

Spotlight on retirement

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION ■ JUNE 2007 VOL. 18 NO 2

UPDATE: Pension Protection Act of 2006 — Additional Plans Now Qualify for Health Care Tax Benefit for Eligible Retired Public Safety Officers

Under the Pension Protection Act of 2006 (PPA), eligible retired public safety officers (PSO) may exclude up to \$3,000 of distributions from their LACERA retirement plan for direct payment of health care premiums, including long-term care premiums.

The following health care plans are now included as "qualified plans" for this tax benefit under the Pension Protection Act of 2006:

- Long-term care insurance from any carrier
- Firefighters Local 1014 Medical Plan

LACERA is in the process of preparing materials and procedures to implement these changes. Watch your mail for future communication on this matter. For updates and more information on the PPA visit www.lacera.com.

If You Could, Would You E-Zine?

Would you be interested in receiving your LACERA Spotlight in an electronic format (E-Zine)?

know if you're interested in receiving the Spotlight electronically. We value your feedback.

Visit www.lacera.com and click on the E-Zine Survey and weigh in with your opinion.

LACERA remains committed to providing superior customer service and expanding service options for our members. We continue to incorporate advances in technology to improve the services we offer. If we can enhance service in a "green" sort of way, all the better. An E-Zine, published in an electronic "paperless" format, would be more ecologically-friendly than a traditional paper newsletter. So let us



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Los Angeles County Employees Retirement Association

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From the EXECUTIVE DESK

Gregg Rademacher—CEO, LACERA



Trust & Service



When I think of LACERA, two words come immediately to mind: *trust* and *service*. Everything LACERA is and does is related to one or both of those words.

Let's start with *trust*. By definition, the retirement fund of the employees of Los Angeles County is a pension trust fund. By that I mean the assets of the fund are held in trust to finance the retirement benefits of County employees and it is LACERA's duty to nurture and protect it. As we state in our annual report, "we have the duty and authority to administer defined retirement plan benefits for the employees of Los Angeles County and participating agencies."

LACERA exists to safeguard the trust, both literally and figuratively. Management of the fund is controlled by our Board of Investments, which authorizes all fund transactions. The expertise, recommendations, and diligence of LACERA's investment professionals aid the Board in its operations and play a key role in the success of the fund. As of March 31, 2007, the fund was valued at \$38.2 billion and returned 13.4 percent for the fiscal year-to-date through March. This represents an approximately \$3 billion increase in the value of the fund since the end of fiscal 2006. By safeguarding its assets, and thus the retirement benefits of County retirees, LACERA upholds the trust fund and your trust in it.

“...you can trust your retirement fund is healthy and strong.”

So what does that mean to you? It means you can trust your retirement fund is healthy and strong. It means you can trust that when you retire, LACERA will pay you the promised benefits... every month for the rest of your life. Plus, it means you can enjoy the additional peace of mind that comes from knowing LACERA will pay benefits to your eligible survivors and beneficiaries.

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Editor's Note: Consult with professional advisors regarding legal, tax, and/or medical matters; LACERA does not offer legal, tax, or medical advice.

2007 Legislative Updates

The legislative session is in full swing with several bills amending the '37 Act moving through the Assembly and Senate. There may be more to follow in 2008 after the Governor's Pension Commission has concluded its work.

Several bills from this session take a conservative approach. AB 775 would close a loophole that allows double, or possibly triple dipping. AB 36 would tighten the definition of fraud against retirement systems. AB 1255 would make more conservative adjustments to the Fresno County benefit formulas, and AB 246 would require additional ethics safeguards on board member activities.

Two bills from this session would extend benefits. AB 596 would enhance benefits by providing safety status to physicians in county hospitals or mental health facilities. AB 753 would authorize compensation to members of the Board of Retirement for the review of disability cases.

This session includes legislative items that are repeat attempts from previous years. Mandatory retirement has resurfaced since last year's mandatory retirement bill was found to be too burdensome for all parties to implement. SB 134 would put a simple end to mandatory retirement for designated personnel in the Sheriffs Department. Another reincarnation is AJR 5, a resolution to request the Feds end the Social Security Windfall Elimination Provision and Government Pension Offset.

To keep our members informed on items of interest, we will continue to closely observe legislative developments. A sample of the bills we are currently tracking follows:

AB 36 - FRAUD - Would make it a crime for any person to make false statements or representations in order to seek or obtain benefits from PERS, STRS, or a '37 Act System for themselves or others. "Statement" would include any oral or written statement relating to family relationship, injury reports, and medical records. The bill would also make it a crime for someone to accept payment from the system with the knowledge he or she is not eligible for the benefit. This is a two-year bill and will not be revisited until January of 2008.

Author: Niello

Introduced: December 4, 2006

Sponsor: CalPERS

Status: In the Assembly

LACERA Position:

Board of Retirement – Support

AB 246 - BOARD MEMBER ACTIVITIES

- Would amend the County Employees Retirement Law to restrict members of both boards from specified marketing activities. The bill would prohibit a member or employee of either board, whether directly or indirectly, by himself or herself, or as an agent or partner or employee of others, from selling or providing any investment product that would be considered an asset of the fund, to any public retirement system in the state.

Author: Torrico

Introduced: February 1, 2007

Sponsor: Torrico

Status: In the Senate

LACERA Position:

Board of Retirement – Support

Board of Investments – Support

SACRS Legislative Committee Position:

Oppose unless amended

AB 552 – PLACEHOLDER FOR GOVERNOR'S PENSION COMMISSION RECOMMENDATIONS

- Originally contained language that would have amended the County Employees Retirement Law by mandating that '37 Act Counties make available health care coverage to qualified retired members at a rate that does not exceed 102 percent of the active employee rate.

LACERA has been advised by the consultant to the Assembly PE, R & SS Committee that these provisions will not be moved this year. This bill is a placeholder for any items that may come out of the Governor's Public Employees Post-Employment Benefits Commission.

Author: Hernandez

Introduced: February 21, 2007

Sponsor: California Retired County Employees Association

Status: In the Assembly

LACERA Position:

Board of Retirement – Watch

SACRS Legislative Committee Position: Watch

AB 596 – SAFETY MEMBERSHIP FOR COUNTY JAIL AND MENTAL HEALTH PHYSICIANS

- Would require, as of January 1, 2008, physicians working in a county jail or county mental health facility in Alameda County or Los Angeles County to be classified as safety members, without a board of supervisors resolution. Additionally, the bill would allow those members to elect not to become safety members.

The bill provides that a qualified member enters safety status and begins

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Don't Include Your Social Security Number on Email

It's never a good policy to include your social security number on any email. When you email LACERA, there's no need to include your social security number; we have your number and other personal information on file. Although we remain dedicated to the security of our

online network and submit it to security audits, there's always some risk attached to transmitting confidential information via the internet.

LACERA welcomes your email for questions regarding retirement benefits and requests for related information.

(Including your employee number in your email is a good idea.)

Email your inquiries to welcome@lacera.com.

Remember: *To safeguard your privacy, it's best to leave your Social Security Number off all email correspondence.*

PUBLIC SERVICE ANNOUNCEMENTS

L.A. Public Library Seeks Docents

The Los Angeles Public Library's Central Library, located downtown in the landmark Goodhue Building, is looking for volunteers to lead tours of its historic building and the wealth of resources it houses. The facility offers a

variety of tours, including those of the structure's exquisite art and architecture; surrounding gardens; special resources for young children, preteens, adolescents; and tours for those learning English as a second language.

Volunteers select the specific tours they wish to lead on a monthly basis; a two-year commitment for 24 tours per year is requested. Free parking is provided. Free training classes will be held in September and October. For more information, call (213) 228-7283 or visit www.lapl.org/central/tours.html.

Medicare Advocacy Group Needs Volunteer Counselors

You can help put the "care" in Medicare by becoming a Volunteer Counselor to help Medicare beneficiaries understand the rules of Medicare and utilize the system. No insurance experience is needed; all you need is patience, good listening skills, and the ability to communicate complex information clearly and effectively. Free training will be provided.

The Health Insurance Counseling and

Advocacy Program (HICAP) of the Center for Health Care Rights needs Volunteer Counselors to provide free information and advocate for Medicare beneficiaries at community placement sites throughout Los Angeles County.

The Center for Health Care Rights is an independent, non-profit consumer advocacy organization assisting Medicare beneficiaries in Los Angeles County through education, individual counseling, and legal advocacy. HICAP

is funded, in part, by the Los Angeles City and County Area Agencies on Aging, through the Older Californians Act.

Interested? Call the Center for Health Care Rights at 1-800-824-0780, ext. 3021.

(NOTE: The Center for Health Care Rights is not affiliated with LACERA or LACERA-administered health care programs.)

Lost Touch with a Fellow Retiree?

We occasionally get requests from members to provide contact information on former co-workers or other members. Unfortunately, we cannot honor those requests. To safeguard our members' privacy and security, LACERA cannot forward letters from one member to another, nor can we provide a member's contact information to another member.

However, here are a couple of organizations that may be able to assist you:

If you are a member of Retired Employees of Los Angeles County (RELAC) and you're looking for a fellow RELAC member, RELAC will (after verifying both parties' membership) call the member you're seeking and let the individual know you are trying to reach him or her and provide your contact information.

RELAC will also forward correspondence from one RELAC member to another. For more information, call 1-800-537-3522.

The Los Angeles County Professional Peace Officers Association (PPOA) also assists in connecting fellow retirees. **If you're a PPOA member looking for a fellow PPOA member,** call Greg Torres at 1-800-747-PPOA.

LACERA Remembers Richard Tafoya

We honor the memory of former LACERA Board member Richard M. Tafoya, who served on the Board of Retirement from 1992 through 1994 and on the Board of Investments from 1995 through 1997. In 1997 he held the position of Secretary of the Board of Investments.

Extremely civic and community-minded, Mr. Tafoya was also a former mayor and councilman for the City of Montebello, a former board member for the Crippled Children's Society, and Charter President of the Mexican-American Junior Chamber of Commerce. He was also active in community assistance programs, having served as Southern Regional Manager for the State of California Office of Economic Opportunity and as Director of the West San Gabriel Valley Consortium.

Mr. Tafoya leaves a rich legacy of service to LACERA and the community.



PUBLIC SERVICE ANNOUNCEMENT

The Civil Grand Jury Needs You!

Seeing new challenges and adventures? Tired of complaining about government waste and incompetence? Want to add more meaning to your life?

The Grand Jury is looking for a few good citizens to serve as jurors. The main function of the Civil Grand Jury is to investigate county, city, and joint-power agencies. Jurors share in a stimulating experience, while providing a valuable service to the community.

For more information, call (213) 893-1047 or visit www.grandjury.co.la.ca.us. The Grand Jury compensates at \$60 per day of service, plus mileage.



HEALTH CORNER

TO YOUR HEALTH!

LACERA is dedicated to providing you with the information you need to best utilize your LACERA-administered health care benefits. Insurance plans and their regulations can seem quite overwhelming and we'd like to help clear up any possible confusion regarding Medicare and some LACERA-administered health care plans.

For example, did you know that Medicare coordinates coverage with some LACERA-administered health care

plans? We explain how in *"The Value of Medicare Part B."*

The article also explains the County Part B Reimbursement Program which reimburses the standard rate amount of Medicare Part B premiums for eligible LACERA members and dependents.

In *"LACERA to Launch Wellness-Focused Program,"* we announce our plans to launch a new program designed to give you useful information and tips on how to live a healthy and active lifestyle.

In these pages, you'll also find information on our 2007 Annual Health Care Packet and on the administrative rule that governs survivors' health care coverage.

As a LACERA retiree you have access to valuable health care coverage. We want you to understand your coverage so you can get the most out of your health care plan. But most of all, we want you to stay healthy!

The Value of Medicare Part B

Health care information is often complex and knowing what choice to make when you become eligible for Medicare can be difficult. This article will discuss the advantages and disadvantages of enrolling in Medicare Part B.

You should enroll in Medicare Parts A and B as soon as you are eligible; this will help you avoid late penalties which may apply should you later decide to enroll. If you are enrolled in Medicare Parts A and B, most coverage will be coordinated with your LACERA-administered health plan. If you have 40 qualified work quarters during which Medicare Health Insurance Tax (HIT) was paid, there are no premiums for Medicare Part A. For additional

information, you may contact the Social Security Administration (SSA) at www.socialsecurity.gov or 1-800-772-1213. You will automatically be enrolled in Medicare Parts A and B when you enroll in Medicare, but you may elect to decline Part B. In making an informed choice, you should know the advantages and disadvantages of enrolling or not enrolling in Medicare Part B.

Medicare Part A covers hospital services and Part B covers outpatient and professional services such as doctor visits, X-ray and lab services, ambulance services, physical and speech therapy, durable medical equipment (i.e., oxygen, wheelchairs, and walkers) and some preventive care, which are coordinated with most of the LACERA-

administered health plans.

2007 Medicare Part B Premium Structure

Effective January 1, 2007, Part B premiums are income-based, subject to your prior two years of income tax filings with the Internal Revenue Service (IRS). You can choose whether or not to enroll in Part B; however, if you do enroll in Part B and in one of the LACERA-administered Medicare plans — Blue Cross Plan III, Kaiser Senior Advantage, PacifiCare, Secure Horizons, SCAN, or CIGNA Health Care for Seniors — your Part B premium standard rate will be reimbursed by the County (subject to annual review by the Board of Supervisors).

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The Value of Medicare Part B

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The following chart applies to members with Medicare Part A and Part B who are enrolled in a LACERA-administered Medicare plan:

County Reimbursement Schedule for 2007 Medicare Part B Premiums

Income	2007 Medicare Part B Premium Monthly Rates*	2007 County Medicare Part B Premium Reimbursement Program Monthly Amount**
\$0 – \$80,000	\$93.50 (base rate)	\$93.50 singles and \$187.00 for two parties (base rate)
\$80,001 – \$100,000	\$105.80	\$93.50
\$100,001 – \$150,000	\$124.40	\$93.50
\$150,001 – \$200,000	\$142.90	\$93.50
Over \$200,000	\$161.40	\$93.50

*Rates shown are for those who file an individual tax return. For rates for other filing statuses, check www.medicare.gov or call 1-800-MEDICARE (1-800-633-4227).

**Subject to annual approval by the Board of Supervisors.

Advantages of Enrollment in Medicare Part B

If you are enrolled in Medicare Parts A and B and a LACERA-administered Non-Medicare plan:

- Suppose you have Part B and are enrolled in LACERA-administered Blue Cross Prudent Buyer or Blue Cross I, II Plan; Medicare and Blue Cross will coordinate coverage for services. That means when you visit your doctor, once you've met your deductible, Medicare Part B will pay 80 percent of eligible services and Blue Cross will pay a portion of the remaining balance of eligible services, according to each plan design. That leaves you with a small out-of-pocket expense. Over time, Medicare Part B may help reduce your overall health care spending depending how often you use the covered services.

- You are subject to the Lifetime Benefit Maximum of one (1) million dollars coverage for Blue Cross Plans I, II, and Prudent Buyer Plan, alone or combined. "Combined" means any benefits paid under a prior LACERA-administered Blue Cross plan will reduce any maximum amounts eligible for the current Blue Cross plan. With Part B coverage paying most of your eligible medical services, it will help you reach your Maximum Lifetime Benefit at a slower pace.
- If you have a LACERA-administered Non-Medicare HMO plan, you agree to receive covered services from the plan; and in most situations there is no coordination of coverage between your Medicare and the LACERA-administered HMO plan.

If you are enrolled in Medicare Parts A and B and a LACERA-administered Medicare plan:

- Suppose you have both Medicare Part B and Blue Cross III Plan; Medicare and Blue Cross will coordinate coverage for services. That means when you visit your doctor, Medicare Part B will pay 80 percent of eligible services and the Blue Cross III Plan will pick up the remaining 20 percent of eligible services. That leaves little or nothing for you to pay out-of-pocket. Over time, Medicare Part B may help reduce your overall health care spending. In addition, you are not subject to the Lifetime Benefit Maximum of one (1) million dollars that applies to the other Blue Cross plans.
- If you have a LACERA-administered Medicare Advantage

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FAQ: RETIREE HEALTH CARE

Q: I am a retiree. If I die, will health care coverage extend to my eligible survivors?

A: If a retired LACERA member dies while covered by a LACERA-administered health plan, his/her eligible survivors may continue health plan coverage. The following outlines the administrative rule:

- When an eligible surviving spouse, domestic partner, or child notifies LACERA of a member's death and is eligible for continuing retirement benefits, he or she will be mailed a packet of information. LACERA must be notified within 30 days of the event; otherwise he or she is subject to the rules for Late Enrollment.
- The basic rules for Late Enrollment include a six-month wait for medical and a one-year wait for dental/vision, from the date LACERA receives the enrollment form. Health care benefits for eligible dependents are continuous, provided the individuals were covered as dependents under the deceased member's plan.
- If a surviving spouse, eligible domestic partner, or dependent child is not eligible for continuing health care benefits, but has been continuously covered under your health care plan, he or she will be mailed a packet containing information about continuing health care coverage through the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).
- If a surviving spouse, eligible domestic partner, or dependent child is eligible for continuing health care benefits, but was not continuously covered as a dependent under your LACERA health care plan and now wishes to be covered, he or she is subject to the rules for Late Enrollment (see above for the basic rules).
- If an eligible survivor is covered under a LACERA-administered health care plan and remarries, the survivor's eligible new dependents can be added to the plan, provided LACERA is notified within 30 days of the date of acquisition (i.e. marriage, birth adoption, etc.). However, when the eligible survivor dies, his or her eligible dependents will no longer be eligible for continued coverage through a LACERA-administered health care plan, except for a limited period of time through COBRA.
- If your eligible survivors are required to pay premiums for coverage, they will be notified accordingly.



Visit www.lacera.com for additional Health Care FAQs, along with FAQs on other topics of interest to retirees, including COLA, Retirees-Dissolution of Marriage, Medicare, Tax Considerations, Post-Retirement Death Benefits, etc.

Quote:

"Age is strictly a case of mind over matter. If you don't mind, it doesn't matter."

— Jack Benny

You Should Have Your Annual Health Care Packet



The 2007-2008 LACERA-administered Health Care annual packet, mailed at the end of May, contains the following important health care benefits information:

- Welcome Letter from Gregg Rademacher, LACERA CEO
- Benefits Update: Provides information about premium rates effective July 1, 2007 and important changes to the LACERA-administered Health Care Benefits Program for the 2007-2008 plan year.
- Benefits Guide: Presents an overview of the LACERA-administered health plans, details about administrative rules and procedures, and insurance carrier contact information.
- Rate Booklet: Details monthly contribution rates, effective July 1, 2007, for all LACERA-administered health plans, except Out-of-Area plans (will be mailed under separate cover).
- Notice of Creditable Coverage: Official statement indicating your LACERA-administered medical plan is creditable, meaning your prescription drug coverage is, on average, as good as if not better than the standard Medicare Part D model plan.

The annual packet information is available in the Brochures & Forms section of www.lacera.com.

The Value of Medicare Part B

cont'd from pg. 7

Prescription Drug Plan (MA-PD) such as Kaiser Senior Advantage, you assign Medicare Parts A, B, and D to your medical plan, and must receive all covered services directly from the plan.

- Currently, the County reimburses the 2007 Medicare Part B standard rate of \$93.50 for all LACERA-administered Medicare Plan enrollees, subject to annual review and approval by the Board of Supervisors.

Disadvantages of NOT Enrolling in Medicare Part B

Applies only if you are covered for Medicare Part A, but not enrolled in Medicare Part B and have a LACERA-administered medical plan:

- If you decide not to purchase Medicare Part B when you become eligible, your plan will not coordinate coverage for Medicare

Part B services. That means you'll continue to pay for those services and equipment as you did before you become eligible for Medicare. For example, under the Blue Cross Plan II, a doctor's office visit will be covered at 80 percent after your deductible. You would be responsible for the remaining 20 percent.

- Without Medicare Part B, you would continue to incur these costs until you hit your out-of-pocket maximum on Blue Cross Plan II (\$2,500 per calendar year, including deductible). If you have Blue Cross Plan I or Prudent Buyer Plan, you will continue to incur the costs into the future because there is no out-of-pocket maximum.
- You are subject to the one (1) million dollar Lifetime Maximum

coverage for the Blue Cross plans I, II, and Prudent Buyer Plan, alone or combined. "Combined" means any benefits paid under a prior LACERA-administered Blue Cross plan will reduce any maximum amounts eligible for the current Blue Cross plan.

- Without Medicare Part B, you are ineligible to enroll in a LACERA-administered Medicare plan. Thus, you are disqualified from participating in the County's Medicare Part B Premium Reimbursement Program.
- If you are eligible, but are not enrolled in Medicare Part B and have a LACERA-administered HMO plan, you may pay a higher premium.
- Finally, if you decide not to enroll in Medicare Part B when you become eligible at age 65, and

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LACERA to Launch Wellness-Focused Program

We want you to live long and well! That's why we're expanding our focus to launch a program that promotes healthy lifestyles, reduces risks of disease, and is accessible to the maximum number of our members. We believe this new program, as yet unnamed, will equip you with the knowledge and tools required to adopt and maintain a healthy and active lifestyle.

At this time, we are working to create a program featuring workshops held on a choice of dates at various locations throughout the County. You'll also see additional pages filled with wellness-related material in the *Spotlight* as we go forward.

Details on this exciting new program will be announced in upcoming *Spotlight* issues and on www.lacera.com.

As always, we will continue to keep you updated on matters involving your LACERA-administered health care plans.

PSSSSSTT...
WE'RE COOKING UP A NEW
HEALTH CARE PROGRAM FOR
YOU.

COMING
SEPTEMBER
2007
STAY TUNED...

(Lunch is not included, but health tips are.)

Q: How do you feel... about receiving this newsletter in an electronic format?

Go to lacera.com and take our survey!



The Value of Medicare Part B

cont'd from pg. 9

later decide to enroll, you will be charged a penalty of 10 percent for each year you were eligible and chose to decline coverage. If you are a late enrollee in Medicare Part B and pick one of the plans eligible for reimbursement, the County will

not reimburse the penalty portion of the Part B premium.

Ultimately, the decision is yours. It is worth considering enrolling in Medicare Part B as soon as you are eligible to to avoid penalties for late enrollment. Additionally, enrolling in Medicare Parts A and B and a LACERA-administered

Medicare plan will qualify you for the County's Medicare Part B Premium Reimbursement Program and coordination of benefits with Medicare.

NOTE: Some benefit information mentioned above may be subject to future changes.

What's on the Web...

Check www.lacera.com for the latest information on all things LACERA. The site contains retirement benefit information geared to retirees and beneficiaries.

Visit the **Benefits** section of www.lacera.com and click on **Retired Member** to view information specifically for retirees, including Retiree Payday Calendar, STAR COLA 2007, Direct Deposit, Changing Your Personal Information, Phone Services, FAQs for Retired Members, and more!

Visit often; stay as long as you'd like!



Got Retirement-Related Questions? *The Answer is Usually a Click Away.*

Quick answers to hundreds of commonly asked questions are available on www.lacera.com. Our FAQ (Frequently Asked Questions) section offers popular questions and answers, sorted by category:

- New Member
- Active Member
- Retired Member
- ARC
- Plan Transfer
- Retiree Health Care
- Beneficiary
- PSO
- General Information

Get Instant Answers to General Questions!

"Ask LACERA" is another great online answer source. **This feature can be accessed from our home page** and provides several ways to find the information you seek:

- Displays top twenty questions by popularity
 - Click on question to reveal answer
- Allows you to type a question or keyword in the Search Box
 - Search yields list of related questions
 - Click on question to reveal answer
- Permits you to submit a general question
 - Answer will be emailed to you



Links to the FAQs and to "Ask LACERA" appear on our home page.

Did You Know?

Defined Benefit (DB) Plans

LACERA invests the funds; **the employer bears the risk** of adverse investment performance.

Defined Contribution (DC) Plans

Employee decides how to invest the funds and **bears the risk** of adverse investment performance.

2007 Legislative Updates cont'd from pg. 3

paying retirement contributions at the safety member rate on the date the bill becomes operative. However, in describing the method for calculating the member's retirement allowance, the bill provides that qualifying service worked prior to enactment shall be calculated under the safety member benefit formula. AB 596 is a two-year bill and will not be revisited until January of 2008.

Author: Dymally

Introduced: February 21, 2007

Sponsor: Union of American Physicians and Dentists

Co-Sponsor: AFSCME

Status: In the Assembly

LACERA Position:

Board of Retirement – Oppose

SACRS Legislative Committee Position:
Watch

AB 753 – BOARD MEMBER

COMPENSATION - Would authorize compensation to members of a Board of Retirement for their review of disability cases.

Author: Assembly Committee on Public Employees, Retirement, and Social Security

Introduced: February 22, 2007

Status: In the Senate

LACERA Position:

Board of Retirement – Support

SACRS Legislative Committee Position:
Watch

AB 775 – UNEMPLOYMENT

INSURANCE - Would close a loophole that allows retired employees to collect unemployment insurance when their

period of reemployment is terminated. AB 775 requires a retired member who accepts an appointment after receiving unemployment insurance compensation to terminate that employment on the last day of the current pay period; furthermore, it prohibits reappointment for a period of 12 months.

Author: Niello

Introduced: February 22, 2007

Sponsor: Sacramento County

Status: In the Senate

LACERA Position:

Board of Retirement – Support

SACRS Legislative Committee Position:
Support

AB 1124 – POST-EMPLOYMENT BENEFITS TRUST ACCOUNT, TECHNICAL CLARIFICATIONS -

During the 2006 legislative session, the State Association of County Retirement Systems (SACRS) sponsored legislation to authorize the Board of Supervisors to make contributions to a Post-Employment Benefits Trust Account and to enter into an agreement with the retirement association to invest those funds. Such a Trust Account could be used to pre-fund various welfare benefits plans, including retiree health care plans.

AB 1124 is being sponsored by SACRS during the current legislative session to make technical clarifications and corrections to the prior legislation. The bill was amended on April 23, 2007 to allow the Board of Supervisors to also use a Post-Employment Benefits Trust Account for the purpose of pre-funding supplemental benefits plans.

Author: Karnette

Introduced: February 23, 2007

Sponsor: SACRS

Status: In the Senate

LACERA Position:

Board of Retirement – Support

AB 1255 – FRESNO COUNTY BENEFIT

TIER - Would permit the Board of Supervisors of Fresno County to adopt a new benefit tier applicable to members first employed by the county on and after the date these provisions become operative in the county.

In approximately 2001, the Fresno County Board of Supervisors adopted a 3.25 percent @ 60 benefit level for employees of the County. It has been determined the contribution rates supporting this benefit level are too costly. Through contract negotiations between the county and the local SEIU bargaining unit, it was agreed new employees to the county would enter at a 2 percent @ 55 benefit tier. This bill adds Fresno County to the Government Code section authorizing that benefit.

Author: Parra

Introduced: February 23, 2007

Sponsor: SACRS

Status: In the Senate

LACERA Position:

Board of Retirement – Watch

SACRS Legislative Committee Position:
Watch

AB 1626 – PLAN E SERVICE CREDIT/PENSION PROTECTION

ACT CONFORMANCE - Would authorize the County Board of Supervisors to specify the types of service credit that may be purchased by non-contributory members in Los Angeles and Santa Barbara Counties.

Waiting Period Established for Retirees Returning to County Service

After retiring, some members return to work for L.A. County on a temporary basis. The County Employees Retirement Law (CERL) allows the County to hire a LACERA retiree who the employer believes possesses special skills or knowledge. Examples of this may include hiring the retiree to train a successor or having a retiree assist in times of staffing shortages.

120-Day Rule

According to Government Code Section 31680.6, an eligible retiree may return to work for the County for a period of up to 120 days (960 hours in any 12-month period) and continue to receive his/her retirement allowance. During this post-retirement employment, however, the member will not accrue any additional LACERA pension benefits, nor will the member or the employer pay contributions for this service.

Certain Conditions Apply

IRS regulations require the retiree to have a “bona fide” separation from service (truly retire) before being rehired. For example, an active member who retires on Friday and is rehired on Monday is viewed by the Internal Revenue Service (IRS) as never having left employment.

To protect LACERA’s tax qualified status, in August 2006, the **Board of Retirement (BOR) enacted Resolution 06-001 which establishes a 90-day waiting period following retirement for retirees under Normal Retirement Age who are returning to work.** The declaration also defines Normal

Retirement Age and sets forth eligibility guidelines:

Normal Retirement Age for members of LACERA shall be:

- Age 57 for general contributory members
- Age 65 for general non-contributory members
- Age 55 for safety members



A member who retires before reaching Normal Retirement Age cannot have a prearranged agreement to return to work for the employer.

- Includes written and oral agreements
- Applies regardless of the length of the member’s break in service after retirement

- Applies to employers whose employees participate in LACERA

A member who retires before reaching Normal Retirement Age must have at least a 90-day continuous break in service before returning to service as a retiree.

- Break will be calculated from the date of the member’s retirement to the date preceding the first day of reemployment as a retiree
- Applies to employers whose employees participate in LACERA

IRS penalties may apply to retirees under age 59.5 who have not had a “bona fide” separation from service and are engaged in post-retirement work with the County. For information pertaining to your individual situation, consult with a professional advisor; LACERA does not offer tax or legal advice.

Note: The 120-Day Rule and BOR Resolution 06-001 apply **only** to retired County employees who return to work for the County. These restrictions do **not** apply to County employees who retire and later work in the private sector.

For questions on LACERA’s regulations regarding retirees returning to service, call 1-800-786-6464 to speak with a Retirement Benefits Specialist.

From the Executive Desk

cont'd from pg. 2

That brings me to the issue of service. As the administrator of your retirement plan benefits, we are dedicated to providing you with the highest possible level of service. Our multi-faceted approach to customer service includes education and communication programs, along with reliable payment of the promised benefits.

Our educational services begin with the clear and concise materials we provide new members to assist them in selecting the retirement plan best suited to their individual needs. They continue through the informative mid-career and pre-retirement workshops we hold at LACERA and at various jobsites throughout the County.

To keep our members updated on the latest LACERA news, we publish quarterly newsletters for active members

and retirees. We also provide brochures detailing each of our retirement plans and services. Our web site, www.lacera.com, is a handy online resource for the latest retirement-related news. Our Ask LACERA web feature generates immediate answers to general questions you enter online. Interactive calculators are also available on our web site to assist you in estimating the amount of your retirement allowance and the cost to transfer retirement plans, and/or purchase Additional Retirement Credit (ARC).

“My LACERA” is another useful online resource available to all members. It allows you to access your personal LACERA account information 24/7; all that’s required is a quick, one-time registration.

For one-on-one service, we operate a Call Center and a Public Counter where our knowledgeable Retirement Benefits Specialists are on hand to answer your personal questions. Our Public Counter serves members on a first come, first served basis Monday through Friday from 7:00 a.m. to 5:00 p.m. For answers to personal questions by phone weekdays from 7:00 a.m. to 5:30 p.m., call 1-800-786-6464 to speak with a LACERA expert.

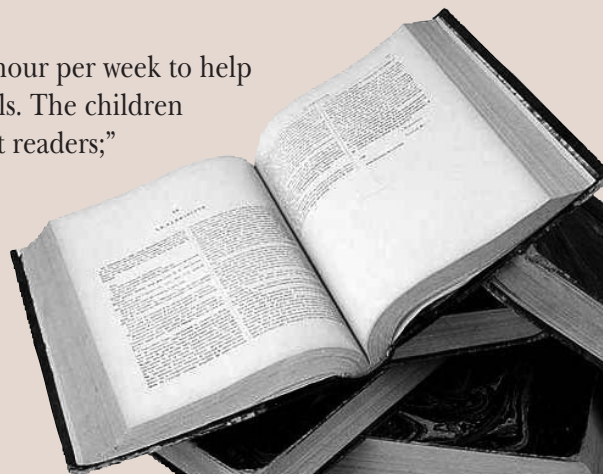
This brings me to where I began — trust and service serve as LACERA’s framework. I close with another quote from our annual report: “We are vigilant in our efforts to provide excellent customer service to 147,000 members and over 51,000 benefit recipients.”

PUBLIC SERVICE ANNOUNCEMENT

Volunteer to Help a Child Read

KOREH L.A. is seeking volunteer “reading partners” to devote one hour per week to help children from Pre-K to the fourth grade improve their reading skills. The children in this program have been identified by their teachers as “reluctant readers;” most are from low income families. Reading partners read and listen to their students and guide them through difficult chapters or intimidating words.

Sharing your passion for books could change a child’s life! KOREH will train you; the organization has trained and placed more than 5,500 reading partners in nearly 100 LAUSD elementary schools throughout the city and San Fernando Valley. To volunteer or for more information call (323) 761-8153.



2007 Legislative Updates cont'd from pg. 12

This bill would additionally prohibit a non-contributory member who purchases Additional Retirement Credit (ARC) from counting that credit toward meeting the minimum qualifications for a disability retirement.

The bill was amended on April 9, adding provisions that would allow the Board of Retirement to set "normal retirement age" and to certify certain LACERA members as falling within the definition of a "Public Safety Officer." The purpose of these provisions is to aid implementation of the Pension Protection Act of 2006.

Author: Galgiani

Introduced: February 23, 2007

Sponsor: SACRS

Status: In the Assembly

LACERA Position:

Board of Retirement – Support

SB 14 - MILITARY SERVICE - Existing law authorizes a board of supervisors to allow a member to receive credit for time while absent from service and

servicing in the armed forces if, among other things, the military service is not the basis for present or future military retirement pay. This bill would amend the government code to authorize the board to allow a member to receive service credit whether or not his or her military service is the basis for present or future military retirement pay.

Author: McLeod

Introduced: December 4, 2006

Sponsor: National Guard Association of California

Status: In the Senate

LACERA Position:

Board of Retirement – Watch

SB 134 - MANDATORY RETIREMENT -

Would amend the County Employees Retirement Law to exempt safety members of the Sheriffs Department from the requirement to retire by a specific age. The bill further requires that a physician employed by the County certify the member is capable of performing his or her assigned duties, pursuant to standards set forth by the

County. This bill applies to Los Angeles County only and is at the option of the Board of Supervisors.

Author: Cedillo

Introduced: January 25, 2007

Sponsor: Los Angeles County and Los Angeles County Sheriffs

Status: In the Assembly

LACERA Position:

Board of Retirement – Watch

SACRS Legislative Committee Position: Watch

AJR 5 - SOCIAL SECURITY - Requests the President and the Congress of the United States to enact the Social Security Fairness Act, which would repeal the Government Pension Offset and the Windfall Elimination Provision from the Social Security Act

Author: Hernandez

Introduced: February 1, 2007

Status: In the Senate

LACERA Position:

Board of Retirement – Support

PUBLIC SERVICE ANNOUNCEMENT

Become an Advocate for an Abused Child

Court Appointed Special Advocates of Los Angeles (CASA) is currently recruiting volunteers to be trained to investigate the circumstances of children who have been removed from their homes due to abuse or neglect and placed in protective custody. CASA volunteers advocate for the best interest of foster

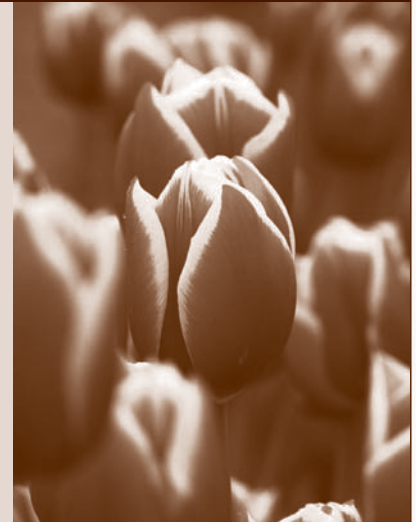
children both in court and in the community. Volunteers must be at least 21 years old, be able to make a one-year commitment to the program, undergo a background check, and successfully complete a 36-hour CASA training program. An average of five hours per week is spent on case activities. Bilingual (Spanish/English) and

African American volunteers are especially needed. Volunteers are required to attend an orientation session before beginning the training.

For additional information, call (323) 526-6666 or visit www.casala.org. CASA of Los Angeles also has a satellite office in the Antelope Valley.

June 2007 Spotlight Highlights

- Trust and Service are LACERA Hallmarks
- Value of Medicare Part B
- What's on the Web
- Health Care FAQ
- If You Could, Would You E-Zine?
- Waiting Period for Retirees Returning to Service



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Editor's Note:

Spotlight on Retirement is created 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.

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“Ask LACERA” — Get instant answers to general questions. Find it on lacera.com's home page.