

P.S.

POSTSCRIPT

NEWS FOR ACTIVE MEMBERS

SEPTEMBER 2010 • VOL. 21, NO. 3

New Survivor Brochure: A Simplified Guide through the Benefit Process

We understand that a time of loss is a difficult and emotional period. To guide and assist survivors of LACERA members through the benefit process, we created a new Survivor brochure.

Our *Q&A: Survivor & Death Benefits* brochure provides straightforward answers to questions that commonly arise following the death of a member. Presented in an easy-to-read Q&A format, the brochure includes separate sections on active safety and general

member deaths and **explains how to initiate the LACERA benefit process** and expedite the payment of applicable benefits.

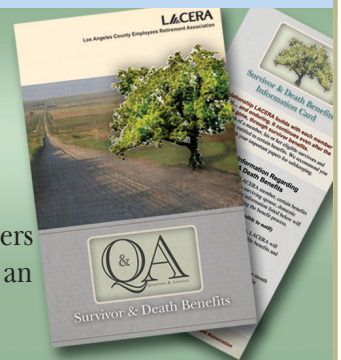
Be Prepared – Order a Survivor & Death Benefits Information Card

Recently, we also introduced a Survivor & Death Benefits Information Card that **summarizes what to do when a member dies**. Designed to be kept for future reference, the card also lists important

phone numbers and provides an area to enter member information. The Survivor & Death Benefits Information Card is intended to assist your beneficiary in initiating the survivor benefit application process.

TIP: Keep your Survivor & Death Benefits Information Card with your other important documents, such as

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LACERA Welcomes Marvin Adams to the BOR

We congratulate Marvin Adams on his recent appointment to the Board of Retirement (BOR).

Mr. Adams brings broad experience to his new position. As a public employee, he held a number of positions with the City of Los Angeles over a 26-year period. Additionally, Mr. Adams was actively involved with the Service Employees International Union (SEIU)

throughout his career. His positions at the SEIU included Field Representative, Business Representative, and Committee Chairperson. Mr. Adams also served two years as a Board Commissioner for the Los Angeles City Employees Retirement System.

Mr. Adams is retired, resides in Los Angeles, and is a graduate of Los Angeles City College.

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Los Angeles County Employees Retirement Association

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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



Providing You with Information You Need to Make Wise Decisions

We're committed to keeping our members informed on issues that may affect their retirements. One of the ways we accomplish this is through our newsletters. Much of the information we present in the *PostScript* is intended to give you information you can use to make wise choices and position yourself to get the most from your retirement.

So, you may be wondering, just how do we decide on the topics we cover in each newsletter? Actually, topics are determined through a variety of methods.

Some topics become obvious choices as the issue deadline approaches. For example, if there's been a recent legislative change that affects benefits, or a change in a LACERA procedure, or we introduce a new service option, naturally, we make sure we address those issues in the next newsletter. From time-to-time, I and/or a member of my executive staff or other LACERA staff members will suggest a topic. We also monitor member inquiries that come through our Call Center and public counter. If we see a trend, we make sure we address the current "hot" topic(s).

LACERA is fortunate to have Board members who have their fingers on the pulse of our membership. Based on feedback they receive from their constituents, they sometimes request we address a certain issue or topic in our newsletters. A recent example of this is the Power of Attorney article we ran in the March *PostScript* and our March *Spotlight* newsletter for retired members. One of our Board members recommended we run an article explaining why it's important for all members — active, as well as retired — to have a LACERA Special Durable Power of Attorney (POA) on file. The genesis of the recommendation came from an interaction the Board member had with the spouse of an active LACERA member who became incapacitated without having executed a POA. Although the member was eligible to retire, because he was incapacitated, he could not apply for retirement on his own behalf. Without a POA on file, no one was legally authorized to apply for retirement on his behalf. Absent a legally executed application for retirement, the hands of the

Board of Retirement were tied; the retirement could not be granted (until a court-appointed conservator was named and the conservator applied for retirement on the member's behalf). This delay in our ability to grant the member the retirement benefits provided by his LACERA retirement plan caused undue hardship to him and

"Our Board members have their fingers on the pulse of our membership."

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Legislative Updates

As of this writing, Governor Schwarzenegger has signed three bills relevant to LACERA and its members. These bills, which become law effective January 1, 2011, are summarized below:

AB 1658:

Late last year, the Los Angeles County Board of Supervisors approved the consolidation of the Office of Public Safety (OPS) duties and functions into the Los Angeles County Sheriff's Department (LASD). Qualified County police officers who accepted sworn positions with the Sheriff's Department became Safety members on a prospective basis. Prior to this change in job classification, these individuals were General members.

Under current law, a LACERA Safety member who has five or more years of service as a Safety member may purchase and convert up to five years of prior general service to safety service. The member pays the difference between both the member and employer contributions actually made as a General member and the member and employer contributions that would have been made had he or she been a Safety member during the time to be credited, plus regular interest.

AB 1658 was sponsored by the Professional Peace Officers Association and allows a former OPS officer, who became a Safety member as a result of the consolidation, to convert all or any of his or her prior OPS officer general service to safety service. While the calculation method is the same as described above, this statute eliminates the current restriction requiring Safety

members to have five or more years of Safety member service prior to converting their general service to safety service. Additionally, AB 1658 eliminates the current provision that restricts Safety members from purchasing and converting more than five years of prior OPS general service to safety service.

Note: This law applies only to members affected by the OPS/LASD consolidation.

AB 1902:

Sponsored by LACERA to ensure equitable treatment of its members, this bill addresses three specific issues.

This bill changes Plan E payroll recording rules to conform to Los Angeles County's recent update of its payroll system which switched from a monthly payroll period to the new semimonthly payroll period.

AB 1902 also addresses Plan E members who transfer prospectively to Plan D and become disabled. Under current law, these Plan D members must fulfill certain conditions to be eligible to apply for a LACERA disability retirement. The new law, which applies only to disabled members, waives the three-year waiting period and active employment requirement that currently applies to those who previously transferred to Plan D from Plan E and wish to transfer back. The waiver will allow disabled members

who do not meet the required application eligibility conditions to transfer back to Plan E and continue under the County's long-term disability program as a Plan E member.

Lastly, the bill addresses benefit portability. Vested former Plan E members may voluntarily forfeit their retirement Plan E benefits and purchase them through another California public employer. This action breaks reciprocity, which is intended to encourage career public service between California systems. AB 1902 restores reciprocity for the purpose of determining entry age when a Plan E member forfeits his or her LACERA retirement benefit.

AB 1739:

The Los Angeles County Sheriff's Department sponsored this bill to provide nonservice-connected disability and death benefits to contributory plan members with less than five years of service credit who, while on military leave from the County, die or become disabled in the course of active military service. Although this law is effective on January 1, 2011, it requires adoption by the Board of Supervisors before becoming operative.

Governor Schwarzenegger has until September 30, 2010 to sign or veto bills passed by the Legislature. If other LACERA-related bills become law this month, we will include them in the next issue.

Quote:

"I think there is a world market for maybe five computers."

— Thomas Watson (1874-1956), Chairman of IBM, 1943



Maximize Your Retirement— New Online Game

Do you know why March is a popular retirement month? Or the difference between a Defined Benefit plan and a Defined Contribution plan? If we mention COLA, do you think of a carbonated beverage?



For an entertaining way to test your retirement knowledge, **check out the new Maximize Your Retirement game on lacera.com.** Spin the wheel and answer questions from various retirement categories. See if you can answer enough questions to become a Retirement Superstar!

Is Your Address Current?

Having your current address on file will ensure you receive your Annual Benefit Statement in a timely manner, as well as any correspondence or other materials LACERA may send you. It will also help expedite delivery of your *PostScript*. Mailing addresses for active employees are supplied to LACERA by the County, so **please contact your Human Resources Department to update your address.** Thanks!

Executive Desk cont'd from pg. 2

his family. Furthermore, this unfortunate situation could easily have been avoided if the member had a POA on file. Our Board member was so touched by this incident, he asked us to discuss the topic in a newsletter article.

After the articles ran, member requests for our POA package increased substantially.

The specialists in our Retiree Health Care Division are regular contributors to our *Spotlight* newsletter in conjunction with our Staying Healthy Together retiree wellness program. Occasionally, they also submit information to the *PostScript* to inform those considering retirement about the LACERA-administered retiree health care program.

Our Communications Division researches, writes, and designs each newsletter and manages the quarterly publication schedules. After a few rounds where ideas and topics are discussed and finalized with staff, our talented in-house professionals “roll up their sleeves” and produce our quarterly *Spotlight* and *PostScript*. Judging from the feedback we receive, our members enjoy reading the newsletters and find their content interesting and helpful. LACERA will continue to use the *PostScript* to discuss important issues that could impact your LACERA retirement benefits and the quality of your retirement.

Planning for Retirement Find Out How Much Money You'll Receive When You Retire

If you're like most active employees, you often wonder, “*How much money will I receive when I retire?*” You can find out by getting a **Retirement Benefit Estimate (RBE)**. An RBE provides a personalized calculation of the benefits you'll be eligible to receive when you retire. It's a valuable tool you can utilize throughout your career as you make decisions that may impact your retirement.

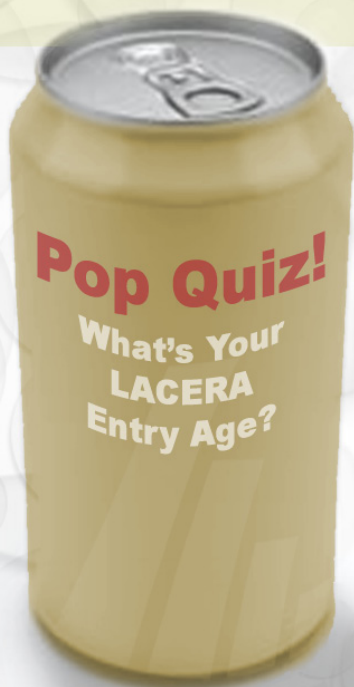
GENERATE YOUR OWN RBE ONLINE

You can create your own personalized RBE online by visiting My LACERA on lacera.com. My LACERA displays your personal data currently on file and automatically uses that data to calculate an estimate of your benefits. My LACERA also allows you to enter different data, such as alternate retirement dates or additional service credit, to see how it affects your retirement allowance.

ORDER YOUR RBE FROM LACERA

You can request to have an RBE mailed to you by calling LACERA at 1-800-786-6464. If you are more than six months from retirement, your RBE will be calculated based on information currently on file. If you are within six months of retiring, LACERA will be thoroughly research your case, compile all pertinent data, and use that data to calculate an “official” Retirement Benefit Estimate and Election to Retire form.

Whereas RBEs generated on My LACERA and those prepared by LACERA for future (six months or more) retirement dates are non-binding estimates, intended for illustrative purposes only, an official Retirement Benefit Estimate and Election to Retire form can be used to apply for retirement.



Think you know? See if you can select the correct answer below.

Your LACERA Entry Age depends on:

- A.** Your age on the date you were hired into County service
- B.** Your age on the date you became a LACERA member
- C.** How close your birthday is to your LACERA membership date
- D.** Your age on the date you first entered a County facility

If you answered "C," you are correct!

Importance of Your LACERA Entry Age

If you're a member of a LACERA contributory plan (Plan A, B, C, or D), you make semimonthly contributions to your Plan through automatic payroll deductions. Your contribution rate, which is a percentage of your pensionable earnings, is based on your entry age into LACERA. It remains based on your entry age throughout your career, regardless of how many years you work.

That's why your entry age is important. It affects the amount of the retirement contribution LACERA deducts from each of your paychecks. The lower your entry age, the lower the percentage of your retirement contributions.

Computing Your Entry Age

If you were within six months of your next birthday when you joined LACERA, your entry age is based on the age you became on that birthday.

If you were more than six months from your next birthday when you joined LACERA, your entry age is based on the age you were on the first day of your membership.

Examples:

- You were 29 when you entered LACERA in March and your birthday is in August; your official entry age is 30.
- You were 29 when you entered LACERA in March and your birthday is in January; your official entry age is 29.

Check your LACERA Plan Book to view a chart of contribution rates or see it online at lacera.com, Benefits, New Member section.

**Under some conditions, the entry age for returning employees may be based on their age at the time they rejoined LACERA. Other conditions may apply to reciprocal members. For more information, call 1-800-786-6464.*

WORKSHOP SCHEDULE

September 2010

| S | M | T | W | T | F | S |
|----|----|---|---|----|----|----|
| | | | N | 2 | 3 | 4 |
| 5 | H | S | N | 9 | 10 | 11 |
| 12 | 13 | G | N | 16 | 17 | 18 |
| 19 | 20 | G | N | 23 | 24 | 25 |
| 26 | 27 | G | N | 30 | | |

October 2010

| S | M | T | W | T | F | S |
|----|----|---|---|------|----|-----|
| | | | | | 1 | G** |
| 3 | 4 | S | N | 7 | 8 | 9 |
| 10 | H | G | N | 14 | 15 | 16 |
| 17 | 18 | G | N | M/S* | 22 | 23 |
| 24 | 25 | G | N | 28 | 29 | 30 |
| 31 | | | | | | |

November 2010

| S | M | T | W | T | F | S |
|----|----|---|---|----|----|----|
| | 1 | S | N | 4 | 5 | 6 |
| 7 | 8 | G | N | 11 | 12 | 13 |
| 14 | 15 | G | N | 18 | 19 | 20 |
| 21 | 22 | G | N | H | H | 27 |
| 28 | 29 | G | | | | |

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

****10:30 a.m. - 1:00 p.m. at Valencia Library, 23743 W. Valencia Blvd., Santa Clarita, CA 91355**

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 and long-term care providers. New Member workshops run from 3:00 - 4:00 p.m.

Successes from Last Fiscal Year* LACERA's Document Processing Center

LACERA Stats

*July 1, 2009–June 30, 2010

- ▶ Scanned and indexed 46,915 documents from members
- ▶ Answered 26,073 calls in our business office
- ▶ Printed, folded, inserted, sealed, and mailed 93,560 letters to members



Things to Know Regarding Survivor Eligibility for LACERA-Administered Health Care

All LACERA contributory plans include pre-retirement death benefits. Therefore, when an active member (in Plan A, B, C, or D) dies, LACERA pays death benefits to eligible survivors or named beneficiaries. Those benefits, which are determined based on the circumstances of the case, may include a continuing monthly allowance paid to an eligible survivor.

In addition to monetary benefits, some survivors of active LACERA members are eligible for LACERA-administered survivor health care. Following the death of an active member, a survivor **who is receiving a continuing monthly allowance** from LACERA is generally eligible to enroll in a LACERA-administered health plan.

Retired Member Death: Survivor Eligibility for Health Care

Upon the death of a retired LACERA member, any survivor or beneficiary **who is receiving a continuing monthly allowance** from LACERA **and who qualifies as a surviving eligible dependent**, as defined by LACERA's Retiree Health Care Administrative Guidelines, is eligible to enroll in LACERA-administered health care coverage.*

Something to Consider When You Elect to Retire

At retirement, you will choose from six (five in Plan E) Retirement Options offered under your LACERA retirement plan. The Retirement Option you elect determines the structure of your LACERA retirement benefit, as well the survivor benefit payable to your spouse, domestic partner, or named beneficiary upon your death.

At retirement, if you do not designate your eligible spouse or domestic partner or minor child to receive a continuing allowance upon your death, he or she will not be eligible for LACERA-administered survivor health care.

Effect of Retirement Options on Survivor Eligibility for Health Care

| Retirement Option | Survivor Health Care Eligibility | Reason for Eligibility or Ineligibility |
|---------------------------------------|--|--|
| Unmodified or Unmodified+Plus | <ul style="list-style-type: none"> • Yes | <ul style="list-style-type: none"> • Limits designated beneficiaries to surviving spouses or domestic partners or minor children who meet eligibility requirements • Both Options provide a continuing allowance |
| Option 1 (not available in Plan E) | <ul style="list-style-type: none"> • No | <ul style="list-style-type: none"> • Pays a lump-sum benefit, not a continuing allowance |
| Option 2, 3, or 4 | <ul style="list-style-type: none"> • Only if named beneficiary meets definition of eligible surviving dependent | <ul style="list-style-type: none"> • Provides a continuing allowance |

Eligibility for Survivor Health Care under Option 2, 3, or 4

If you have an eligible spouse or domestic partner at retirement, and do not designate that individual to receive a monthly allowance, he or she will not be eligible to receive LACERA-administered survivor health care upon your death.

**Member's surviving spouse, domestic partner, minor child(ren), or disabled dependent children who meet eligibility requirements. Surviving minor child(ren) are eligible for survivor allowances only when there is no surviving spouse or domestic partner. Survivor allowances to an eligible minor child continue until the child is no longer eligible.*

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How Divorce Affects Eligibility for Survivor Health Care

Divorce impacts more than a retiree's retirement allowance; it also affects eligibility for LACERA-administered survivor health care.

- **If you divorce** (or terminate your registered domestic partnership) **during your active service**, your "ex" will not be eligible for LACERA-administered survivor health care upon your death.
- **If you divorce during active service and later remarry** (or enter into a registered domestic partnership) **at least one year prior to retirement** and name your new spouse or domestic

partner as your beneficiary under any Retirement Option other than Option 1, he or she will be eligible for LACERA-administered survivor health care upon your death.

- **If you named your former spouse or domestic partner as beneficiary at the time of retirement, and you later divorce** or terminate your domestic partnership, your "ex" will not be eligible for LACERA-administered survivor health care upon your death.
- **If you divorce** (or terminate your registered domestic partnership)

during active service and remarry (or enter into a registered domestic partnership) **less than one year prior to retirement**, your new spouse or domestic partner will not be eligible for LACERA-administered survivor health care upon your death.

NOTE: If you divorce (or terminate your registered domestic partnership) after retirement, you must notify LACERA's Retiree Health Care Division to remove your "ex" from your LACERA-administered health care coverage.

Survivor Health Care cont'd from pg. 6

Survivors and dependents who had continuous coverage under the decedent's LACERA-administered retiree health plan, but are not eligible to receive a continuing allowance, may apply for continued benefits (for a maximum of 36 months) under the Consolidated Omnibus Budget Reconciliation Act (COBRA).

For additional information, call 1-800-786-6464 and press 1 to speak with a LACERA Retiree Health Care Benefits Specialist.

New Survivor Brochure cont'd from pg. 1

marriage or domestic partner certificate, birth certificate, divorce papers, etc.

The Survivor Brochure and the Survivor & Death Benefits Information Card are available on the Brochures & Forms page of lacera.com or by calling 1-800-786-6464.

Understanding the County Retiree Health Care Subsidy

Did you know Los Angeles County subsidizes LACERA-administered retiree medical/dental insurance?

The subsidy is based on the retired member's years of service credit; a minimum of ten years of service applies. For a member with ten years of service credit (excluding ARC and reciprocal service credit), the County contributes 40 percent of the selected plan premium or 40 percent of the benchmark plan premium, whichever is less.* For each year of service credit beyond ten years, the County contributes an additional four percent per year of the selected plan premium or four percent of the benchmark plan premium, whichever is less, up to a maximum of 100 percent for a member with 25 years of service credit.

Members (including those with 25 years of service) are required to pay the difference each month on premiums exceeding the benchmark amount.

County Subsidy for Retiree Health Care

First 10 Years of Service
Credit = 40%

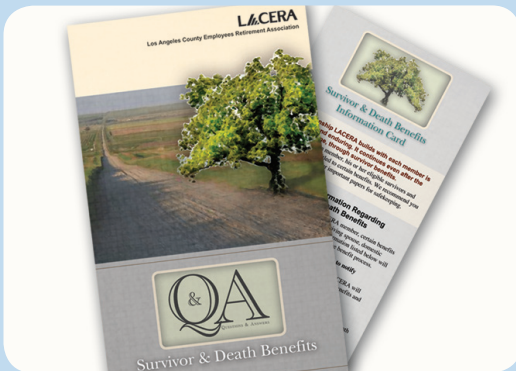
Each Additional Year =
Additional 4%

25 Years of Service
Credit = 100%

Although retirees with less than ten years of service credit are not eligible for the County subsidy, they are eligible for LACERA-administered retiree health care benefits. In such cases, these retirees are responsible for the full amount of the insurance premiums.

**Service credit from the City of Los Angeles (LACERS) may count toward the County retiree health care subsidy; certain eligibility rules apply. For additional information, call 1-800-786-6464 and press 1 to speak with a LACERA Retiree Health Care Benefits Specialist.*

NEWSLETTER HIGHLIGHT



Front Page New Survivor Brochure



Upcoming Holidays

LACERA will be closed **Monday, October 11** in observance of **Columbus Day**; **Thursday, November 11** for **Veteran's Day**; and **Thursday-Friday, November 25-26** in observance of **Thanksgiving**.

More Inside!
SEPTEMBER 2010

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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