

P.S.

POST SCRIPT

NEWS FOR ACTIVE MEMBERS

SEPTEMBER 2011 • VOL. 22, NO. 3

Why It's Important for Active Members to Have a Special Durable Power of Attorney on File

I'm not retired. Why would I need to complete a Power of Attorney?

If you think only retirees should have a LACERA Special Durable Power of Attorney (POA) on file, think again! All members, including active ones, should protect their LACERA benefits by executing a LACERA Special Durable POA.

Why? Because having this document on file could prevent a delay in your retirement and in the receipt of your retirement benefits, in the event you become incapacitated and unable to apply for retirement on your own.

Things to Know About Our Special Durable POA

The LACERA Special Durable POA is a legal document, executed by a member, which **designates another person (called an Attorney-In-Fact) to act on the member's behalf with regard to retirement matters only.** This can include such matters as **applying for retirement on the member's behalf**, address changes, making tax withholding elections, requesting information regarding benefit payments, filing applications, and endorsing checks.

Having this document on file at LACERA assures you that LACERA will be able to handle your retirement benefits without interruption and in accordance with your wishes, should you become unable to handle your own affairs.

It's important to understand that a POA does not prevent a member from taking care of his or her own retirement affairs. However, in the event a member with a Durable POA on file becomes too ill to handle his or her affairs, the member's designated Attorney-In-Fact will be able to handle the member's retirement matters.

A member has the right to revoke or terminate a LACERA Special Durable POA at any time, as long as he or she is competent. If the member doesn't revoke the document, it terminates upon the member's death.

Why It's Important for Active Members

If you are eligible to retire and become mentally incapacitated while in active service and have a LACERA Special

Durable POA on file:

- Your designated Attorney-In-Fact may apply for retirement on your behalf.
- **As a retiree, you would promptly receive the retirement benefits provided by your LACERA retirement plan.**

If you are eligible to retire and become mentally incapacitated in active service

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From the **Executive Desk**

Gregg Rademacher – CEO, LACERA



Civil Grand Jury Investigates Public Pensions, Finds LACERA is "Well Run."

In June, the 2010-2011 Los Angeles County Civil Grand Jury (CGJ) officially confirmed what I've been assuring you all along: **LACERA is well run and in no threat of defaulting on its obligations.**


In recent months, the CGJ conducted an investigation of public pensions in Los Angeles County. In the course of that investigation, it analyzed the key attributes of 277 public pension plans operating in Los Angeles County. Using the data it developed, the CGJ selected five plans for further in-depth review, and LACERA was one of them. According to the CGJ, LACERA was selected *"because of the plan's size and characteristics of the benefits provided to Miscellaneous and Safety (fire and police) employees, and because it was generally considered to be a well-run plan."*

At the conclusion of its investigation, the CGJ issued its findings in a report titled *Whoa!*


The State of Public Pensions in Los Angeles County. In addition to finding us to be "well run" and the Fund in no threat of defaulting, the CGJ praised the County for being proactive over the past 30 years by taking deliberate steps to control and lower pension costs.

The CGJ made seven recommendations regarding Los Angeles County; only one relates to LACERA directly. That recommendation suggests we modify the accounting method used to identify funds in our STAR reserves.* Star reserves

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"Overall, LACERA is well run and effective at fulfilling its responsibilities, and the County has done a good job at moderating pension costs.... LACERA's stronger than average financial condition reflects, in part, prudent efforts by the County to manage pension costs through benefit design."



*The Supplemental Targeted Adjustment for Retirees (STAR) is a cost-of-living adjustment program designed to ease the effects of inflation for a retiree whose retirement allowance has lost more than 20 percent of its purchasing power since retirement. It is only awarded when the Board of Retirement determines it appropriate, based on inflation experienced during an affected retiree's retirement years.

Executive Desk cont'd from pg. 2

are currently listed on the retirement fund's (Fund) financial statements as an asset. Simply put, the CGJ recommends we show an offsetting liability when the Star reserves are valued as Fund assets.

LACERA must respond to the L.A. County Superior Court Presiding Judge on this matter no later than September 30, 2011.

CGJ's Other Recommendations

The other CGJ recommendations for the County focus on matters falling under the purview of the Board of Supervisors (BOS). These recommendations concentrate on the enactment of policies that curb opportunities for pension spiking and reduce the County's portion of retiree healthcare. I think it's worth noting, the report also mentioned, *"It is unlikely that retiree health benefits can be modified for current retirees and employees."*

The CGJ suggests *"LACERA could explore the benefits of changes to actuarial methodologies used to smooth investment returns and the County could, with input from LACERA, focus on discussions with employee bargaining groups to redesign benefits, including exploring benefit caps and establishing defined contribution alternatives; examining opportunities for cost reductions from modifying certain provisions that create opportunities for pension spiking; and consider policy changes to ensure the pre-funding of OPEB [Other Post-Employment Benefits] benefits by increasing annual contributions and narrowing the allowed uses of the County Contribution Credit Reserve."*

The details of the CGJ's investigation, along with its findings and

recommendations, are included in the agency's report. **You can read the full report on lacera.com.**



"Both CalPERS and LACERA have managed pension trusts for local governments for over 70 years. During that period, these funds have met their pension obligations to members and been successful at accumulating significant asset reserves for future benefit obligations. Their current asset balances are sufficient to ensure that there is no threat of default on their obligations."



About the CGJ

The CGJ acts in a "watchdog" capacity to ensure the County is being governed honestly and efficiently and County monies are being handled appropriately. It carries out its responsibility by carefully examining the operations of various county, city, and joint-power agencies within Los Angeles County. Its mandate includes the authority to audit operations, accounts, and records of officers

and departments within each agency under investigation.

The CGJ is divided into committees, each of which concentrates on the investigation of certain departments or functions of city or county government, to explore whatever special needs or problems may be confronting the city or county at the time of each new CGJ impanelment. A committee will visit the County facility, meet with County officials, and develop recommendations for improvement. At the end of the Grand Jury's term, a final report is sent to the County Board of Supervisors for a response within ninety days. Copies of the final report are distributed to public officials, libraries, and the news media.

This year's CGJ included a committee to assess the state of pension plans in Los Angeles County.

In Summary

As public retirement systems undergo increasing scrutiny, we continue to be a soundly run system, openly operated, and guided by strict corporate governance policies. As you know, LACERA retirement benefits are, and have always been, strictly administered in accordance with the County Employees Retirement Law of 1937. As such, we will continue to produce, protect, and provide the promised benefits to our members and their beneficiaries.

Positioning Yourself for Retirement

Are you thinking about retirement, but unsure of the things you should be doing now to put yourself in the best possible position to retire? We can help!

A successful retirement requires careful long-term planning. By making informed choices and being proactive during active service, you can position yourself to retire with confidence, whenever the time comes.

It's best to begin preparing for the process at least five years before you anticipate retiring. **To assist you in the preparation, LACERA offers a variety of educational resources and service options.** By taking advantage of these services, you can acquire the knowledge you need to gain the greatest available advantage when you retire.

Figure Out How Much You'll Receive at Retirement

Naturally, the first question on anyone's mind is, "*How much money will I get when I retire?*" This is something you'll need to know before you can do any meaningful planning.

As you know, your LACERA retirement allowance is based on three factors:

- Age at retirement
- Amount of service credit
- Final compensation

However, knowing the factors doesn't automatically make it easy to figure out the amount of your monthly retirement allowance. That's why we offer tools to assist you!

Retirement Calculator

This **interactive planning tool** on **lacera.com** uses the information you

enter to approximate the monthly allowance you will receive when you retire. To use the calculator you'll need the following information:

- Your Plan
- Your age at retirement
- Your years and months of service credit at retirement
- Your final monthly compensation

Based on your entry of the above data, the calculator uses current actuarial tables to approximate your retirement allowance under the Unmodified and Unmodified+Plus Options. (Other Options may be elected at retirement.) By entering different sets of data, you can create different approximations of your retirement allowance.

The Retirement Calculator is a convenient tool; however, it has some limitations. Its results are only as good as the data the user enters. Also, since it can only generate results based on the Unmodified and/or Unmodified+Plus Options, it isn't useful for every situation.

Calculations generated by the Retirement Calculator are unofficial and non-binding.

Retirement Benefit Estimate on My LACERA

The Retirement Benefit Estimate (RBE) feature on **My LACERA** on **lacera.com** produces the most accurate calculation you can create on your own of the benefits you'll be eligible to receive when you retire.*

To take advantage of this secure feature, you must be registered on My LACERA.

My LACERA displays your personal data currently on file with LACERA and automatically uses that data to calculate an estimate of your retirement allowance. It also allows you to enter different data, such as alternate retirement dates or additional service credit, to see how varying factors affect your retirement allowance. In addition, it calculates how your allowance and your survivor's allowance would be affected under each available Retirement Option.

Request an RBE from LACERA

To request to have LACERA prepare an RBE and mail it to you, call 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 thoroughly research your case, compile all pertinent data, and use that data to calculate an official Retirement Benefit Estimate and Election to Retire form.

Complimentary Pre-Retirement Workshops at LACERA

LACERA Retirement Benefits Specialists hold weekly workshops designed to help you gain the knowledge you need to maximize

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*At this time, RBEs generated on My LACERA (as well as those prepared by LACERA for retirement dates six or more months in the future) are non-binding estimates. They are intended for illustrative purposes only; only an official Retirement Benefit Estimate and Election to Retire form can be used to apply for retirement.

Positioning Yourself for Retirement cont'd from pg. 4

your retirement. The sessions discuss issues critical to retirement planning, including:

- Retirement eligibility
- When can you afford to retire?
- Selecting the most advantageous retirement date
- How your allowance is computed
- Purchasing service credit, including ARC
- Retirement allowance options
- Beneficiary designations
- LACERA-administered retiree healthcare

Each registered attendee of a pre-retirement workshop held at LACERA's Pasadena office receives a personalized estimate of retirement benefits, including customized recommendations on selecting the most advantageous retirement date. LACERA Retirement Benefits Specialists are on hand after the workshop to review your estimate, one-on-one, and offer recommendations on how to enhance your personal retirement situation.

You can view the Pre-retirement Workshop schedule in the Benefits, Active Member section of lacera.com. Call 1-800-786-6464 to register for a workshop.

Introduction to Retirement: 7 Steps to a Successful Retirement Video

We've summarized the ideal course of action active members should follow to foster a successful retirement, and presented it in a video entitled *Introduction to Retirement: 7 Steps to a Successful Retirement*. The video, which provides a valuable overview of the retirement process and maps out an easy-to-follow sequence of recommended actions, can be viewed in the Benefits, Active Member section of lacera.com. A handy companion reference card outlining the steps is available on the Brochures & Forms page of lacera.com.

When You're Ready to Apply for Retirement

Here's something to keep in mind when you decide you're ready to apply for retirement. To save valuable time and make sure your retirement plans stay on track, follow our recommended timeline for completing your official Retirement Benefit Estimate and Election to Retire form. Be sure to submit it with all the other required documents.

INSIDE lacera.com

As any regular visitor to lacera.com knows, our entire website is brimming with information. Much of the information members seek on lacera.com is contained in the **Benefits section**. A click on the Benefits link on the lacera.com home page will take you to an overview of the section, with specific categories displayed on the navigation bar on the left. If you roll your mouse over the Benefits tab, you'll see the following main categories:

- New Member
- Active Member
- Retired Member
- Calculators
- Reciprocity
- Beneficiaries

The most often visited page in the Benefits sections is the Calculator page, with the Retirement Calculator taking top honors. The Pre-Retirement Workshop, Plan Book Section, and Active Member pages have also proven to be member favorites.

As the repository for most LACERA print materials, the Brochures & Forms page, located in the Communications section experiences consistently high hits, as well. Visitors to this page can view and print PDFs of our brochures and forms, as well as request to have hard copies mailed to them.

New Contribution Rates Took Effect July 1, 2011

On June 21, 2011, the Los Angeles County Board of Supervisors approved new employee retirement contribution rates for LACERA general and safety members.

Effective July 1, 2011, general contributory members experienced a very small percentage rate increase on their retirement plan

contributions. Members of Safety Plan B saw their rates decrease slightly, while Safety Plan A rates remain unchanged.

To view charts showing the new rates, along with a comparison of the previous rates, enter "Contribution Rates" in the search box located on each web page.

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

Select Your Plan:

☐ Plan A ☐ Plan B ☐ Plan C ☒ Plan D

ENTRY AGE	CURRENT RATE %	PREVIOUS RATE %	ENTRY AGE	CURRENT RATE %	PREVIOUS RATE %
16	4.99	4.98	37	7.88	7.66
17	5.09	5.07	38	7.84	7.82
18	5.19	5.18	39	8.01	7.99
19	5.30	5.29	40	8.18	8.16
20	5.41	5.40	41	8.35	8.33

WORKSHOP SCHEDULE

SEPTEMBER 2011

S	M	T	W	T	F	S
				1	2	3
4	H	S	N	8	9	10
11	12	G	N	15	16	17
18	19	G	N	22	23	24
25	26	G	N	29	30	

OCTOBER 2011

S	M	T	W	T	F	S
						1
2	3	S	N	6	7	8
9	H	G	N	13	14	15
16	17	G	N	20	21	G*
23	24	G	N	27	28	29
30	31					

NOVEMBER 2011

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

G = General Members Pre-Retirement
S = Safety Members Pre-Retirement
N = New General Member H = Holiday

*Saturday, October 22, 2011: 9:00 a.m. – Noon; South Coast Botanical Garden: 26300 Crenshaw Blvd., Palos Verdes Peninsula, CA 90274 (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 - noon. Most include presentations by Great-West and long-term care providers. New Member workshops run from 3:00 - 4:00 p.m.

Power of Attorney cont'd from pg. 1

without a LACERA Special Durable POA on file:

- No one would be legally authorized to apply for retirement on your behalf.
- Therefore, you would not be eligible to receive the retirement benefits provided by your LACERA retirement plan unless and until a court-appointed conservator was named and the conservator applied for retirement on your behalf. **This would require court proceedings which involve additional costs and would delay your retirement and the receipt of your retirement benefits.**

What Durable Means

Durable means the POA remains in effect even if the member becomes mentally incapacitated, whereas in most cases, a general POA terminates upon the member becoming mentally incapacitated. Both instruments terminate upon the member's death.

Why Our Durable POA is "Special"

LACERA's Special Durable POA is "special" because it applies only to LACERA retirement matters. It provides no authority over a member's other real or personal property, nor can it be used for healthcare matters.

Advantage of Executing Our Special Durable Power of Attorney

Although we will accept a properly

executed generic POA, there are **advantages to executing the LACERA Special Durable Power of Attorney.** The main advantage is the LACERA instrument contains the durable clause and specifically shows your intent to have your Attorney-In-Fact conduct your retirement business with us. Additionally, the LACERA Special Durable POA indicates Retirement Options specific to your LACERA retirement plan.

Who Can Be an Attorney-In-Fact

You may designate anyone over the age of 18 to act as your Attorney-In-Fact. However, the actions LACERA permits your Attorney-In-Fact to take on your behalf vary according to your designee's relationship to you. Some actions depend on whether your designee is your spouse or domestic partner, a blood relative, or a neutral party not related by blood, marriage, or domestic partnership.

For Additional Information

Read our POA brochure for details on how the relationship of your Attorney-In-Fact affects the actions LACERA permits to be taken on your behalf and other information regarding the LACERA Special Durable POA.

Discuss your personal needs with an attorney before executing any POA. LACERA does not provide legal advice.



POWER OF ATTORNEY BROCHURE PACKAGE ONLINE

Visit lacera.com, Brochures & Forms

FAQs - Retirement

Frequently
Asked
Questions

1. Q: What is the minimum age to begin receiving a retirement allowance?

A: General members of Plans A, B, C, or D are eligible at:

- Age 50 with at least 10 years service credit, or
- 30 years service credit, regardless of age, or
- Age 70, regardless of service credit

General Members of Plan E are eligible at:

- Age 55 with at least 10 years service credit

- Age 70, regardless of service credit

Safety members of Plans A or B are eligible at:

- Age 50 with at least 10 years service credit, or
- 20 years service credit, regardless of age

2. Q: Are members who retire on or before March 31 eligible for a cost-of-living adjustment (COLA) on April 1?

A: Yes. Many members take advantage of the April 1 COLA by retiring on or before March 31. It is best to consult

with a Retirement Benefits Specialist as factors like birth date and age are also important in choosing a retirement date.

3. Q: Should an individual report for work on his or her retirement date?

A: No. Don't report to work on your retirement date. For example, if your effective retirement date is September 10, you don't report to work on that day. You are retired!

Community Property Guide Assists Attorneys of Members Involved in Divorce

LACERA has created a brochure, entitled *Community Property Guide: A Handbook for Drafting Court Orders Affecting LACERA Members*, to assist counsel of LACERA members involved in a dissolution of marriage, legal separation, or termination of a domestic partnership. Members who choose to represent themselves (in pro per or pro se) in such proceedings may also find the information useful.

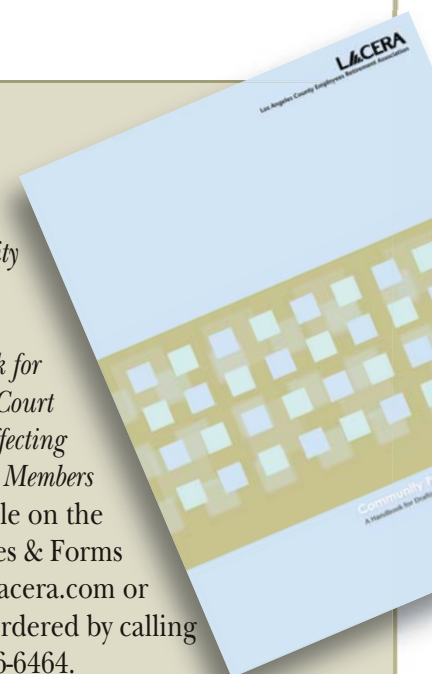
California law defines community property as any asset acquired or income earned by a married person while living with his or her spouse. To the extent a married person accumulates an interest in a pension (such as LACERA's)

during the marriage, the pension is considered community property and subject to division in a dissolution of marriage (or termination of domestic partnership).

LACERA retirement benefits are administered in accordance with the County Employees Retirement Law of 1937 (CERL). Therefore, any court order directing a division of property involving a LACERA pension must comply with applicable statutes of CERL. To assist in the preparation of such orders, our new brochure includes a section containing sample language that may be included in a domestic relations order to direct the division of a member's retirement allowance.

Community Property Guide: A Handbook for Drafting Court Orders Affecting LACERA Members is available on the Brochures & Forms page of lacera.com or may be ordered by calling 1-800-786-6464.

For information regarding dissolution of marriage, legal separation, or termination of a domestic partnership, consult an attorney. LACERA does not offer legal advice.



Did You Know

Defined Benefit (DB) Plans

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

Defined Contribution (DC) Plans

Not applicable

NEWSLETTER HIGHLIGHTS

UPCOMING HOLIDAYS

LACERA will be closed on
Monday, October 10 in
observance of Columbus Day,
Friday, November 11 to
commemorate Veterans Day,
and **Thursday-Friday, November
24-25** for Thanksgiving.

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**Positioning Yourself
for Retirement**

SEPTEMBER
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.

LACERA Communications, PO Box 7060, Pasadena, CA 91109-7060 1-800-786-6464 email: welcome@lacera.com

Writer: Barbara Gordon Designer: Allen Helbig Editor: Jeannine Smart