFR) for 2009-2010.**

Over the past year, we made gains “behind the scenes” as well, through updates to our operating system and business processes. One such accomplishment is the progress we’ve made toward the review, processing, and conversion of more than 50 years of microfiche records (dating back to our inception in 1938) to electronic image files. In raw numbers, this adds up to approximately 18,500,000 frames of member data contained on 66,000 slides. To date, we have completed half of this herculean task and expect to have the remainder completed in 2011. The progress made thus far has already streamlined our operational efficiency, which ultimately leads to enhanced service to our members.

During the year, we also upgraded our member data software program. This was an extremely complex project, which required the expertise and collaboration of several of our divisions. The computer experts in our Systems Division wrote and built the software program based on input from the Retirement Benefits Specialists in our Claims Processing and Member Services Divisions. This year, we also replaced our outdated computer hardware with faster, more powerful workstations. These important upgrades resulted in increased efficiency, productivity, and improvement of our overall operation — which also translates into better service for our members.

“... the total Fund returned 11.6 percent.”

We have 15 divisions here at LACERA, and as I just alluded, our success is a product of their collective efforts. Our staff is comprised of individuals possessing a wide range of skills and disciplines. I’d like you to meet our divisions and find out something about the work each group performs.

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# Legislative Update

Governor Schwarzenegger signed AB 609, which takes effect January 1, 2011 and is relevant to LACERA and our members.

## AB 609:

Under existing law, a retirement system's annual budget for administrative expenses is limited by an asset-based formula. Currently, the annual budget for administrative expenses of a retirement system governed under the County Employees Retirement Act of 1937 (CERL) may not exceed eighteen-hundredths of one percent (0.18%) of the total assets of the retirement system. (LACERA is a CERL-governed system.) CERL-governed retirement systems may increase their budgets to twenty-three hundredths of one percent (0.23%) of their total assets if their administrative expenses include expenditures for software, hardware, and computer technology consulting services.

Recent market volatility and its resulting effect on budgetary planning led to the reevaluation of this model. While day-to-day costs for administering a retirement system remain fairly constant, smaller systems have been especially hard hit by market losses which have resulted in reduced operating budgets.

AB 609 provides a solution by establishing a liability-based budget limitation. This statute provides that the annual budget for administrative expenses of a CERL-governed retirement system may not exceed the greater of either twenty-one hundredths of one percent (0.21%) of the accrued actuarial liability of the retirement system, or \$2 million, adjusted annually for the cost of living,

as specified. In addition, expenses for computer software, hardware, and computer technology consulting services relating to those expenditures are not to be considered a cost of administration subject to the budget limit.

This change from an asset-based budget limitation to a liability-based budget limitation is intended to be more reflective of a system's administrative costs.

While the new law may provide a higher statutory budget appropriation limit for LACERA, it will not diminish the prudence with which LACERA budgets for its expenditures.

(AB=Assembly Bill)

*As the holidays approach, resolutions for healthy (or at least healthier) habits in the new year often follow. In that spirit, we're sharing the following article which was well-received in our retiree newsletter. **The article focuses on the world's Blue Zones, which are regions where people live past age 100.** Enjoy the article; you just might find an idea for a resolution or two.*

## Vitality Project Improves Health, Increases Longevity

Until a couple of years ago, the residents of Albert Lea, Minnesota lived an average small town lifestyle, complete with the usual complement of junk food and time spent sitting on the couch. Like many Americans caught up in the details and stresses of everyday life, a healthy lifestyle was not their primary focus.

### Then Project Vitality came along.

Over a span of five months in 2009, the city of Albert Lea completely revitalized itself. Residents improved their health, energized their bodies and spirits, and renewed their zest for life. Theirs is a

story of motivation, inspiration, community... and celebration.



### Background

Dan Buettner is an explorer and student of the world's Blue Zones, where populations enjoy above-average

life spans. Buettner designed the Vitality Project to demonstrate how incorporating certain lifestyle characteristics held in common by these populations could improve the health and longevity of the average American.

Determined to create America's healthiest hometown, Buettner teamed up with AARP and the United Health Foundation to launch the AARP/Blue Zones Vitality Project. The project laid out a plan for adding 10,000 years of healthy life to the residents of a town in America. Albert Lea was selected as the Project Vitality pilot site.

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It's never too early to start planning for your retirement. Whether you're five, ten, or twenty years away, you probably wonder how much money you'll receive when you retire.

My LACERA on [lacera.com](http://lacera.com) includes an online tool to help you get an idea of the monthly allowance you'll be entitled to receive at retirement: the Retirement Benefit Estimate (RBE) Calculator.

The RBE Calculator uses your personal information currently on file with LACERA to create an estimate of your retirement allowance.

As you progress through your career, circumstances which could eventually affect your monthly allowance may change:

- Earning a higher salary
- Transferring to a different retirement plan
- Retiring at a later date
- Purchasing Additional Retirement Credit (ARC)

You can explore how these factors would affect your monthly retirement allowance by inputting different figures and creating Retirement Benefit Estimates based on those figures. You can create estimates based on as many different scenarios as you like. Think of the My LACERA RBE calculator as a planning tool to use throughout your career. *Through My LACERA, you can see your present and get a glimpse of your future.*

## Quote:

*"A New Year's resolution is something that goes in one year and out the other."*

– Anonymous



Here are six top places that promote a healthy, active retired lifestyle. These locations are said to offer a spirited way of life with a variety of fun activities, and plentiful amenities, including hospitals.\*

1. Anaheim, CA
2. North Hempstead, NY
3. Fort Lee, NJ
4. Yonkers, NY
5. Downers Grove, IL
6. Los Angeles, CA

\*2009 "Best Places for a Healthy Retirement," CNNMoney.com

## Executive Desk cont'd from pg. 2

To learn about our divisions, read the front page article, entitled *Teamwork Makes LACERA Tick*.

As this year draws to a close, I can't help but think how lucky we all are to have the peace of mind that comes with knowing, once we meet the requirements of our respective LACERA retirement plans, we will be able to retire with a monthly retirement allowance that is *guaranteed for the rest of our lives*. On behalf of the management and staff of LACERA, I wish you and your loved ones the happiest and healthiest of holidays and a wonderful 2011!

## Did You Know

### Defined Benefit (DB) Plans

LACERA pays \$5,000 lump-sum death benefit for retirees

### Defined Contribution (DC) Plans

Not applicable



# Seven Plans, Thousands of Members

Ever wondered how many individuals are enrolled in each retirement plan? Here's a little background on LACERA's seven retirement plans:

## Plan Membership Availability Dates

- **Plan A:** Before September 1, 1977
- **Plan B:** From September 1, 1977 - September 30, 1978
- **Plan C:** From October 1, 1978 - May 31, 1979
- **Plan D:** From June 1, 1979 - present\*
- **Plan E:** From January 4, 1982 - present
- **Safety Plan A:** Before September 1, 1977
- **Safety Plan B:** From September 1, 1977 - current

\*Individuals with membership dates beginning January 4, 1982 could choose to enroll in Plan D or Plan E.

Stats on LACERA Retirement Plans*		
Membership Category	Plan	Active Members
General	A	1,482
General	B	262
General	C	211
General	D	51,916
General	E	27,497
Safety	A	155
Safety	B	12,859
Total Active Members		94,392

\*As of August 31, 2010, does not include deferred members.

## LACERA Boards cont'd from pg. 1

and Investments. Mr. Pryor, a Captain with the Los Angeles County Fire Department, has been sharing his insight and experience with LACERA since his first election to the BOR in 2000. His prior Board experience includes service as the Chair of the Board of Investments and Vice Chair of the BOR. Mr. Pryor is recognized as an advocate on behalf of the interests of LACERA members.

## We Send You Holiday Cheer!

The boards, management, and staff of LACERA wish you and your family a joyous holiday season. May the coming year bring you

**Love, Laughter and Good Health**



## WORKSHOP SCHEDULE

### Ask, Listen, Learn About Retirement

#### JANUARY 2011

S	M	T	W	T	F	S
						1
2	3	S	N	6	7	8
9	10	G	N	13	14	15
16	H	G	N	20	21	22
23	24	G	N	27	28	29
30	31					**

#### FEBRUARY 2011

S	M	T	W	T	F	S
		S	N	3	4	5
6	7	G	N	10	11	12
13	14	G	N	M/S*	18	19
20	H	G	N	24	25	26
27	28					

#### MARCH 2011

S	M	T	W	T	F	S
		S	N	3	4	5
6	7	G	N	10	11	12
13	14	G	N	17	18	19
20	21	G	N	24	25	26
27	28	G	N			

**G** = General Members Pre-Retirement

**S** = Safety Members Pre-Retirement

**N** = New General Member

**H** = Holiday

**\*M/S** = Medicare and Social Security Presentations only, not Pre-Retirement Workshop

### Call 1-800-786-6464 to Register

Unless otherwise indicated, workshops are held at LACERA from 8:30 - 11:30 a.m. Most include presentations by Great-West. New Member workshops run from 3:00 - 4:00 p.m.

## **Teamwork Makes LACERA Tick** **cont'd from pg. 1**

development of lacera.com, including page content and interactive features. This group also produces videos for instructional use.

### **Disability Retirement Services**

This division reviews and investigates members' applications for disability retirement, in compliance with legal requirements, and makes recommendations to the BOR regarding eligibility for disability retirement benefits. The final determination on all disability claims is made by the BOR.

### **Disability Litigation**

The Office of Disability Litigation represents LACERA in administrative hearings before referees in appeals of Board of Retirement denials of disability retirement applications.

### **Executive Office**

The Executive Office is comprised of our Chief Executive Officer (CEO) and two Assistant Executive Officers. The CEO is appointed by the BOR and the Board of Investments (BOI). The BOR delegates responsibility for overseeing the day-to-day management of LACERA to the CEO. The Executive Office also sets the association's fiscal year goals.

### **Financial & Accounting Services**

As its name implies, this division handles LACERA's financial, as well as accounting services. The Financial Services section maintains our accounting records and reconciles accounting reports from the retirement fund's outside investment managers. The Accounting Services section manages our retiree payroll and budget records.

### **Human Resources**

Human Resources provides an assortment of services to LACERA management and staff, including recruitment, employee compensation

and benefit administration, and employee relations. The duties of this division also include employee and organizational training and development.

### **Internal Audit**

Our internal auditors provide independent, objective quality assurance and consulting activities to management and staff. The work done by this division is used to evaluate the soundness of LACERA's risk management, control, and governance processes. Internal Audit reports to our CEO and the Audit Committee, which is comprised of members of the BOR and BOI.

### **Investments**

The Investment Office oversees, administers, and implements the Investment Policy Statement (Policy) established by the BOI. The Policy guides the investment of the retirement fund (Fund). Duties of the Investment Office include providing administrative direction for the restructuring and reallocation of the Fund's assets, as well as the negotiation of contracts with outside investment managers.

### **Legal Services**

The Legal Office provides legal advice and counsel to the BOR and BOI, as well as LACERA management and staff on matters relating to member benefits, retirement plan provisions, employment matters, pending legislation, investments, retiree health care benefits, and other pertinent legal issues. It also represents LACERA, its officers, and staff in litigation.

### **Member Services**

The extensively-trained Retirement Benefits Specialists in Member Services comprise our Outreach Team, Call Center, and Correspondence Unit. If you've ever been to our Public Counter,

called our Call Center, or attended a workshop, you've been assisted by Member Services. They are the faces and voices of LACERA.

### **Quality Assurance & Metrics**

The Quality Assurance & Metrics Division (QA) creates strategies and policies to promote accuracy, productivity, and compliance in the administration of the retirement benefits provided by the County Employees Retirement Law of 1937. QA also conducts training classes for new and existing LACERA staff.

### **Retiree Health Care**

Under an agreement with the County of Los Angeles, LACERA administers a Health Care Benefits Program (Program) for LACERA retirees, survivors, and eligible dependents. Our Retiree Health Care Division administers the Program and is dedicated to providing members with high quality health care benefits at an affordable cost.

### **Systems**

This division is responsible for providing and maintaining LACERA's information technology. These specialists and analysts program and support our operating system. They also built and maintain My LACERA, the secure, members-only section of lacera.com. Their efforts provide the framework and support for the association's interactive network and electronic transactions. Additionally, Systems provides ongoing technical assistance to LACERA management and staff.

*As you thumb through the enclosed Popular Annual Financial Report (PAFR), keep in mind, you have 335 employees spanning 15 divisions working to make your retirement a success.*





## **Vitality Project: Laying the Groundwork**

The Project identifies healthy behaviors found in the world's Blue Zones and teaches participants painless ways to apply them in their own lives. Based on those behaviors, the Project helps people eat better, become more active, connect with one another, and find a greater sense of purpose. The mission of the Project was to add longevity (in healthy years) to the entire town by incorporating those four behaviors into every aspect of the community — restaurants, businesses, schools, homes, and everyday lives.

The groundwork of the Project was laid in January 2009, when Project experts began collaborating with town leaders to transform both the physical and cultural framework of Albert Lea. Structural improvements such as community gardens, intergenerational “walking school buses” (where parents, grandparents, and volunteers can walk children to school as a group), and new walking trails were created to make the town more bicycle- and pedestrian-friendly. Construction of a sidewalk loop around the town's picturesque lake enticed residents to leave their cars at home.

In May, 786 residents signed the Vitality Pledge, signifying their interest in the programming and services of the Project. By signing the Pledge, they agreed to take the online Vitality Compass test at the beginning of the Project to gauge their biological age and corresponding life expectancy based on their existing habits and behaviors. They also agreed to repeat the test again in October to measure their improvement.

## **Let the Project Begin**

Longevity, nutrition, childhood obesity,

and diet experts, along with life coaches descended on Albert Lea to get the Project rolling and transform the participants' lives. The experts canvassed the town's homes and restaurants, sharing simple tricks for healthier eating, including using ten-inch plates and stashing junk food on hard-to-reach shelves. The food experts also worked with the town's grocery stores to identify and label “longevity foods.” Local restaurant and school menus and workplace vending machine selections were overhauled with an emphasis on longevity foods; donuts and other junk fare were scrapped for healthy choices. Life coaches held motivational seminars to encourage participants to pursue their talents and passions.

## **Measuring Success**

By the time the Project ended in October 2009, more than 3,400 Albert Lea residents of all ages had participated, and life expectancy of the 786 Pledge participants rose by an average of 2.9 years, and all say they feel healthier—physically and emotionally.

In conjunction with the Project, two-thirds of the locally owned restaurants in Albert Lea added longevity foods to their menus and 35 businesses pledged to offer more nutritious catering menus, vending machine selections, and to replace donuts with fruit.

Project Vitality did more than improve the health of Albert Lea residents; it created new friendships and got the community excited about living a healthy lifestyle — and about life in general.

## **Success Stories**

Prior to the Project, Moraa Knoll, a 52-year-old Kenyan native who settled in Albert Lea in 2003, felt isolated and

## **THE POWER 9** **Healthy behaviors of people living in the Blue Zones.**

### **1. Keep Moving**

Find ways to move naturally, such as walking, gardening, and using fewer labor-saving devices.

### **2. Find Purpose**

And pursue it with passion.

### **3. Slow Down**

Work less, rest, take vacations.

### **4. Reduce Calories**

Stop eating when you're 80 percent full.

### **5. Dine on Plants**

Eat more veggies, and less meat and processed foods.

### **6. Drink Red Wine**

Do it consistently, but in moderation.

### **7. Join a Group**

Create a healthy social network.

### **8. Feed Your Soul**

Engage in spiritual activities.

### **9. Love Your Tribe**

Make family a high priority.

disconnected from her coworkers and neighbors which had a negative affect on her health. She put on weight and became short on stamina. “I used to feel like I'd collapse when I had to climb stairs,” she noted. In addition, both she and her husband developed diabetes.

So when the Project set up in Albert Lea, the Knolls were ready to make changes in their lives in the hope of improving their health. They began by following the Project's food strategy, which calls for gradually reduced portion sizes served on small plates.

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## Vitality Project **cont'd from pg. 7**

The idea is to eat smaller, but more nutritious meals; junk food and sweets are not part of the program. "It wasn't easy at first. Sometimes I really wanted pizza, cookies or fast food," Knoll admitted. However, since she also wanted to improve her health, she learned to reach for an apple or banana instead of a cookie.

Knoll also knew she needed to get active to get healthy, so she joined two walking moais in her neighborhood.\* The activity did more than help her trim down and improve her stamina; it provided the connection she was missing with other women in her neighborhood. "Those women reached out to me right away," Knoll said. "We began talking... and soon we were friends." The social breakthrough allowed Knoll to open up to other people, as well.

Thanks to the Project, Knoll lost 30 pounds and gained a social network; her husband reduced his waist size from 38 to 32. Both their diabetes symptoms

virtually disappeared. With her newfound sociability, Knoll began doing volunteer work in the community.

Thirty-eight-year-old Brian Mattson was badgered into joining the Project by his mother, who was 66, fit, and a Project ambassador. Mattson knew he was overweight and out of shape, but he had no idea just how "out of shape" he was... until he completed the Vitality Compass. He was shocked to find his biological age was 52!

Motivated to improve his health, Mattson began by incorporating more fruits and vegetables into his diet... then he joined a neighborhood walking moai and tracked his steps on a pedometer. Initially, after 6,000 steps, he thought he was going to die, but he persevered. Soon, walking got easier and he developed friendships with the people in his moai. The new friends encouraged each other and helped each other resist the occasional urge to quit. Before he knew it, Mattson was averaging 12,000 steps a day... using

smaller plates... eating less... and feeling great about it.

The positive changes carried over to other aspects of Mattson's life, as well. Invigorated by his weight loss and the support of new friends, he found new energy for his job and rediscovered his passion for a previously abandoned hobby. Summing up his experience, Mattson proclaimed, "It's just incredible how much better I feel. About everything."

**REMINDER: Consult with your physician before beginning any weight loss and/or exercise program. LACERA does not offer medical advice.**

*\*Maoi means "meeting for a common purpose" in Japanese. Moais are social support groups in which members provide each other with lifelong support.*

**To discover more about the Blue Zones and longevity characteristics, visit [lacera.com](http://lacera.com) and type "Vitality Project" in the Search box.**



## How We See It

*Want to know how we see our operation and learn more about LACERA's financial condition? Interested in reading about our service accomplishments?* Then take a few minutes to look over the enclosed 2010 Popular Annual Financial Report (PAFR). Our full Comprehensive Annual Financial Report will be available on [lacera.com](http://lacera.com) in January 2011.



## Upcoming Holidays

LACERA will be closed **Friday, December 24** in observance of **Christmas**; **Friday, December 31** in observance of **New Year's Day**; **Monday, January 17, 2011** in honor of **Martin Luther King's birthday**; and **Monday, February 21, 2011** for **President's Day**

### 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.

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