

Spotlight on retirement

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION ■ MARCH 2008 ■ VOL. 19 NO. 1

2008 Retiree Cost-of-Living Benefit Approved

On February 14th, the Board of Retirement approved a 2008 cost-of-living adjustment (COLA) for retirees and survivors, effective April 1, 2008. Members and eligible beneficiaries of Plans A, B, C, D, and E will see an increase in their monthly allowances beginning with their April 30th check.*

Plan A qualified members and eligible survivors will receive a 3 percent COLA increase. Qualified members and eligible survivors in Plans B, C, D, and E will receive a 2 percent increase.*

California Government Code mandates that each year, prior to April 1, the Board of Retirement will determine whether there has been an increase or decrease in the cost-of-living, as reflected in the Bureau of Labor Statistics Consumer Price Index (CPI).

*See note on page 11.

The law also sets an annual maximum COLA increase for each plan. The maximum allowable increase for Plan A is 3 percent, the maximum allowed in Plans B, C, D, and E is 2 percent.

The Bureau of Labor Statistics indicates the percentage change between the 2006 and 2007 CPI Indexes for All Urban Consumers for the Los Angeles-Anaheim-Riverside area is +4.2 percent. Since this change exceeds each plan's maximum COLA, qualified members and eligible survivors in Plans A, B, C, D, and E will receive the maximum COLA increase allowed in their respective plans.

COLA Accumulation

According to the law, the Board must accumulate the difference between the CPI Index percentage change and



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Los Angeles County Employees Retirement Association

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From the **EXECUTIVE DESK**

Gregg Rademacher—CEO, LACERA



Ripple Effect of LACERA Benefit Payments Adds Over \$700 Million to Local Economy

By fulfilling our mission to produce, protect, and provide the promised benefit, LACERA provides 51,000 retired Los Angeles County employees with the stable and secure retirement they worked so hard and long to attain. With our annual retiree payroll of nearly \$1.8 billion, it's no surprise the lifetime benefits generated by LACERA defined benefit plans make a huge difference in the lives of the 51,000 retirees and their families. What may not be immediately obvious is the powerful ripple effect LACERA retiree benefits have on the economy of Los Angeles County.

The 51,000 retirees and survivors on LACERA's payroll reside throughout the United States. Of those, more than 42,000 reside in California; 68 percent of those residing in California live in Los Angeles County. That works out to approximately 34,600 County retirees and survivors who live in Los Angeles County. Our annual retiree payroll to those living in L.A. County totals approximately \$1 billion.

While \$1 billion sounds like an immense amount (probably because it is), the average monthly benefit of a LACERA general member is a modest \$2,470.

A recent study commissioned by the State Association of County Retirement Systems (SACRS) and LACERA looked into how the funds of defined benefit plans of county employees impact the local economies of the respective retirement systems.

In general, the study found that in addition to "upholding the promise" by

“Not only do we protect our members' retirement, we also make a significant contribution to the County economy.”

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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.

2008 Legislative Updates

The 2008 legislative season is off to a start with several new bills. Two of these bills, AB 1844 and SB 1123, seek to implement recommendations from the Governor's Post-Employment Benefits Commission (PEBC). Other bills addressing public employees who have committed job-related felonies, safety membership for county jail physicians, and domestic partnership eligibility have been introduced.

Although other bills of interest were introduced at the eleventh hour, many analysts predict retirement legislation will be limited this year. The most glaring reason for this projection is the budget shortfall. The sense in Sacramento is that if it costs a dime, it's unlikely to go anywhere. Legislators are being forced to deal with the budget first due to Gov. Schwarzenegger invoking his Prop. 58 authority to declare a fiscal emergency. Prop. 58 potentially sidelines all other business in the Legislature, unless a solution to the fiscal emergency is proposed within 45 days of the declaration. Details of this year's new legislation are presented herein.

AB 1844 – PEBC Recommendations:

Creates a new section of law requiring state agencies to report to the State Controller specified financial information relating to other post-employment benefits (OPEB). This bill also specifies future annual costs required in actuarial impact statements that must be procured by the Legislature or a local legislative body before increases in retirement benefits can be authorized. Future annual costs would be further specified in amending language to include normal cost and any additional accrued liability. This section also requires the CEO of the agency providing the benefit to acknowledge in writing that he or she understands the current and future cost of the benefit as determined by the actuary.

Author: Hernandez

Introduced: January 28, 2008

Status: In the Assembly

LACERA Position:

No position at this time

AB 1858 – Forfeiture of Retirement

Benefits: Extends laws related to elected

public officials convicted of specified felonies to all public employees. If a public employee is convicted of such specified felonies arising out of his or her official duties, that employee is required to forfeit his or her retirement benefits. Any contributions made by the public employee shall be returned. The only exception is if the respective governing body of the employer authorizes the public employee to receive those benefits. This bill applies only to public employees first hired on or after January 1, 2009.

Author: Jeffries

Introduced: January 30, 2008

Status: In the Assembly

LACERA Position:

No position at this time

AB 1917 – Safety Membership for County Jail Physicians and Mental Health Facilities:

Authorizes Los Angeles County, by a resolution adopted by a majority vote of the County Board of Supervisors, to classify physicians working in a County jail or County mental health facility as safety members.

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“Feel Good” Facts “Feel Good” Facts “Feel Good” Facts “Feel Good” Facts

A Berry a Day...



Berries such as strawberries, raspberries, blueberries, and blackberries are rich in antioxidants, the substances that protect against everything from clogged arteries and cancer to memory loss and wrinkles. As research continues to uncover a wealth of health benefits associated with berries, Gary Stoner, PhD, chairman of the environmental health department

at the Ohio State University School of Public Health says berries just may be one of the most protective foods on the planet. Stoner advises everyone to eat a daily helping. Berries are great for breakfast, lunch, dessert, or snacks. Just rinse and eat... they're low in calories and berry delicious.

Source: www.prevention.com

LACERA Special Durable Power of Attorney: *What It Is and Why It's Important*

The LACERA Special Durable Power of Attorney 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 address changes, making tax withholding elections, requesting information regarding benefit payments, filing applications, and endorsing checks.

A member has the right to revoke or terminate a LACERA Power of Attorney 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

Having a Special Durable Power of Attorney 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.

How It Differs from Other Powers of Attorney

A general Power of Attorney terminates upon the member becoming mentally incapacitated. A durable Power of Attorney remains in effect even if the member becomes mentally incapacitated. Both instruments terminate upon the member's death.

LACERA's Special Durable Power of Attorney 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 health care matters.

With any type of Power of Attorney form on file, you may still take care of your own retirement affairs. However, if you become too ill to handle your own affairs, your designee will be able to handle them for you only if you have executed a durable Power of Attorney. In cases where a member without a durable Power of Attorney becomes incompetent, LACERA is required to withhold the member's benefits until a court-appointed conservator is named.

Who Can Be an Attorney-In-Fact

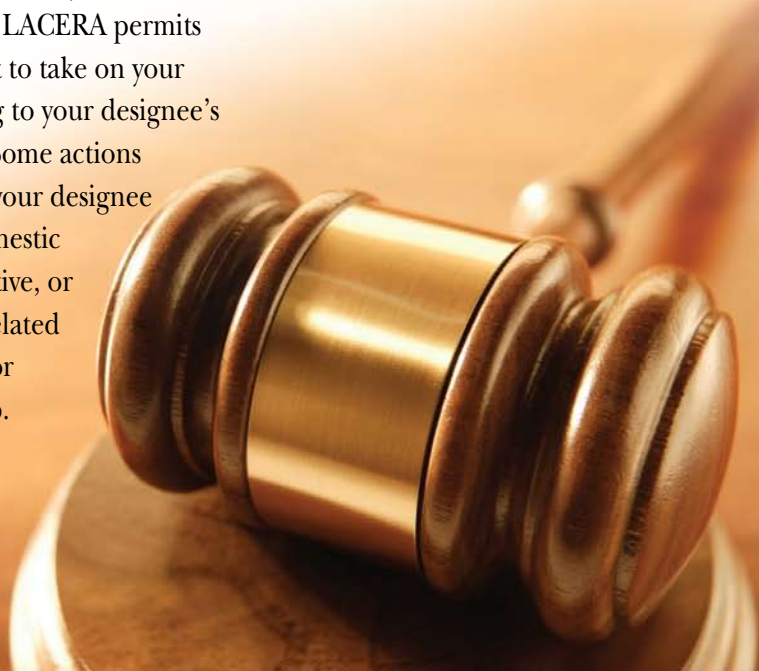
You may designate anyone over the age of 18 to act as your Attorney-In-Fact. However, the actions LACERA permits your Attorney-In-Fact to take on your behalf vary according to your designee's relationship to you. Some actions depend on whether your designee is your spouse or domestic partner, a blood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

For More Information

For details on how the relationship of your Attorney-In-Fact affects the actions LACERA permits to be taken on your behalf or other information regarding the LACERA Special Durable Power of Attorney, call 1-800-786-6464 to speak with a LACERA Retirement Benefits Specialist. A Power of Attorney brochure and form are available on the Brochures & Forms page of lacera.com.

While we prefer members execute a LACERA Special Durable Power of Attorney because it contains the durable clause, we will also accept a general Power of Attorney without a durable clause.

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





To Your Health!

As the saying goes, “If you’ve got your health, you’ve got everything.” **Safeguarding our health is key to living longer, maintaining our vitality, maximizing the quality of our lives, and — given the cost of health care these days — protecting our assets.**

Staying fit is critical to safeguarding our health. Research shows you are never too old to get in shape. On the contrary, according to the National Institute on Aging, researchers have found that exercise and physical activity can even improve the health of people who are 90 or older, who are frail, or who have the diseases that seem to accompany aging. Staying physically active and exercising regularly can also help prevent or delay some diseases and disabilities as people grow older.

The Staying Healthy Together section of this issue discusses the importance of exercise and introduces you to some

innovative online fitness programs that are fun, as well as therapeutic. While those programs focus mainly on cardiovascular exercise, it’s important to note that strength training should also be an important part of any exercise program, regardless of your age. Research has shown that strengthening exercises are both safe and effective for women and men of all ages, including those who are not in perfect health. In fact, people with health concerns, including heart disease or arthritis, often benefit the most from an exercise program that includes lifting weights a few times each week. Furthermore, strength training, particularly in conjunction with regular aerobic exercise, can also have a profound impact on a person’s mental and emotional health.

A study at Ball State University found that seniors can maintain their strength and muscle mass with as little as one resistance training session per week.

Results indicated a once-a-week session can be effective in preventing loss of muscle mass. The degenerative loss of muscle mass, known as Sarcopenia, is associated with falls by older adults that lead to injury and result in millions of dollars in health care costs.

We hope the material in this issue inspires you to start an exercise program and take the first step toward fitness for a lifetime. *Remember to check with your physician before beginning any exercise program.* If you already exercise regularly, good for you. Keep it up!

This issue also includes an announcement regarding Blue Cross’ upcoming name change, a reminder about COBRA eligibility, and a tip on how members enrolled in LACERA-administered Blue Cross plans can reduce their out-of-pocket hospital costs.

Be fit, be healthy, be strong.

Sources: growingstronger.nutrition.tufts.edu, www.bsu.edu

SCAN Provides Comprehensive Health Plan Services

SCAN Health Plan serves seniors with Medicare Parts A and B throughout Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura counties.

Members enrolled in the LACERA-

administered SCAN medical plan receive comprehensive health plan services, including prescription drug coverage, routine physicals, hearing and vision exams, and unlimited transportation to and from doctor visits. SCAN also offers qualified

members Independent Living Power™, a collection of personal care services ranging from light housekeeping to transportation escorts.

For additional information visit scanhealthplan.com or call SCAN Member Services at 1-800-559-3500.

Board of Supervisors Enacts SB 134 to Exempt Safety Members from Mandatory Retirement

As of January 1, 2008, sheriff and fire safety members are exempt from mandatory retirement.

This is the result of a resolution adopted by the Los Angeles County Board of Supervisors (BOS) at its December 18, 2007 meeting. The resolution implements Senate Bill (SB) 134, which became effective January 1, 2008 and exempts sheriff and fire safety members from mandatory retirement.

This exemption is contingent upon certification by a physician employed or approved by the County that the safety member is capable of performing his or her assigned duties pursuant to standards set forth by the member's employer.

Prior to this resolution, safety members hired before April 1, 1997 were subject to mandatory retirement at age 60. (A 1985 court order exempts District



Attorney investigators and lifeguards in L.A. County from mandatory retirement.)

Reinstatement of Sheriffs

At the same meeting, the BOS also adopted the section of the County Employees Retirement Law of 1937 (CERL) that permits a **sheriff who previously retired due to the age restriction to be reinstated.** (This is not applicable to fire safety members at this time.) The reinstatement ("unretirement") is not automatic; it

must be approved by the member's department.

Members who reinstate back to active LACERA membership will have their retirement benefit suspended and will return to the plan and entry age that were in effect during their original period of employment. Membership will be effective the first day of the month following the date of reemployment.

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

Focus on Fitness



Join us!

Half-day workshops in April

Look for your invitation in the mail.



STAYING HEALTHY TOGETHER



**lacera.com:
Your 24/7
Retirement
Resource Center**

GOOD TO KNOW

Recycling one ton of newsprint or mixed paper saves 12 trees. Recycling one ton of office paper saves 24.

Source: National Recycling Coalition





STAYING HEALTHY TOGETHER

Vol. 2, Issue #1 • March 2008

LACERA'S RETIREE HEALTH IMPROVEMENT PROGRAM

Focus on Fitness

In this issue we present information regarding the value of fitness and its impact on health. To help you incorporate fitness into your daily life, we highlight several innovative programs designed to increase your motivation, as well as your activity level. Give them a try; **make a move to better health today!**

Physical Activity — Moving More and Feeling Better

According to the National Institute on Aging, just about every older adult can safely do some form of physical activity at little or no cost. Even household chores can improve your health. The key is to increase your physical activity by exercising and by using your own muscle power.*

People of all ages who are generally inactive can improve their health and well-being by becoming active at a moderate intensity on a regular basis. Studies by the Centers for Disease

Control and Prevention and the U.S. Department of Health and Human Services found that regular physical activity:

- Reduces risk of death from coronary heart disease, the nation's leading cause of death
- Decreases risk for stroke, colon cancer, diabetes, and high blood pressure
- Promotes weight control
- Improves health of bones, muscles, and joints

- Reduces falls among older adults
- Relieves arthritis pain
- Reduces symptoms of anxiety and depression
- Is associated with fewer hospitalizations, physician visits, and medications

And the benefits aren't just physical; a healthy body helps you manage stress better and sharpens the mind and memory!



Information, tools, and resources to help you make healthy decisions in your life!

*Source: *Exercise: A Guide from the National Institute on Aging*

Moving Along on the Road to Fitness

Ready to make your move? Take advantage of these resources:

- **Staying Healthy Together Online:** Visit the Staying Healthy Together section on lacera.com to discover additional information on fitness and links to other fitness and health resources.
- **Staying Healthy Together Half-Day Workshops:** Socialize with your fellow LACERA retirees as you learn how to make fitness a part of your daily life. Watch your mail for information about our upcoming April workshops!
- **Get Fit on Route 66:** AARP's award-winning online tool is designed to inspire you to be more active.* You incorporate your favorite activity as you "travel" along the famous Route 66 route as recreated on this virtual highway.
- **The President's Challenge:** This national campaign encourages all Americans to be physically active every day, regardless of age or fitness level. Active Lifestyle, one of the programs in this campaign, is designed to assist inactive people in becoming more active.
- **Step Up to Better Health™:** Here's another great online fitness program presented by AARP.* Participants in this 10-week program use a step counter and online tracking tool to chart their daily steps as they advance along the virtual routes of famous American hiking trails.

*AARP membership not required to participate.

Get fit, on



AARP's Get Fit on Route 66 is a fun interactive tool that encourages you to engage in the physical activity(ies) of your choice and track your progress along a nostalgic online version of the legendary Route 66.

Getting Started

To participate in this free, easy-to-use program:

- Visit aarp.getfitonroute66.com.
- Look for the Start Here sign and follow the instructions.
- Registration is quick and easy.
- You choose from four classic cars to make your trip. The program puts you in the driver's seat; you view the open road through the windshield of the car you selected. Want to track your mileage? No problem. Just check the odometer on your dashboard!
- Colorful graphics appearing throughout make it feel like a real road trip.

How It Works

Get Fit on Route 66 allows you to translate each minute of your physical activity into a fun and memorable trip from Chicago to Santa Monica. One minute of activity counts as one mile on the route. Time spent in any activity that increases your heart rate and gets you moving qualifies as exercise minutes.

Each day you record how much time you spend engaged in any type of physical activity. After you record your minutes, the program transfers you into the seat of your car. From there you see the road and dashboard, complete with gauges. You also see your car positioned on a map, marking your current location. As you arrive at each new location, you see a short history and interesting facts about the area and a link to the city's web site. **Traveling on Route 66 is not only healthy; it's fun and educational, too.**

If you average 30 minutes a day of physical activity, you'll complete the 2,448-mile journey in 12 weeks. With 45 minutes of daily activity, you'll finish the journey in eight weeks.

Other Features

Get Fit on Route 66 also includes a menu of additional features, including Helpful Tips, Recipes, and Activities, among others.

Set a Daily Goal

The ideal way to travel Route 66 is to set a realistic daily activity goal. There's no better time to start than today, so "Ladies and Gentlemen, start your engines!" Register today, track your time, and enjoy the trip!

If you don't have internet access and would still like to participate, you can use the pictured Route 66 Worksheet to record your physical activity and track your progress along the legendary route.

Route 66 Worksheet

To mark your progress along Route 66, use the worksheet below to record the amount of time you were active each day and the type of activity you performed. Remember, each minute of physical activity equals one mile on Route 66.



Start: Chicago, IL

- 7 mi. = Cicero, IL
- 50 mi. = Joliet, IL
- 100 mi. = Dwight, IL
- 200 mi. = Springfield, IL
- 300 mi. = St. Louis, MO
- 800 mi. = Tulsa, OK
- 900 mi. = Oklahoma City, OK
- 1,200 mi. = Amarillo, TX
- 1,500 mi. = Albuquerque, NM
- 1,900 mi. = Flagstaff, AZ

End: Santa Monica, CA

Total miles = 2,448

Record Activity

Date	Activity	Minutes	Miles to Date	Location

Tips for Increasing Your Physical Activity

Maintaining an active lifestyle doesn't have to be difficult. There are a lot of little changes you can make that will add up to a big difference.

- Small activities such as taking the stairs instead of the elevator can add up quickly and burn extra calories.
- If you don't have time to take one 30-minute walk, break it up into three 10-minute walks.
- Join a health club or community center that offers fitness activities.
- Vary your fitness activities, so you don't get bored.
- Schedule a time of day you can commit to.
- If you have limited mobility, ask your health care provider for some exercises you can do while sitting in a chair.

Additional Resources for Improving Your Fitness

The President's Challenge is a free campaign to improve fitness for Americans of all ages. The program offers a variety of challenges geared to various fitness levels.

If you're currently active less than 30 minutes a day/5 days a week, the campaign's Active Lifestyle Challenge is a great way to get started. The program shows you how to make a commitment to staying active and how to stick with it. It also helps you set realistic goals to promote fitness for a lifetime. You can track your fitness progress with the program's online activity log.

You can even earn awards in recognition of your achievements. The Presidential Active Lifestyle Award is earned by performing regular activity beyond your daily activity goal of 30 minutes a day at least 5 days per week, for a total of 6 weeks. You have the option of ordering any awards you earn.*

To find out more, visit www.presidentschallenge.org or call 1-800-258-8146 Monday through Friday, 8:00 am to 5:00 pm (Eastern Time).

**Ordering awards requires modest fees. LACERA does not contribute to award costs.*

Step Up to Better Health™ is another free, award-winning program presented by AARP.* A 10-week walking program, this program encourages you to boost your physical activity and track your steps with an easy-to-use step counter and online tracking tool. You choose from four famous American hiking trails of various lengths and enter your steps after each walk. A Progress Page displays a map of the trail route and shows you how much ground you've covered. To learn more about any city shown on the map, click on the city name. When you complete a trail, you can download a certificate highlighting your achievement. The program also includes links to other walking and health resources. Visit aarp.stepuptobetterhealth.com and click on View the Demo to see how the program works.

**AARP membership not required to participate.*



Check with your doctor before beginning an exercise program.

It's always wise to get advice from your doctor before making a big change in your physical activity. Ask what types of physical activity are best for you and how to best avoid injury.

Your Opinion Counts!

To assist us in optimizing our member service, visitors to our Public Counter and callers to our Call Center will be asked to participate in a short survey. The surveys ask members to answer a few questions regarding the quality of their recent Public Counter or Call Center experience.

Participants will be asked to rate the professionalism of the Retirement Benefits Specialist who assisted them, the amount of time required to complete their interaction, and the efficiency with which their issue was handled, along with other facets of their Public Counter or Call Center experience.

The surveys are self-mailers. Participants can complete them at their convenience and drop them in the mail to LACERA; no postage is needed.

We encourage you to participate in these surveys. **Your opinion matters!**

Cost-of-Living Approved
cont'd from pg. 1

the maximum percentage allowable in each plan, and use it to supplement a future COLA benefit. The accumulated percentage carryover is known as the COLA accumulation.

Calculation of COLA Accumulation

2008 CPI percentage change	4.2%
Plans B, C, D, E	- maximum COLA 2.0%
To be added to 2008 COLA accumulation	difference 2.2%

2008 COLA Accumulation

Retirement Dates	Plans	Maximum COLA	CPI Change	April, 2008 Addition to COLA Accumulation
All Dates	A	3.0%	4.2%	1.2%
All Dates	B, C, D	2.0%	4.2%	2.2%
6/4/02 - 3/31/08	E	2.0%	4.2%	2.2%

**Plan E COLA increases apply only to service credit earned after June 4, 2002. Plan E members who retired after June 4, 2002 will receive up to a 2 percent COLA increase. The portion of the 2 percent COLA is based upon a ratio defined as the months of service earned after June 4, 2002, divided by the total months of service.*



Make Changes By Phone



For your convenience, our friendly and knowledgeable LACERA Call Center staff will assist you by phone with changes to your membership account.

1-800-786-6464

- Beneficiary change
- Address change
- Name change
- Direct Deposit registration



Please note: For your protection, you will be asked a few screening questions to verify your identity prior to discussing your personal information.

Easy, Efficient, and Helpful! Call 1-800-786-6464

We're here to help you. Customer Service is #1.

Retirement allowances of those physicians shall be calculated based upon the safety formula applicable to other safety members in L.A. County. All time served principally as a physician in a County jail or mental health facility shall be creditable as safety service both before and after the enactment of this legislation. Applies only to persons retired after the date the Board of Supervisors makes the law operative.

Author: Hernandez

Introduced: February 8, 2008

Status: In the Assembly

LACERA Position:

No position at this time

SB 1066 – Domestic Partnership

Eligibility: Existing law provides that two unmarried, unrelated adults with a common residence may establish

a domestic partnership by filing a declaration with the Secretary of State provided both persons are members of the same sex or if not of the same sex, at least one is over 62 years of age. This bill deletes the same-sex or age eligibility requirement, thereby allowing any two persons who meet the other specified criteria to register as domestic partners.

Author: Migden

Introduced: January 10, 2008

Status: In the Senate

LACERA Position:

No position at this time

SB 1123 – PEBC Recommendations:

Requires the Legislature and local agencies to provide an actuary's statement of the future annual costs before authorizing increases in other post-employment benefits. Such costs

must be made public at a public meeting at least two weeks prior to adoption of the increases. The actuary must be present at the public meeting to provide information and the matter cannot be considered as part of the "consent" agenda or calendar.

SB 1123 also creates the California Actuarial Advisory Panel (CAAP). The panel shall provide impartial and independent information on pensions, other post-employment benefits, and best practices to the Legislature, the Governor, public retirement systems, public agencies, and interested parties.

Author: Wiggins

Introduced: January 28, 2008

Status: In the Senate

LACERA Position:

No position at this time

We're in Pasadena, stop by and visit.



LACERA

- 300 N. Lake Avenue, Pasadena, CA 91101
- Public Counter Hours
7 AM - 5 PM Monday - Friday
- Call Center Hours
7 AM - 5:30 PM Monday - Friday
1-800-786-6464

Blue Cross Enrollees Can Save by Using In-Network Hospitals

Enrollees in LACERA-administered **Blue Cross Plans I, II, III, and Prudent Buyer** plans may experience significant out-of-pocket savings by using in-network hospitals.

Blue Cross has changed its procedure for paying out-of-network hospitals. Previously, Blue Cross reimbursed these hospitals for covered services based on a percentage of the billed charges. On October 1, 2007, Blue Cross began paying out-of-network hospitals

according to an established Customary and Reasonable (C&R) fee schedule. As a result, plan holders may see an increase in their out-of-pocket share of the cost of services at non-network hospitals. **In other words, you may experience significant savings by using an in-network hospital.**

Blue Cross' implementation of the C&R fee schedule for the payment of covered services at non-network hospitals does not affect your plan benefits.

It is important to note some hospitals outside the Blue Cross network charge fees that exceed customary and reasonable rates. This contributes to the rising cost of health care. To minimize your out-of-pocket costs, we encourage you to select in-network hospitals.

For questions or additional information, call Blue Cross at 1-800-284-1110 or visit www.anthem.com/ca. (Blue Cross of California will change its name to Anthem Blue Cross effective April 1.)

Blue Cross to Change Name to Anthem Blue Cross

Blue Cross of California will change its name to Anthem Blue Cross effective April 1, 2008. This name change should

not impact benefits on any LACERA-administered Blue Cross plan.

Anthem Blue Cross will mail ID cards displaying its new name and logo.

For additional information, contact Blue Cross at 1-800-284-1110 or visit www.anthem.com/ca.

COBRA Eligibility Reminder

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), dependents of LACERA retired members who no longer meet the eligibility requirements for LACERA-administered health care coverage may be eligible for continued benefits.

To be eligible, dependents must have experienced one of the following qualifying events while covered under a LACERA-administered medical plan:

- Divorce or legal separation of a

spouse or eligible domestic partner from a retired LACERA member

- Death of a LACERA retiree, leaving a surviving spouse or eligible domestic partner and dependents who are not eligible to receive monthly retirement benefits
- Dependent children who exceed the maximum age for the plan coverage

COBRA benefits may be continued for a maximum of 36 months. Dependents eligible for COBRA cannot be denied

coverage based on their health status.

COBRA participants are responsible for paying their own premiums at the current COBRA rate, which includes a two percent administrative fee. Each year the COBRA rate is adjusted to reflect the actual cost of coverage.

Those eligible for COBRA benefits must notify LACERA **within 60 days from the date of any qualifying event listed herein.** For questions, call LACERA's Retiree Health Care section at 1-800-786-6464 and press 1 or call 626-564-6132.

From the Executive Desk
cont'd from pg. 2

providing retired county employees with a lifetime monthly benefit, the funds also generate numerous secondary benefits that frequently assist in creating new jobs and prosperity within the local economy:

- Payments received by retirees feed back into their communities.
- This infusion of funds into a community ripples further to create even more prosperity.

I think you'll find the results regarding the impact of LACERA benefit payments on the economy of Los Angeles County to be quite interesting:

- The economic multiplier for LACERA retiree benefit payments is 1.49. This means that for every dollar LACERA pays in retirement benefits, the Los Angeles County economy realizes an additional 49 cents in economic impacts.

- This translates to approximately \$742 million in additional dollars pumped into the County economy each year by LACERA retirees and their survivors.
- More than 10,000 jobs are created in the County as a result of this infusion of funds.

LACERA's economic footprint is huge!

The impact of our retiree benefit payments on the local community is substantial and expansive. Not only do we protect our members' retirement, we also make a significant contribution to the County economy.

Our financial health is strong; the trust fund is 92 percent funded.* Our investment portfolio covers between 80-85 percent of retiree checks. The balance is covered by employer and employee contributions.

**As of January 2008.*

I believe a review of these facts underscores the far-reaching value of defined benefit plans in general and LACERA's specifically. Defined benefit plans provide a secure and affordable retirement for local public employees who spent their careers as deputy sheriffs, fire fighters, public health nurses, public health workers, or in other facets of public service. By providing a lifetime benefit, these plans allow retired public employees to maintain a level of spending power and continue to contribute to the local economy on an ongoing basis. This is often not the case with retirees who don't have lifetime benefits; those folks run a much greater risk of eventually tapping the resources of the local economy, rather than contributing to it.

Defined benefit plans such as the one you have as a LACERA member are not only good for you, they're good for the community, as well!

PUBLIC SERVICE ANNOUNCEMENT

Are You a Retired Deputy?

The Los Angeles County Sheriff's Department is recruiting retired deputies to become Reserve Deputies and assist in a variety of assignments within the Department. For information, contact Sgt. Aldo Iturriaga at the Reserve Forces Bureau at 562-946-7856 or call 1-800-A-Deputy.



Did You Know?

Defined Benefit (DB) Plans

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

- Whenever the Consumer Price Index for the prior year increases, LACERA retirees and survivors receive an annual COLA benefit.

Defined Contribution (DC) Plans

No cost-of-living program included.

- No protection against inflation.

Tax Talk

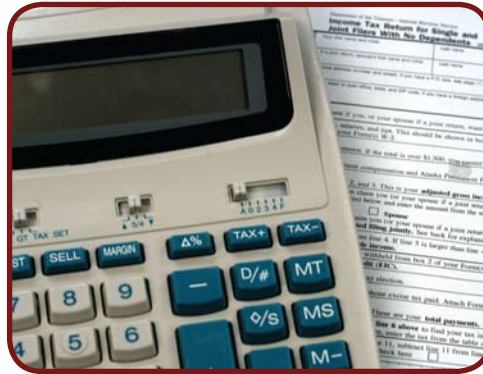
Since April 15th is just around the corner, this is a good time to review a couple of items related to taxes.

Why You Receive a 1099-R

The simple answer is, “because it’s the law.” 1099-R forms are issued each year by January 31 in compliance with Internal Revenue Service regulations to report distributions from retirement plans, pensions, annuities, etc. LACERA is required to send a 1099-R to each recipient of a LACERA retirement allowance. These forms take the place of the W-2 you received as a County employee.

State Tax

If you are a California resident, your LACERA retirement allowance is subject



to California state income tax. Federal law prohibits states from taxing the

retirement benefits of non-residents. Therefore, if you reside outside of California, LACERA does not withhold tax from your retirement allowance. However, if you have other taxable income in California, you may elect to have LACERA withhold California taxes from your allowance.

Tax requirements vary from state to state. Your LACERA retirement income may be taxable in the state where you live. For questions regarding your taxes and applicable tax laws, consult a professional advisor; LACERA does not provide tax or legal advice.

Tax Calculating Enhanced On Certain SCD Retirements

LACERA is set to enhance the method we use to calculate withholding tax on service-connected disability (SCD) retirements that exceed 50 percent of final compensation. This enhancement will take effect with July allowances.

We now possess the technology to calculate withholding tax on this category of SCDs based solely on the taxable portion of each allowance. Previously, we calculated withholding tax based on the full amount of the allowance.

On SCDs, IRS code provides that an

amount equal to 50 percent of the individual’s final compensation may be excludable from his or her gross income for federal tax purposes. The amount of any COLA adjustment attributable to that amount may also be excludable. The remaining portion of the allowance is taxable.

For questions regarding legal or tax matters, consult with a professional advisor; LACERA does not offer legal or tax advice. For questions regarding your retirement account, call 1-800-786-6464 to speak with a LACERA Retirement Benefits Specialist.

How to Change Your Withholding Tax Election

To change your federal and/or California tax withholding tax election, complete form W-4P/DE-4P. The form is available in the Brochures & Forms section of lacera.com or by calling LACERA at 1-800-786-6464. Changes you elect will take effect by the first of the month that is at least 30 days after LACERA receives your completed form.

You may adjust your federal or state withholding tax election as often as you wish.

“The young man knows the rules, but the old man knows the exceptions.” ~ Oliver Wendell Holmes



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March 2008 Spotlight Highlights

- Tax Talk
- LACERA Special Durable Power of Attorney
- Safety Members Exempt from Mandatory Retirement
- Staying Healthy Together: Focus on Fitness



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