

Annual Report

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

*For the Year Ended
June 30, 1985*

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

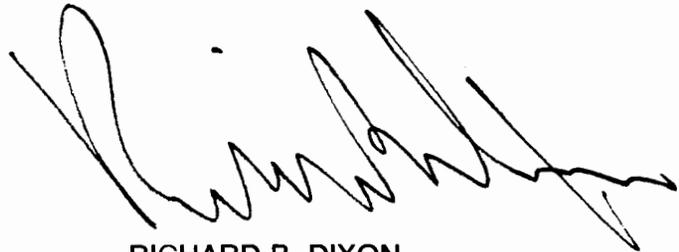
TO MEMBERS OF LACERA:

In accordance with instructions of the Retirement Board, I am submitting herewith a summary plan description, financial report, and statistical information of the Los Angeles County Employees Retirement Association for the year ending June 30, 1985.

Each member should read the general benefit information carefully to understand the many benefits provided by law.

The County Employees Retirement Law makes all individual records of members confidential. Such records may not be disclosed to anyone other than the member, except in the administration of the law or upon order of a court of competent jurisdiction.

Members should feel free to call upon the retirement administration at any time in connection with retirement problems or for further explanation concerning the benefits available.

A handwritten signature in black ink, appearing to read 'Richard B. Dixon', written in a cursive style.

**RICHARD B. DIXON
LOS ANGELES COUNTY TREASURER**

MEMBERS OF THE BOARD OF RETIREMENT

CHAIRMAN

CODY FERGUSON, Forester and Fire Warden's Department. Elected by safety members. Present term expires December 31, 1986. Elected Chairman of the Board, January 2, 1985.

VICE CHAIRMAN

SIMON S. RUSSIN, Health Services Department. Elected by general members. Present term expires December 31, 1985. Elected Vice-Chairman of the Board, January 2, 1985.

SECRETARY

ROBERT STOTELMEYER, retired. Elected by retired members. Present term expires December 31, 1987. Elected Secretary of the Board, January 2, 1985.

MEMBERS

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

RICHARD B. DIXON, County Treasurer and Tax Collector, Ex-officio member of the Board of Retirement by law.

MICHAEL L. FALABRINO, Appointed by the Board of Supervisors. Present term expires December 31, 1987.

J. CLIFFORD HERDMAN, Appointed by the Board of Supervisors. Present term expires December 31, 1987.

ROBERT HERMANN, Sheriff's Department. Elected by safety members. Present term expires December 31, 1986. (Alternate)

ROBERT S. KENNARD, Assessor's Department. Elected by general members. Present term expires December 31, 1987.

ZELDA A. MARZEC, Appointed by the Board of Supervisors. Present term expires December 31, 1986.

MEMBERS OF THE BOARD OF INVESTMENTS

CHAIRMAN

NORMAN S. JOHNSON, retired. Elected by Retired Members. Present term expires December 31, 1987. Elected Chairman of the Board, January 9, 1985.

VICE CHAIRMAN

LEO B. BABICH, Appointed by the Board of Supervisors. Present term expires December 31, 1986. Elected Vice Chairman of the Board, January 9, 1985.

SECRETARY

RICHARD B. DIXON, County Treasurer and Tax Collector, Ex-officio member of the Board of Investments by law. Elected Secretary of the Board on January 9, 1985.

MEMBERS

JAMES D. AKINS, Appointed by the Board of Supervisors. Present term expires December 31, 1987.

CODY FERGUSON, Forester and Fire Warden's Department. Elected by safety members. Present term expires December 31, 1986.

BONDIE O. GAMBRELL, Appointed by the Board of Supervisors. Present term expires December 31, 1987.

MILTON M. GORDON, Appointed by the Board of Supervisors. Present term expires December 31, 1985.

MARVYN E. KAYE, District Attorney's Department. Elected by general members. Present term expires December 31, 1984.

ROBERT S. KENNARD, Assessor's Department. Elected by general members. 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, 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.

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 to 9). 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 14 and page 15 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

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

SAFETY MEMBERS

<u>Age</u>	Plan A (Membership Prior to 9/1/77)	Plan B (Membership 9/1/77 & Subs.)
	Negotiated County Rate	Negotiated County Rate
	<u>7/1/85</u>	<u>7/1/85</u>
21	6.28%	10.04%
22	6.39	10.19
23	6.49	10.37
24	6.59	10.54
25	6.71	10.65
26	6.82	10.76
27	6.93	10.87
28	7.06	10.97
29	7.19	11.08
30	7.32	11.20
31	7.45	11.31
32	7.59	11.42
33	7.73	11.53
34	7.88	11.65
35	8.02	11.76

EMPLOYER CONTRIBUTION RATE

	Plan A	Plan B
	<u>Current</u>	<u>Current</u>
Normal Cost	30.56%	24.27%
Surcharge	<u>1.53</u>	<u>.04</u>
Total	32.09%	24.31%

The County surcharge is 91.48% of the portion of the safety member's contribution assumed by the employer. This percentage has been determined by LACERA's actuary. The county has negotiated with their employees to assume differing portions of employee contributions.

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

General Members
Plan A (Membership Prior to 9/1/77)

<u>Age</u>	Negotiated	Negotiated	Actuarial
	County Rate	SCAQMD Rate	Recommended Rate
	<u>7/1/85</u>	<u>7/1/85*</u>	<u>7/1/85</u>
16	3.67%	0 %	4.90%
17	3.73	0	4.95
18	3.78	0	5.01
19	3.83	0	5.06
20	3.87	0	5.11
21	3.92	0	5.16
22	3.97	0	5.22
23	4.02	0	5.27
24	4.10	0	5.33
25	4.14	0	5.38
26	4.22	0	5.44
27	4.28	0	5.49
28	4.38	0	5.55
29	4.43	0	5.60
30	4.53	0	5.66
31	4.63	0	5.72
32	4.71	0	5.78
33	4.80	0	5.83
34	4.90	0	5.89
35	5.01	0	5.95
36	5.12	.01	6.01
37	5.23	.07	6.07
38	5.35	.13	6.13
39	5.47	.19	6.19
40	5.59	.25	6.25
41	5.72	.31	6.31
42	5.85	.38	6.38
43	5.99	.44	6.44
44	6.12	.50	6.50
45	6.27	.56	6.56
46	6.42	.63	6.63
47	6.56	.69	6.69
48	6.72	.75	6.75
49	6.82	.82	6.82
50	6.88	.88	6.88
51	6.95	.95	6.95
52	7.02	1.02	7.02
53	7.08	1.08	7.08
54 & over	7.15	1.15	7.15

*Minimum \$1.00 per month.

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

**General Members
Plan B (Membership 9/1/77—9/30/78)**

<u>Age</u>	<u>Negotiated County Rate 7/1/85</u>	<u>Negotiated SCAQMD Rate 7/1/85*</u>	<u>Actuarial Recommended Rate (Districts) 7/1/85</u>
16	6.30%	.87%	6.87%
17	6.41	.95	6.95
18	6.47	1.02	7.02
19	6.57	1.09	7.09
20	6.65	1.17	7.17
21	6.73	1.24	7.24
22	6.82	1.32	7.32
23	6.92	1.39	7.39
24	7.02	1.47	7.47
25	7.13	1.54	7.54
26	7.25	1.62	7.62
27	7.37	1.70	7.70
28	7.50	1.78	7.78
29	7.64	1.86	7.86
30	7.79	1.94	7.94
31	7.94	2.02	8.02
32	8.10	2.10	8.10
33	8.18	2.18	8.18
34	8.26	2.26	8.26
35	8.34	2.34	8.34
36	8.43	2.43	8.43
37	8.51	2.51	8.51
38	8.60	2.60	8.60
39	8.68	2.68	8.68
40	8.77	2.77	8.77
41	8.85	2.85	8.85
42	8.94	2.94	8.94
43	9.03	3.03	9.03
44	9.11	3.11	9.11
45	9.20	3.20	9.20
46	9.29	3.29	9.29
47	9.38	3.38	9.38
48	9.47	3.47	9.47
49	9.56	3.56	9.56
50	9.65	3.65	9.65
51	9.74	3.74	9.74
52	9.84	3.84	9.84
53	9.93	3.93	9.93
54 & over	10.02	4.02	10.02

*Minimum \$1.00 per month.

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

**General Members
Plan C (Membership 10/1/78— 5/31/79)**

<u>Age</u>	<u>Actuarial County/ District Recommended Rate</u>	<u>Negotiated SCAQMD Rate</u>
	<u>7/1/85</u>	<u>7/1/85*</u>
16	6.14%	.14%
17	6.20	.20
18	6.27	.27
19	6.34	.34
20	6.40	.40
21	6.47	.47
22	6.54	.54
23	6.61	.61
24	6.68	.68
25	6.75	.75
26	6.82	.82
27	6.89	.89
28	6.96	.96
29	7.03	1.03
30	7.10	1.10
31	7.17	1.17
32	7.25	1.25
33	7.32	1.32
34	7.40	1.40
35	7.47	1.47
36	7.55	1.55
37	7.62	1.62
38	7.70	1.70
39	7.78	1.78
40	7.85	1.85
41	7.93	1.93
42	8.01	2.01
43	8.09	2.09
44	8.17	2.17
45	8.25	2.25
46	8.33	2.33
47	8.41	2.41
48	8.50	2.50
49	8.58	2.58
50	8.66	2.66
51	8.75	2.75
52	8.83	2.83
53	8.91	2.91
54	9.00	3.00
55	9.09	3.09
56	9.17	3.17
57	9.26	3.26
58	9.35	3.35
59 & over	9.44	3.44

*Minimum \$1.00 per month

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

**General Members
Plan D (Membership 6/1/79 & Subs.)**

<u>Age</u>	<u>Actuarial County/ District Recommended Rate</u>	<u>Negotiated SCAQMD Rate</u>
	<u>7/1/85</u>	<u>7/1/85*</u>
16	6.12%	.12%
17	6.19	.19
18	6.25	.25
19	6.32	.32
20	6.38	.38
21	6.45	.45
22	6.52	.52
23	6.59	.59
24	6.66	.66
25	6.73	.73
26	6.80	.80
27	6.87	.87
28	6.94	.94
29	7.01	1.01
30	7.08	1.08
31	7.15	1.15
32	7.23	1.23
33	7.30	1.30
34	7.37	1.37
35	7.45	1.45
36	7.52	1.52
37	7.60	1.60
38	7.68	1.68
39	7.75	1.75
40	7.83	1.83
41	7.91	1.91
42	7.99	1.99
43	8.07	2.07
44	8.15	2.15
45	8.23	2.23
46	8.31	2.31
47	8.39	2.39
48	8.47	2.47
49	8.55	2.55
50	8.64	2.64
51	8.72	2.72
52	8.80	2.80
53	8.89	2.89
54	8.97	2.97
55	9.06	3.06
56	9.14	3.14
57	9.23	3.23
58	9.32	3.32
59 & over	9.41	3.41

*Minimum \$1.00 per month

COUNTY CONTRIBUTION RATE

	Plan A	Plan B	Plan C	Plan D	Plan E
Normal Cost	18.56%	15.21%	15.11%	15.02%	13.68%
Surcharge	.65	.11	—	—	—
Total	19.21%	15.32%	15.11%	15.02%	13.68%

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

NOTES:

1. Your retirement contribution is calculated by multiplying the applicable percentage rate times your monthly salary.
2. Employer rates are based on full 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 OF 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 deferred 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 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 special district under LACERA the member with five or more years (ten years if member of Plan E) 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.
- (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 their accumulated contributions.

WITHDRAWAL OF CONTRIBUTIONS

A member who terminates employment may withdraw the retirement contributions made to the LACERA plus any interest accrued thereon. No interest is credited to a member's retirement account after termination unless granted a deferred retirement. Deferred retirement applications may be obtained by contacting the Retirement Benefits Division. A member may not withdraw retirement contributions made by the employer.

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.

A member who terminates membership in LACERA by withdrawing the contributions and interest on deposit in the LACERA waives any and all previously vested or accrued rights to retirement, survivor, disability and death benefits. Withdrawing members should carefully read the waiver relating to deferred retirement that is printed in the "Withdrawal Certificates."

Withdrawal certificates are initiated by the employing department during the termination process and sent to LACERA for preparation of a refund warrant. It is the terminating member's responsibility to assure timely delivery of the completed certificate to the Retirement Controls Division.

The bottom portion of the refund warrant contains important tax information and serves as the withdrawing member's IRS form 1099 and State Franchise Tax form 599. LACERA is required to report all taxable income (retirement contributions made after August 1, 1983 plus interest) to the IRS and the State Franchise Tax Board when withdrawn. Withdrawing members should keep this tax information for future reference as no other information will be sent.

Members 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 (vested right to a retirement allowance) 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 upon re-entry into covered employment.

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 of retirement for service or disability simultaneously from both

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 (vested right to a retirement allowance) 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 upon re-entry into covered employment.

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 of 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, deferred 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 obtain deferred application 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 to Plan E in 1982 or 1984 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 who have held continuous membership in the LACERA from July 1, 1974 are eligible for this credit.

State of California, any County in California: All employees who have held continuous membership in the LACERA from November 1, 1974 are eligible for this credit.

City or Public Agency located wholly within the County of Los Angeles: All employees who have held continuous membership in the LACERA from 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 Chief Administrative Office. Effective July 1, 1985 there are also benefits available to eligible survivors through the Long-Term Disability and Survivors Benefit Plan for general members in Plans A, B, C & D.

The death benefit payable to the beneficiary of a member who dies in service 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 Chief Administrative Office. Effective July 1, 1985 there are also benefits to eligible survivors through the Long-Term Disability and Survivors Benefit Plan for general members in Plans A, B, C & D.

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 benefit estimate and election form 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. Election forms 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

All applications for service or disability retirement must be approved by the Board of Retirement. Each applicant will receive a letter from the Board informing them of the action taken. Applicants should contact the Board 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 election form 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, and the spouse is named as the sole beneficiary. 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. A retirement estimate for the unmodified allowance and optional settlements will be computed by the Retirement Benefits Division when a written request for estimate 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 to the nearest completed quarter, and service is calculated to the nearest completed month.

Examples of calculating final compensation: when salary has changed during the final compensation period are as follows:

Plan A member	Plans B, C & D members
\$1,188 x 3 months = \$ 3,564.00	\$1,064 x 3 months = \$ 3,192.00
\$1,255 x 9 months = \$11,295.00	\$1,124 x 12 months = \$13,488.00
<hr/>	\$1,188 x 12 months = \$14,256.00
12 months = \$14,859.00	\$1,255 x 9 months = \$11,295.00
	<hr/>
	36 months = \$42,231.00
Average Salary =	Average Salary =
\$14,859 ÷ 12 = \$1,238.25	\$25,380 ÷ 36 = 1,173.08

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 \$1,238.25	x \$1,173.08	x \$1,173.08
Estimated retirement allowance	\$845.85	\$716.75	\$629.59

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 retirement plan. 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	\$845.85
Reduction, 19 years x \$2.85 (See Chart Below)	- 54.15
Coordinated Retirement Allowance	<u>\$791.70</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 977—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 while contributing to Social Security.

HOW TO OBTAIN 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
SAFETY MEMBERS
PLAN A & B

Years of service	AGES										55 & over	
	44	45	46	47	48	49	50	51	52	53		54
10							20.00%	21.03%	22.16%	23.38%	24.67%	26.20%
11							22.00	23.14	24.37	25.72	27.14	28.82
12							24.00	25.24	26.59	28.06	29.61	31.44
13							26.00	27.34	28.80	30.40	32.07	34.06
14							28.00	29.44	31.02	32.74	34.54	36.68
15							30.00	31.55	33.23	35.08	37.01	39.30
16							32.00	33.65	35.45	37.41	39.48	41.92
17							34.00	35.75	37.67	39.75	41.94	44.54
18							36.00	37.86	39.88	42.09	44.41	47.16
19							38.00	39.96	42.10	44.43	46.88	49.78
20	29.59%	31.22%	32.90%	34.71%	36.34%	38.09%	40.00	42.06	44.31	46.77	49.34	52.40
21	31.07	32.78	34.55	36.45	38.16	39.99	42.00	44.17	46.53	49.11	51.81	55.02
22	32.55	34.34	36.19	38.18	39.97	41.90	44.00	46.27	48.74	51.44	54.28	57.64
23	34.03	35.90	37.84	39.92	41.79	43.80	46.00	48.37	50.96	53.78	56.75	60.26
24	35.51	37.46	39.48	41.65	43.61	45.71	48.00	50.48	53.17	56.12	59.21	62.88
25		39.03	41.13	43.39	45.43	47.61	50.00	52.58	55.39	58.46	61.68	65.50
26			42.78	45.13	47.24	49.51	52.00	54.68	57.61	60.80	64.15	68.11
27				46.86	49.06	51.42	54.00	56.79	59.82	63.14	66.61	70.73
28					50.88	53.32	56.00	58.89	62.04	65.48	69.08	73.35
29						55.23	58.00	60.99	64.25	67.81	71.55	75.97
30							60.00	63.10	66.47	70.15	74.02	78.59
31							62.00	65.20	68.68	72.49	76.48	81.21
32							64.00	67.30	70.90	74.83	78.95	83.83
33							66.00	69.41	73.11	77.17	81.42	86.45
34							68.00	71.51	75.33	79.51	83.68	89.07
35								73.61	77.55	81.84	86.35	91.69
36									79.76	84.18	88.82	94.31
37										86.52	91.29	96.93
38											93.75	99.55
39												100.00

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 & 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	62.62	66.22	70.07	74.19	77.11	80.03	82.95	85.87	88.79
35	51.62	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	53.09	56.40	60.00	62.68	66.29	70.12	74.19	78.56	81.65	84.74	87.83	90.92	94.01
37	54.56	58.07	61.67	64.42	68.13	72.06	76.25	80.74	83.92	87.09	90.27	93.44	96.62
38	56.03	59.64	63.33	66.29	69.97	74.01	78.31	82.92	86.18	89.45	92.71	95.97	99.23
39	57.50	61.21	65.00	68.13	71.91	75.96	80.37	85.10	88.45	91.80	95.15	98.49	100.00
40	58.97	62.78	66.67	70.00	73.78	78.03	82.43	87.29	90.72	94.15	97.59	100.00	100.00
41	60.44	64.35	68.33	72.23	75.97	80.66	85.43	90.29	92.99	96.51	100.00	100.00	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	28.33	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 retirement allowance directly deposited in a financial institution through the Automatic Clearing House. 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

Deductions from retirement allowances may be authorized by a retired member 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, ALADS
- c. Credit union loan repayments or savings/checking deposits.

- d. Medicare premium payments.
- e. Federal and State income taxes.

NEW RETIREES

When your retirement has been approved by the Board of Retirement several items of importance to you will occur as a result of this action. The letter providing you with the effective retirement date is your official notification of the Board of Retirement's action and must be kept with your permanent record.

- You have been given a retirement identification number to replace your former employee number when inquiring about your retirement account. This number appears on the identification card which should be used in any contact with this office.
- Your first retirement allowance warrant will be produced manually and should be received within 60 days following Board of Retirement action. Regular retirement payments are issued the last day of each month.
- You will be sent a package within (3) three weeks regarding the medical insurance plans offered to retirees. Enrollment cards will be included in the package. It is your responsibility to fill out the cards and return them to the Insurance Unit of the Retired Members Section.
- A tax information letter will be sent to you with your first regular warrant. You should keep this letter for your future tax needs.
- Direct Deposit into your bank account is available to you after you receive your first computerized warrant. You should contact the Retired Members Section at (213) 617-2575, Ext. 299 to make arrangements for this service.
- If you have any inquiries or wish any changes made to your account please contact the appropriate Retired Members staff person at 617-2575 as specified below:

FIRST LETTER OF LAST NAME

A—G Ext. 280
H—P Ext. 282
R—Z Ext. 285

If you live in California and the (213) 617-2575 telephone number is a toll call for you, you may call toll free (800) 621-7727. Toll free telephone service is not available from outside California.

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. 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 as active members may choose this service plan. A member may transfer from one plan to another after a waiting period of 6 months from notification of transfer.

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

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

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. 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.

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 form 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 form 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/she 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/she 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. The Retirement Association 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 retirement.

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 advisor 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 mail BEFORE the 15th of the month in order to have your warrant delivered to your new address at month end.

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 taxed contributions within 36 months, you must pay taxes once you have recovered such contributions. If it takes longer than 36 months to recover your taxed contributions, IRS tables enable calculation of an excludable percentage for life (based on life expectancy), and any retirement income over the excludable percentage amount is taxable. Refer to IRS Publications 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 soon after your retirement. 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. 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. A retiree 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 following month, telephone our office for a replacement warrant. Please 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 direct deposit of your retirement monies to your financial institution (bank, savings and loan or credit union). Be sure to submit the completed form at least 60 days before the pay date you wish the automatic deposit to begin.

Q: AFTER RETIREMENT FOR SERVICE 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 for life.

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.

ACTIVE MEMBER STATISTICS

	ACTIVE MEMBERS			DEFERRED MEMBERS		
	General	Safety	Total	General	Safety	Total
As of July 1, 1984.....	57,831	9,489	67,320	1,628	103	1,731
Additions.....	<u>3,726</u>	<u>550</u>	<u>4,276</u>	<u>66</u>	<u>3</u>	<u>69</u>
	61,557	10,039	71,596	1,694	106	1,800
Deductions:						
Withdrawals.....	1,115	496		7	3	
Retired.....	1,643	318		20	10	
Deferred.....	66	3				
Plan E Terminations.....	1,648					
To Unclaimed.....	<u>645</u>	<u>5</u>				
TOTAL Deductions.....	<u>5,117</u>	<u>822</u>	<u>5,939</u>	<u>27</u>	<u>13</u>	<u>40</u>
As of June 30, 1985.....	<u>56,440</u>	<u>9,217</u>	<u>65,657</u>	<u>1,667</u>	<u>93</u>	<u>1,760</u>
Unclaimed Accounts.....	3,092	79	3,171			

RETIRED MEMBERS

	SERVICE	DISABILITY	SURVIVORS	TOTAL
GENERAL				
As of July 1, 1984.....	18,387	3,247	3,400	25,034
Additions.....	<u>1,365</u>	<u>285</u>	<u>320*</u>	<u>1,970</u>
	19,752	3,532	3,720	27,004
Deductions.....	<u>740</u>	<u>158</u>	<u>199</u>	<u>1,097</u>
TOTAL.....	<u>19,012</u>	<u>3,374</u>	<u>3,521</u>	<u>25,907</u>
SAFETY				
As of July 1, 1984.....	1,690	1,774	701	4,165
Additions.....	<u>130</u>	<u>184</u>	<u>46**</u>	<u>360</u>
	1,820	1,958	747	4,525
Deductions.....	<u>94</u>	<u>44</u>	<u>25</u>	<u>163</u>
TOTAL.....	<u>1,726</u>	<u>1,914</u>	<u>722</u>	<u>4,362</u>
TOTAL RETIRED as of				
June 30, 1985.....	20,738	5,288	4,243	30,269

*Includes survivors of 13 deceased active general members who receive life payments by election.

**Includes survivors of 14 deceased active safety members who receive life payments by election.

Ernst & Whinney
QUEZADA
NAVARRO & CO.

515 S. Flower Street
Los Angeles, California 90071

213/621-1666

Boards of Investments and Retirement
Los Angeles County Employees Retirement
Association
Los Angeles, California

We have examined the balance sheets of the Los Angeles County Employees Retirement Association as of June 30, 1985 and 1984, and the related statements of revenues and expenses and changes in reserves for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Los Angeles County Employees Retirement Association at June 30, 1985 and 1984, and the results of its operations and changes in its reserves for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Ernst & Whinney
Quezada Navarro & Co.

Los Angeles, California
October 9, 1985

EXHIBIT A

Page 1 of 2

**Los Angeles County Employees Retirement Association
Balance Sheets
For the Years Ended June 30, 1985 and 1984**

ASSETS

(Amounts in Thousands)

	<u>1985</u>	<u>1984</u>
Current Assets		
Cash	\$ 12,988	\$ 13,220
Accounts Receivable		
Member Contributions	6,303	5,810
Employer Contributions	27,153	65,114
Principal and Interest Due—Bonds	79,160	52,954
Principal and Interest Due—Mortgages	4,527	4,374
Dividends on Stocks	6,259	5,415
Proceeds from Sale of Stocks	7,646	2,494
Interest on Pooled Surplus Investment	534	460
County of Los Angeles	-0-	8,033
Rental on Real Estate Properties	-0-	85
Reimbursable Insurance and Assessments	-0-	700
Miscellaneous	242	172
Total Accounts Receivable	<u>\$ 131,824</u>	<u>\$ 145,611</u>
Current Investments		
Repurchase Agreements	\$ -0-	\$ 244,347
Short Term	682,924	233,260
Net Investments in Direct Financing Leases	-0-	5,478
Total Current Investments	<u>\$ 682,924</u>	<u>\$ 483,085</u>
Total Current Assets	<u>\$ 827,736</u>	<u>\$ 641,916</u>
Long Term Investments		
Bonds		
Publicly Traded	\$2,314,536	\$1,998,379
Private Placements	329,083	324,212
Total Bonds	<u>\$2,643,619</u>	<u>\$2,322,591</u>
Common Stocks	\$1,209,148	\$1,054,248
Net Investments in Direct Financing Leases	-0-	\$ 204,589
Mortgages		
FHA and VA Insured Mortgages (Residential)	\$ 211,679	\$ 193,293
Conventional Mortgages (Residential)	56,186	29,187
Total Mortgages	<u>\$ 267,865</u>	<u>\$ 222,480</u>
Real Estate Equity		
Notes Receivable—Real Estate Equity	\$ 700	\$ 700
Real Estate Properties (Net of Depreciation)	9,580	10,156
Improvements—Net of Amortization	23	-0-
Total Real Estate Properties	<u>\$ 10,303</u>	<u>\$ 10,856</u>
Total Long-Term Investments	<u>\$4,130,935</u>	<u>\$3,814,764</u>
Fixed Assets		
Furniture and Equipment	\$ 243	\$ 154
Structures and Improvements	288	191
Total Fixed Assets (Net of Depreciation)	<u>\$ 531</u>	<u>\$ 345</u>
Total Assets	<u>\$4,959,202</u>	<u>\$4,457,025</u>

EXHIBIT A

Page 2 of 2

**Los Angeles County Employees Retirement Association
Balance Sheets
For the Years Ended June 30, 1985 and 1984**

LIABILITIES and RESERVES

(Amounts in Thousands)

	<u>1985</u>	<u>1984</u>
Current Liabilities		
Accrued Retirement Allowances Payable	\$ 15,381	\$ 15,143
Retiree Payroll Deductions Payable	3,745	3,183
Mortgage Loan Payments Collected in Advance	117	94
Accrued Operating Expenses—Wiegand Plaza	39	-0-
Accounts Payable—Purchase of Common Stocks	2,681	13,508
Administrative Expense Payable	719	634
Accrued Vacation & Sick Leave	420	382
Commitment Fees on Deposit	100	100
Investment Expenses Payable	1,051	661
Funds Held in Trust for Los Angeles County	-0-	54,000
Retiree Payroll Warrants Payable	403	923
Other Warrants Payable	2,153	6,545
Retiree Payroll Warrants Payable (New)	936	-0-
Security Deposits—Wiegand Plaza	44	44
Contribution Refunds Payable	70	-0-
Supplemental Benefits Payable	340	-0-
Miscellaneous Accounts Payable	501	104
Total Current Liabilities	<u>\$ 28,700</u>	<u>\$ 95,321</u>
 Members Deposit Reserves		
General Members	\$ 507,986	\$ 486,669
Safety Members	203,966	185,192
Cost-of-Living	203,580	182,213
Unclaimed Deposits of Former Members	1,015	1,006
Total Members Deposit Reserves	<u>\$ 916,547</u>	<u>\$ 855,080</u>
 Employers Reserves		
General Members	\$ 49,371	\$ 32,731
Safety Members	87,560	77,221
Cost-of-Living	76,374	91,673
Total Employers Reserves	<u>\$ 213,305</u>	<u>\$ 201,625</u>
 Retired Members Reserves		
General Members	\$1,735,070	\$1,603,507
Safety Members	664,986	605,218
Cost-of-Living	1,351,002	1,008,715
Total Retired Members Reserves	<u>\$3,751,058</u>	<u>\$3,217,440</u>
 Reserve for Earnings' Deficiencies, Investment Losses and Other Contingencies	<u>\$ 49,592</u>	<u>\$ 87,559</u>
 Total Reserves	<u>\$4,930,502</u>	<u>\$4,361,704</u>
 Total Liabilities and Reserves	<u>\$4,959,202</u>	<u>\$4,457,025</u>

EXHIBIT B

Page 1 of 2

**Los Angeles County Employees Retirement Association
Statement of Revenues and Expenditures
For the Fiscal Years Ended June 30, 1985 and 1984**

(Amounts in Thousands)

	<u>1985</u>	<u>1984</u>
Revenues		
Member Contributions		
Retirement— Active Members	\$ 77,399	\$ 74,805
Employer Contributions	317,892	273,991
Settlement Due From County of Los Angeles (Note I).....	3,291	8,033
Miscellaneous Additions	121	516
Total Contribution Revenue	<u>\$398,703</u>	<u>\$357,345</u>
Investment Income		
Interest Income— Long-Term Bonds	\$307,943	\$268,378
Interest Income— Short-Term Investments	52,479	34,486
Interest Income— Securities on Loan	1,697	804
Interest Income on Mortgages	26,684	22,906
Other Interest Income	926	643
Income from Loan Participation Interest	-0-	107
Dividend Income	69,212	59,291
Rental Income	1,065	296
Income from Financing Leases	1,023	12,450
Net Gain (Loss) Sale of Bonds	38,578	(82,564)
Net Gain (Loss) Sale of Stocks	63,163	53,928
Net Loss on Disposal of Assets	(55,204)	-0-
Income— Real Estate Equities	84	3,131
Other Investment Income	20	132
Total Investment Income	<u>\$507,670</u>	<u>\$373,988</u>
Deduct: Investment Expenses		
Investment Counsel Fees	\$ 3,957	\$ 1,865
Mortgage Loan Service Fees	760	681
Custodial Fees	282	327
Actuarial Fees	43	-0-
Real Estate Properties Expenditures	183	194
Depreciation— Real Estate Properties	576	144
Other Investment Expense	102	37
Total Investment Expenses	<u>\$ 5,903</u>	<u>\$ 3,248</u>
Net Investment Income	<u>\$501,767</u>	<u>\$370,740</u>
Other Revenues	283	329
Total Revenues	<u>\$900,753</u>	<u>\$728,414</u>

EXHIBIT B

Page 2 of 2

**Los Angeles County Employees Retirement Association
Statement of Revenues and Expenditures
For the Fiscal Years Ended June 30, 1985 and 1984**

(Amounts in Thousands)

Expenditures	1985	1984
Benefits		
Death Benefits—Lump Sum	\$ 1,162	\$ 1,222
Interest and Payments under Section 31725.5/.6	222	234
Pension and Annuity Payments	<u>298,331</u>	<u>266,600</u>
Total Benefit Payments	<u>\$299,715</u>	<u>\$268,056</u>
Other Expenditures		
Refunds to Terminated Members.....	\$ 25,436	\$ 8,175
Administrative Expenses (Schedule 1)	6,439	5,196
Miscellaneous Deductions	<u>353</u>	<u>310</u>
Total Other Expenditures	<u>\$ 32,228</u>	<u>\$ 13,681</u>
Total Expenditures	<u>\$331,943</u>	<u>\$281,737</u>
Excess of Revenues over Expenditures	<u>\$568,810</u>	<u>\$446,677</u>

EXHIBIT C

**Los Angeles County Employees Retirement Association
Statement of Changes in Reserves
As of June 30, 1985**

(Amounts in Thousands)

	Members Deposit Reserves	Employers Reserves	Retired Members Reserves	Cost-of-Living Reserves			Reserve For Earnings' Deficiencies, Investment Losses and Other Contingencies	Total Reserves
				Members	Employers	Retired		
Balance, July 1, 1984	\$672,867	\$109,953	\$2,208,724	\$182,213	\$ 91,673	\$1,008,715	\$ 87,559	\$4,361,704
Prior Year Adjustments							(12)	(12)
Adjusted Balance—July 1	<u>\$672,867</u>	<u>\$109,953</u>	<u>\$2,208,724</u>	<u>\$182,213</u>	<u>\$ 91,673</u>	<u>\$1,008,715</u>	<u>\$ 87,547</u>	<u>\$4,361,692</u>
Additions:								
Contributions-Retirement	\$ 54,946	\$233,455		\$ 22,453	\$ 58,367	\$ 26,070		\$ 395,291
Investment Income							507,671	507,671
Other Revenues							283	283
Settlement Due From County of Los Angeles		2,437			853			3,290
Miscellaneous	47		50	24				\$ 121
Total Additions	<u>\$ 54,993</u>	<u>\$235,892</u>	<u>\$ 50</u>	<u>\$ 22,477</u>	<u>\$ 59,220</u>	<u>\$ 26,070</u>	<u>\$507,954</u>	<u>\$ 906,656</u>
Deductions:								
Pension and Annuity Benefits			\$ 243,993			\$ 54,338		\$ 298,331
Death Benefits-Lump Sum		\$ 1,162						1,162
Interest and Payments under Section 31725.5/6		222						222
Refunds	\$ 19,982			\$ 5,454				25,436
Investment Expenses							\$ 5,903	5,903
Administrative Expenses— Schedule 1							6,439	6,439
Miscellaneous	303		19	31				353
Total Deductions	<u>\$ 20,285</u>	<u>\$ 1,384</u>	<u>\$ 244,012</u>	<u>\$ 5,485</u>	<u>\$ -0-</u>	<u>\$ 54,338</u>	<u>\$ 12,342</u>	<u>\$ 337,846</u>
Transfers:								
Pension and Annuities	(\$ 46,026)	(\$210,245)	\$ 256,271	(\$ 9,857)	(\$79,016)	\$ 88,873		-0-
Interest Credited	51,384	2,409	179,324	14,266	4,471	84,787	(\$336,641)	-0-
Distribution of Excess Over 1% of the Total Assets to Retired Members								
Cost-of-Living Reserves						196,926	(196,926)	-0-
Miscellaneous	34	306	(301)	(34)	26	(31)		-0-
Total Transfers	<u>\$ 5,392</u>	<u>(\$207,530)</u>	<u>\$ 435,294</u>	<u>\$ 4,375</u>	<u>(\$74,519)</u>	<u>\$ 370,555</u>	<u>(\$533,567)</u>	<u>\$ -0-</u>
Balance—June 30, 1985	<u>\$712,967</u>	<u>\$136,931</u>	<u>\$2,400,056</u>	<u>\$203,580</u>	<u>\$76,374</u>	<u>\$1,351,002</u>	<u>\$ 49,592</u>	<u>\$4,930,502</u>

EXHIBIT C

**Los Angeles County Employees Retirement Association
Statement of Changes in Reserves
As of June 30, 1984**

(Amounts in Thousands)

	Members Deposit Reserves	Employers Reserves	Retired Members Reserves	Cost-of-Living Reserves			Reserve for Earnings/ Deficiencies, Investment Losses and other Contingencies	TOTAL RESERVES
				Members	Employers	Retired		
Balance, July 1, 1983	<u>\$634,350</u>	<u>\$191,081</u>	<u>\$2,097,858</u>	<u>\$160,543</u>	<u>\$140,687</u>	<u>\$ 651,303</u>	<u>\$3,915,218</u>	
Prior Year Adjustments						(191)	(191)	
Adjusted Balance—July 1	<u>\$634,350</u>	<u>\$191,081</u>	<u>\$2,097,858</u>	<u>\$160,543</u>	<u>\$140,687</u>	<u>\$651,112</u>	<u>\$3,915,027</u>	
Additions:								
Contributions—Retirement	\$ 53,904	\$186,434		\$ 20,901	\$ 52,270	\$ 35,287	\$348,796	
Amount recovered under Section 31820		100					100	
Funds due from LA County—AB 3920						8,033	8,033	
Investment Income						373,844	373,844	
Other Revenues						329	329	
Miscellaneous	<u>348</u>		<u>14</u>	<u>54</u>			<u>416</u>	
Total Additions	<u>\$ 54,252</u>	<u>\$186,534</u>	<u>\$ 14</u>	<u>\$ 20,955</u>	<u>\$ 52,270</u>	<u>\$ 35,287</u>	<u>\$ 731,518</u>	
Deductions:								
Pension and Annuity Benefits			\$ 219,589			\$ 47,011	\$ 266,600	
Death Benefits—Lump Sum		\$ 1,222					1,222	
Interest and Payments under Section 31725.5/6		234					234	
Refunds	\$ 6,470			\$ 1,705			8,175	
Operating Costs:								
Investment Counsel Expense						\$ 1,865	1,865	
Mortgage Loan Service Fees						681	681	
Custodial Fees						327	327	
Administrative Expenses						5,196	5,196	
Real Estate Equities Expenditures						139	139	
Other Investment Expenses						92	92	
Miscellaneous	<u>269</u>		<u>7</u>	<u>34</u>			<u>310</u>	
Total Deductions	<u>\$ 6,739</u>	<u>\$ 1,456</u>	<u>\$ 219,596</u>	<u>\$ 1,739</u>	<u>-0</u>	<u>\$ 47,011</u>	<u>\$ 284,841</u>	
Transfers:								
Pension and Annuities	(\$57,599)	(\$285,789)	\$ 343,388	(\$10,188)	(\$109,485)	\$ 119,673	-0-	
Interest Credited	48,559	3,399	170,148	12,713	6,357	66,567	-0-	
Advances For AB 3920 Benefits		16,156			1,844		-0-	
Transfer from Retired Members Reserves Basic Benefits to Cost-of-Living			(183,087)			183,087	-0-	
Miscellaneous	<u>44</u>	<u>28</u>	<u>(1)</u>	<u>(71)</u>			<u>-0-</u>	
Total Transfers	<u>(\$ 8,996)</u>	<u>\$266,206</u>	<u>\$ 330,448</u>	<u>\$ 2,454</u>	<u>(\$101,284)</u>	<u>\$ 369,327</u>	<u>(\$325,743)</u>	
Balance—June 30, 1984	<u><u>\$672,867</u></u>	<u><u>109,953</u></u>	<u><u>\$2,208,724</u></u>	<u><u>\$182,213</u></u>	<u><u>\$ 91,673</u></u>	<u><u>\$1,008,715</u></u>	<u><u>\$4,361,704</u></u>	

**Los Angeles County Employees Retirement Association
Notes to Financial Statements
June 30, 1985**

Note A—Summary of Significant Accounting Policies

General: The County Employees Retirement Law of 1937, Government Code Sections 31450 through 31898, authorizes the formation and operation of the Los Angeles County Employees Retirement Association (LACERA) and requires that it be accounted for as a trust fund. Accounting records are maintained on the accrual method, and these financial statements reflect the overall operations of the Trust.

The County of Los Angeles and its employees, the latter on an elective basis beginning in 1982, contribute to the Fund based on rates recommended by the Fund's independent 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 monthly payments to retired County employees.

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, 1983. The next actuarial valuation is to be conducted as of June 30, 1986.

The valuation was made on the basis of an 8% interest earnings assumption specified by the Board of Investments. It also assumed 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. This valuation was adopted by the Board of Supervisors on September 25, 1984 effective July 1, 1984. A subsequent County Counsel opinion established the rates to be effective concurrent with the adoption of the evaluation by the Board of Supervisors.

In accordance with the actuary's recommendations, County contribution rates, as a percent of compensation, are as follows:

<u>As of September 1, 1984</u>	<u>General</u>	<u>Safety</u>
Members prior to 9/1/77	18.56% (Plan A)	30.56% (Plan A)
Members from 9/1/77 to 9/30/78	15.21% (Plan B)	24.27% (Plan B)
Members from 10/1/78 to 5/31/79	15.11% (Plan C)	24.27% (Plan B)
Members from 6/1/79	15.02% (Plan D)	24.27% (Plan B)
Members from 2/1/82 (Optional)	13.68%	N/A
<u>Up to August 31, 1984</u>	<u>General</u>	<u>Safety</u>
Members prior to 9/1/77	18.46% (Plan A)	27.77% (Plan A)
Members from 9/1/77 to 9/30/78	14.55% (Plan B)	22.01% (Plan B)
Members from 10/1/78 to 5/31/79	14.19% (Plan C)	22.01% (Plan B)
Members from 6/1/79	14.09% (Plan D)	22.01% (Plan B)
Members from 2/1/83 (Optional)	12.97% (Plan E)	N/A

In addition, differences between the member contribution rates adopted from the June 30, 1981 actuarial valuation of LACERA and the previously existing contribution

rates are paid by the County as a surcharge. The surcharge rates as a percentage of payroll are as follows:

	<u>General</u>	<u>Safety</u>
Plan A	.65%	1.53%
Plan B	.11%	.04%

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

The Unfunded Actuarial Accrued Liability (UAAL) of the Fund as determined by the actuarial valuation at June 30, 1983, was \$2,733,253,000. This amount is composed of \$1,758,708,000 in Basic Benefits and \$974,545,000 in Cost-of-Living Benefits. The total UAAL, including interest, is being directly funded by County contributions over a period of 30 years which commenced July 1, 1978 and ends June 30, 2008. The contributions are based on rates recommended by the actuary and Board of Investments, and adopted by the Board of Supervisors.

As a result of the June 30, 1983 actuarial valuation, employer contributions amounting to 8.11% of payroll for general members and 11.92% of payroll for safety members are being allocated to fund the UAAL.

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 thereon; deductions include refunds to terminating members and transfers to Retired Members Reserves.
2. **Employer Reserves** represent the balance of employers' contributions for future retirement payments to current active members. Additions include contributions from the employers and earnings thereon; deductions include transfers to Retired Members Reserves.
3. **Retired Members Reserves** represent transfers from Members Deposit Reserves, Employer Reserves and Cost-of-Living Reserves, 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 anticipated cost-of-living increases in pension allowances.

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

Administrative Expenses: Government Code Section 31580.2 allows the entire expense of the administration of the retirement system to be charged against earnings of the fund. The charge is limited to fifteen-hundredths of one percent of the total assets for general administrative expenses and three-hundredths of one percent of total assets for capital improvements and systems enhancements.

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, scientific amortization, or straight-line method, depending on the nature of the security. Premium or discount on mortgage loans is amortized using the straight-line method over a period of 120 months. Stocks are carried at cost. Short-term repurchase agreements and other short-term investments are carried at amortized cost.

In computing gains and losses on sales of stocks and mortgage loans, cost is determined using the weighted-average cost and specific identification methods, respectively. The method of costing bonds is the weighted-average method.

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 equipment and ten-years for furniture, structures, and improvements. The cost and accumulated depreciation of fixed assets as of June 30, 1985 and 1984, is shown as follows:

<u>June 30, 1985</u>	<u>Furniture and Equipment</u>	<u>Structures and Improvements</u>
Cost	\$404,000	\$437,000
Accumulated Depreciation	<u>(161,000)</u>	<u>(149,000)</u>
Fixed Assets—Net of Depreciation	<u>\$243,000</u>	<u>\$288,000</u>

<u>June 30, 1984</u>	<u>Furniture and Equipment</u>	<u>Structures and Improvements</u>
Cost	\$250,000	\$302,000
Accumulated Depreciation	<u>(96,000)</u>	<u>(111,000)</u>
Fixed Assets—Net of Depreciation	<u>\$154,000</u>	<u>\$191,000</u>

Reclassifications: Certain reclassifications of 1984 amounts have been made to conform with current year classifications.

Note B—Market Value of Long Term Investments and Mortgages

The market value of common stocks at June 30, 1985 and 1984 was \$1,715,299,000 and \$1,243,900,000 respectively.

The market value of publicly traded bond issues as of June 30, 1985 and 1984 was \$2,452,115,000 and \$1,958,569,000 respectively. Private placement issues by definition are not subject to market pricing and are carried at book value.

The aggregate market value of mortgages as of June 30, 1985 and 1984 was \$241,105,000 and \$176,305,000 respectively.

Note C—Stocks and Bonds on Loan

Under an agreement with Security Pacific National Bank (SPNB), LACERA lends specified stocks and bonds that are being held in trust at SPNB to various banks or brokers in return for a service charge.

SPNB is authorized to handle all LACERA's loan activity and has agreed to "hold [LACERA] harmless" for any losses of securities or income, of from any litigation arising from these loans. Consequently, the securities on loan at June 30, 1985 and 1984 are not shown separately on the balance sheet but are included in their respective accounts shown on Exhibit A.

Per the agreement with SPNB, the loans must be secured by collateral with a market value of at least 102% of the market value of the securities loaned. At June 30, 1985, the market value of the stocks and bonds on loan through SPNB was \$65,953,000 and \$560,112,000 respectively. At June 30, 1984, the market value of the stocks and bonds on loan through SPNB was \$61,619,000 and \$20,728,000 respectively.

Note D—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.

LACERA's net investments in direct financing leases as of June 30, 1984 was as follows: (amounts in thousands)

	<u>Current</u>	<u>Non Current</u>	<u>Total</u>
Total Minimum Lease			
Payments Receivable	\$17,603	\$343,863	\$361,466
Less Unearned Income	<u>(12,125)</u>	<u>(139,274)</u>	<u>(151,399)</u>
Net Investment in Direct			
Finance Leases	<u>\$ 5,478</u>	<u>\$204,589</u>	<u>\$210,067</u>

Note D—Related Party Transactions — Direct Financing Leases

As a result of negotiations between the Boards of Investment and Retirement and the Board of Supervisors, LACERA agreed to assign its interest in those properties covered by direct financing leases to the County for the sum of the principal balance due as of June 30, 1984 plus option prices. This sale was effective August 1, 1984.

In contemplation of the closing of this transaction, the July 1984 lease payment by the County was made on an interest only basis. Hence, the actual book value of the assets sold as of August 1, 1984 is the same as shown in the above schedule as of June 30, 1984.

The terms of the agreement provided for a book value discount to the County in exchange for net cash received resulting in a loss of \$55.2 million on the transaction. In the opinion of the Board of Investments, the long term net return on the invested cash received is believed to return a greater yield to the Association than the collection of the lease payments through maturity (See Exhibit B). This transaction was a part of LACERA's Board of Investments continuing efforts to dispose of low-yield investments in order to avail LACERA of higher returns from alternative investments.

Real Estate Projects Subject to Direct Financing Leases as of June 30, 1984 are listed in Schedule 2.

Note E—Real Estate Properties

LACERA owns the real estate property known as Wiegand Plaza Shopping Center. Valuation of this property as of June 30, 1985 and 1984 is as follows: (amounts in thousands)

	<u>1985</u>	<u>1984</u>
Land Cost	\$ 1,663	\$ 1,663
Improvements	<u>8,637</u>	<u>8,637</u>
Total	\$10,300	\$10,300
Less: Accumulated Depreciation	<u>(720)</u>	<u>(144)</u>
Real Estate Properties— Net of Depreciation	<u>\$ 9,580</u>	<u>\$10,156</u>
Add: Additional Improvements	\$25	-0-
Less: Reserve for Amortization	<u>(2)</u>	<u>-0-</u>
Additional Improvements Net of Amortization	<u>23</u>	<u>-0-</u>
	<u>\$ 9,603</u>	<u>\$10,156</u>

Real Estate Property is carried at cost less accumulated depreciation. Depreciation is calculated using the straight-line method with 15 years current recovery period. Depreciation of the additional improvements is calculated using the straight-line method with seven (7) years current recovery period.

Attendant tenant security deposits from this property are carried on LACERA's statements as a liability representing monies refundable to tenants upon termination of the lease. Quong-Watkins, a property management firm, was retained by LACERA to oversee day-to-day operations in addition to a real estate consulting contract with The Karsten Companies to monitor activities, assure correct accounting and make appropriate recommendations to the Board of Investments. On September 15, 1985, John Burham & Company was retained as leasing agent for the property and the property management contract was amended with Quong Enterprises.

Note F—Cash

Cash at June 30 is composed of the following (amounts in thousands):

	<u>1985</u>	<u>1984</u>
Employees Retirement Trust Fund	\$ 33	\$13,036
Employees Retirement Administrative Fund	70	22
LACERA Investment Account	10,052	-0-
LACERA/Los Angeles County Treasurer	2,300	-0-
Security Pacific National Bank Investment Accounts	520	162
LACERA Operating Account/Quong-Watkins Properties	<u>13</u>	<u>-0-</u>
	<u>\$12,988</u>	<u>\$13,220</u>

Note G—Custodial Fees

Custodial fees represent charges by Security Pacific National Bank (SPNB), which acts as custodian for securities owned by LACERA. In this capacity, SPNB collects income for the securities and deposits it to LACERA's bank accounts. For the fiscal years ended June 30, 1985 and 1984, custodial fees of \$282,000 and \$327,000 respectively, are shown as a separate expense item on the Statement of Revenues and Expenditures (Exhibit B) in lieu of being included as part of Administrative Expenses (Schedule 1). The County Employees Retirement Law as amended effective July 1984 supported this method of expense allocation.

Note H—Litigation

LACERA is a defendant in various lawsuits and other claims arising in the ordinary course of their operations. LACERA management and legal counsel estimate that the potential claims against LACERA resulting from such litigation would not materially affect LACERA's financial statements.

Note I—Settlement from Los Angeles County

The Settlement from the County of Los Angeles (shown on Exhibits B and C) represents additional employer contributions required as a result of the Early Separation Program as authorized by Government Code Section 31641.04 for the Fiscal Year ended 1985 and additional employer contributions required as a result of the adoption by the Board of Supervisors of Government Code Sections 31681.53 and 31739.33 for the Fiscal Year ended 1984.

Schedule 1**Los Angeles County Employees Retirement Association
Administrative Expenses
For the Fiscal Years Ended June 30, 1985 and 1984
(Amounts in Thousands)**

	1985	1984
Personnel Services		
Salaries and Wages	<u>\$2,666</u>	<u>\$2,375</u>
Employee Benefits		
Retirement Contributions	387	338
Workers Compensation	27	12
Medical Insurance	192	191
Dental Insurance	28	26
Life Insurance	1	1
Retiree Health Insurance	53	40
Long-term Disability—Plan E	0	1
Flexible Benefit Plan	24	0
Thrift Plan	1	0
Savings Plan	17	0
Total Employee Benefits	<u>\$ 730</u>	<u>\$ 609</u>
Total Personnel Costs	<u>\$3,396</u>	<u>\$2,984</u>
Office Expenses		
Postage	\$ 134	\$ 96
Stationery and Forms	\$ 59	\$ 91
Other Supplies	59	39
Total Office Expenses	<u>\$ 252</u>	<u>\$ 226</u>
Other Services and Charges		
Communication	\$ 75	\$ 71
Maintenance—Office Equipment	51	29
Maintenance—Structures, Improvements and Grounds	4	3
Actuarial Fees	0	183
Attorney Fees	31	23
Data Processing Charges (DDP)	373	382
Other Data Processing Charges	642	216
Hearing Officer Fees	114	93
Medical Fees	211	221
Stenographic Fees	23	21
Other Professional and Specialized Services	491	34
Rent and Leases—Office Equipment	106	95
Centralized Appropriations	150	150
Administrative and Systems Support	362	361
Transportation & Travel	17	5
Educational Expenses	25	15
Miscellaneous Expenses	10	12
Total Services and Charges	<u>\$2,685</u>	<u>\$1,914</u>
Depreciation—Fixed Assets	<u>\$ 106</u>	<u>\$ 72</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>\$6,439</u>	<u>\$5,196</u>

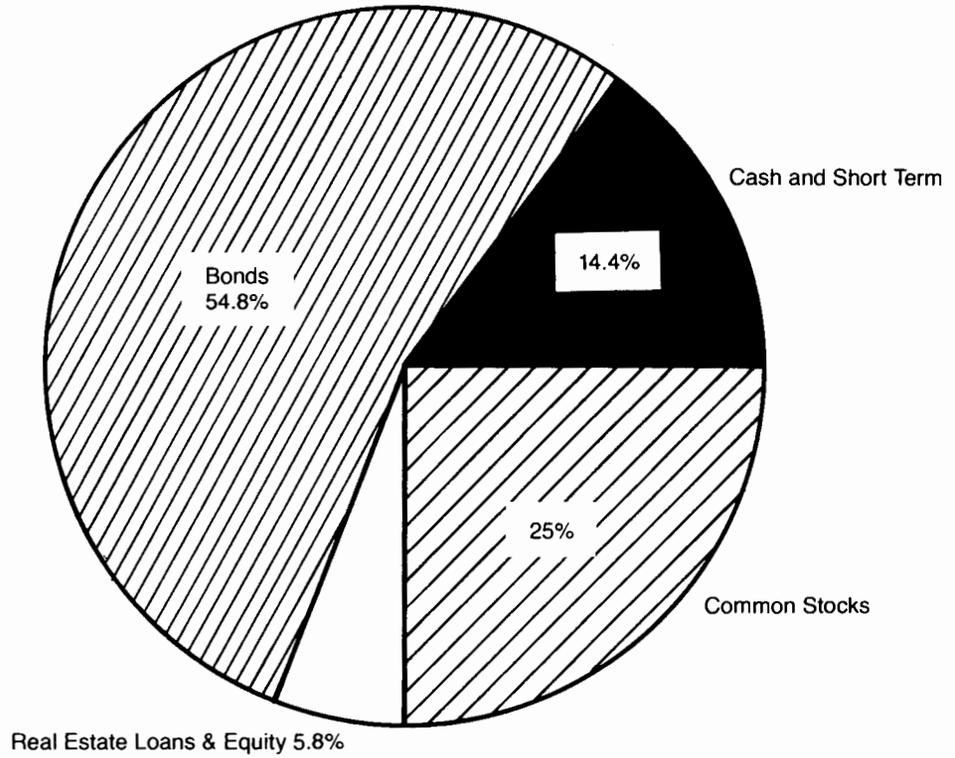
SCHEDULE 2

**Los Angeles County Employees Retirement Association
Real Estate Projects Subject to Direct Financing Leases
June 30, 1984**

Loc. #		Date of Lease	Lease Period (Years)	Principal Financed	Principal Repaid
305	Central Dist. Health Center	241 N. Figueroa St., LA	05-24-68 30	\$ 1,588,533.08	\$ 4,411,111.00
312	Co. Downey Admin. Center	9150 E. Imperial Hwy., Downey	07-01-74 30	7,190,119.23	1,944,111.00
315	Criminal Courts Facility	210 W. Temple St., LA	11-01-70 30	38,570,332.16	6,174,111.00
320	Hall of Administration	500 W. Temple St., LA	06-25-63 42	28,381,494.34	4,540,111.00
322	Health Admin. Bldg.	313 N. Figueroa St., LA	02-01-72 30	13,087,984.89	2,645,444.00
330	Men's Central Jail	441 Bauchet St., LA	12-15-63 40	17,027,664.24	4,204,444.00
331	Men's Central Jail Addn.	441 Bauchet St., LA	01-01-77 26-8 12	41,624,734.21	4,689,000.00
332	Beverly Hills Mun. Court Facility	9355 Burton Way, BH	01-01-72 30	5,573,206.44	1,231,111.00
335	Municipal Traffic Court	1945 S. Hill St., LA	11-01-73 30	17,653,582.10	2,816,800.00
337	Norwalk (SE Dist.) Court Facility	12720 Norwalk Blvd. NW	06-24-69 30	8,076,387.09	2,767,400.00
340	Pasadena (NE Dist.) Court Parking Structure	199 N. Garfield Ave., Pasadena	04-01-66 30	2,459,023.13	651,500.00
342	Pasadena (NE Dist.) Court Facility	350 E. Walnut, Pasadena	07-06-71 30	7,124,359.39	1,755,461.00
345	Pomona (E Dist.) Court Facility	250 W. 5th St., Pomona	06-24-69 30	7,636,167.09	2,655,821.00
350	Torrance (SW Dist.) Court Facility	825 Maple Ave., Torrance	10-29-68 30	5,365,667.07	1,174,053.00
355	Civic Center Mall I	Los Angeles Civic Center	12-20-60 30	9,465,247.25	3,409,589.50
357	Civic Center Mall II	Los Angeles Civic Center	11-01-71 30	10,193,754.76	1,805,986.35
365	Malibu Admin. Center	23519 W. Stuart Ranch Rd., Malibu	06-22-71 30	3,408,884.73	763,558.02
367	Mech. Parking Svc. Garage	1055 N. Alameda St., LA	12-01-72 30	2,703,523.83	419,387.61
368	Mech. Dept. - Phase II	1060 N. Eastern Ave., LA	06-01-75 30	19,113,540.47	1,842,189.74
375	Lakewood Golf Course	3101 Carson Blvd., Lakewood	07-08-69 20	5,463,610.00	2,628,720.01
380	Los Amigos Golf Course	7295 Quill Dr., Downey	05-31-67 30	2,884,148.15	520,610.94
385	Los Verdes Golf Course	30201 S. Hawthorne Blvd., Ranchos Palos Verdes	05-18-65 30	2,797,681.64	688,913.81
390	Marshall Canyon Golf Course	6100 N. Stephens Rnch. Rd., La Verne	05-31-67 30	1,232,258.09	440,289.42
392	San Pedro Municipal Court Facility	505 S. Center St., San Pedro	06-21-69 30	1,506,377.53	330,487.57
TOTAL				<u>\$260,128,280.91</u>	<u>\$50,061,417.78</u>

INVESTED ASSETS (AT BOOK VALUE)

\$4,826,846,802.76



NET INVESTMENT INCOME (as Percentage of TOTAL INCOME)

\$556,970,653.17

