



Annual Report

**LOS ANGELES COUNTY
EMPLOYEES RETIREMENT
ASSOCIATION**



*For the Year Ended
June 30, 1983*



**LOS ANGELES COUNTY
EMPLOYEES RETIREMENT ASSOCIATION
437 HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA 90012**

TO THE MEMBERS

This Annual Report of the Los Angeles County Employees Retirement Association is provided to you to inform you of general, statistical, and financial information concerning your retirement system.

Its contents are based on all changes in the Retirement Law that have been enacted through the 1982 session of the Legislature. Each member should read it carefully to become aware of the many benefits provided by this law.

You are invited to call upon the Retirement Benefits Division any time for information regarding retirement problems, or for information concerning the operation of the system. However, remember that the retirement law makes your individual record *confidential* to anyone other than yourself, except in the administration of the retirement law, or upon order of a court of competent jurisdiction. Therefore, please do not telephone about matters of confidential record. When writing, be sure to provide your home address, social security number, department and signature.

H.B. ALVORD, Administrator

A handwritten signature in black ink, appearing to read "H.B. Alvord". The signature is written in a cursive style with a large, sweeping initial "H" and "A".

MEMBERS OF THE BOARD OF RETIREMENT JANUARY 1983

CHAIRMAN

CODY FERGUSON, Fire Captain, Forester and Fire Warden's Department. Elected by safety members. Present term expires December 31, 1983. Elected Chairman of the Board, January 5, 1983.

VICE CHAIRMAN

H.B. ALVORD, County Treasurer and Tax Collector, Ex-officio member of the Board of Retirement by law. Elected Vice-Chairman of the Board, January 5, 1983.

SECRETARY

ROBERT STOTELMEYER, retired. Elected by retired members. Present term expires December 31, 1984. Elected Secretary of the Board, January 5, 1983.

MEMBERS

ANDREW E. MARTIN, Appointed by the Board of Supervisors. Present term expires December 31, 1984.

DAVID COMMONS, Appointed by the Board of Supervisors. Present term expires December 31, 1985.

J. CLIFFORD HERDMAN, Appointed by the Board of Supervisors. Present term expires December 31, 1983.

SIMON S. RUSSIN, Los Angeles County Health Department. Elected by general members. Present term expires December 31, 1985.

ERNEST SHELL, Appointed by the Board of Supervisors. Present term expires December 31, 1984.

PAUL A. STROHMAN, Inspector, Sheriff's Department. Elected by safety members. Present term expires December 31, 1983. (Alternate)

JACK THOMAS, Sheet Metal Worker, Mechanical Department. Elected by general members. Present term expires December 31, 1984.

MEMBERS OF THE BOARD OF INVESTMENTS JANUARY 1983

CHAIRMAN

MARVIN KAYE, Deputy District Attorney, District Attorney. Elected by general members. Present term expires December 31, 1984. Elected Chairman of the Board, January 12, 1983.

VICE CHAIRMAN

OLON C. SOTERAS, Appointed by the Board of Supervisors. Present term expires December 31, 1984. Elected Vice Chairman of the Board, January 12, 1983.

SECRETARY

H.B. ALVORD, County Treasurer and Tax Collector, Ex-officio member of the Board of Investments by law. Elected Secretary of the Board on January 12, 1983.

MEMBERS

JAMES D. AKINS, Appointed by the Board of Supervisors. Present term expires December 31, 1984.

ALAN G. LOWY, Appointed by the Board of Supervisors. Present term expires December 31, 1983.

CODY FERGUSON, Fire Captain, Forester and Fire Warden's Department. Elected by safety members. Present term expires December 31, 1983.

NORMAN S. JOHNSON, retired. Elected by retired members. Present term expires December 31, 1984.

RICHARD E. PACHTMAN, Head, Juvenile Division, District Attorney. Elected by general members. Present term expires December 31, 1985.

ABRAHAM SPIEGEL, Appointed by the Board of Supervisors. Present term expires December 31, 1985.

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GENERAL INFORMATION—ACTIVE MEMBERS

MEMBERSHIP

Every general employee appointed to a permanent position of three-quarter time or more (Items A, L, Y & Z) in County or district service becomes a general member of the Los Angeles County Employees Retirement Association (LACERA) on the first of the calendar month following his appointment or, after 1/3/82, his election of a retirement plan. Appointees to positions in law enforcement, fire fighting, foresters, and ocean and lake lifeguard classifications, under age 36, become safety members the first of the month following their permanent appointments. CETA employees are not eligible for LACERA membership.

CONTRIBUTIONS

Contributions to the Retirement Association are made by both the members and their employers. The rate of contribution for members is determined by age at nearest birthday anniversary at the time of entrance into the Retirement Association (See Tables, Pages 5 & 6). Contributions are discontinued when a person who entered membership before April 1, 1973 is credited with 30 years of service. There are no contributions deducted for Plan E members.

BENEFICIARY DESIGNATION

The name and relationship of a beneficiary is given by each member upon entry into the Retirement Association. A married member normally names the spouse as beneficiary because of the community property laws of California and the survivorship benefits available to a spouse in the event of the member's death. The person named as beneficiary may be changed at any time. However, the rights of a spouse—or minor unmarried child, if the member had no spouse—will supersede the rights of any beneficiary named by the member prior to his death should the member die before retirement. (Also see page 12 and page 13 regarding death and survivor benefits.)

Beneficiary Change Forms are available at departmental personnel and payroll offices or from the Retirement Benefits Division. Death benefits are paid upon the death of a member. It is very important that the member's beneficiary on file with the LACERA be the correct one.

PLEASE KEEP YOUR BENEFICIARY DESIGNATION UP-TO-DATE

RATES OF CONTRIBUTION BY PAYROLL DEDUCTION
PERCENTAGE OF BASE SALARY
 (Nearest Year of Age at Membership)

SAFETY MEMBERS

	(Plan "A") Membership Prior to 9/1/77	(Plan "B") Membership on or after 9/1/77
	Negotiated County rate	Negotiated County rate
Age		
21	5.61%	9.66%
22	5.71	9.82
23	5.80	9.99
24	5.90	10.16
25	6.01	10.26
26	6.11	10.37
27	6.22	10.47
28	6.34	10.58
29	6.46	10.68
30	6.58	10.79
31	6.70	10.90
32	6.84	11.00
33	6.97	11.11
34	7.11	11.22
35	7.24	11.33

EMPLOYER CONTRIBUTION RATE

27.77%	Normal Cost	22.01%
<u>1.53%</u>	Surcharge	<u>.04%</u>
29.30%	Total	22.05%

The County surcharge is 91.48%, of the portion of the safety member's contributions assumed by the employer. The county has negotiated with their employees to assume differing portions of employee contributions.

RATES OF CONTRIBUTION BY PAYROLL DEDUCTION

PERCENTAGE OF BASE SALARY
(Nearest Year of Age at Membership)

Plan "C" and Plan "D" (Membership 09-30-78-SUBS.)

Age	Negotiated SCAQMD Rate	Actuarial County/District Adopted Rate
16	.08%	6.08%
17	.14	6.14
18	.21	6.21
19	.27	6.27
20	.34	6.34
21	.41	6.41
22	.47	6.47
23	.54	6.54
24	.61	6.61
25	.68	6.68
26	.75	6.75
27	.82	6.82
28	.89	6.89
29	.96	6.96
30	1.03	7.03
31	1.10	7.10
32	1.18	7.18
33	1.25	7.25
34	1.32	7.32
35	1.40	7.40
36	1.47	7.47
37	1.55	7.55
38	1.62	7.62
39	1.70	7.70
40	1.78	7.78
41	1.86	7.86
42	1.93	7.93
43	2.01	8.01
44	2.09	8.09
45	2.17	8.17
46	2.25	8.25
47	2.33	8.33
48	2.41	8.41
49	2.49	8.49
50	2.58	8.58
51	2.66	8.66
52	2.74	8.74
53	2.83	8.83
54	2.91	8.91
55	3.00	9.00
56	3.08	9.08
57	3.17	9.17
58	3.26	9.26
59	3.34	9.34
& over		

RATES OF CONTRIBUTION BY PAYROLL DEDUCTION

PERCENTAGE OF BASE SALARY
(Nearest Year of Age at Membership)

Plan A (Membership Prior to 9-1-77)

Age	Negotiated County Rate	Negotiated SCAQMD Rate*	Actuarial Adopted Rate (Districts)
16	3.64%	0 %	4.87%
17	3.70	0	4.92
18	3.74	0	4.97
19	3.80	0	5.03
20	3.84	0	5.08
21	3.89	0	5.13
22	3.93	0	5.18
23	3.99	0	5.24
24	4.06	0	5.29
25	4.11	0	5.35
26	4.18	0	5.40
27	4.25	0	5.46
28	4.34	0	5.51
29	4.40	0	5.57
30	4.49	0	5.62
31	4.59	0	5.68
32	4.67	0	5.74
33	4.77	0	5.80
34	4.86	0	5.85
35	4.97	0	5.91
36	5.08	0	5.97
37	5.19	.03	6.03
38	5.31	.09	6.09
39	5.43	.15	6.15
40	5.55	.21	6.21
41	5.68	.27	6.27
42	5.80	.33	6.33
43	5.94	.39	6.39
44	6.08	.46	6.46
45	6.23	.52	6.52
46	6.37	.58	6.58
47	6.52	.65	6.65
48	6.68	.71	6.71
49	6.77	.77	6.77
50	6.84	.84	6.84
51	6.90	.90	6.90
52	6.97	.97	6.97
53	7.04	1.04	7.04
54	7.10	1.10	7.10
55	7.10	1.10	7.10
56	7.10	1.10	7.10
57	7.10	1.10	7.10
58	7.10	1.10	7.10
59 & Over	7.10	1.10	7.10

*Minimum \$1.00 per month

RATES OF CONTRIBUTION BY PAYROLL DEDUCTION
PERCENTAGE OF BASE SALARY
 (Nearest Year of Age at Membership)

Plan B (Membership Prior to 9/1/77 - 9/30/78)			Actuarial Adopted Rate (Districts)
Age	Negotiated County Rate	Negotiated SCAQMD Rate	
16	6.27%	.84%	6.84%
17	6.37	.91	6.91
18	6.43	.98	6.98
19	6.53	1.05	7.05
20	6.61	1.13	7.13
21	6.69	1.20	7.20
22	6.78	1.28	7.28
23	6.88	1.35	7.35
24	6.98	1.43	7.43
25	7.09	1.50	7.50
26	7.21	1.58	7.58
27	7.33	1.66	7.66
28	7.46	1.74	7.74
29	7.60	1.82	7.82
30	7.74	1.89	7.89
31	7.89	1.97	7.97
32	8.05	2.05	8.05
33	8.14	2.14	8.14
34	8.22	2.22	8.22
35	8.30	2.30	8.30
36	8.38	2.38	8.38
37	8.46	2.46	8.46
38	8.55	2.55	8.55
39	8.63	2.63	8.63
40	8.72	2.72	8.72
41	8.80	2.80	8.80
42	8.89	2.89	8.89
43	8.98	2.98	8.98
44	9.06	3.06	9.06
45	9.15	3.15	9.15
46	9.24	3.24	9.24
47	9.33	3.33	9.33
48	9.42	3.42	9.42
49	9.51	3.51	9.51
50	9.60	3.60	9.60
51	9.69	3.69	9.69
52	9.78	3.78	9.78
53	9.88	3.88	9.88
54	9.97	3.97	9.97
55	9.97	3.97	9.97
56	9.97	3.97	9.97
57	9.97	3.97	9.97
58	9.97	3.97	9.97
59 & Over	9.97	3.97	9.97

EMPLOYER CONTRIBUTION RATE

	Plan A	Plan B	Plan C	Plan D	Plan E
Normal Cost	18.46%	14.55%	14.19%	14.09%	12.97%
Surcharge	<u>.65%</u>	<u>.11%</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	19.11%	14.66%	14.19%	14.09%	12.97%

The County surcharge and the surcharge paid by SCAQMD is 72.99% of the portion of general member's contribution assumed by the employer. This percentage has been determined by LACERA actuary. These employers have negotiated with their employees to assume differing portions of employee contributions.

NOTES:

1. The retirement contribution is calculated by multiplying the applicable percentage times monthly salary.
2. Employer rates are based on full monthly salary.

SOCIAL SECURITY COVERAGE

Employees who became general members of the Retirement Association or became eligible for membership on or after June 1, 1964, and all employees who selected OASDI coverage in May 1964 were covered under social security. Old age, survivor, disability, and health insurance benefits provided by the Social Security Act are payable to those members when they meet the eligibility requirements. Questions concerning eligibility for these benefits should be directed to the nearest social security office. The County of Los Angeles, withdrew its employees from the social security system effective January 1, 1983.

TAX EXEMPTION ON RETIREMENT CONTRIBUTIONS

Retirement payroll contributions made prior to August 1, 1983 were tax exempt when withdrawn by the employee. Effective August 1, 1983 all payroll deductions for retirement contributions to LACERA are tax exempt until withdrawn by the employee.

TERMINATION OF EMPLOYMENT

A terminated member, regardless of length of service who becomes a member of the California Public Employees' Retirement System or a member of another county or agency under the County Employees Retirement Law of 1937 within 180 days after termination, is eligible for a deferred retirement allowance under provisions for reciprocal retirement benefits.

When a member's employment terminates service with the County or a special district under LACERA and the member has less than five years (ten years if member of Plan E) of County/District service, any rights to a retirement benefit are also terminated, except that the member may withdraw any employee contributions and earnings thereon.

When a member's employment terminates with the County or a member district, the member with five or more years County/District service must elect one of the following:

- (1) Withdraw all employee contributions and earnings credited thereon (members of Plans A, B, C or D only).
- (2) Receive a deferred retirement allowance as explained on Page 11 (members of Plans A, B, C or D only).
- (3) Apply for a service retirement if eligible.

Employees who do not withdraw their contributions within five (5) years after termination or, if eligible, do not file a deferred retirement application within 6 months after termination may lose all rights to withdraw their accumulated contributions.

WITHDRAWAL OF CONTRIBUTIONS

When a member terminates employment, he may withdraw the contributions he has made to the Retirement Association plus the interest credited to his account. No interest is credited to a member's contributions after his termination date unless he is granted deferred retirement. A member may not withdraw employer contributions.

A member who resigns and withdraws contributions and then is hired at a later date, will be covered under the current benefit levels for new employees which may require higher rates of retirement contributions and provide lower retirement benefits. However, redeposit of withdrawn contributions plus regular interest will entitle the member to certain benefits of his original plan. For specific information, contact the Retirement Benefits Division.

Withdrawal of contribution forms are initiated by the employing department during the termination process and sent to LACERA for preparation of a refund warrant. It is the responsibility of the employee to assure timely delivery of the completed withdrawal certificate.

When a member withdraws from membership, he waives any and all previously vested or accrued rights he may have had to retirement, survivor, disability, and death benefits. Withdrawing members should carefully read the waiver relating to deferred retirement that is printed on the "Withdrawal Certificate."

Employees who do not withdraw their contributions within five (5) years after termination or, if eligible, do not file a deferred retirement application within 180 days after termination may lose all rights to withdraw their accumulated contributions.

DEFERRED RETIREMENT

Deferred retirement is available to members in Plans A, B, C, & D who terminate employment with five or more years of county service credit, who leave their contributions on deposit, and who apply in writing for deferred retirement within 180 days after termination. Deferred general members may receive a retirement allowance at any time after attaining age 50, provided at least 10 years have passed from their entry into membership in the Retirement Association, or at any age after 30 years from their entry date. Deferred safety members may receive a retirement allowance at any time after attaining age 50, or at any age after 20 years from their entry date.

Upon the death of any member before the effective date of his deferred retirement allowance, his accumulated contributions shall be paid to his estate or to such person as he nominates by written designation duly executed and filed with the board.

Plan E members who terminate employment will be considered to have deferred status provided they have at least 10 years of County and reciprocal agency service. These members may receive a retirement allowance after attaining age 55. Vested members who terminate should file a Plan E "Statement of Vesting" form with the Retirement Benefits Division.

A member on deferred retirement who is rehired, will continue to earn the same retirement benefits and retain the original entry age for determining the contribution rate.

WITHDRAWAL FROM MEMBERSHIP

Any member of the Retirement Association in Plans A, B, C, & D who, by resignation or transfer, changes from a position in which membership in the Retirement Association is compulsory to a position in which membership in the Retirement Association is non-compulsory may file within sixty (60) days from such resignation or transfer a written election to discontinue membership. Such written election shall include an application either to:

- (a) Withdraw his accumulated contributions, or
- (b) If eligible to do so, take deferred retirement.

If within such sixty-day period he does not file such an election, he shall continue as an active member of the Retirement Association, except that if he was a safety member he shall become a general member. Such membership shall continue until his County or district service is discontinued.

RECIPROCITY WITH OTHER RETIREMENT SYSTEMS

Deferred reciprocal retirement is available to members in Plans A, B, C, & D who terminate County or District employment to accept a position with another qualified public agency in California within six months after termination and who leave their contributions on deposit. A reciprocal member's rate of contribution in the new retirement system will be based on the entry age in the first system. Service credit under each system will be added together to determine eligibility for benefits under each system. Upon death or retirement for service or disability simultaneously from both systems, the highest earnings under either one of these systems will be used to determine benefits.

Once this election is made, contributions may not be withdrawn unless employment is terminated with the other public agency.

Plan E members who terminate County employment to accept employment with another qualified public agency in California are eligible for the above benefits except that neither disability retirement nor death benefits will be provided as a LACERA benefit.

If you are contemplating qualifying employment with another public agency, contact the Retirement Benefits Division to request appropriate forms.

CREDIT FOR PREVIOUS COUNTY SERVICE

Members in Plans A, B, C, or D who have worked in County or district service in a non-permanent position before entering membership may purchase retirement credit for that period of service. Members who have withdrawn from membership after terminating a previous period of County service may also obtain retirement credit for their previous service after repayment of withdrawn contributions plus additional interest allocable.

Members who transferred from plans A, B, C, and D to Plan E and worked in County or district service in a non-permanent position before entering membership will obtain retirement credit for that period of service. Such members who transferred in 1982 and had withdrawn from membership after terminating a previous period of County service will also obtain retirement credit for that previous service.

Employees hired on or after January 4, 1982 who elected Plan E are not eligible for retirement service credit for temporary service or for service during a previous period of LACERA membership.

For specific information, contact the Retirement Benefits Division in writing.

CREDIT FOR PREVIOUS PUBLIC SERVICE

Certain Plan A members may be eligible to purchase credit for public service with another agency prior to membership in LACERA provided that they are not entitled to retirement benefits (now or in the future) from the agency for that service. Members must meet the following eligibility requirements:

Active Military Service or United States Government Service: All employees holding continuous membership in the LACERA since July 1, 1974 are eligible for this credit.

State of California, any County in California: All employees holding continuous membership in the LACERA since November 1, 1974 are eligible for this credit.

City or Public Agency located wholly within the County of Los Angeles: All employees holding continuous membership in the LACERA since December 1, 1975 are eligible for this credit.

Members in Plan A who purchased credit for public service, may not use that credit to establish eligibility for service or disability retirement, deferred retirement, or death benefits. However, the credit may be used to meet the qualifications for discontinuing contributions after thirty (30) years if applicable. Members who transferred public service credit to Plan E may not use the public service credit to establish eligibility for service or deferred retirement.

DEATH AND SURVIVOR BENEFITS FOR ACTIVE MEMBERS (PLANS A, B, C, D ONLY)

NOTE: There are no Plan E active member death and survivor benefits payable through LACERA. However, there are benefits available to eligible survivors through the Long-Term Disability and Survivors Benefit Plan which is administered by the Department of Personnel.

The death benefit payable to the beneficiary of a member while in service who dies before retirement consists of:

- a. The member's contributions and interest credited to his account, plus,
- b. An amount equal to an average month's salary (based on the last twelve months of service credit) for each year of retirement credit, but not exceeding six month's salary.

The death benefit may be paid in a lump sum or in 120 equal payments at the option of the beneficiary.

When a member's death was not caused by an injury on the job and the member had five or more years of retirement credit or service other than public service, the surviving spouse or the guardian for the unmarried children under age 18 (through age 21 if full-time student) enrolled in an accredited institution may elect a monthly allowance in lieu of the basic death benefit equal to 60% of the retirement allowance that the member would have received had he retired because of non-service connected disability on the date of death.

The surviving spouse may elect to receive a combined benefit in lieu of either of the benefits previously described. The combined benefit consists of a lump-sum payment (up to six month's salary) plus a reduced monthly allowance for life.

Information required by a surviving spouse to make an informed election is furnished by the Retirement Benefits Division.

If the member's death was caused by an injury or illness arising out of his job, the surviving spouse or guardian for the unmarried children under age 18 (through age 21 if full-time student enrolled in an accredited institution), may elect a monthly allowance in lieu of the basic death benefit equal to the retirement allowance that the member would have received had he retired because of service-connected disability on the date of death. Such benefit is, at minimum equal to 50% of the member's average salary over the highest 12 or 36 months of service credit depending on the retirement plan. If the member's service-connected death resulted from external violence or physical force, the surviving spouse or other person having legal custody of the deceased member's children under age 18 (through age 21 if unmarried and full-time student enrolled in an accredited institution), may receive an additional allowance based on the number of children as follows:

1 child	25% of basic allowance
2 children	40% of basic allowance
3 or more children	50% of basic allowance

A combined benefit as previously described is also available to the surviving spouse of a member who dies in service from an injury or illness arising out of his job.

In addition to all other benefits, the surviving spouse of a safety member who is killed by force or violence on the job receives a lump-sum payment equal to twelve months' pay in addition to any other benefits described above.

QUALIFICATIONS FOR SERVICE RETIREMENT

General Members (Plans A, B, C, D)

A service retirement application may be filed by any general member who:

- a. Has retirement credit of 30 years of County/reciprocal service other than public service regardless of age. (If in deferred retirement status, 30 or more years after membership entry date), or
- b. Is 50 years of age or older and has retirement credit for 10 or more years of County/reciprocal service, other than public service. (If in deferred retirement status, age 50 and 10 or more years after membership entry date); or
- c. General members holding membership prior to December 31, 1978 who have reached the age of 65 with less than 10 years' service may retire and receive a monthly allowance based on actual service credited.

General Members (Plan E)

A service retirement application may be filed by any general member who is 55 years of age or older and has retirement credit for 10 or more years of County/reciprocal service, other than public service.

Safety Members (Plans A, B)

A service retirement application may be filed by any safety member who:

- a. Has retirement credit for 20 years of County/reciprocal service other than public service, regardless of age. (If in deferred retirement status, 20 or more years after membership entry date); or
- b. Is 50 years of age and has retirement credit for 10 or more years of County/reciprocal service other than public service, (If in deferred retirement status, age 50 and 10 or more years after membership entry date).
- c. Safety members must retire at age 60.

QUALIFICATIONS FOR DISABILITY RETIREMENT (PLANS A, B, C, D ONLY)

NOTE: There are no disability retirement benefits available to Plan E members through LACERA. However, there is a Long-Term Disability and Survivors Benefit Plan which is administered by the Department of Personnel.

I. Service-Connected Disability Retirement

- A. Disability is the direct result of a job-incurred injury or disease.
- B. No minimum age or retirement service credit requirement.
- C. Member must be substantially and permanently disabled for the performance of duty.

II. Non-Service Connected Disability Retirement

- A. Disability is not the result of a job-incurred injury or disease.
- B. Member must have a minimum of 5 years of County/reciprocal retirement service credit regardless of age.
- C. Member must be substantially and permanently disabled for the performance of duty.

If a member becomes disabled and unable to perform the duties of his/her specific job, he/she may apply for disability retirement. He/she must present proof of disability including a physician's statement showing he/she is permanently disabled. In addition, the Board of Retirement may require that he/she be examined by a Board-appointed physician.

APPLICATION FOR RETIREMENT

A retirement application must be submitted by each eligible member who desires to retire. The Board of Retirement meets on the first Wednesday of each month to consider the applications for service retirement filed the preceding month. Applications must be received prior to date of retirement.

An application for disability retirement should be submitted before the last day for which active service compensation is received. The processing for a disability retirement usually entails a period of several months to obtain the required medical evidence of disability, to have a medical examination and for the staff to conduct an investigation and prepare a report for consideration by the Board of Retirement.

APPROVAL OF APPLICATIONS FOR RETIREMENT BENEFITS

Each application for a service or disability retirement is individually approved by the Board of Retirement. A letter informing each applicant of the action taken by the Board is sent by the Retirement Benefits Division. Applicants should contact the Retirement Benefits Division if a letter is not received within a week after the meeting of the Board at which their application is considered.

AMOUNT OF RETIREMENT ALLOWANCE (PLANS A, B, C, D)

The amount of the retirement allowance that will be received by a retired member and eligible spouse throughout their lifetimes is dependent on the member's plan (A, B, C, or D) and the retirement settlement selected by the member when he files an application to retire. A member may choose either the Unmodified settlement or one of four optional settlements.

The Unmodified settlement provides both the maximum retirement allowance for the member and a continuation of 60% of that allowance to the surviving spouse, if the marriage occurred a year or more before the service retirement or non-service-connected disability retirement. The Unmodified settlement for a service-connected disability retirement provides both the maximum retirement allowance for the member and a continuation of 100% of that allowance to the surviving spouse if married at the time of retirement. Members may choose one of the optional settlements which provides a smaller retirement allowance for the member but enables him to provide for a beneficiary with an insurable interest in the member's life in the event of his death after retirement. Detailed information about the optional settlements is available from the Retirement Benefits Division.

AMOUNT OF RETIREMENT ALLOWANCE (PLAN E)

Unmodified Settlement—This option results in the largest monthly allowance possible under the law. It is paid during the lifetime of the retired member. Fifty percent of the member's monthly basic allowance at the time of death is payable each month to the member's spouse for life if the spouse was married to the member at least one year immediately before retirement and is named sole, primary beneficiary. When the member does not have a surviving spouse, the 50% continuance allowance may be paid collectively to the member's unmarried children under age 18 or through the age of 21 if such children are, and remain, unmarried and regularly enrolled as full-time students in an accredited school.

Optional Settlement—This option provides for a fixed monthly income in the amount the member selects at the time of retirement to be paid to a co-annuitant after the member's death. The co-annuitant must have an insurable interest in the member's life at the time of retirement. The amount of the member's retirement allowance is directly affected by the age of the co-annuitant, the reduction being greater if the co-annuitant is younger. All payments cease upon the death of both annuitants.

LEVEL INCOME OPTION (PLANS A, B, C, & D ONLY)

A member who retires for service (not disability) *prior* to age 62 and who is fully insured under social security at the time of retirement may elect to have his retirement allowance increased until age 62. Based on the member's age and earnings at retirement, the Retirement Benefits Division makes an *estimate* of what his social security benefit will be at age 62. The member's retirement allowance will be increased until age 62 by an actuarially established percentage of that estimate.

The member's retirement allowance will then be reduced after he reaches 62 by the *full* amount of the estimated social security benefit. These figures are determined at the time of retirement and will not be affected by subsequent changes in social security.

If the member dies, whether before or after age 62, and leaves a spouse or minor child who is eligible to a continuance allowance, the amount of the survivor's allowance will be based on the basic allowance the member received had he not made the election to receive the "Level Income" Option.

HOW TO COMPUTE AN UNMODIFIED RETIREMENT ALLOWANCE ESTIMATE (Plans A, B, C, & D)

The retirement allowance calculated below is the amount payable to the member under the unmodified service retirement. Optional retirement estimates will be computed by the Retirement Benefits Division when a formal request for estimates is filed with the division.

A retirement allowance is based on a percentage of the member's age, service and final compensation. "Final compensation" is defined as:

- a. The member's average monthly salary for the latest or highest paid one year of service, for those with a membership date prior to September 1977. (Plan A)
- b. The member's average monthly salary for the latest or highest paid three years of service, for those with a membership date of September 1977 or later. (Plans B, C, & D)

Age is calculated by the completed quarters, Service is calculated by the full months completed.

Examples of calculating final compensation: When salary has changed during the final compensation period.

Plan A member	
\$715 x 3 months	= \$2,145.00
\$735 x 9 months	= \$6,615.00
<hr/>	
12 months	= \$8,760.00

$$\text{Average Salary} = \\ \$8,760 \div 12 = \$730.00$$

Plans B, C, & D members	
\$655 x 3 months	= \$ 1,965.00
\$685 x 12 months	= \$ 8,220.00
\$715 x 12 months	= \$ 8,580.00
\$735 x 9 months	= \$ 6,615.00
<hr/>	
36 months	\$25,380.00

$$\text{Average Salary} = \\ \$25,380 \div 36 = \$705.00$$

After calculating the final compensation, find the percentage that applies to your age and years of service at retirement from the chart on pages 21-23. Multiply this percentage by your final compensation.

For example, if you are a general member, age 60, with 28 years of service:

	Plan A member	Plan B member	Plan C & D member
% of final compensation	68.31%	61.10%	53.67%
Final compensation	x \$730	x \$705	x \$705
Estimated retirement allowance	\$498.66	\$430.76	\$378.37

The Retirement Benefits Division should not be contacted to verify the results of your calculation unless you have filed an application for retirement.

**IF YOU ARE COVERED UNDER SOCIAL SECURITY, PLEASE SEE
BELOW HOW TO COMPLETE THE CALCULATION OF YOUR
RETIREMENT ALLOWANCE**

**HOW TO COMPUTE A RETIREMENT ALLOWANCE ESTIMATE
COORDINATED WITH SOCIAL SECURITY BENEFITS
(PLANS A, B, C, D)**

Members who were covered by social security during part of their service with the County receive a reduced service retirement allowance from LACERA. The reduction is dependent on age at retirement, the number of years of social security coverage, and the membership date. These members are eligible to receive social security benefits beginning at age 62, in addition to a retirement allowance from LACERA. An estimate of the reduced retirement income from LACERA may be computed as follows:

1. Compute the unmodified service retirement allowance (See Page 18)
2. Determine the reduction amount for age at retirement from the chart on Page 20.
3. Determine the number of years of County service with social security coverage.
4. Multiply the reduction amount times the number of years of County service with social security coverage to obtain the amount of reduction.
5. Subtract the amount of reduction from the unmodified allowance to determine the coordinated retirement allowance.

If a general member, with a membership date prior to September 1, 1977, retires at age 60 with 28 years of service and had been covered by social security for 19 years of his County service, his coordinated retirement allowance would be computed as follows:

Unmodified Retirement Allowance	\$498.66
Reduction, 19 years x \$2.85 (See Chart Below)	— 54.15
Coordinated Retirement Allowance	<u>\$444.51</u>

NOTE: A member who contributed to social security during his employment with the County paid less in retirement contributions than did an employee who was not covered by social security.

FOR MEMBERS WHO WERE COVERED UNDER SOCIAL SECURITY

Age at Retirement	<u>PLAN A</u>	<u>PLAN B</u>	<u>PLAN C</u>	<u>PLAN D</u>
	Membership Prior to 9/77	Membership 9/77—9/78	Membership 10/78—5/79	Membership after 5/79
	Reduction per YOS	Reduction per YOS	Reduction per YOS	Reduction per YOS
50	\$1.72	\$1.45	\$1.38	\$4.14
51	1.83	1.53	1.45	4.35
52	1.94	1.62	1.52	4.56
53	2.03	1.72	1.59	4.77
54	2.15	1.83	1.66	4.99
55	2.27	1.94	1.74	5.22
56	2.40	2.03	1.82	5.47
57	2.55	2.15	1.91	5.74
58	2.65	2.27	2.01	6.04
59	2.75	2.40	2.12	6.36
60	2.85	2.55	2.24	6.71
61	2.95	2.65	2.32	6.97
62	3.05	2.75	2.44	7.32
63	3.05	2.85	2.56	7.69
64	3.05	2.95	2.70	8.09
65	3.05	3.05	2.84	8.51
and over				

Note: "YOS" means years of service with LA County

HOW TO COMPUTE A RETIREMENT ALLOWANCE ESTIMATE UNDER PLAN E.

Members of LACERA under Plan E who want an estimate must contact the Retirement Benefits Division for a PIA figure (Social Security benefit estimate) and self-estimate form.

AMOUNT OF RETIREMENT ALLOWANCE PER MONTH

Percentage of Final Compensation

GENERAL MEMBERS PLAN A (Prior to 9/1/77)

Years of service	AGES												
	50	51	52	53	54	55	56	57	58	59	60	61	62 and over
10	14.75%	15.67%	16.67%	17.41%	18.41%	19.48%	20.61%	21.82%	22.68%	23.54%	24.40%	25.26%	26.11%
11	16.23	17.23	18.33	19.15	20.25	21.42	22.67	24.00	24.95	25.89	26.84	27.78	28.72
12	17.70	18.80	20.00	20.89	22.10	23.37	24.73	26.19	27.22	28.25	29.28	30.31	31.34
13	19.18	20.36	21.67	22.64	23.94	25.32	26.79	28.37	29.48	30.60	31.72	32.83	33.95
14	20.65	21.93	23.33	24.38	25.78	27.27	28.85	30.55	31.75	32.95	34.16	35.36	36.56
15	22.13	23.50	25.00	26.12	27.62	29.22	30.91	32.73	34.02	35.31	36.60	37.88	39.17
16	23.60	25.06	26.67	27.86	29.46	31.16	32.97	34.91	36.29	37.66	39.04	40.41	41.78
17	25.08	26.63	28.33	29.60	31.30	33.11	35.03	37.10	38.56	40.01	41.47	42.93	44.39
18	26.55	28.20	30.00	31.34	33.14	35.06	37.09	39.28	40.82	42.37	43.91	45.46	47.00
19	28.03	29.76	31.67	33.08	34.99	37.01	39.16	41.46	43.09	44.72	46.35	47.98	49.62
20	29.50	31.33	33.33	34.82	36.83	38.95	41.22	43.64	45.36	47.08	48.79	50.51	52.23
21	30.98	32.90	35.00	36.56	38.67	40.90	43.28	45.83	47.63	49.43	51.23	53.04	54.84
22	32.45	34.46	36.67	38.31	40.51	42.85	45.34	48.01	49.90	51.78	53.67	55.56	57.45
23	33.93	36.03	38.33	40.05	42.35	44.80	47.40	50.19	52.16	54.14	56.11	58.09	60.06
24	35.40	37.60	40.00	41.79	44.19	46.74	49.46	52.37	54.43	56.49	58.55	60.61	62.67
25	36.88	39.16	41.67	43.53	46.03	48.69	51.52	54.55	56.70	58.85	60.99	63.14	65.28
26	38.35	40.73	43.33	45.27	47.87	50.64	53.58	56.74	58.97	61.20	63.43	65.66	67.89
27	39.83	42.30	45.00	47.01	49.72	52.59	55.64	58.92	61.24	63.55	65.87	68.19	70.51
28	41.30	43.86	46.67	48.75	51.56	54.53	57.70	61.10	63.50	65.91	68.31	70.71	73.12
29	42.78	45.43	48.33	50.49	53.40	56.48	59.76	63.28	65.77	68.26	70.75	73.24	75.73
30	44.25	47.00	50.00	52.23	55.24	58.43	61.82	65.47	68.04	70.61	73.19	75.77	78.34
31	45.73	48.56	51.67	53.98	57.08	60.38	63.89	67.65	70.31	72.97	75.63	78.29	80.95
32	47.20	50.13	53.33	55.72	58.92	62.33	65.95	69.83	72.58	75.32	78.07	80.82	83.56
33	48.68	51.69	55.00	57.46	60.76	64.27	68.01	72.01	74.84	77.68	80.51	83.34	86.17
34	50.15	53.26	56.67	59.20	62.61	66.22	70.07	74.19	77.11	80.03	82.95	85.87	88.79
35		54.83	58.33	60.94	64.45	68.17	72.13	76.38	79.38	82.38	85.39	88.39	91.40
36			60.00	62.68	66.29	70.12	74.19	78.56	81.65	84.74	87.83	90.92	94.01
37				64.42	68.13	72.06	76.25	80.74	83.92	87.09	90.27	93.44	96.62
38					69.97	74.01	78.31	82.92	86.13	89.45	92.71	95.97	99.23
39						75.96	80.37	85.10	88.45	91.80	95.15	98.49	100.00
40							82.43	87.29	90.72	94.15	97.59	100.00	
41									92.99	96.51	100.00		

AMOUNT OF RETIREMENT ALLOWANCE PER MONTH

Percentage of Final Compensation

GENERAL MEMBERS

Years of service	PLAN B (9/1/77 to 9/30/78)					PLAN C and D (10/1/78 and after)			
	AGES					AGES			
	50	52	55	60	65 and over	50	55	60	65 and over
10	12.42%	13.91%	16.67%	21.82%	26.11%	11.82%	14.92%	19.17%	24.32%
11	13.67	15.30	18.33	24.00	28.72	13.00	16.42	21.08	26.75
12	14.91	16.69	20.00	26.19	31.34	14.18	17.91	23.00	29.19
13	16.15	18.08	21.67	28.37	33.95	15.36	19.40	24.92	31.62
14	17.39	19.47	23.33	30.55	36.56	16.55	20.89	26.83	34.05
15	18.63	20.87	25.00	32.73	39.17	17.73	22.38	28.75	36.48
16	19.88	22.26	26.67	34.91	41.78	18.91	23.88	30.67	38.91
17	21.12	23.65	28.93	37.10	44.39	20.09	25.37	32.58	41.35
18	22.36	25.04	30.00	39.28	47.00	21.27	26.86	34.50	43.78
19	23.60	26.43	31.67	41.46	49.62	22.45	28.35	36.42	46.21
20	24.85	27.82	33.33	43.64	52.23	23.64	29.85	38.33	48.64
21	26.09	29.21	35.00	45.83	54.84	24.82	31.34	40.25	51.08
22	27.33	30.60	36.67	48.01	57.45	26.00	32.83	42.17	53.51
23	28.57	31.99	38.33	50.19	60.06	27.18	34.32	44.08	55.94
24	29.82	33.38	40.00	52.37	62.67	28.36	35.82	46.00	58.37
25	31.06	34.78	41.67	54.55	65.28	29.55	37.31	47.92	60.80
26	32.30	36.17	43.33	56.74	67.89	30.73	38.80	49.83	63.24
27	33.54	37.56	45.00	58.92	70.51	31.91	40.29	51.75	65.67
28	34.79	38.95	46.67	61.10	73.12	33.09	41.79	53.67	68.10
29	36.03	40.34	48.33	63.28	75.73	34.27	43.28	55.58	70.53
30	37.27	41.73	50.00	65.47	78.34	35.46	44.77	57.51	72.97
31	38.51	43.12	51.67	67.65	80.95	36.64	46.26	59.42	75.40
32	39.75	44.51	53.33	69.83	83.56	37.82	47.75	61.33	77.83
33	41.00	45.90	55.00	72.01	86.17	39.00	49.25	63.25	80.26
34	42.24	47.29	56.67	74.19	88.79	40.18	50.74	65.17	82.69
35		48.69	58.33	76.38	91.40		52.23	67.08	85.13
36		50.08	60.00	78.56	94.01		53.72	69.00	87.56
37			61.67	80.74	96.62		55.22	70.92	89.99
38			63.33	82.92	99.23		56.71	72.83	92.42
39			65.00	85.10	100.00		58.20	74.75	94.85
40				87.29			59.69	76.67	97.29

GENERAL INFORMATION — RETIRED MEMBERS

COUNTY SERVICE AFTER RETIREMENT

A retired member may not be paid for service to the County, except as follows:

- a. Payments for service as juror or election officer.
- b. Payments for suggestions made for the improvement of County or district activities.
- c. Payments for service as field deputy for registration of voters.
- d. Payments for service as a member of the Retirement Board.
- e. Payments under independent contract with the County.
- f. Retired court commissioners of LA County may receive the amount equal to the difference between the retirement allowance and full compensation for services performed.
- g. Retired members may be employed on a temporary status with LA County for a period not to exceed 90 working days in a fiscal year.

ENDORSEMENT OF RETIREMENT WARRANT

Personal endorsement of the retirement warrant is required of each retired member. A mark witnessed by two persons who sign their names and give their addresses is acceptable when the member is unable to personally endorse the retirement warrant.

A retired member may arrange to have his warrant deposited in a financial institution without his personal endorsement. The Retirement Benefits Division, Retired Members Section should be contacted to make the necessary arrangements.

If you do not receive your warrant within **five working days** after the first of the month, first check with your mail carrier and then call the Retirement Benefits Division for a duplicate.

DEDUCTIONS FROM RETIREMENT ALLOWANCES

There are no mandatory deductions from your retirement allowance, but deductions from retirement allowances may be authorized for the following purposes:

- a. Group medical insurance administered by the Board of Retirement.
- b. Dues—RELAC, Sheriff's Relief, POPA, Local 1014, LACEA, Acacia Club
- c. Credit union loan repayments or savings/checking deposits.
- d. Medicare premium payments.
- e. Federal and State income taxes.

HOSPITAL AND MEDICAL INSURANCE PLANS

Full or partially paid group hospital and medical insurance coverage has been made available to all retirees, survivors, and their eligible dependents by the Board of Supervisors for County and District employees for which the Board of Supervisors are the governing body and by the Board of Directors of the SCAQMD for district employees. To participate in the medical insurance plans, enrollment must be made within 60 days after retirement or, in the case of disability retirees, within 60 days of the Board of Retirement meeting at which a member's application for disability was approved.

There are two different types of plans administered by the Board of Retirement. One type is an "indemnity" plan whereby the retiree chooses his own doctor or hospital and his bills are paid by the insurance company underwriting the plan. The other is a "service" plan whereby the retiree must use the doctors and facilities offered by the service plan he chooses.

The indemnity plans are underwritten either by the Transamerica Occidental Life Insurance Company or by Blue Cross of California. Benefits under the indemnity plans are similar but premiums are not identical. Retirees who did not previously have Blue Cross coverage as active members may not choose this company to process their claims. The service plans are underwritten either by the Ross Loos Medical Group or by Kaiser Permanente of Southern California. Any retiree may choose Ross Loos regardless of previous coverage, but only those retirees previously covered by Kaiser Permanente of Southern California as active members may choose this service plan. Premiums are not identical, the employers premium payments for the various plans are limited to the premium charge by the Transamerica Occidental Life Insurance Company.

Survivors of retirees are also eligible to participate in these hospital/medical plans.

In addition to the employer sponsored plans, retired firemen also may choose to remain covered under the hospital/medical plan offered by the Fire Fighters Union.

The amount of premium that is paid by the employer is dependent upon the number of years of retirement service credited to the retiree when he retires. This ranges from 40% of the premium with ten full years of service credit to 100% of the premium with twenty-five or more full years of service.

The Retirement Benefits Division should be notified of any deletions from the insurance coverage to insure that the costs for both the carrier and member are reduced accordingly. New dependents may be enrolled without a health statement as long as such enrollment is accomplished within 30 days from birth, marriage to the member, etc. In the event of a reduction in dependent status, not more than two months refund of excess contributions will be made.

DENTAL/VISION CARE PLAN

Full or partially-paid coverage under a dental/vision care plan underwritten by Blue Cross of Southern California has been made available to all retirees, survivors, and their eligible dependents by the Board of Supervisors for County and District employees for which the Board of Supervisors are the governing body and by the Board of Directors of the SCAQMD for district employees.

The dental/vision care plan is separate and distinct from the various hospital and medical insurance plans that are also available to retirees.

A different enrollment card is required to participate in the dental/vision care plan regardless of the medical plan that a retiree may select. Enrollment must be made within 60 days after retirement to participate in the plan. A member may enroll at a later date but he/she must wait one year from the time he submits his enrollment card before coverage will be effective.

The plan is of the indemnity type which means that the retiree may choose his own dentist or eye doctor and be reimbursed for the covered portion of the costs of these services.

The amount of premium for this coverage that is paid by the employer is dependent upon the number of years of retirement service credited to the retiree when he retires. This ranges from 40% of the premium with ten full years of service credit to 100% of the premium with twenty-five or more full years of service credit.

DEATH AND SURVIVOR BENEFITS—SERVICE RETIREMENT OR NONSERVICE-CONNECTED DISABILITY RETIREMENT

When death occurs after a member has retired under the Unmodified settlement, the surviving spouse or the guardian for the unmarried children under age 18 or through age 21, if such children remain unmarried and are regularly enrolled as full-time students in an accredited school, may be entitled to receive a monthly allowance equal to 60% (Plans A, B, C, D), 50% (Plan E) of the retirement allowance received by the member before his death. To be eligible for this monthly allowance the member must have retired after September 21, 1951, and the surviving spouse must:

- a. Be named as the sole primary beneficiary, and
- b. Have been married to the member at least one year before he retired.

DEATH AND SURVIVOR BENEFITS— SERVICE-CONNECTED DISABILITY RETIREMENT

The surviving spouse or the guardian for the unmarried children under age 18 or (through age 21 if full-time student) continue to receive the same retirement allowance that the member received before his death. 50% of the unmodified retirement allowances is payable under Plan E. To be eligible for this benefit, the spouse must:

- a. Be named as the sole primary beneficiary, and
- b. Have been married to the member when he retired.

COST OF LIVING ADJUSTMENTS

The California Government Code requires the Board of Retirement to determine the increase or decrease of the cost of living in the Los Angeles area as of January 1st and to increase or decrease, accordingly, the retirement or survivor allowances of all members of LACERA who are retired as of April 1st. The law requires that such change be calculated to the nearest one-half of one percent of the actual change in the CPI and shall not exceed 3% for Plan A members or 2% for Plan B, C, and D members. (Plan E members do not receive a cost-of-living increase.)

BURIAL ALLOWANCE (Plans A,B,C,D only)

A special death benefit or burial allowance of \$750.00 is paid to the named beneficiary or estate of each retired member who dies after retirement. If they were employees of the County or SCAQMD.

FEDERAL AND STATE INCOME TAXES

Retirement allowance income of retired members is taxable under both Federal and State of California income tax laws. A statement showing the taxable income status of each retired member's allowance is provided at the time of retirement and a W-2P is sent annually to each retired member and survivor. Questions concerning the applicability of the income tax laws to a member's personal situation should be directed to a tax advisor. We cannot provide such advice.

The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) requires LACERA to withhold Federal income tax from your monthly retirement allowance. However, you may elect NOT to have withholding apply to your retirement allowance, or you may elect to have Federal tax withheld at whatever rate you choose, either a specific dollar amount or an amount based on the tax tables. Election forms are available at the time of requirement.

IF YOU DO NOT RETURN THE ELECTION FORM WITH YOUR APPLICATION TO RETIRE, FEDERAL INCOME TAX WILL BE WITHHELD FROM YOUR RETIREMENT ALLOWANCE, beginning with your first retirement warrant, as if you were a married person claiming three withholding exemptions.

Your election to withhold or not withhold will remain in effect until you revoke it. You may revoke your election or change the amount withheld at any time by notifying LACERA, in writing. You may make and revoke such elections as often as you wish. You may incur penalties if withholding taxes are insufficient at the end of the year. Be sure to check with your tax accountant or the Internal Revenue Service.

QUESTIONS AND ANSWERS THAT ARE OF COMMON CONCERN TO RETIRED MEMBERS

Q: WHAT DO I DO IF I CHANGE MY ADDRESS?

A: Notify the Retirement Benefits Division immediately by telephone or by mail BEFORE the 15th of the month in order to have your warrant delivered to your new address on time.

Q: DOES THE RETIREMENT BENEFITS DIVISION WITHHOLD TAXES OR ANY DEDUCTIONS FROM MY RETIREMENT WARRANT?

A: We will not withhold any money from your retirement warrant for credit union, health insurance, other agencies, optical-dental insurance, medicare, etc., without your written authorization, however Federal taxes will be withheld unless a written authorization is received to not have this deduction.

Q: HOW CAN I STOP HAVING DEDUCTIONS TAKEN FROM MY RETIREMENT WARRANT?

A: You must notify the credit union, RELAC association, etc., in writing and request that a particular deduction be cancelled. The agency involved will notify us. If you have a deduction for Federal or State tax withholding, just notify the Retirement Benefits Division in writing to cancel.

Q: IS MY RETIREMENT PAY TAXABLE?

A: There are two Internal Revenue Service rules which apply. If you recover your contribution within 36 months, you must pay taxes once you have recovered your contributions. If it takes longer than 36 months to recover your contributions, IRS will calculate an excludable percentage for life (based on life expectancy), and any retirement income over the excludable percentage amount is taxable. Refer to IRS Publications 567 and 575 for further details.

Q: WILL I RECEIVE A W2 TAX REPORTING FORM?

A: We will send you a form W2-P at each year-end to assist you with your income taxes. We will also send you a tax information letter with your first retirement warrant. Do not destroy this letter as it is the only one you will receive and you may need the information in future years.

Q: WHAT ABOUT INSURANCE COVERAGE?

A: You will receive an insurance package giving you a choice of medical insurance plans and Dental/Vision options after you have retired. The County will pay 4% of the premium cost for each year of credit with a minimum of 10 years of credit. Read carefully all plans and fill in the enrollment forms of your choice. Return the enrollment forms to our office. The Retirement Board does not provide any life insurance plans.

Q: WILL I KEEP MY EMPLOYEE NUMBER?

A: No. We will issue a retirement identification card. An I.D. number will be on this card. You must use this number whenever you communicate with our office.

Q: WHEN MAY I EXPECT MY FIRST RETIREMENT WARRANT?

A: You can expect your first warrant within 60 days after your retirement is approved by the Board of Retirement. Your retirement warrant will arrive around the first day of each month in payment for the previous month. If your monthly warrant does not arrive after five (5) working days, you may request a replacement warrant. Once you have requested a replacement warrant, the original warrant is void. You then may not cash the original warrant even though you might later receive it in the mail.

Q: WHEN ARE RETIREMENT WARRANTS MAILED?

A: The retirement warrants are mailed the working day preceding the last day of each month.

Q: WHAT IF I DON'T RECEIVE MY RETIREMENT WARRANT?

A: Should you not receive your warrant by the fifth working day after the first of the month, telephone our office for a new warrant. Do not call before the five working days are past.

Q: WHAT WILL HAPPEN TO MY RETIREMENT WARRANT IF I AM ON AN EXTENDED VACATION AND WILL BE AWAY FROM HOME FOR A FEW MONTHS?

A: Request the appropriate form from LACERA for transmitting your retirement monies to your financial institution (bank, savings and loan or credit union). Be sure to submit the completed form 60 days before the month you wish the automatic deposit to begin.

Q: AFTER RETIREMENT DOES MY ELIGIBLE SPOUSE, UNDER THE UNMODIFIED PLAN, RECEIVE 60% OF MY ALLOWANCE AFTER MY DEATH EVEN IF HE/SHE REMARRIES? (Plans A,B,C,D only)

A: Yes. You must have been married at least one year prior to retirement, and your spouse must be named sole primary beneficiary in order for your surviving spouse to receive 60% of your retirement allowance.

Q: CAN I CHANGE MY BENEFICIARY AFTER I RETIRE?

A: Yes. Unless you selected optional retirement settlements 2, 3, or 4. You must do so in writing.

GENERAL STATISTICS

	ACTIVE MEMBERS			DEFERRED MEMBERS		
	General	Safety	Total	General	Safety	Total
As of July 1, 1982	58,542	8,609	67,151	1,610	132	1,742
Additions	<u>2,965</u>	<u>988</u>	<u>3,953</u>	<u>266</u>	<u>6</u>	<u>272</u>
	61,507	9,597	71,104	1,876	138	2,014
Deductions						
Withdrawals	2,333	180		36	4	
Retired	1,635	313		85	5	
Deferred	266	6		100	8	
Reinstated						
TOTAL Deductions	<u>4,234</u>	<u>499</u>	<u>4,733</u>	<u>221</u>	<u>17</u>	<u>238</u>
As of June 30, 1983	<u>57,273</u>	<u>9,098</u>	<u>66,371</u>	<u>1,655</u>	<u>121</u>	<u>1,776</u>
Unclaimed Accounts	1,984	65	2,049			

RETIRED MEMBERS

	SERVICE	DISABILITY	SURVIVORS	TOTAL
GENERAL				
As of July 1, 1982	16,867	2,849	3,018	22,734
Additions	<u>1,040</u>	<u>270</u>	<u>410*</u>	<u>1,720</u>
	17,907	3,119	3,428	24,454
Deductions	<u>479</u>	<u>84</u>	<u>172</u>	<u>735</u>
TOTAL	<u>17,428</u>	<u>3,035</u>	<u>3,256</u>	<u>23,719</u>
SAFETY				
As of July 1, 1982	1,534***	1,483***	633***	3,650
Additions	<u>114</u>	<u>148</u>	<u>56**</u>	<u>318</u>
	1,648	1,631	689	3,968
Deductions	<u>35</u>	<u>31</u>	<u>19</u>	<u>85</u>
TOTAL	<u>1,613</u>	<u>1,600</u>	<u>670</u>	<u>3,883</u>
TOTAL RETIRED as of				
June 30, 1983	19,041	4,635	3,926	27,602

*Includes survivors of 37 deceased active general members who receive life payments by election.

**Includes survivors of 9 deceased active safety members who receive life payments by election.

***Figures corrected from 6/30/82 annual report

**LOS ANGELES COUNTY
EMPLOYEES RETIREMENT ASSOCIATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1983**

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Note: These financial statements have not been audited or reviewed by any internal or external auditor.

Employees who wish to obtain the audited financial statements for the year ended June 30, 1983 may write to:

Retirement Controls Division
434 Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

EXHIBIT A

Page 1 of 2

**Los Angeles County Employees Retirement Association
Statement of Financial Condition
For the Year Ended June 30, 1983**

ASSETS

(Amounts in Thousands)

Current Assets

Cash	\$ 1,319
Member Contributions Receivable	5,803
Employer Contributions Receivable	49,065
Accounts Receivable—Bond Investments	49,160
Accounts Receivable—Mortgage Investments	1,966
Dividends Receivable	5,415
Proceeds Receivable—Sale of Stocks	18,830
Interest Receivable—Pooled Surplus Investment	25
Short Term-Repurchase Agreements (at book value)	56,729
Short Term Investments (at book value)	143,812
Net Investment in Direct Financing Leases	5,312
Miscellaneous Accounts Receivable	573
Total Current Assets	<u>\$ 338,009</u>

Long Term Investments

Bonds (at book value)	<u>\$2,215,507</u>
Common Stocks	968,383
Preferred and Convertible Stocks	1,175
Total Stocks (at Cost)	<u>\$ 969,558</u>
Net Investment in Direct Financing Leases	<u>\$ 210,067</u>
FHA and VA Insured Mortgages	\$ 175,805
Conventional Mortgages (Commercial)	8,900
Conventional Mortgages (Residential)	2,806
Loan Participation Interest	1,533
Real Estate Loans (Equity Participation)	14,837
Total Mortgages (at book value)	<u>\$ 203,881</u>
Real Estate Equities	<u>\$ 2,263</u>
Total Long-Term Investments	<u>\$3,601,276</u>

Fixed Assets

Furniture and Equipment	\$ 135
Structures and Improvements	221
Total Fixed Assets (Net of Depreciation)	<u>\$ 356</u>
Total Assets	<u><u>\$3,939,641</u></u>

EXHIBIT A

Page 2 of 2

**Los Angeles County Employees Retirement Association
Statement of Financial Condition
For the Year Ended June 30, 1983****LIABILITIES AND RESERVES**

(Amounts in Thousands)

Current Liabilities

Retiree Payroll Deductions Payable	\$ 2,825
Mortgage Loan Payments Collected in Advance	239
Accounts Payable—Purchase of Common Stocks	7,753
Accounts Payable—Reverse Repurchase Agreements	12,013
Administrative Expense Payable	536
Commitment Fees on Deposit	349
Investment Expenses Payable	470
Miscellaneous Accounts Payable	238
Total Liabilities	<u>\$ 24,423</u>

Members Deposit Reserves

General Members	\$ 462,631
Safety Members	170,946
Cost of Living	160,543
Unclaimed Deposits of Former Members	773
Total Members Deposit Reserves	<u>\$ 794,893</u>

Employers Reserves

General Members	\$ 97,926
Safety Members	93,155
Cost-of-Living	140,687
Total Employers Reserves	<u>\$ 331,768</u>

Retired Members Reserves

General Members	\$1,521,174
Safety Members	576,684
Cost of Living	651,303
Total Retired Members Reserves	<u>\$2,749,161</u>

**Reserve for Earnings' Deficiencies, Investment Losses
and Other Contingencies**\$ 39,396

Total Reserves

\$3,915,218

Total Liabilities and Reserves

\$3,939,641

EXHIBIT B

Page 1 of 4

**Los Angeles County Employees Retirement Association
Statement of Cash Receipts
For the Fiscal Year Ended June 30, 1983**

(Amounts in Thousands)

Cash Balance, July 1, 1982	<u>\$ 646</u>
Members Contributions	
General Members	\$ 52,842
Safety Members	<u>20,400</u>
Total	<u>\$ 73,242</u>
Employers Contributions	
General Members	\$ 199,306
Safety Members	<u>73,079</u>
Total	<u>\$ 272,385</u>
Interest Collected on Securities	
Long Term Investments	\$ 257,929
Short Term Investments	28,595
Securities on Loan	<u>642</u>
Total	<u>\$ 287,166</u>
Dividends Received on Stocks	
Common Stocks	\$ 53,560
Preferred Stocks	<u>734</u>
Total	<u>\$ 54,294</u>
Investments Debt Securities Sold or Matured	
Long Term Investments	\$ 3,417,048
Short Term Investments	<u>16,116,166</u>
Total	<u>\$19,533,214</u>
Equity Securities Sold	
Common Stocks	\$ 222,466
Preferred Stocks	<u>548</u>
Total	<u>\$ 223,014</u>

EXHIBITS B

Page 2 of 4

**Los Angeles County Employees Retirement Association
Statement of Cash Receipts
For the Fiscal Year Ended June 30, 1983**

(Amounts in Thousands)

Other

Rents and Return of Investments—	
Real Estate Projects	\$ 17,784
Interest and Return of Investment—Mortgages	25,893
Income on Loan Participation Interest	986
Repayments of Loan Participation Interest	10,668
Collection of Reversed Repurchase Agreements	16,037
Retired Members Contributions—Medical and Dental/Vision	6,238
County Contributions—Medical and Dental/Vision	21,404
County Contributions—Retired Members Death Benefits	340
Reimbursable Occupancy Costs	1,147
Investment Overpayments	287
Collection of Interest Purchased	886
Interest on Pooled Surplus Investments	99
<i>Commitment Fee on Deposit</i>	100
Other Investment Income	334
Collection of Other Receivables	12
Revenue—Real Estate Equities	2,027
Other Revenues	1
Miscellaneous Receipts	13
Total Other	<u>\$ 104,256</u>
 Total Receipts	 <u>\$20,547,571</u>
 Total Cash Available	 <u>\$20,548,217</u>

EXHIBIT B

Page 3 of 4

**Los Angeles County Employees Retirement Association
Statement of Cash Disbursements
For the Year Ended June 30, 1983**

(Amounts in Thousands)

Refunds to Terminated Members

General	\$ 6,929
Safety	<u>931</u>
Total	<u>\$ 7,860</u>

Death Benefits—Active Members \$ 1,286

Retirement Allowances

General	\$ 179,650
Safety	<u>53,540</u>
Total	<u>\$ 233,190</u>

Death Benefits—Retired Members \$ 93

Investments

Long Term Investments	\$ 3,839,134
Short Term Investments	16,020,978
Bond Interest Purchased	58,468
Common/Preferred Stocks	310,318
Mortgage Loans	31,752
Mortgage Loan Service Fees	606
Mortgage Loan Interest Purchased	234
Loan Participation Interest	2,367
Real Estate Equities—Mortgage Loans	<u>500</u>
Total	<u>\$20,264,357</u>

EXHIBIT B

Page 4 of 4

Statement of Cash Disbursements (Continued)

Other

Retired Members Contributions—Medical and Dental/Vision	\$ 6,216
County Contributions—Medical and Dental/Vision	21,401
County Contributions—Retired Members Death Benefits	396
Payments on Reversed Repurchase Agreements	4,025
Interest on Reversed Repurchase Agreements	31
Refunds of Investment Overpayments	130
Reimbursable Occupancy Costs	1,148
Administrative Expenses	4,537
Custodial Fees	273
Fixed Assets	43
Investment Counsel Fees	1,451
Interest and Payments under Section 31725.5	205
Real Estate Expenditures	107
Other Investment Expenditures	35
Other Expenditures	3
Refund of Commitment Fee	100
Miscellaneous Disbursements	11
Total Other	<u>\$ 40,112</u>
Total Disbursements	<u>\$20,546,898</u>
Cash Balance—June 30, 1983 (Exhibit A)	<u>\$ 1,319</u>

EXHIBIT C**Los Angeles County Employees Retirement Association
Statement of Operations
For the Fiscal Year Ended June 30, 1983**

(Amounts in Thousands)

Revenues

Member Contributions	
Retirement—Active Member	\$ 73,879
Retired Members Insurance Premiums	6,238
Miscellaneous Additions	97
Employer Contributions	295,181
Total Contribution Revenue	<u>\$375,395</u>
Investment Income	
Interest Income—Long Term Bonds	\$227,846
Interest Income—Short Term Investments	27,997
Interest Income—Securities on Loan	835
Interest Income on Mortgages	16,908
Other Interest Income	76
Income from Loan Participation Interest	878
Dividend Income	55,758
Income from Financing Leases	12,751
Net Gain on Sale of Long Term Bonds	9,365
Net Gain on Sale of Stocks	47,729
Net Gain on Sale of Mortgage Loans	139
Income—Real Estate Equities	2,473
Other Investment Income	317
Total Investment Income	<u>\$403,072</u>
Other Revenues	<u>\$ 253</u>
Total Revenues	<u>\$778,720</u>

Expenditures

Benefits	
Death Benefits	\$ 1,379
Interest and Payments under Section 31725.5	205
Pension and Annuity Payments	233,747
Retired Members Insurance Premiums	6,216
Total Benefit Payments	<u>\$241,547</u>
Other	
Refunds to Terminated Members	\$ 7,860
Investment Counsel Fees	1,487
Mortgage Loan Service Fees	610
Administrative Expenses (Exhibit D)	4,782
Custodial Fees	274
Real Estate Equities Expenditures	105
Other Investment Expense	13
Miscellaneous Deductions	155
Total Other Expenditures	<u>\$ 15,286</u>
Total Expenditures	<u>\$256,833</u>
Excess of Revenues over Expenditures	<u>\$521,887</u>

EXHIBIT D**Los Angeles County Employees Retirement Association
Administrative Expenses
For the Fiscal Year Ended June 30, 1983**

(Amounts in Thousands)

Personnel Services

Salaries and Wages	\$2,172
Employee Benefits	
Retirement Contributions	313
FICA Contributions	39
Workers Compensation	3
Medical Insurance	144
Dental-Vision Insurance	24
Life Insurance	1
Retiree Health Insurance	31
Long Term Disability—Plan E	1
Total Employee Benefits	<u>\$ 556</u>
Total Personnel Costs	<u>\$2,728</u>

Office Expenses

Postage	\$ 98
Stationery and Forms	51
Other Supplies	58
Total Office Expenses	<u>\$ 207</u>

Other Services and Charges

Communication	\$ 69
Maintenance—Office Equipment	8
Maintenance—Structures, Improvements and Grounds	5
Actuarial Fees	139
Administrative Support	125
Attorney Fees	39
Data Processing Charges (DDP)	437
Other Data Processing Charges (ADP)	208
Hearing Officer Fees	86
Medical Fees	189
Stenographic Fees	17
Systems Support	172
Rents and Leases—Office Equipment	60
Transportation and Travel	7
Rental—Specialized Equipment—(Pensionmax)	57
Centralized Operations	150
Other Professional Services	0
Miscellaneous Expenses	11
Total Services and Charges	<u>\$1,788</u>

Depreciation—Fixed Assets \$ 59Total Administrative Expenses \$4,782

EXHIBIT E

**Los Angeles County Employees Retirement Association
Real Estate Projects Subject to Direct Financing Leases
June 30, 1983**

Loc. #		Date of Lease	Lease Period (Years)	Principal Financed	Principal Repaid	Balance June 30, 1983
305	Central Dist. Health Center	241 N. Figueroa St., LA	05-24-68	\$ 1,588,533.08	\$ 400,774.02	\$ 1,187,759.06
312	Co. Downey Admin. Center	9150 E. Imperial Hwy., Downey	07-01-74	7,190,119.23	801,061.73	6,389,057.50
315	Criminal Courts Facility	210 W. Temple St., LA	11-01-73	38,570,332.16	5,644,740.62	32,925,591.54
320	Hall of Administration	500 W. Temple St., LA	06-25-63	28,381,494.34	4,185,129.33	24,196,365.01
322	Health Admin. Bldg.	313 N. Figueroa St., LA	02-01-72	13,087,984.89	2,390,959.62	10,697,025.27
330	Men's Central Jail	441 Bauchet St., LA	12-10-63	17,027,664.24	3,956,648.01	13,071,016.23
331	Men's Central Jail Addn.	441 Bauchet St., LA	01-01-77	41,624,734.21	4,067,033.56	37,557,700.65
332	Beverly Hills Mun. Court Facility	9355 Burton Way, BH	01-01-72	5,573,206.44	1,104,911.61	4,468,294.83
335	Municipal Traffic Court	1945 S. Hill St., LA	11-01-73	17,653,582.10	2,467,629.61	15,185,952.49
337	Norwalk (SE Dist.) Court Facility	12720 Norwalk Blvd. NW	06-24-69	8,076,387.09	2,519,145.47	5,557,241.62
340	Pasadena (NE Dist.) Court Parking Structure	199 N. Garfield Ave., Pasadena	04-01-68	2,459,023.13	596,814.11	1,862,209.02
342	Pasadena (NE Dist.) Court Facility	350 E. Walnut, Pasadena	07-06-71	7,124,359.39	1,580,005.32	5,544,354.07
345	Pomona (E Dist.) Court Facility	250 W. 5th St., Pomona	06-24-69	7,636,167.09	2,403,646.55	5,232,520.54
350	Torrance (SW Dist.) Court Facility	825 Maple Ave., Torrance	10-29-68	5,365,667.07	1,069,473.01	4,296,194.06
355	Civic Center—Mall I	Los Angeles Civic Center	12-20-66	9,465,247.25	3,146,985.87	6,318,261.38
357	Civic Center—Mall II	Los Angeles Civic Center	11-01-71	10,193,754.76	1,623,077.69	8,570,677.07
365	Malibu Admin. Center	23519 W. Stuart Ranch Rd., Malibu	06-22-71	3,408,884.73	684,557.24	2,724,327.49
367	Mech. Parking/Svc. Garage	1055 N. Alameda St., LA	12-01-72	2,703,523.83	369,192.97	2,334,330.86
368	Mech. Dept.—Phase II	1060 N. Eastern Ave., LA	06-01-75	19,113,540.47	1,577,092.17	17,536,448.30
375	Lakewood Golf Course	3101 Carson Blvd., Lakewood	07-08-69	5,463,610.00	2,344,489.57	3,119,120.43
380	Los Amigos Golf Course	7295 Quill Dr., Downey	05-31-67	2,884,148.15	477,440.83	2,406,707.32
385	Los Verdes Golf Course	30201 S. Hawthorne Blvd., Rancho Palos Verdes	05-18-65	2,797,681.64	634,901.28	2,162,780.36
390	Marshall Canyon Golf Course	5100 N. Stephens Rnch. Rd., La Verne	05-31-67	1,232,258.09	403,278.67	828,979.42
392	San Pedro Municipal Court Facility	505 S. Center St., San Pedro	06-21-69	1,506,377.53	300,635.18	1,205,742.35
	TOTAL			<u>\$260,128,280.91</u>	<u>\$44,749,624.04</u>	<u>\$215,378,656.87</u>

EXHIBIT F

Los Angeles County Employees Retirement Association
Statement of Changes in Reserves
As of June 30, 1983

(Amounts in Thousands)

	Members Deposit Reserves	Employers Reserves	Retired Members Reserves	Cost-of-Living Reserves			Suppl. Reserve for Investment Losses	Reserve for Earnings Deficiencies, Investment Losses and other Contingencies	TOTAL RESERVES
				Members	Employers	Retired Members			
Balance, July 1, 1982	\$584,448	\$187,865	\$1,890,974	\$136,848	\$149,071	\$352,543	65,000	\$ 28,622	\$3,395,371
Prior Year Adjustments								(2,040)	(2,040)
Adjusted Balance—July 1								26,582	3,393,331
Additions:									
Contributions									
Retirement	52,266	199,624		21,613	60,262	35,295			369,060
Insurance Premiums—									
Retirees' Share			6,238						6,238
Investment Income								403,072	403,072
Other Revenues								253	253
Miscellaneous	41		36	19		1			97
Total Additions	\$ 52,307	\$199,624	\$ 6,274	\$ 21,632	\$ 60,262	\$ 35,296		\$403,325	\$ 778,720
Deductions:									
Pension and Annuity Benefits			192,836			40,911			233,747
Death Benefits—Lump Sum		1,286	93						1,379
Interest and Payments under Section 31725.5		205							205
Insurance Premiums—									
Retirees' Share			6,216						6,216
Refunds	6,148			1,712					7,860
Operating Costs:									
Investment Counsel Expense							1,487		1,487
Mortgage Loan Service Fees							610		610
Custodian Fees							274		274
Administrative Expenses							4,782		4,782
Real Estate Equities Expenditures							105		105
Other Investment Expenses							13		13
Miscellaneous	134			21					155
Total Deductions	\$ 6,282	\$ 1,491	\$ 199,145	\$ 1,733		\$ 40,911		\$ 7,271	\$ 256,833
Transfers:									
Pension and Annuities	(39,859)	(203,561)	243,420	(6,890)	(77,939)	84,829			-0-
Interest Credited	43,654	8,490	156,361	10,707	9,291	33,335		(261,838)	-0-
Miscellaneous	81	154	(26)	(21)	2	(3)		(187)	-0-
Transfer from Suppl. Reserve for Investment Losses to Reserve for Earnings' Def., etc.							(65,000)	65,000	-0-
Distribution of the excess over 1% of the total assets to Retired Members cost-of-living						186,214		(186,214)	-0-
Total Transfers	\$ 3,876	(\$194,917)	\$ 399,755	\$ 3,796	(\$ 68,646)	\$304,375	(\$65,000)	(\$383,239)	-0-
Balance—June 30, 1983	\$634,349	191,081	\$2,097,858	\$160,543	\$140,687	\$651,303	-0-	\$ 39,397	\$3,915,218

**Los Angeles County Employees Retirement Association
Notes To Financial Statements
June 30, 1983**

Note 1—Summary of Significant Accounting Policies

The County Employees Retirement Law of 1937, Government Code Sections 31450 through 31898, authorized the formation and operation of the Los Angeles County Employees Retirement Association (LACERA) and requires that it be accounted for as a trust fund. The County of Los Angeles and its employees, the latter on an elective basis beginning in 1982 (see Note 10), contribute to the Fund based on rates recommended by the Fund's actuary and adopted by the Board of Investments and Board of Supervisors. Employee and employer contributions are invested and the earnings and contributions are used for benefit payments.

Actuarial Valuation

The County Employees Retirement Law of 1937 requires an actuarial valuation of the fund triennially. Towers, Perrin, Forster & Crosby, an actuarial consulting firm, conducted an actuarial valuation as of June 30, 1981.

The valuation was made on the basis of an 8% interest earnings assumption specified by the Board of Investments. This rate assumes a 6% annual salary increase which is based on factors of 5% for inflation and 1% for merit and productivity increases. Use of an inflation factor complies with recommendations of the American Academy of Actuaries. The valuation also incorporated the following policy and system changes: (1) the introduction of Retirement Plan E (see Note 10), (2) the County's withdrawal from Social Security effective December 31, 1982 (see Note 9), and (3) the agreement between LACERA and the Los Angeles County Board of Supervisors wherein the Board agreed to assume the cost for post-retirement medical, optical, and death benefits.

The contribution rates recommended by the June 30, 1981 actuarial valuation and by the Board of Investments were adopted by the County Board of Supervisors on December 28, 1982, effective July 1, 1982. In accordance with the actuary's recommendations, current County contribution rates are as follows:

	<u>General</u>	<u>Safety</u>
Members prior to 8/31/77	19.11% (Plan A)	29.30% (Plan A)
Members from 9/1/77 to 9/30/78	14.66% (Plan B)	22.05% (Plan B)
Members from 10/1/78 to 5/31/79	14.19% (Plan C)	22.05% (Plan B)
Members since 6/1/79	14.09% (Plan D)	22.05% (Plan B)
Members since 1/4/82	12.97% (Plan E)	N/A

Member contribution rates vary depending upon age at entry into the system.

The Unfunded Actuarial Liability (UAL) of the Fund as determined by the actuarial valuation at June 30, 1981, was \$2,707,932,936. This amount is composed of \$1,502,717,925 in Basic Benefits and \$1,205,215,011 in Cost-of-Living Benefits. The total UAL, including interest, is being directly funded over the period ending June 30, 2008 by employer contributions based on rates recommended by the actuary and Board of Investments, and adopted by the County Board of Supervisors.

As a result of the June 30, 1981 actuarial valuation, 7.87% of payroll for general members and 12.14% of payroll for safety members are being allocated to fund UAL benefits.

Reserves

The Fund has four major classes of reserves, each of which is credited with interest semiannually:

1. Members Deposit Reserves represent the balance of active members' contributions. Additions include members' contributions and earnings, and deductions include refunds to terminating members and transfers to Retired Members Reserves.
2. Employer Reserves represent the County's contributions for future retirement payments to current active members. Additions include contributions from the County, and deductions include transfers to Retired Members Reserves, payment of active member death benefits, statutory interest and payments under Section 31725.5.
3. Retired Members Reserves represent transfers from Members Deposit Reserves and Employers Reserves in amounts determined to fully fund retiree benefits, less payments to retired members.
4. Cost-of-Living Reserves relate to each of the above reserves. The purpose of these reserves is to provide for cost-of-living increases in retirement allowances.

Reserves are established from employee and employer contributions and appropriations of surplus. Reserves do not necessarily represent the present value of assets needed, as determined by actuarial valuation, to satisfy retirements and other benefits as they become due.

Administrative Expenses

To ensure adequate staffing to administer LACERA, the Board of Investments and the Board of Retirement during June 1978 approved adoption of Government Code Sections 31522.1 and 31580.2 effective July 1, 1978. Section 31522.1 allows the Board of Retirement and the Board of Investments to appoint such administrative, technical and clerical staff personnel as are required to accomplish the necessary work of the Boards. Section 31580.2 allows the entire expense of the administration of the retirement system to be charged against earnings of the fund. The charge was limited to thirteen-hundredths of one percent of the total assets of the System.

Investments

Bonds and mortgages are carried at cost less net amortized premium or discount. Premium or discount on long-term bonds is amortized using the constant-yield method while premium or discount on mortgage loans is amortized by the straight-line method over a period of 120 months. Stocks are reported at cost.

In computing gains and losses on sales of bonds, stocks and mortgage loans, cost is determined using the first-in first-out, average cost, and specific identification methods, respectively.

Fixed Assets

Fixed assets are carried at cost less accumulated depreciation. Depreciation is calculated using the straight-line method with five-year useful life for furniture and equipment and ten-year for structures and improvements.

The cost and accumulated depreciation of fixed assets as of June 30, 1983 were:

	Furniture and Equipment	Structures and Improvements
Cost	\$190,517.98	\$301,849.49
Accumulated Depreciation	<u>(55,339.57)</u>	<u>(80,967.41)</u>
Fixed Assets—Net of Depreciation	<u>\$135,178.41</u>	<u>\$220,882.08</u>

Note 2—Market Value of Stock Portfolio

The market values of common and preferred shares at June 30, 1983 were \$1,374,988,032.90 and \$922,375 respectively.

Note 3—Loan Participation Interest

Pursuant to Government Code Section 31595(f) which authorizes investments in deeds of trust and mortgages, LACERA invests in construction loans as a 90-percent participant with banks and savings and loan associations. The funds are committed to be advanced as the contractor complies with provisions of the contract. At June 30, 1983, LACERA had \$1,532,804.98 invested in participation loans and was committed to loan an additional \$633,520.86. These loans are short-term investments which mature within twenty-four months and are insured by the Federal Housing Administration.

Note 4—Payments and Collections on Reverse Repurchase Agreements

These transactions represent short-term financing arrangements collateralized by LACERA's securities. LACERA sells U.S. Treasury Notes subject to an agreement to repurchase the identical issue at a specified date and price. The funds are invested in short-term securities yielding a higher rate of interest than the rate of the loan. Loans outstanding at June 30, 1983 were \$12,012,500.

Note 5—Related Party Transactions—Direct Financing Leases

The County of Los Angeles is the primary sponsor of LACERA. Pursuant to Government Code Sections 31601 through 31607, LACERA invests in real estate which it leases to the County of Los Angeles. These leases are classified as direct financing leases. They are generally for thirty-year periods and provide an option to purchase at the end of the fifteenth and each succeeding year.

At June 30, 1983, minimum lease payments for each of the five succeeding years are as follows: \$17,761,456 in 1984, \$17,603,334 in 1985, \$17,603,334 in 1986, \$17,603,334 in 1987 and \$17,603,334 in 1988.

The following lists the components of LACERA's net investment:

	1983	
	<u>Current</u>	<u>Non-Current</u>
Total Minimum Lease		
Payments Receivable	\$17,761,456	\$361,466,995
Less: Unearned Income	(12,449,662.26)	(151,400,131.87)
Net Investment in Direct		
Financing Leases	<u>\$ 5,311,793.74</u>	<u>\$210,066,863.13</u>

A schedule of Real Estate Projects Subject to Direct Financing Leases is included in the financial statements.

Note 6—Real Estate Equities

The Board of Investments approved investments in "Real Estate Equities" defined as "...ownership interests in real estate acquired or held for the production of income or appreciation in value (including, but not limited to, ownership in leasehold interests in real estate), and ownership interest in joint ventures, partnerships, corporations, or other entities whose principal assets directly or indirectly consist of real estate acquired or held for the production of income or appreciation in value. The term Real Estate Equities shall also include a participation in the profits of a real estate project, including participation incidental to a loan."

At June 30, 1983, LACERA investments in real estate equities and participations were:

<u>Investment Name</u>	<u>Land Purchase/ Leaseback</u>	<u>Mortgage Loan</u>
Building "G" Santa Monica Business Park Santa Monica, CA	\$ 600,000	\$ 7,500,000
Weigand Plaza Encinitas, CA	1,663,000	7,337,000
Total	<u>\$2,263,000</u>	<u>\$14,837,000</u>

On July 25, 1983, LACERA funded the final \$500,000 on the Weigand Plaza mortgage loan.

The initial terms of the Land Purchase/Leaseback agreements are for twenty-five years. The total minimum rentals for the twenty-five years is \$260,244 annually. Total minimum future rentals are \$6,268,856.

The mortgage loans bear interest at 11.5% per annum and are payable interest only for a period of 180 months. The principal balance is payable with the 180th monthly payment.

At June 30, 1983, the following commitments to invest in additional projects had been approved by the Board of Investments:

	<u>Board Approval Date</u>	<u>Purchase/ Leaseback Commitment</u>	<u>Mortgage Loan Commitment</u>	<u>Anticipated Funding Date(s)</u>
Trident Office Building, West Los Angeles, CA	06/17/81	-0-	\$49,900,000	By 12/01/83
Union Bank Plaza Commerce, CA	04/21/82	<u>\$3,900,000</u>	<u>19,600,000</u>	07/01/83 to 07/01/85
Total Commitment at	6/30/83	<u>\$3,900,000</u>	<u>\$69,500,000</u>	

Note 7—Cash

Cash is composed of the following items:

County Employees Retirement Trust Fund	\$1,156,325.37
County Employees Retirement Administrative Fund	4,109.36
Security Pacific National Bank Investment Accounts	<u>158,550.01</u>
Total	<u>\$1,318,984.74</u>

Note 8—Employer Contribution Receivable

This account is composed of the following items:

County contribution accrued 5/31/83	\$24,493,850.40*	
County contribution accrued 6/30/83	24,513,209.80	(Paid 7/08/83)
SCAQMD contribution accrued 6/30/83	45,889.33	(Paid 7/12/83)
LLCD contribution accrued 6/30/83	887.61	(Paid 7/05/83)
CSOS contribution accrued 6/30/83	11,416.59	(Paid 7/12/83)
	<u>\$49,065,253.73</u>	

*County contribution accrued 5/31/83	<u>\$24,493,850.40</u>
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Actual receipts of this accrual:

Paid on—7/08/83	\$7,111,902.34
Adjustments—7/08/83	<490,268.52>
Adjustments—7/12/83	<127,783.42>
Paid on—9/14/83	<u>18,000,000.00</u>
	<u>\$24,493,850.40</u>

Note 9—Withdrawal From Social Security

The County of Los Angeles withdrew from the Old Age Survivors Disability Insurance (OASDI; i.e., Social Security) System on December 31, 1982.

The effect of the withdrawal is to increase County Contribution rates and employee contributions. Prior to the withdrawal, LACERA pension payments for the majority of retirees were integrated with social security, meaning that those retirees received a reduced service retirement allowance from LACERA, which was supplemented by social security. Without integration with social security, individual service retirement allowances will be increased. For funding purposes, County contribution rates have correspondingly been increased.

Prior to social security withdrawal, employees who paid social security received partial exemption of \$350 or \$1,050, depending on retirement plan, from earnings subject to retirement contributions. Because they are no longer receiving these exemptions, employee retirement contributions have increased.

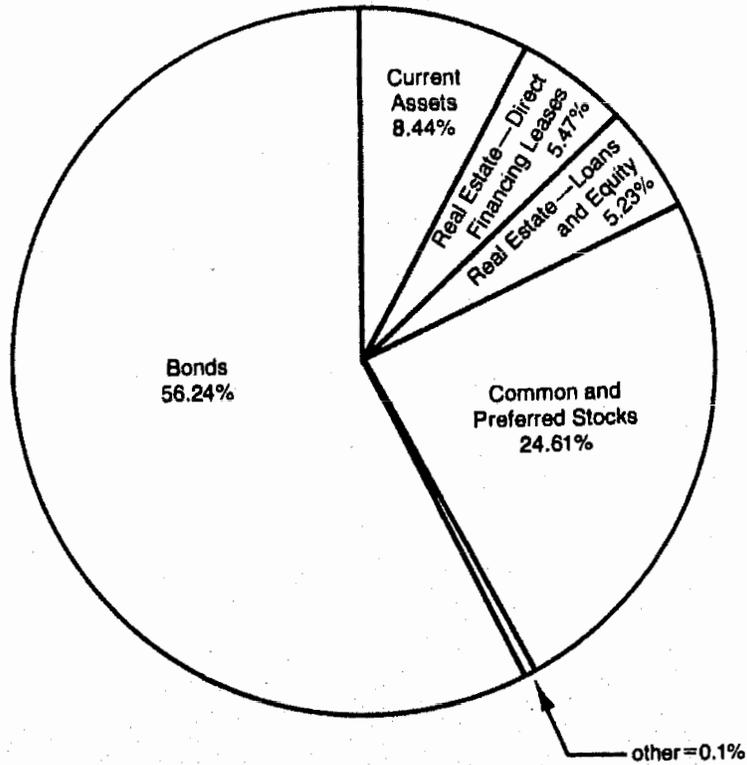
Note 10—Retirement Plan E

The state legislature added Article 1.5 (Sections 31487-31495) to the County employees Retirement Law of 1937, effective September 28, 1981. This addition provides an optional, non-contributory retirement plan (known as Retirement Plan E) for general members of LACERA as an alternative to previously existing provisions and benefits. On December 8, 1981, the County Board of Supervisors approved a resolution to adopt Plan E.

Effective January 4, 1982, new employees eligible for general retirement membership must elect within 60 days of employment (as a condition of continued employment) to elect coverage under either the current Retirement Plan D or the new Plan E.

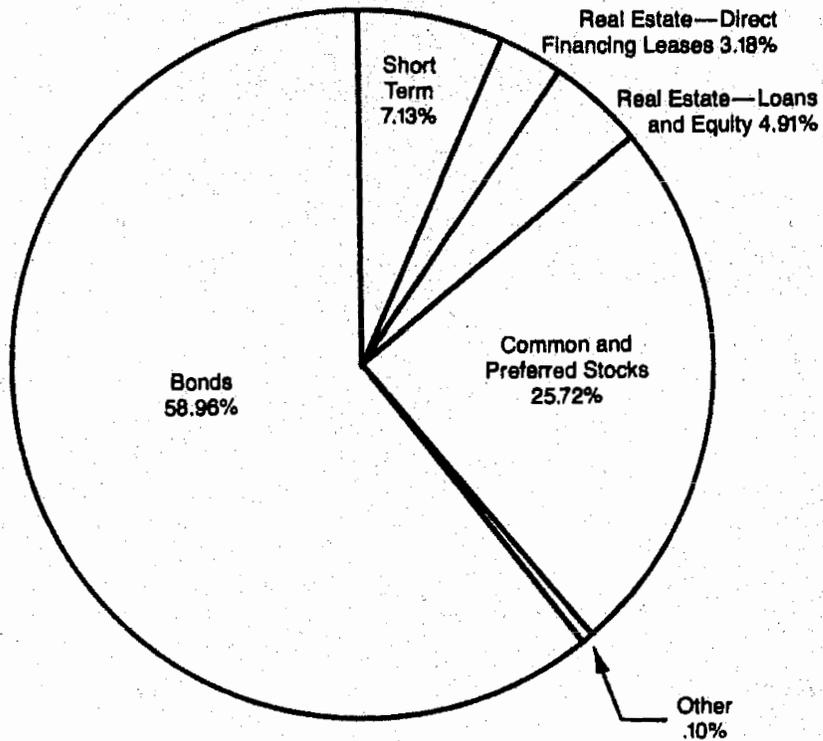
Assets (at Book Value)

\$3,939,641,485.



Income (as Percentage of Total Income)

\$400,581,787.



LACERA
Room 440
Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

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