

P.S.

# POST SCRIPT

NEWS FOR ACTIVE MEMBERS

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## Experts Offer Valuable Insight at Annual Offsite Conference

Staying well-versed on matters affecting retirement is a priority at LACERA. We believe our members benefit by having educated Board members and management. Each January, we hold an offsite educational and fiscal planning conference. This year's conference included presentations by LACERA management and staff and experts on legislation, investments, health care, economics, and real estate.

Conference highlights included:

- **LACERA's Future Initiatives:** Robert Hill and LACERA management staff Bernie Buenaflor, Mike Mikhail, John

Popowich, and John Nogales spoke on "A Quality Ecosystem." The presenters defined quality and reviewed the role it plays in all areas of LACERA, from hiring and training for quality to having the right tools and procedures to nurture and sustain quality. The speakers underscored the high level of quality that exists throughout the organization.

- **LACERA Retirement Goals:** Our Executive team of Gregg Rademacher, Robert Hill, and Janice Golden outlined the

association's goals for the next three years and highlighted LACERA's commitment to delivering first-class member service.

- **Retiree Health Care:** Agnes Strandberg of Kaiser Foundation Health Plan provided a briefing on Health Care Reform and its impact on Medicare Advantage plans.
- **Legislative Update:** Lobbyist Joe Ackler discussed the political climate in California as it relates to public retirement systems.

## Ever Wonder Why So Many People Retire in March?

*At LACERA, "March Madness" has nothing to do with college basketball.*

To us, the term signifies the annual mad dash to retire by March 31. (Approximately 600 members retired in March 2010.)

You may be wondering what's so special

about March. The answer relates to COLA, an acronym for the annual cost-of-living adjustment the Board of Retirement (BOR) grants to LACERA retirees and their survivors.

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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

**SADONYA ANTEBI**

Appointed by the Board of Supervisors

**ALAN J. BERNSTEIN**

Appointed by the Board of Supervisors

**EDWARD L. BLECKSMITH**

Appointed by the Board of Supervisors

**WILLIAM DE LA GARZA**

Elected by Retired Members

**SHAWN R. KEHOE**

Alternate Member  
Elected by Safety Members

**EDWARD "ED" C. MORRIS**

Alternate Member  
Elected by Retired Members

**WILLIAM R. PRYOR**

Elected by Safety Members

**Members of the  
Board of Investments:**

**JOHN M. BARGER**

Chair  
Appointed by the Board of Supervisors

**SIMON S. RUSSIN**

Vice Chair  
Elected by General Members

**HERMAN SANTOS**

Secretary  
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**MARK J. SALADINO**

County Treasurer & Tax Collector  
Ex-Officio Member

**WILLIAM R. PRYOR**

Elected by Safety Members

**DIANE A. SANDOVAL**

Elected by Retired 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**



## An Inside Look at Contribution Rates

I'm often asked, "How are the rates for member contributions set?" So I thought I'd use this opportunity to discuss how the rates are determined.

**Member contributions follow formulas established by the County Employees Retirement Law of 1937 (CERL).** Those formulas are based in part on actuarial assumptions. When those assumptions remain stable, our contribution rates remain stable and vice versa. By now you're probably thinking, "What does that mean?" It's not as complicated as it might sound; let me explain.

### Actuaries and Their Assumptions

Basically, an actuary is a statistician who calculates probability. Actuaries use mathematics and statistics to determine the probability of the occurrence of an event such as death or disability. Actuaries who work with administrators of defined benefit plans like LACERA, study the actual experience of the plan over the last three years to create assumptions (known as actuarial assumptions) regarding each member's future salary increases, age at retirement, and life expectancy. They also apply those assumptions to assess the level of pension contributions required to help ensure pension plans are maintained on a sound financial basis.

### Impact of Changes to Actuarial Assumptions

When changes in some or all of the previous actuarial assumptions occur, contribution rates and other affected factors are adjusted accordingly.

For example, when statistics indicate our members are living longer, the actuaries adjust the mortality assumption accordingly. If we expect our members to live longer, in turn we must expect to pay their retirement allowances for a longer period of time. In such case, LACERA would need more contributions (and the interest they generate) to pay the promised benefits. As a result, contribution rates would increase in accordance with the change in the mortality assumption.

**"...our service retirees  
are living longer."**

### Our Retirees Are Living Longer

Actually, the example I just cited has occurred. Based on their 2010 Investigation of Experience study, our actuaries recommended changes to some of the actuarial assumptions that affect our operations. **The study found our service retirees are living longer.** Based on the actuaries' evaluation and

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# Antebi and Bernstein Appointed to Board of Retirement

We congratulate Sadonya Antebi and Alan Bernstein on their appointments to the Board of Retirement (BOR).

**Ms. Antebi** brings a great deal of experience and knowledge to her position, having served four previous terms. Most recently, she served from 2007 to 2009.

Prior to retirement, Ms. Antebi served as Chief of Disaster Planning and Operations for the Los Angeles County Department of Health

Sciences and as an instructor at the Los Angeles County School of Nursing. She holds a bachelor's degree from Brooklyn College and a master's degree from California State University, Los Angeles.

**Mr. Bernstein** is president of Harper Management, a residential property management company. He also serves as a planning commissioner for the City of West Hollywood and sits on the city's Design Review Subcommittee

and Bicycle Task Force. An advocate for civil rights, Mr. Bernstein serves as co-vice-chair of the National Gay & Lesbian Task Force. Possessing a wealth of public and private sector experience, he brings a wide range of expertise to his position. Mr. Bernstein holds a bachelor's degree in Public Policy from Duke University, where he graduated Summa Cum Laude and Phi Beta Kappa.

## Retiring in March cont'd from pg. 1

According to the law, each year prior to April 1, the BOR must determine whether there has been a change in the Consumer Price Index (CPI), based on statistics released by the Bureau of Labor Statistics. In years when the CPI has increased over the prior year, the BOR approves a corresponding COLA increase to the monthly allowances of LACERA retirees and their survivors. COLA becomes effective on April 1 each year, so any member who retires by March 31 is eligible to receive the current year's COLA adjustment on his or her monthly retirement

allowance.

To find out more about COLA, read the FAQs on page 7 or visit the Benefits, Retired Member section of [lacera.com](http://lacera.com).

COLA is one of several key factors in choosing your most favorable retirement date. If you're within five years of retirement, it's important you attend a LACERA Pre-Retirement

Workshop. The workshops present information on an array of issues critical to retirement planning. All registered attendees of Pre-Retirement Workshops held at LACERA's Pasadena office receive a personalized, preliminary calculation of their benefits, along with advantageous retirement dates. To register for a workshop, call 1-800-786-6464.



**READ A DETAILED EXPLANATION OF COLA**  
Visit [lacera.com](http://lacera.com), Benefits, Retired Member

## Executive Desk cont'd from pg. 2

recommendation, our Board of Investments recently adopted new mortality tables. **The new tables are expected to result in a slight increase in general member contributions. Very small decreases in safety member contributions are expected**

**as well.** (The cost of Additional Retirement Credit will also be affected; see *Actuarial Changes Will Affect Cost of ARC* on page 5.)

By law, proposed changes to contribution rates based on the recommendation of the actuary must

be presented to the County Board of Supervisors (BOS) for approval no later than May 15th. If approved, the new rates will take effect in the next fiscal year, which begins July 1, 2011.

That, in a nutshell, is how contribution rates are determined.



Need a LACERA brochure, application, or other form? Visit the **Brochures & Forms** page on lacera.com to view, download, print, and/or order hard copies of the latest versions of our print materials.

- Plan Books
- Plan Transfer Brochures
- Power of Attorney Brochure and Form
- New Member Guide Package
- Survivor & Death Benefits Q&A Brochure and Information Card
- Purchasing Service Credit Brochure
- ARC Q&A Brochure
- Retiree Health Care Materials
- Assorted LACERA forms
- Much more!



## How to Spot an Official LACERA Workshop at Your Jobsite

The Retirement Benefits Specialists in our Outreach team often conduct customized workshops and Benefit Days at jobsites throughout L.A. County. As it happens, occasionally insurance company representatives (who have nothing to do with LACERA) also visit County workplaces to discuss (or try to sell) various retirement savings plans and other financial instruments with LACERA members. History has shown this can be confusing. There have been occasions where a County employee thought he was speaking to LACERA staff regarding a retirement issue, only to find out later that the individual with whom he had spoken was actually an insurance representative with no association to LACERA!

Here's a surefire way to avoid any confusion...

### Look for the LACERA logo

- **Members of our Outreach team wear LACERA nametags featuring the LACERA logo.** At casual (usually outdoor) events, our Outreach team wears shirts bearing the LACERA logo.
- At Benefit Days (events providing members with information and individual counseling at their work locations during lunch, breaks, and before or after work), our Outreach team sets up tables draped with LACERA tablecloths.
- Only LACERA-produced literature displays the LACERA logo.

### Why This is Important

Understanding the provisions of your LACERA retirement plan is essential to making choices that will ultimately enhance your retirement. While some outside insurance representatives may be able to provide a general explanation of LACERA benefits, **only specially-trained LACERA Retirement Benefits Specialists have the most up-to-date information and the expertise to help you understand your Plan as it relates to your individual situation.** Keep in mind, only LACERA staff has access to your personal membership information, and that information is vital to assisting you in making informed decisions throughout your career.

*Avoid confusion; look for the LACERA logo!*



# Actuarial Changes Expected to Affect Cost of ARC

As previously mentioned, our Board of Investments recently adopted new mortality tables, based on recommendations by our actuaries. (See *From The Executive Desk* on page 2.) Since a member's life expectancy is one of the factors affecting the cost of Additional Retirement Credit (ARC), adoption of the new tables is expected to result in a small increase in the cost to purchase ARC.

## Life Expectancy Affects Cost

ARC is calculated using a "present value formula," which represents the value of the increased retirement income you will receive during retirement, computed in today's dollars. In other words, the member pays the full actuarial cost of the additional future retirement

benefit. By law, ARC cannot place any additional financial burden on the retirement system. The formula factors in your current age, retirement plan, and salary, along with actuarial assumptions for salary increases, age at retirement, and life expectancy.

## If You're Considering an ARC Purchase

The new mortality tables will take effect in the next fiscal year, which begins July 1, 2011. If you are thinking of buying ARC, you may want to take this into

consideration. For more information, call **1-800-786-6464** to speak with a LACERA Retirement Benefits Specialist.



**GET AN ARC Q&A BROCHURE**  
Visit [lacera.com](http://lacera.com), Brochures & Forms



**CREATE YOUR OWN ARC ESTIMATE**  
Visit My LACERA, ARC Calculator

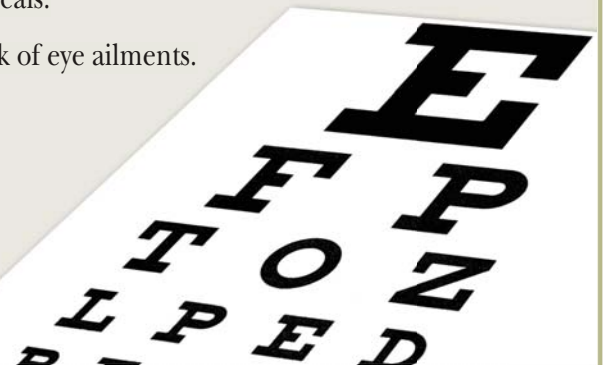
## 10 Vision-Smart Foods

Maintaining good health is a key to preventing vision problems and other disorders. Maintaining a diet rich in "Super Foods," such as leafy green vegetables, fish, and berries has been shown to protect your eyes. Super Foods contain disease-fighting nutrients, fill you up, and are easy to include in everyday meals.

These Super Foods contain antioxidants and nutrients linked to a lower risk of eye ailments.

- Spinach
- Salmon
- Walnuts
- Berries
- Orange bell peppers
- Broccoli
- Tea
- Soy
- Eggs
- Avocados

Source: [aarp.org](http://aarp.org)





## WORKSHOP SCHEDULE

### 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	31		

### APRIL 2011

S	M	T	W	T	F	S
					1	2
3	4	S	N	7	8	9
10	11	G	N	14	15	16
17	18	G	N	21	22	23
24	25	G	N	28	29	G*

### MAY 2011

S	M	T	W	T	F	S
1	2	S	N	5	6	7
8	9	G	N	12	13	14
15	16	G	N	19	20	21
22	23	G	N	26	27	28
29	H	G				

G = General Members Pre-Retirement

S = Safety Members Pre-Retirement

N = New General Member H = Holiday

\*Saturday, April 30, 2011: 9:00 a.m. – Noon;  
Angela M. Iacoboni Library; 4990 Clark Ave.,  
Lakewood, CA 90712 (does not include  
presentations by Great-West or long-term  
care providers).

**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.

# Public Counter Sets Record in January

Although here at LACERA we've come to think of the annual rush to retire by March 31 as March Madness (See *Ever Wonder Why So Many People Retire in March?*); perhaps a more accurate term would be First Quarter Madness. In actuality, the "madness" begins in January and carries over through February and March. Traditionally, we experience annual volume spikes in phone calls, public counter visits, and retirement applications during the first three months of the year.

This year is no exception. **In January 2011, 1,571 members visited our public counter.** That breaks the previous record of 1,349 members set in January 2010.

On any given weekday, the Retirement Benefits Specialists in our public counter provide an array of services to members. These specially trained professionals are equipped to answer virtually any question regarding LACERA retirement plans and associated benefits. Although obtaining a Retirement Benefit Estimate or submitting an Election to Retire form is the most popular reason members visit the public counter, it certainly isn't the only reason. Members often visit the public counter for information on

the various methods available to enhance their retirement benefits. Our specialists regularly explain to members how purchasing Additional Retirement Credit (ARC) or previous service or executing a plan transfer will impact their monthly allowance at retirement. Many members also visit the public counter for information and/or assistance regarding the LACERA-administered retiree health care benefits program.

Visitors to the public counter meet privately with a Retirement Benefits Specialist to ensure confidentiality. In that setting, the specialist accesses the individual's personal membership data on file with LACERA and provides specific, personalized answers to the member's questions.

One-on-one consultations with LACERA Retirement Benefits Specialists are available Monday-Friday from 7:00 a.m. to 5:00 p.m. on a first come - first served basis. Keep in mind, the public counter is extremely busy during this time of the year, so make sure you arrive early enough to allow time for a thorough consultation.

Our public counter is located in the lobby of Gateway Plaza at 300 N. Lake Avenue, Pasadena 91101.



# Frequently Asked Questions **FAQs**

## COLA

### 1. Q: What is COLA?

A: "COLA" is a cost-of-living adjustment designed to reduce the impact of inflation for LACERA retirees and their survivors.

Adjustments are based on changes in the Consumer Price Index (CPI) and are approved by the Board of Retirement (BOR) each year.

### 2. Q: When I retire, how will COLA be applied to my monthly allowance?

A: California Government Code requires that each year, prior to April 1, the BOR will determine whether there has been an increase or decrease in the cost of living, as reflected in the Bureau of

Labor Statistics CPI for All Urban Consumers for the Los Angeles-Anaheim-Riverside area. If the BOR approves a COLA, the adjustment is reflected in the April allowances of retirees and eligible survivors.

### 3. Q: I'm in Plan E. Will I get COLA when I retire?

A: A Plan E retiree is eligible for Automatic COLA on the portion of his or her retirement allowance based on service credit earned on and after June 4, 2002. This annual adjustment can result in an adjustment of up to two percent. The actual percentage may vary each year based on inflation rates. Active Plan E members with

pre-June 4, 2002 service credit may purchase Elective COLA to make a greater portion of their retirement allowance eligible for a cost-of-living adjustment.

### 4. Q: What happens to COLA if the CPI decreases over the prior year?

A: In the event the CPI has decreased, it is possible for the BOR to apply a COLA decrease. However, if a decrease is ever required, it may not reduce a member's allowance to an amount less than the allowance received at the time of retirement. Only past COLA increases could ever be subject to a decrease.



## Upcoming Holiday

LACERA will be closed on **Monday, May 30**  
in observance of Memorial Day.

## Did You Know?

### Defined Benefit (DB) Plans

LACERA's COLA (cost-of-living) programs provide inflation protection.

- When the Consumer Price Index increases over the prior year, the Board of Retirement approves an annual COLA benefit for retirees and survivors.

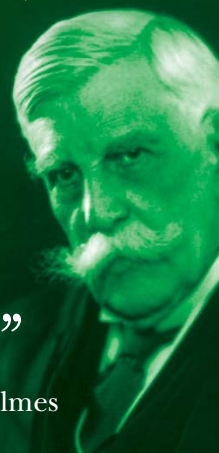
### Defined Contribution (DC) Plans

No cost-of-living program included.

- No protection against inflation.

*"Man's mind,  
stretched by  
a new idea,  
never goes  
back to its  
original  
dimensions."*

— Oliver Wendall Holmes



## NEWSLETTER HIGHLIGHTS



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**Actuarial Changes  
Expected to Affect  
Cost of ARC**



**pg 7**

**FAQs: COLA**

**More Inside!  
MARCH 2011**

### 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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