



Annual Report

AND INFORMATION ABOUT
RETIREMENT, DISABILITY AND
DEATH BENEFITS
FOR LACERA MEMBERS

*For the Year Ended
June 30, 1986*

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, 1986.

VICE CHAIRMAN

ROBERT S. KENNARD, Assessor's Department. Elected by general members. Present term expires December 31, 1987. Elected Vice Chairman of the Board, January 2, 1986.

SECRETARY

ROBERT STOTELMEYER, retired. Elected by retired members. Present term expires December 31, 1987. Elected Secretary of the Board, January 2, 1986.

MEMBERS

DAVID COMMONS, Appointed by the Board of Supervisors. Present term expires December 31, 1988.

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)

SIMON S. RUSSIN, Health Services Department. Elected by general members. Present term expires December 31, 1988.

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 8, 1986.

VICE CHAIRMAN

LEO B. BABICH, Appointed by the Board of Supervisors. Present term expires December 31, 1986. Elected Vice Chairman of the Board, January 8, 1986.

SECRETARY

RICHARD B. DIXON, County Treasurer and Tax Collector, Ex-officio member of the Board of Investments by law. Elected Secretary of the Board, January 8, 1986.

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 expired December 31, 1985. Member currently serving until either he is reappointed or a successor is chosen.

ROBERT S. KENNARD, Assessor's Department. Elected by general members. Present term expires December 31, 1988.

SIMON S. RUSSIN, Health Services Department. Elected by general members. Present term expires December 31, 1987.



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

TO ALL ACTIVE AND RETIRED MEMBERS OF LACERA:

Dear Member:

This booklet is designed to provide you with a "summary plan description" of the retirement, disability and death benefits available to you and your beneficiary through the Los Angeles County Employees Retirement Association for the year ending June 30, 1986. It also contains a financial report of the Association and statistical information.

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.

Information in this booklet is intended to be accurate but whenever a statement herein conflicts with the law, the law shall prevail. Official decisions will be made only after reference to the official publication of the statutes and of any regulations which govern the administration of the Retirement Association.

Each member should carefully read the information contained in this booklet to understand the many benefits provided by law. Because the information cannot cover every individual situation, however, you are encouraged to contact retirement staff either by phone or in person if you have any questions pertaining to your individual benefits or if any of the information in this booklet requires further clarification.

BOARD OF RETIREMENT
BOARD OF INVESTMENTS

HALL OF ADMINISTRATION • 500 WEST TEMPLE STREET • LOS ANGELES, CALIFORNIA 90012

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GENERAL INFORMATION FOR ACTIVE MEMBERS

Introduction

The Los Angeles County Employees Retirement Association, hereinafter referred to as LACERA, provides retirement, disability and death benefits to its active general members in Plan A, B, C & D and to its active safety members in Plan A and B. Retirement benefits only are provided to general members in Plan E. Disability and death benefits for active Plan E members are not provided through LACERA but are available through the Long-Term Disability and Survivor Benefit Plan provided by the County of Los Angeles and administered by the Long-Term Disability and Survivor Benefit Plan Section in the Chief Administrative Office. Continuances for eligible survivors of retired members are provided through LACERA for members of **all** retirement plans. The LACERA plans are known as **defined benefit plans** because the retirement allowances provided are based on the member's salary, length of service and age at retirement. While LACERA was established for the benefit of County employees, there are employees of other agencies that are also LACERA members. These agencies include the Little Lake Cemetery District, Local Agency Formation Commission, South Coast Air Quality Management District and the County Superintendent of Schools, although new employees of the latter two agencies now become members of retirement systems other than LACERA.

Management of LACERA

The LACERA retirement system is a public entity separate and apart from the County. The cost of administration of the retirement system is charged against the investment earnings of the retirement fund. Except as otherwise delegated to the Board of Investments and except for the statutory duties of the County Treasurer, the management of LACERA is vested in the Board of Retirement. The Board of Retirement is composed of nine members and an alternate member as shown on the inside of the front cover of this booklet. The Board of Investments is also composed of nine members, as shown on the same page, and is responsible for all investments of the retirement system.

In addition, LACERA employs technical and clerical staff to handle the day-to-day operations involving the administration of benefits and accounting functions. LACERA is governed by the California Constitution, the County Employees' Retirement Law of 1937 contained in the California Government Code beginning at Section 31450, various other statutes, By-laws of the Boards of Retirement and Investments, and procedures and policies adopted by the Boards of Retirement and Investments. In addition, the County Board of Supervisors may, as authorized by the California Government Code, adopt resolutions which affect the benefits of LACERA members.

You may contact LACERA by telephone (213) 617-2575, or 1-(800) 621-7727 (California only), and by writing to or personally visiting the office located at:

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

Types of Membership

There are two types of membership in LACERA: safety and general. Safety membership is applicable to appointees in law enforcement (includes Sheriff, Marshal and District Attorney Investigators), firefighting, forester and ocean and lake lifeguard classifications. General membership is applicable to all other appointees. Note: Safety membership has been available to all members in safety classifications who were not over the age of 35 (under 35½) at the time of entry into LACERA membership or as of the date when they became employed in a position, the principal duties of which consisted of active law enforcement, fire suppression, or ocean and lake lifeguard activities. In addition, those members who were over the age of 35 at the time of entry into LACERA membership, but who were safety members in a reciprocal retirement system and retained membership in that system, are also eligible for safety membership. As of January 1, 1987, the legal age limitation for safety membership will be removed and, regardless of age, all persons appointed to three-quarter time or more permanent safety classifications will be eligible for safety membership.

Membership Plans and Dates

There are two **safety** member plans. These are:

- **Plan A** for employees who became safety members prior to September 1, 1977.
- **Plan B** for employees who became safety members on or after September 1, 1977.

There are five **general** member plans. These are:

- **Plan A** for employees who became general members prior to September 1, 1977.
- **Plan B** for employees who became general members on or after September 1, 1977 through September 30, 1978.
- **Plan C** for employees who became general members on or after October 1, 1978 through May 31, 1979.
- **Plan D** for employees who became general members on or after June 1, 1979 through December 31, 1981 or were hired on January 1, 2 or 3, 1982; for employees who were hired on or after January 4, 1982 and who elected Plan D as their retirement plan; and for members who elected to transfer to Plan D during a transfer period approved by the Board of Supervisors and have completed the deposit of all required contributions.
- **Plan E** for employees who were hired on or after January 4, 1982 and who elected Plan E as their retirement plan; and for members who transferred to Plan E during a transfer period approved by the Board of Supervisors.

Membership Eligibility

Persons entering the employ of the County, districts or courts on a permanent basis of three-quarter time or more are eligible for membership in LACERA. Item designations which determine membership eligibility are A (monthly permanent, full-time), L (Department Head), N (monthly permanent, full-time; grant funded), Y (monthly permanent, ¾ time), and Z (monthly permanent, ⅕ time). Employees are excluded from membership in a retirement plan if they are classified as temporary, seasonal, intermittent, part-time or less than three-quarter time permanent.

Effective Date of Membership/Plan Election

Persons entering the employ of the County, districts or courts on a permanent basis of three-quarter time or more become members of LACERA on the following effective dates based on type of membership:

Safety employees:

- On the first day of the calendar month following appointment regardless of the date hired.

General employees:

- On the first day of the calendar month following appointment if hired on or before January 3, 1982.
- On the first day of the calendar month following the election of a retirement plan if hired on or after January 4, 1982.

Note: As a condition of employment, general employees must make an election of a retirement plan within 60 days after becoming eligible for membership. An employee may elect Plan D (a contributory plan) or Plan E (a non-contributory plan). Such election is made by circling 'D' or 'E' and signing your name on a Sworn Statement card made available by your employer.

Elective Officers become members of LACERA on the first day of the calendar month following the filing of a declaration with the Board of Retirement to become a member.

Highlights of Contributory and Non-Contributory Plans

LACERA offers two types of plans: contributory and non-contributory. Further information on the various benefits of the plans is provided throughout this booklet; plan highlights of the two types, however, are as follows:

Contributory Plans:

- There are six contributory plans: four are general member plans (Plans A, B, C & D) and two are safety member plans (Plans A & B).
- Vesting occurs after a member has accumulated five years of retirement service credit.
- Members may retire at age 50, provided they have at least ten years of retirement service credit, other than public service, or provided they are vested and ten years has passed since their membership entry date.
- Contributions are made by the member and credited to the member's account. Interest is credited to the accounts twice each year. For tax treatment, member contributions are made by the employer, thereby reducing the taxable income of members. Contributions may be withdrawn by the member only upon termination of service.
- Members are eligible to purchase and receive credit for County service prior to membership.

- Members are eligible for disability retirement through LACERA and for benefits under the Long-Term Disability and Survivor Benefit Plan through the County of Los Angeles.
- Cost-of-living increases after retirement are granted effective each April 1 to a maximum of 3% (Plan A) or 2% (Plans B, C or D) based on the Consumer Price Index as of the preceding January 1.
- There are survivor benefits for eligible surviving spouses/children of members who die either before retirement or after retirement.
- Medical and dental/vision insurance benefits are available to retired members/surviving spouses.
- The County provides \$2,000 of life insurance.

Non-Contributory Plan:

- There is only one non-contributory plan, Plan E, which is for general members only.
- Vesting occurs after a member has accumulated ten years of retirement service credit.
- Members may retire at age 55 provided they have at least ten years of retirement service credit, other than public service.
- No contributions are made by the member.
- New Plan E members are not eligible to receive credit for County service prior to membership, but members who transferred to Plan E from a contributory plan are eligible to receive credit for County service prior to membership.
- Members are not eligible for disability retirement through LACERA but only for benefits under the Long-Term Disability and Survivor Benefit Plan through the County of Los Angeles.
- There are no cost-of-living increases after retirement.
- There are survivor benefits for surviving spouses/children of members who die after retirement only.
- Medical and dental/vision insurance benefits are available to retired members/surviving spouses.
- The County provides \$10,000 of life insurance.

Consequences of: Plan Election and Transfer/Redeposit of Contributions

There are important consequences involved in the election of a retirement plan, the transfer between plans and the redeposit of contributions. These consequences are detailed below:

Eligible employees in general membership classifications do not become members until the first of the month following the election of a retirement plan. An employee receives no retirement service credit until becoming a member so it is important to make an election of a plan as soon as possible after becoming eligible for membership.

Employees holding positions in County or district service prior to membership which excluded them from membership, as described under the section on MEMBERSHIP ELIGIBILITY, Page 6 and who subsequently become members, may purchase credit for all such service prior to the date of becoming eligible for membership if they elect Plan D (the contributory plan), or if they become safety members. If the excluded but now eligible employees elect Plan E (the non-contributory plan), however, no County or district service credit will be given prior to the effective date of membership.

Members who terminate service and later return to service in general membership classifications may elect either Plan D or Plan E, regardless of the plan they were in prior to the date of termination; for example, members who were previously in Plan D may elect Plan E and vice versa. Members who were previously **vested** under Plan E and elect Plan E again will continue to accrue credit under Plan E.

General members who elected to transfer from a contributory plan to Plan E, who terminate service and later return to service, may elect either Plan D or Plan E, but they cannot redeposit contributions which were refunded when they transferred to Plan E and be reinstated to their previous contributory plan nor may they receive credit for that prior service regardless of the plan they elect, unless as noted above, they were previously vested under Plan E and elect Plan E.

General members who elected to transfer from Plan E to Plan D are eligible to receive credit under Plan D only for that service which they were eligible to receive under Plan E. They may not be reinstated to a contributory plan other than Plan D even though they may have previously been in such a contributory plan, for example, Plan A, B or C, prior to their transfer to Plan E.

Current members of LACERA in contributory plans, who terminated a prior period of membership service other than Plan E and elected to withdraw their accumulated contributions/interest, may now redeposit those contributions, plus accrued interest, and be reinstated to their previous retirement plan. For example, a former Plan A member who terminated service and withdrew his contributions, who returned to service and is now a Plan B, C or D member, may redeposit those withdrawn contributions, plus accrued interest, and be reinstated to Plan A. The reinstated member is also eligible to a refund of any excess contributions made during the time the member was in Plan B, C or D. In addition, if that prior period of membership overlapped a period in which a member would have been eligible to receive credit for public or prior service, the member who redeposits previously withdrawn contributions may now elect to receive credit for such public or prior service as described under the section on PLAN A CREDIT FOR PREVIOUS PUBLIC OR PRIOR SERVICE, Page

There are additional consequences of plan election relating to a member's eligibility for disability retirement and for survivor benefits which are covered in detail in later sections of this booklet.

Member Retirement Contributions

All retirement plans, except Plan E, are contributory plans. Members in all plans, except Plan E, are required to make monthly retirement contributions through payroll deductions which are credited to their individual accounts. Several employers, however, have negotiated with their employees to pay a portion of the employees' contributions. The rate of contribution for members is based on age at the nearest birthday at the time of entrance into LACERA (see Tables 1–5 on Pages 13–17). A retirement contribution is calculated by multiplying the applicable percentage rate times gross salary, excluding shift differentials, overtime and flat rate bonuses. For example, the contribution for a 25-year-old person entering membership in Plan D who is earning a monthly salary of \$1,200.00 would be 6.73% (from Table 5, Page 17) times \$1,200.00 equals \$80.76. (LACERA members who were, or are, covered by Social Security made, or make, reduced retirement contributions. To compute the contribution for periods covered by Social Security for Plan A, B or C members, subtract \$116.67 from gross salary before multiplying by the contribution rate; for Plan D members, subtract \$350 from gross salary before multiplying by the contribution rate. This formula for Plan D members applies only if monthly salary equals or exceeds \$1,400. If less than \$1,400, contact LACERA for the appropriate formula.)

While contribution rates may increase or decrease based on actuarial studies, a member's current rate is always based on age at entry. For example, if you are now a 50-year-old who entered LACERA at age 25 in Plan A, your current rate would be 4.14%, based on your entry age of 25 (from Table 2, Page 14). Contributions are discontinued for a person who was a member on March 7, 1973 and remained in membership continuously until credited with 30 years of service. Service credit for eligible County or public service prior to membership and purchased by the member counts towards the 30 years. Persons entering membership in a contributory plan after the above date will make contributions for as long as they are in active service.

Member contributions earn interest which is posted to a member's account on June 30 and December 31. The current annual rate of interest is 8%. A financial statement showing contributions and interest is issued to each LACERA member in a contributory plan approximately three months after the close of the fiscal year ending June 30. These statements show the member's taxable and non-taxable contributions plus the interest which has been credited to the member's account. "Taxable" contributions refers to those contributions on which the member was not taxed at the time the contributions were made and which, therefore, would be taxable upon withdrawal or retirement. "Non-taxable" contributions refers to those contributions on which the member paid taxes at the time the contributions were made and which, therefore, would not be taxable upon withdrawal or retirement. The Auditor-Controller reports the "taxable" contributions made by a member as "tax-deferred retirement contributions" on the annual W-2 issued at year end.

Contributions may not be withdrawn by a member before termination of employment and loans may not be made against the contributions in a member's account.

Employer Retirement Contributions

Employers of LACERA members make contributions for members in all retirement plans as shown on Table 6, Page 18. The employer contribution rate is applied to the member's full base salary. Employer contributions are credited to the County Advance Reserves and are not refundable to either the employee or the employer upon termination of a member.

Taxation of Retirement Contributions

Contributions made before August 1, 1983 were included in a member's gross wages and were, therefore, subject to being taxed. Effective August 1, 1983, the County Board of Supervisors adopted an ordinance implementing the provisions of Section 414 (h) (2) of the Internal Revenue Code concerning the tax treatment of employee contributions paid by the County on behalf of affected employees. Pursuant to this section, contributions to a pension plan, although designated under the plan as employee contributions, when paid by the employer in lieu of contributions by the employee, under circumstances in which the employee does not have the option of choosing to receive the contributed amounts directly instead of having them paid by the employer, may be excluded from the gross income of the employee until these amounts are distributed or made available to the employee.

The effect of the ordinance is to reduce a member's taxable income. The County makes employee contributions on behalf of its employees and reduces their wages by the amount of the employee contributions made by the employer. Such contributions are treated as employer contributions in determining tax treatment under the Internal Revenue Code; for all purposes other than taxation, contributions are treated exactly like they were prior to August 1, 1983. Contributions made through the payroll process on or after August 1, 1983 which may be treated this way include the member's "normal contributions" which are computed as a percentage of gross salary, "other contributions" which are made to receive credit for eligible previous County or public service and "back retirement contributions" which are made to receive credit for a period of service for which contributions were not taken.

All of these contributions are shown as tax-deferred retirement contributions on the employee's W-2 issued by the Auditor-Controller at year end and on the employee's warrant/direct deposit stub. Auditor-Controller codes designating whether retirement contributions are taxed or tax deferred, are shown on Table 7, Page 18. LACERA reports contributions made after August 1, 1983 as "taxable" contributions on the annual financial statement since they would be taxable upon withdrawal or retirement while contributions made before August 1, 1983 are shown as "non-taxable contributions" since they would not be taxable upon withdrawal or retirement. Employee contributions which are deducted from any type of pay which was not taxable are posted to the member's non-taxable contributions and would be shown on the warrant/direct deposit stub under a taxed rather than a tax-deferred code.

Social Security Coverage/Medicare Coverage

Employees who became general members in LACERA or became eligible for membership in LACERA on or after June 1, 1964, and all employees who elected Social Security coverage in May 1964 were covered under Social Security. Old age, survivor, and disability insurance benefits provided through the Social Security system are payable to those members when they meet the eligibility requirements for those benefits. Questions concerning eligibility for these benefits should be directed to your nearest Social Security office. The County of Los Angeles withdrew its employees from the Social Security system effective January 1, 1983, but employees of the Little Lake Cemetery District and the South Coast Air Quality Management District are still covered by Social Security.

On April 7, 1986 Congress signed into law an act which mandates that all State and local government employees hired after March 31, 1986 participate in Medicare.

Beneficiary Designation

The name and relationship of a beneficiary is given by each member upon entry into LACERA. 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 should the member die before retirement.

Beneficiary statements are sent annually to all active and deferred members in a contributory plan along with the annual financial statement. Beneficiary changes for members in a contributory plan may be made on these beneficiary statements which are sent to the members or on forms which are available at departmental and payroll offices or from LACERA. **Beneficiary designations should be kept current!** Changes in beneficiary designations should also be made with the County Employee Insurance Section and with the appropriate payroll office. A change in one of these does not automatically change the other two. Beneficiary statements are not sent to Plan E members since survivor benefits for them are handled by the Long-Term Disability Office and not LACERA.

At the time of retirement all members will again be asked to designate their beneficiary to insure that it is current.

Reciprocity

Reciprocity is the special relationship that exists between “reciprocal” retirement systems. It is intended to encourage career public service by granting retirement benefits to members which have been derived from service credit earned in two or more reciprocal public retirement systems. Reciprocity provisions also define the financial obligations of each system. Reciprocity applies to persons entering LACERA from a reciprocal retirement system or leaving LACERA to enter a reciprocal retirement system if such entry is made within 180 days after leaving the reciprocal system. Members who withdraw their retirement contributions give up the right to reciprocity but, under some circumstances, are eligible to re-establish reciprocity. Please refer to the section on DEFERRED/VESTED RECIPROCAL RETIREMENT BENEFITS, Page 21 for additional information on reciprocity.

Combined General and Safety Service

Members who have earned service credit as both general and safety members in LACERA will receive one retirement allowance payment after retirement. Service credit in each type of membership will be used in computing the benefits and the benefits will be added together to determine the total retirement allowance payable.

Transfers Between Retirement Plans

Effective upon the adoption of a resolution by the Board of Supervisors, general members in Plan A, B, C or D may elect to transfer to Plan E and Plan E members may elect to transfer to Plan D. Transfer is made by election upon proper application executed by the member and filed with the Board of Retirement on or before the last day of the period specified in the resolution. Such resolutions may be adopted only after there has been agreement between employer and employee representatives and they have ratified the necessary Memorandum of Understanding.

Table 1
SAFETY MEMBERS—PLAN A & B
MEMBER RATES OF CONTRIBUTION
BY PAYROLL DEDUCTION
PERCENTAGE OF BASE SALARY
 (Based on Nearest Year of Age at Membership)

Age	Plan A Negotiated County Rate Current	Plan B Negotiated County Rate Current
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

Table 2
GENERAL MEMBERS — PLAN A
MEMBER RATES OF CONTRIBUTION
BY PAYROLL DEDUCTION
PERCENTAGE OF BASE SALARY
 (Based on Nearest Year of Age at Membership)

<u>Age</u>	<u>Negotiated County Rate Current</u>	<u>Negotiated SCAQMD Rate Current*</u>	<u>Actuarial Recommended Rate (Districts) Current</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.

Table 3
GENERAL MEMBERS — PLAN B
MEMBER RATES OF CONTRIBUTION
BY PAYROLL DEDUCTION
PERCENTAGE OF BASE SALARY
 (Based on Nearest Year of Age at Membership)

Age	Negotiated County Rate Current	Negotiated SCAQMD Rate Current*	Actuarial Recommended Rate (Districts) Current
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.

Table 4
GENERAL MEMBERS — PLAN C
MEMBER RATES OF CONTRIBUTION
BY PAYROLL DEDUCTION
PERCENTAGE OF BASE SALARY
 (Based on Nearest Year of Age at Membership)

Age	Actuarial County/ District Recommended Rate Current	Negotiated SCAQMD Rate Current*
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.

Table 5
GENERAL MEMBERS — PLAN D
MEMBER RATES OF CONTRIBUTION
BY PAYROLL DEDUCTION
PERCENTAGE OF BASE SALARY
 (Based on Nearest Year of Age at Membership)

Age	Actuarial County/ District Recommended Rate Current	Negotiated SCAQMD Rate Current*
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.

Table 6
EMPLOYER CONTRIBUTION RATES

MEMBERSHIP TYPE	PLAN A	PLAN B	PLAN C	PLAN D	PLAN E
General Members					
Normal Cost	18.56%	15.21%	15.11%	15.02%	13.68%
Surcharge*	<u>.65</u>	<u>.11</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	19.21%	15.32%	15.11%	15.02%	13.68%
Safety Members					
Normal Cost	30.56%	24.27%			
Surcharge*	<u>1.53</u>	<u>.04</u>			
Total	32.09%	24.31%			

*Note: L.A. County and employers have negotiated with their employees to pick up a portion of the members' contributions which is called a surcharge. The employer contributes 72.99% for general members and 91.48% for safety members of the amount normally paid by the members. This percentage has been determined by LACERA's actuary. This discount results because the contributions will not be refundable on the death or termination of the member if contributed by the employer.

Table 7
**AUDITOR-CONTROLLER CODES DESIGNATING WHETHER
RETIREMENT CONTRIBUTIONS ARE TAXED OR
TAX DEFERRED AS SHOWN ON WARRANT/DIRECT
DEPOSIT STUBS**

MEMBERSHIP TYPE/PLAN	AUDITOR- CONTROLLER CODES FOR TAXED CONTRIBUTIONS*			AUDITOR- CONTROLLER CODES FOR TAX-DEFERRED CONTRIBUTIONS*		
	Normal Contrib.	Other Contrib.	Back Ret. Contrib.	Normal Contrib.	Other Contrib.	Back Ret. Contrib.
General Members						
Plan A	102	154	150	170	178	176
Plan B	106	160	158	172	182	180
Plan C	128	162	164	174	184	186
Plan D	129	163	165	175	185	187
Safety Members						
Plan A	103	155	151	171	179	177
Plan B	107	161	159	173	183	181

Note: While Auditor-Controller codes were not changed until November 1, 1983, contributions made on or after August 1, 1983 through the payroll process were not subject to tax (that is, were tax deferred) and were so treated by both the County and LACERA.

TERMINATION OR CHANGE OF EMPLOYMENT STATUS

Introduction

Members who terminate employment or transfer from positions in which membership is compulsory to positions in which membership is not compulsory may be eligible for a refund of contributions, to file for service or disability retirement, or to file for deferred/ vested retirement benefits or deferred/ vested reciprocal retirement benefits. These options are discussed in the following sections:

Termination of Employment

Time in service will determine the available options members have upon termination of employment. Critical periods of service are as follows:

Less than five years (ten years if Plan E):

- When a member's employment terminates with the County or a special district under LACERA and the member has less than five years (less than ten years if member of Plan E) of County/district service, any rights to service retirement benefits are also terminated. Members must elect one of the following:
 - Withdraw all member contributions and interest credited thereon (Plan A, B, C or D only).
 - Apply for deferred/ vested reciprocal retirement benefits if the member is going to a reciprocal retirement system (All Plans).
 - Apply for service-connected disability retirement if the member is permanently disabled due to job-related injury or disease (Plan A, B, C or D only).
- Members who do not withdraw their contributions within five years after termination may lose all rights to withdraw their accumulated contributions/interest.

Five or more years (ten years if Plan E):

- When a member's employment terminates with the County or a special district under LACERA and the member has five or more years (ten or more years if member of Plan E) of County/district service, the member must elect one of the following:
 - Withdraw all member contributions and interest credited thereon (Plan A, B, C or D only).
 - Apply for deferred/ vested retirement benefits, or deferred/ vested reciprocal retirement benefits if the member is going to a reciprocal retirement system (All Plans).
 - Apply for service retirement, if eligible (All Plans).
 - Apply for service-connected or nonservice-connected disability retirement if the member is permanently disabled due to job-related or non-job-related injury or disease (Plan A, B, C or D only) or for benefits under the Long-Term Disability and Survivor Benefit Plan if in service for five years (All Plans).
- Members who do not withdraw their contributions within five years after termination, or, if eligible, do not retire or file a deferred retirement/ statement of vesting application within 180 days after termination may lose all rights to withdraw their accumulated contributions/interest.

Withdrawal of Retirement Contributions

Members who terminate employment may withdraw their retirement contributions plus any interest accrued thereon. No interest is credited to a member's retirement account after termination unless the member has been granted a deferred retirement. Deferred retirement applications may be obtained from LACERA. Members may not withdraw retirement contributions made by the employer except those contributions which, for tax treatment, were made by the employer and credited to the member's account.

Members who terminate membership in LACERA by withdrawing their contributions and interest on deposit waive 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 on the withdrawal certificate. 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 LACERA. Refunds are normally made within two weeks after the withdrawal certificate is received by LACERA.

Members who resign and withdraw contributions and are rehired at a later date, will be covered under the current benefit levels for new employees. Employees eligible for general membership must make an election of either Plan D (contributory plan) or Plan E (non-contributory plan). Members who elect Plan D may redeposit withdrawn contributions plus regular interest. Upon the full redeposit of withdrawn contributions and interest those members will be reinstated to their previous retirement plan and will receive credit for past service covered by those contributions. Members who elect Plan E, however, will receive credit only for service after the first of the calendar month following the date of election and may not, if they previously withdrew their contributions, redeposit those contributions or receive credit for their prior service. For additional information, please refer to the section on CONSEQUENCES OF: PLAN ELECTION AND TRANSFER/REDEPOSIT OF CONTRIBUTIONS, Page 9, and RETIREMENT SERVICE CREDIT, Page 23.

The stub attached to 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 and all interest credited to a member's account) 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 provided.

Contributions withdrawn before age 59½, on which the member has not paid taxes, may be subject to a 10% excise tax, as well as to regular income tax, pursuant to the Tax Reform Act of 1986. Under certain circumstances the refund of contributions may be treated as an "eligible distribution" under the Internal Revenue Code. You should contact your personal tax advisor to determine whether your refund may be rolled over into another qualified employer retirement plan or into an individual retirement arrangement (IRA).

Members who do not withdraw their contributions within five years after termination or, if eligible, do not file a deferred retirement/statement of vesting application within 180 days after termination may lose all rights to withdraw their accumulated contributions/interest.

Deferred/Vested Retirement Benefits

Deferred retirement benefits are available to members in Plan A, B, C, & D who terminate employment with five or more years of retirement service credit, not including any public service which they may have purchased, provided they leave their contributions on deposit, and apply in writing for deferred retirement within 180 days after termination. A member on deferred retirement who is rehired into a permanent position of three-quarter time or more, will be reinstated to the same retirement plan the member was in prior to termination and will continue to earn the same retirement benefits and retain the original entry age for determining the contribution rate. Upon the death of any member before the effective date of the member's deferred retirement allowance, the member's accumulated contributions and interest credited thereon shall be paid to such person as the member has designated as beneficiary with LACERA or to the member's estate.

Vested retirement benefits are available for Plan E members who terminate employment with ten or more years of retirement service credit, not including any public service which they may have received upon transferring to Plan E, provided they apply in writing for vested benefits within 180 days after termination.

Members who meet the above eligibility requirements should contact LACERA to obtain deferred retirement/statement of vesting application forms.

Members who subsequently meet the eligibility requirements described in the section on ELIGIBILITY FOR SERVICE RETIREMENT, Page 26 may retire and receive a retirement allowance.

Deferred/Vested Reciprocal Retirement Benefits

Please refer to the section on RECIPROCITY, Page 12 for more information about reciprocity. Deferred/vested reciprocal retirement benefits are available to **all** LACERA members who terminate County or district employment to accept a position with a public agency in California covered under a reciprocal retirement system within 180 days after termination provided that members in a contributory plan leave their contributions on deposit. Benefits of reciprocity are as follows:

- A reciprocal member's rate of contribution in the new retirement system will be based on the member's entry age in LACERA, with the exception of the Public Employees' Retirement System which has a flat rate percentage, unless the new system has a non-contributory plan which the member elects.
- Service credit under each system will be added together to determine eligibility for benefits under each system. There is no transfer of funds or service credit between systems.
- Upon concurrent retirement for service or disability from both systems, or upon death, the highest earnings under either one of these systems will be used to calculate benefits, except that neither disability retirement nor death benefits will be provided to Plan E members.

After a member has elected deferred retirement, contributions may not be withdrawn unless employment is terminated with the other public agency and contributions are withdrawn from the reciprocal retirement system.

LACERA is reciprocal with the Public Employees' Retirement System which covers State employees, most municipal and special district employees in California, and counties other than the following counties, which like Los Angeles County, are covered under the County Employees Retirement Law:

Alameda	Marin	San Bernardino	Sonoma
Contra Costa	Mendocino	San Diego	Stanislaus
Fresno	Merced	San Joaquin	Tulare
Imperial	Orange	San Mateo	Ventura
Kern	Sacramento	Santa Barbara	

There are several other smaller public retirement systems that are reciprocal with LACERA and members should check with any system they enter to determine whether reciprocity is available.

Members entering employment with another public agency covered by a reciprocal retirement system should contact LACERA to obtain deferred retirement/statement of vesting application forms.

Members who subsequently meet the eligibility requirements described in the section on ELIGIBILITY FOR SERVICE RETIREMENT, Page 26 may retire and receive a retirement allowance.

Withdrawal from Membership

Members of LACERA who, by resignation or transfer, change from a position in which membership is compulsory to a position in which membership is not compulsory, may file within sixty (60) days from their resignation or transfer date a written election to discontinue membership. Such written election shall include an application either to:

- Withdraw the member's accumulated contributions and interest credited thereon, if in Plans A, B, C, or D, or
- If eligible, apply for deferred/vested retirement benefits.

If within such sixty-day period members do not file such an election, they shall continue as active members of LACERA, except that if they were safety members they shall become general members. Such membership shall continue until County or district service is discontinued.

RETIREMENT SERVICE CREDIT

Introduction

Members' allowances in all retirement plans are based on the number of months and years of retirement service credit accumulated prior to retirement. Members in contributory Plan A, B, C or D receive credit based on the number of months for which they have made appropriate retirement contributions through payroll deductions or, if eligible, through lump sum payment or payroll deductions for additional months of County, district or public service prior to membership. Members in the non-contributory Plan E receive credit based only on the number of months of uninterrupted employment or, if **eligible**, for additional months of County, district or public service prior to membership if they **transferred** to Plan E from a contributory plan during a period authorized in a resolution adopted by the Board of Supervisors.

Plan A, B, C or D Credit for Current or Previous County/District Service

Members in Plan A, B, C & D make monthly retirement contributions computed as a percentage of their gross salary based on their age at entry into LACERA to receive retirement credit for current service. These members may also **purchase** credit for the following previous County or district service:

- Service in a non-permanent position, or permanent position of less than three-quarter time before entering current or previous membership, up to the date of eligibility for membership.
- Service in a permanent position covered by LACERA membership before entering current membership and for which the member withdrew retirement contributions. Members who redeposit withdrawn contributions will be reinstated to their former retirement plan, if other than their current plan. Please refer to the section on CONSEQUENCES OF PLAN ELECTION AND TRANSFER/REDEPOSIT OF CONTRIBUTIONS, Page 9 and WITHDRAWAL OF RETIREMENT CONTRIBUTIONS, Page 20.
- A period up to 12 months for which the member made no contributions because of an uncompensated leave of absence due to illness, if the member has returned to active service.

No service credit is given for other periods of absence, whether approved or not, or if a member works less than 16 days in a month. Members who transferred from Plan E to Plan D may not, however, purchase credit for any of the above service if the member would not have been eligible to receive such credit under Plan E, nor would such members be entitled to be reinstated to any plan other than Plan D even if they purchased credit for previous LACERA membership service covered under Plan A, B or C.

Plan A Credit for Previous Public or Prior Service

Certain members in Plan A, or other members in Plan B, C or D who were previously in Plan A and are reinstated to Plan A upon the redeposit of withdrawn contributions, **may** be eligible to purchase and receive credit for public or prior service with another public agency which was worked prior to the member's first entry into LACERA provided

they are not entitled to retirement benefits now or in the future, or eligible to establish reciprocity, with the public agency for that service. To be eligible for such credit, these Plan A members **must** have been LACERA members **during the periods** that were authorized in resolutions adopted by the Board of Supervisors. **Prior to the member's first entry** into LACERA means prior to the member's current entrance into LACERA or prior to any previous entrance into LACERA if the member withdrew contributions and has now redeposited contributions for that previous service. Public and prior service definitions and key dates are shown in the following sections:

Public Service

- **Public service** means service rendered as an officer or employee of a public agency for which the officer or employee received compensation from the public agency and with respect to which the member is not entitled to receive credit in any retirement system supported wholly or in part by public funds after becoming a member of LACERA. Such public agency service is limited to the following agencies pursuant to resolutions adopted by the Board of Supervisors:
 - (a) State of California or in any department thereof (includes all agencies covered under the Public Employees' Retirement System (PERS) if the member cannot establish reciprocity with PERS upon the redeposit of contributions withdrawn from PERS)
 - (b) any county in California
 - (c) the City and County of San Francisco
 - (d) any city or special district in Los Angeles County
 - (e) United States government and every department and agency thereof (including military service).
- To be eligible for public service credit under (a), (b), (c) or (d) above, employees must have been **in service and members** of LACERA **anytime between on or after** January 1, 1968 and **on or before** November 1, 1974. Employees **hired on or after** November 1, 1974 are not eligible unless, as stated above, they were previously members of LACERA during the period noted in this paragraph and have now redeposited contributions which they withdrew for that period.
- To be eligible for public service credit under (e) above, employees must have been **in service and members** of LACERA **anytime between on or after** December 1, 1972 and **on or before** July 1, 1974. Employees **hired on or after** July 1, 1974 are not eligible unless, as stated above, they were previously members of LACERA during the period noted in this paragraph and have now redeposited contributions which they withdrew for that period.

Prior Service:

- **Prior service** means employment of a person by a County, district or court prior to January 1, 1938. It also includes service performed for any public agency located wholly in the County of Los Angeles prior to a member's first entry into LACERA membership for which the member is not eligible to receive a pension or retirement allowance, pursuant to By-laws adopted by the Board of Retirement.
- To be eligible for prior service credit, persons must have been in service and members of LACERA **on or before** December 31, 1975. Persons who **entered LACERA on or after** January 1, 1976 are not eligible unless they were previously members of LACERA **on or before** December 31, 1975 and have now redeposited contributions which they withdrew for that period.

Plan E Credit for Current or Previous County/District Service

Employees who elected Plan E as their retirement plan upon **entry** into County service receive retirement credit for current service based on the number of months of uninterrupted employment after becoming members of LACERA. No service credit is given for any period of time, in excess of 22 consecutive workdays, in which the member is absent from work without pay. These Plan E members are **not** eligible to receive credit for previous County or district service. Members who **transferred** from Plan A, B, C or D to Plan E, however, are eligible to receive service credit, **at no cost to the members**, for all of the following previous County/district service which they would have been eligible to purchase had they not elected to transfer to Plan E:

- Service in a non-permanent position, or position of less than three-quarter time before entering current or previous membership, up to the date of eligibility for membership.
- Service in a permanent position covered by LACERA membership before entering current membership and for which the member withdrew retirement contributions.
- A period up to 12 months for which the member made no contributions because of an uncompensated leave of absence due to illness, if the member has returned to active service.

Again, no service credit will be given for any of the above service, if the member who transferred to Plan E would not have been eligible to purchase such credit as a contributory plan member. In addition, no service credit is given for any period of time, in excess of 22 consecutive workdays, in which the member is absent from work without pay during a period of Plan E membership.

Members may, however, receive service credit for the time in which they are totally disabled and are receiving disability benefits or are eligible to receive disability benefits either during or after any elimination or qualifying period under the Long-Term Disability and Survivor Benefit Plan.

Plan E Credit for Previous Public or Prior Service

Employees who elected Plan E as their retirement plan upon **entry** into County service are **not** eligible to receive credit for previous public or prior service. Members who **transferred** from Plan A, B, C or D to Plan E, however, are eligible to receive service credit, **at no cost to the members**, for all of the previous public or prior service which they would have been eligible to purchase had they not elected to transfer to Plan E. This means that certain members who were previously in Plan A, or other members in Plan B, C or D who were previously in Plan A and would have been eligible to redeposit contributions and be reinstated to Plan A, who now transfer to Plan E, may be eligible to receive credit for public or prior service with another public agency which was worked prior to the member's first entry into LACERA provided they are not entitled to retirement benefits now or in the future, or eligible to establish reciprocity, with the public agency for that service. To be eligible for such credit, these former Plan A members must have been LACERA members **during the periods** that were authorized in resolutions adopted by the Board of Supervisors. Please refer to the section on PLAN A CREDIT FOR PREVIOUS PUBLIC OR PRIOR SERVICE, Page 23 for definitions and key dates related to the service which is creditable if you transferred to Plan E.

YOUR SERVICE RETIREMENT ALLOWANCE AND HOW TO COMPUTE AN ESTIMATE

Introduction

Members who meet the eligibility requirements based on age and years of service may retire for service and receive a service retirement allowance for life. In addition, there are benefits payable to eligible surviving spouses or other beneficiaries of members who have retired depending on the particular retirement settlement chosen at the time of retirement.

Planning for Retirement

Members will usually want to make plans for their retirement well in advance of the date they intend to retire. One consideration for retirement will be the amount of retirement allowance you will receive. You may make an estimate of your allowance by following the instructions on Pages 30–36 depending on your type of membership and plan. If you are within several months of retiring, LACERA staff will provide you with a formal estimate of your retirement allowance options. To obtain a formal estimate, you should contact LACERA to obtain a Request for Estimate form. After returning your estimate request form to LACERA, a Retirement Benefit Estimate and Election form will be prepared and sent to you showing the various retirement allowance options you are in a contributory plan. Plan E members will receive a Plan E Retirement Benefit Estimate form showing their Plan E allowance estimate. Pre-retirement planning sessions are offered by both the County and LACERA.

Application/Approval for Service Retirement

The Retirement Benefit Estimate and Election form or Plan E Retirement Application form which will be prepared and sent to you after you request an estimate is the document which you must sign when you want to retire. Signing and returning your election/application form constitutes your application to retire. Applications to retire must be received **prior** to the effective date of retirement and must be approved by the Board of Retirement which meets the first business Wednesday of every month. The retirement date chosen by you will be the first day of your retirement. In the event you change your mind about retiring after an application has been signed and returned to LACERA, you must rescind your application to retire **in writing** and such rescission must be received by LACERA **prior** to the effective date of retirement. You will receive a confirming letter from the Board following the Board's approval of your application to retire.

Eligibility for Service Retirement

Members meeting the following eligibility requirements may file an application for service retirement allowance:

General Members:

Plan A, B, C, or D

- Has retirement credit for 30 years of service under LACERA or combined LACERA and reciprocal agency service, other than public service, regardless of age. (If in deferred retirement status, 30 or more years after membership entry date), or
- Is at least 50 years of age and has retirement credit for 10 or more years of service under LACERA or combined LACERA and reciprocal agency service, other than public service. (If in deferred retirement status, age 50 and 10 or more years after membership entry date), or
- Has attained the age of 70, regardless of years of service credit, or
- Has attained the age of 65 with less than 10 years of service credit and was a member prior to December 31, 1978.

Plan E

- Is at least 55 years of age and has retirement credit for 10 or more years of service under LACERA or combined LACERA and reciprocal agency service, other than public service.

Safety Members:

Plan A or B

- Has retirement credit for 20 years of service under LACERA or combined LACERA and reciprocal agency service, other than public service, regardless of age. (If in deferred retirement status, 20 or more years after membership entry date), or
- Is at least 50 years of age and has retirement credit for 10 or more years of service under LACERA or combined LACERA and reciprocal agency service, other than public service. (If in deferred retirement status, age 50 and 10 or more years after membership entry date).

Note: Prior to January 1, 1987, safety members were required to retire no later than the first day of the calendar month following the month in which the member attained age 60. The law has been amended effective January 1, 1987 to repeal the age 60 mandatory retirement age but will allow counties to adopt their own mandatory retirement ages upon adoption of a resolution. In Los Angeles County, District Attorney investigators and lifeguards are exempted from mandatory retirement based on a federal court injunction.

Service Retirement Allowances for All Plans

The amount of service retirement allowance that will be received by a retired member and eligible surviving spouse or other beneficiary is dependent on the member's retirement plan, final compensation, age, years of service and the retirement settlement selected by the member upon filing an application to retire. A member may choose either the unmodified settlement, which provides the largest monthly allowance and 60% continuance to an eligible surviving spouse (50% if member in Plan E), or one of the four optional settlements which provide a smaller retirement allowance for the member. The optional settlements enable a member to provide benefits to any beneficiary that has an **insurable interest** in the life and health of the member.

California Insurance Code Section 10110 defines insurable interest as follows
Insurable Interest: Every person has an insurable interest in the life and health of:

- (a) Himself
- (b) Any person on whom he depends wholly or in part for an education or support
- (c) Any person under a legal obligation to him for the payment of money or respecting property or services, of which death or illness might delay or prevent the performance
- (d) Any person upon whose life any estate or interest vested in him depends.

LACERA requires the member to certify that the beneficiary, named at the time of retirement, has an insurable interest in the life of the member.

A description of the unmodified settlement and options #1, #2, #3 and #4 is as follows:

Unmodified Retirement Allowance:

- This option results in the largest monthly allowance possible under the law. It is paid during the lifetime of the retired member. Sixty percent of the member's monthly basic allowance (50% if member in Plan E) at the time of death is payable each month to the surviving spouse for life if the spouse was married to the member at least one year prior to the date of retirement and is the named, sole primary beneficiary. When the member does not have a surviving spouse, the 60% (50% if member in Plan E) allowance may be paid collectively to the member's unmarried children under age 18 (or through the age of 21 if such children remain unmarried and are regularly enrolled as full-time students in an accredited school). The unmodified retirement allowance is normally most advantageous for members who are married and in reasonably good health when they retire. If, at the time of the member's death, there is no surviving spouse or minor children, and the total retirement allowance income received by the member during the member's lifetime did not exceed the member's accumulated contributions, the designated beneficiary shall be paid the balance of unpaid contributions in a lump sum.

Option #1:

- Under this option the member receives a slight reduction in the unmodified service retirement allowance. During retirement, the member's normal contributions and interest are reduced by only the annuity portion of his allowance. If the member dies before receiving the total amount of the accumulated normal contributions at retirement, the member's estate or beneficiary who has an insurable interest in the member's life will receive the balance. The accumulated contributions are, therefore, reduced at a much slower rate than in the unmodified settlement.

This option is attractive to some retirees who do not have a spouse or minor children eligible for the 60% continuance of the unmodified retirement allowance. (Not applicable to Plan E members since Plan E members do not make retirement contributions.)

Option #2:

- This optional retirement settlement results in the largest reduction of the member's monthly unmodified service retirement allowance. It provides a 100% continuance allowance to a co-annuitant who has an insurable interest in the member's life after the member's death. The amount of the member's retirement allowance under this option 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. This optional settlement may be of benefit to a prospective retiree who has a dependent who does not qualify for a continuance under the unmodified retirement allowance, or to a member with a short life expectancy.

Option #3:

- This optional retirement settlement is similar in principle to option #2, but the co-annuitant receives only 50% of the member's allowance after the member's death. The co-annuitant must have an insurable interest in the member's life. The member's retirement allowance which this option provides is less than the unmodified or option #1, but is more than that calculated under option #2. As with option #2, the allowance is directly affected by the age of the co-annuitant and all payments cease upon the deaths of both annuitants.

Option #4:

- This option provides for a fixed monthly income in the amount or percentage the member selects to be paid to a co-annuitant after the member's death. As in the other options, the co-annuitant must have an insurable interest in the member's life.

Note: If a member has elected option #2, option #3 or option #4, no continuance allowance may be paid after the death of the retiree if the member changes beneficiaries after retirement.

How to Compute an Unmodified Service Retirement Allowance Estimate if You Are in Plan A, B, C or D and Were Not Covered by Social Security Under LACERA

An unmodified service retirement allowance for Plan A, B, C or D members is computed as a percentage of the member's final compensation. The percentage is based on the member's age and years of service and varies according to the retirement plan of the member. These factors are calculated as follows:

- **Final compensation** is calculated using the member's average monthly salary for the latest or highest paid:
 - one (1) year of service, if the member is in Plan A, or
 - three (3) years of service, if the member is in Plan B, C, or D.
- **Age** is calculated to the nearest completed quarter year of age. Factors for each completed quarter year of age increase for general members to age 62 (Plan A) and age 65 (Plans B, C & D) and for safety members to age 55 (Plans A & B).
- **Service** is calculated to the nearest completed month. The nearest completed month means that if a member retires on or after the 17th of a month (16th February), the month will be included in both the service total and the final compensation period.

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

PLAN A MEMBER	PLAN B, C & D MEMBERS
$\$1,392 \times 3 \text{ months} = \$ 4,176.00$	$\$1,250 \times 3 \text{ months} = \$ 3,750.00$
$\$1,469 \times 9 \text{ months} = \$13,221.00$	$\$1,319 \times 12 \text{ months} = \$15,828.00$
<hr style="width: 100%;"/>	$\$1,392 \times 12 \text{ months} = \$16,704.00$
$12 \text{ months} = \$17,397.00$	$\$1,469 \times 9 \text{ months} = \$13,221.00$
	<hr style="width: 100%;"/>
	$36 \text{ months} = \$49,503.00$
Average Salary	Average Salary
$\$17,397.00 \div 12 = \$1,449.75$	$\$49,503 \div 36 = \$1,375.08$

LACERA has calculated the percentages applicable to various ages and years of service for each of the retirement plans, except Plan E, as shown on Tables 8-10 and Pages 37-40. (While the percentages shown are for completed years of age and service at retirement, your actual benefits will be based on completed quarter-year age factors and completed years and months of service at the time of retirement.) For example, a Plan A general member retires at age 60 with 25 years of service, the percentage of final compensation would be 60.99% (from Table 9, Page 38). An estimate of your unmodified service retirement allowance from LACERA may be computed as follows:

1. Calculate your final compensation following the example above based on your plan.
2. Determine the percentage that applies to your age and years of service at retirement from the appropriate Table.
3. Multiply your percentage times your final compensation to compute your unmodified service retirement allowance (No. 2 times No. 3).

Example: A general or safety member retires at age 60 with 25 years of retirement service credit. The member's unmodified service retirement allowance would be computed as follows:

	PLAN A GENERAL MEMBER	PLAN B GENERAL MEMBER	PLAN A SAFETY MEMBER
% of final compensation (from appropriate Tables)	60.99%	54.55%	65.50%
Times final compensation (from examples above)	<u>\$1,449.75</u>	<u>\$1,375.08</u>	<u>\$1,449.75</u>
Equals unmodified service retirement allowance	\$ 884.20	\$ 750.11	\$ 949.59

How to Compute an Unmodified Service Retirement Allowance Estimate if You Are in Plan A, B, C or D and Were Covered by Social Security Under LACERA

Please refer to the preceding section before reading this section if you have not already done so. Members who were covered by Social Security under LACERA will receive a reduced unmodified service retirement allowance from LACERA. The amount of reduction is dependent on age at retirement, the number of years of Social Security coverage under LACERA, and the retirement plan. (See Table 12, Page 41 for Retirement Allowance Reduction Amounts). These members are eligible to receive Social Security benefits beginning at age 62, in addition to a retirement allowance from LACERA. An estimate of your reduced unmodified service retirement allowance from LACERA may be computed as follows:

1. Compute your unmodified service retirement allowance (See Page 30).
2. Determine the reduction amount based on your plan and age at retirement from Table 12, Page 41.
3. Determine your number of years of service covered by Social Security under LACERA.
4. Multiply the reduction amount times the number of years of service covered by Social Security under LACERA (No. 2 times No. 3) to obtain the total amount of reduction.
5. Subtract the total amount of reduction from the unmodified service retirement allowance to compute your reduced unmodified service retirement allowance (No. 1 minus No. 4).

Example: A general member in Plan A retires at age 60 with 25 years of retirement service credit, 15 of which were covered by Social Security under LACERA. The member's reduced unmodified service retirement allowance would be computed as follows:

Unmodified service retirement allowance (from example on Page 31)	\$884.40
Less reduction amount (15 years x \$2.85; from Table 12, Page 41)	<u>-42.00</u>
Equals reduced unmodified service retirement allowance	\$841.40

Level Income Option

General or safety members who retire from service **prior** to age 62, and who are fully insured under Social Security at the time of retirement, may elect to have their unmodified service or option #1 retirement allowances increased until age 62. Members must satisfy the requirement of being fully insured under Social Security if they paid into Social Security for the required number of quarters, through either County or non-County employment or a combination of both. Members retiring for disability or under Plan E or under option #2, #3 or #4 are **not** eligible to elect this option. Based on the member's attained age in the year of retirement and earnings at retirement, LACERA determines the member's **estimated** Social Security benefit at age 62 from information obtained from LACERA's actuary. (See Table 15, Page 43 for Social Security Benefit for the Level Income Option showing estimated Social Security benefits for member who will attain various ages during the year based on the member's annual earnings.) The member's retirement allowance will be increased until age 62 by a **percentage** of that estimated Social Security benefit. The percentage of the estimated Social Security benefit is a figure also determined by LACERA's actuary and is called the Social Security Adjustment Factor (See Table 13, Page 42). The factors shown are for complete years of age at retirement. (There are additional factors for completed quarter years of age which will be used in computing actual benefits at the time of retirement.)

The member's retirement allowance will be reduced **after** the member reaches age 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 applies for Social Security at age 62, the member's total income from both the retirement allowance and Social Security should be about "level" with the amount received before the reduction, hence, the name "Level Income Option." Because LACERA uses estimates of Social Security benefits, the reduction in the member's allowance at age 62 may be **greater or lesser** than the actual Social Security benefit to which the member may be entitled. Members, therefore, who have information that their Social Security benefits will be greater or lesser than the estimated amount should contact LACERA immediately. Note: Any applicable cost-of-living increases to a member's retirement allowance will also be applied to the increased allowance if a member elects this option.

If a 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 would have received had the member not made the election to receive this option.

Example: Member retires at age 60 and the basic monthly allowance was computed to be \$841.45. Based on the Social Security Adjustment Factor of 81.51% for a 60-year-old from Table 16 and an estimated Social Security benefit of \$353.00 for a person who attained age 60 in 1986 from Table 15 (based on an annual earnings rate of \$17,628), the member's basic allowance would be **increased** by \$287.73 (81.51% of \$353.00), bringing the member's total allowance to \$1,129.18. At age 62 the allowance would be reduced by the full estimated Social Security benefit of \$353.00 leaving a retirement allowance of \$776.18. If the member was eligible to receive a Social Security benefit of \$353.00, the combined total allowance and Social Security benefit after age 62 would again equal \$1,129.18 as shown below:

Basic monthly allowance:	\$ 841.45
Plus percentage of estimated Social Security benefit (81.51% x 353):	<u>287.73</u>
Equals total allowance to age 62 from LACERA:	\$1,129.18
Less full estimated Social Security benefit:	<u>- 353.00</u>
Equals total allowance after age 62 from LACERA:	\$ 776.18
Plus actual Social Security benefit at age 62:	<u>353.00</u>
Equals total allowance after age 62 from LACERA and the Social Security Administration:	\$1,129.18

Plan E Retirement Allowances

A retirement allowance for Plan E members is computed as a percentage of the member's final compensation. The percentage is based only on the member's years of service. Two other factors may, however, enter into the final allowance computation: (1) whether the member was covered by Social Security under LACERA and (2) the age of the member at the time of retirement. If the member was covered by Social Security, a percentage of the estimated Social Security benefit will be subtracted from the Plan E allowance as an offset. In addition, the age of the member will determine whether the retirement allowance will be calculated as a **normal retirement allowance** (age 65 or over) or an **early retirement allowance** (under age 65) which could further reduce the allowance. The factors used in calculating allowances and definitions of terms are as follows:

- **Final compensation** is calculated using the member's average monthly salary for the latest or highest paid three (3) years of service, whether or not consecutive.
- **Age** is calculated to the nearest birthday immediately preceding the date of retirement.
- **Service** is calculated to the nearest completed month. The nearest completed month means that if a member retires on or after the 17th of a month (16th if February), the month will be included in both the service total and the final compensation period.

- **Social Security** coverage refers only to that period of time during which a member paid into Social Security while a member of LACERA.
- **Social Security benefit** means the monthly retirement benefit payable under the federal Social Security system at the age at which **full** retirement benefits are payable under the system. LACERA's actuary has provided a table of **estimated** Social Security benefits for members who will attain various ages during the year based on the member's annual earnings as shown in Table 16, Page 44. Annual earnings are computed by multiplying the last month's earnings by 12 and rounding to the nearest \$500.
- **A normal retirement allowance** is an allowance which equals 2% of the member's final compensation for each year of service for the first 35 years, plus 1% of the member's final compensation for each year of service for the next ten years, to a maximum of 80%, reduced by a fraction of the estimated Social Security benefit, if any. The fraction is equal to the number of years of service under LACERA covered by Social Security divided by 35.
- **An early retirement allowance** is an allowance which is the actuarial equivalent of the normal retirement allowance and is computed by multiplying the normal retirement allowance by the **early retirement adjustment (ERA) factor** based on the member's age as of the birthday immediately preceding the date of retirement. The early retirement adjustment factors are shown in Table 14, Page 42.

An example of calculating final compensation when salary changed during the final compensation period is as follows:

$$\begin{array}{r}
 \$1,250 \times 3 \text{ months} = \$ 3,750.00 \\
 \$1,319 \times 12 \text{ months} = \$15,828.00 \\
 \$1,392 \times 12 \text{ months} = \$16,704.00 \\
 \underline{\$1,469 \times 9 \text{ months} = \$13,221.00} \\
 36 \text{ months} = \$49,503.00
 \end{array}$$

$$\begin{array}{l}
 \text{Average Salary} \\
 \$49,503 \div 36 = \$1,375.08
 \end{array}$$

How to Compute a Normal Retirement Allowance Estimate (65 or Over) if You Are in Plan E and Were Not Covered by Social Security Under LACERA

An estimate of your Plan E normal retirement allowance from LACERA may be computed as follows:

1. Calculate your final compensation following the example above.
2. Calculate the percentage that applies to your completed years (and months) of service at 2% per year.
3. Multiply your percentage times your final compensation to compute your normal retirement allowance (No. 2 times No. 1).

Example: A general member in Plan E retires at age 65 with 25 years of retirement service credit. The member's normal retirement allowance would be computed as follows:

$$\begin{array}{l}
 2\% \times 25 \text{ years} = 50\% \\
 50\% \times \$1,375.08 \text{ (final compensation from above)} \\
 \text{equals } \$687.54 \text{ (normal retirement allowance)}
 \end{array}$$

How to Compute a Normal Retirement Allowance Estimate (65 or Over) if You Are in Plan E and Were Covered by Social Security Under LACERA

An estimate of your Plan E normal retirement allowance from LACERA if you were covered by Social Security under LACERA may be computed as follows:

1. Compute your normal retirement allowance (See example in above section).
2. Calculate your annual earnings rate by multiplying your last month's earnings rate times 12.
3. Determine your estimated Social Security benefit for Plan E offset based on your annual earnings rate and your attained age in 1986 from Table 16, Page 44.
4. Determine the number of years of service under LACERA subject to Social Security coverage.
5. Calculate the Social Security offset by multiplying your estimated Social Security benefit times the number of years of service under LACERA subject to Social Security coverage divided by 35 (No. 3 times No. 4 ÷ 35).
6. Subtract the Social Security offset from your normal retirement allowance to compute your reduced normal retirement allowance (No. 1 minus No. 5).

Example: A general member in Plan E retires at age 65 with 25 years of retirement service credit, 15 of which were covered by Social Security under LACERA. Before computing your normal retirement allowance, reduced by the Social Security offset, you must calculate your Social Security offset as follows:

First, calculate annual earnings rate:

Last month's salary from final compensation calculations above:	\$ 1,469
Times 12:	<u> x 12</u>
Equals annual earnings rate:	\$17,628

Second, determine estimated Social Security benefit for Plan E offset:

Equals \$610 (from Table 16, Page 44, based on nearest annual earnings rate at age 65)

Third, calculate Social Security offset:

Years of Social Security coverage under LACERA: 15 Years
divided by 35 times estimated Social Security benefit for Plan E offset:

	<u>15 ÷ 35 x \$610</u>
--	------------------------

Equals Social Security offset \$261.43

Your normal retirement allowance reduced by the Social Security offset would be computed as follows:

Normal retirement allowance: (from example on Page 34)	\$687.54
Less Social Security offset (from above calculation)	<u>- 261.43</u>
Equals reduced normal retirement allowance:	\$426.11

How to Compute an Early Retirement Allowance Estimate (Under 65) if You Are in Plan E and Were Not Covered by Social Security Under LACERA

An estimate of your Plan E early retirement allowance from LACERA if you were not covered by Social Security under LACERA may be computed as follows:

1. Compute your normal retirement allowance (See example on Page 34).
2. Determine the early retirement adjustment factor that applies to your age at retirement from Table 14, Page 42.
3. Multiply the early retirement adjustment factor times your normal retirement allowance to compute your early retirement allowance (No. 2 times No. 1).

Example: A general member in Plan E retires at age 60 with 25 years of retirement service credit. The member's early retirement allowance would be computed as follows:

Early retirement adjustment factor:	
(from Table 14, Page 42)	59.16%
Times normal retirement allowance:	
(from example on Page 34)	<u>\$687.56</u>
Equals early retirement allowance:	\$406.76

How to Compute an Early Retirement Allowance Estimate (Under 65) if You Are in Plan E and Were Covered by Social Security Under LACERA

An estimate of your Plan E early retirement allowance from LACERA if you were covered by Social Security under LACERA may be computed as follows:

1. Compute your normal retirement allowance (See example on Page 34).
2. Calculate the Social Security offset (See example on Page 35).
3. Determine the early retirement adjustment factor that applies to your age at retirement from Table 14, Page 42.
4. Compute your reduced normal retirement allowance by subtracting the Social Security offset from your normal retirement allowance (No. 1 minus No. 2).
5. Multiply the early retirement adjustment factor times your reduced normal retirement allowance to compute your reduced early retirement allowance (No. 3 times No. 4).

Example: A general member in Plan E retires at age 60 with 25 years of retirement service credit, 15 of which were covered by Social Security under LACERA. The member's early retirement allowance reduced by the Social Security offset would be computed as follows:

Normal retirement allowance:	
(from example on Page 34)	\$687.54
Less Social Security offset:	<u>- 273.43*</u>
Equals reduced normal retirement allowance:	\$414.11
Times early retirement adjustment factor:	
(from Table 14, Page 42)	<u>59.16%</u>
Equals reduced early retirement allowance:	\$244.99

*The Social Security offset was calculated as follows:

15 ÷ 35 times \$638 (from Table 16, Page 44 based on annual earnings of \$17,628 and attained age of 60) equals \$273.43.

Table 8
SAFETY MEMBERS — PLAN A & B
 Percentage of Final Compensation Used to Compute Retirement Allowance Estimate

Years of service	AGES											
	44	45	46	47	48	49	50	51	52	53	54	55 & over
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	40.00	42.06	44.31	46.77	49.34	52.40						
21	42.00	44.17	46.53	49.11	51.81	55.02						
22	44.00	46.27	48.74	51.44	54.28	57.64						
23	46.00	48.37	50.96	53.78	56.75	60.26						
24	48.00	50.48	53.17	56.12	59.21	62.88						
25	50.00	52.58	55.39	58.46	61.68	65.50						
26	52.00	54.68	57.61	60.80	64.15	68.11						
27	54.00	56.79	59.82	63.14	66.61	70.73						
28	56.00	58.89	62.04	65.48	69.08	73.35						
29	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						

Table 9
GENERAL MEMBERS — PLAN A
 Percentage of Final Compensation Used to Compute Retirement Allowance Estimate

Years of service	AGES														62 & over
	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	39.03	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	61.10	63.55	65.87	68.19	70.51		
28	41.30	43.86	46.67	48.75	51.56	54.53	57.70	61.10	63.50	65.91	68.31	70.71	73.12		
29	42.78	45.43	48.33	50.49	53.40	56.48	59.76	63.28	65.77	68.26	70.75	73.24	75.73		
30	44.25	47.00	50.00	52.23	55.24	58.43	61.82	65.47	68.04	70.61	73.19	75.77	78.34		
31	45.73	48.56	51.67	53.98	57.08	60.38	63.89	67.65	70.31	72.97	75.63	78.29	80.95		
32	47.20	50.13	53.33	55.72	58.92	62.33	65.95	69.83	72.58	75.32	78.07	80.82	83.56		
33	48.68	51.69	55.00	57.46	60.76	64.27	68.01	72.01	74.84	77.68	80.51	83.34	86.17		
34	50.15	53.26	56.67	59.20	62.61	66.22	70.07	74.19	77.11	80.03	82.95	85.87	88.79		
35	.....	54.83	58.33	60.94	64.45	68.17	72.13	76.38	79.38	82.38	85.39	88.39	91.40	
36	.....	.....	60.00	62.68	66.29	70.12	74.19	78.56	81.65	84.74	87.83	90.92	94.01
37	.....	.....	.....	64.42	68.13	72.06	76.25	80.74	83.92	87.09	90.27	93.44	96.62
38	.....	.....	.....	.....	69.97	74.01	78.31	82.92	86.18	89.45	92.71	95.97	99.23
39	.....	.....	.....	.....	.....	75.95	80.37	85.10	88.45	91.80	95.15	98.49	100.00
40	.....	.....	.....	.....	.....	.....	82.43	87.29	90.72	94.15	97.59	100.00	100.00

Table 10
GENERAL MEMBERS—PLAN B
Percentage of Final Compensation Used to Compute Retirement Allowance Estimate

Years of service	AGES																65 & over
	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	
10	12.42%	13.14%	13.91%	14.75%	15.66%	16.67%	17.41%	18.41%	19.48%	20.61%	21.82%	22.68%	23.54%	24.40%	25.26%	26.11%	
11	13.67	14.45	15.30	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	14.91	15.76	16.69	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	16.15	17.08	18.08	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	17.39	18.39	19.47	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	18.63	19.70	20.87	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	19.88	21.02	22.26	23.60	25.06	26.67	27.86	29.46	31.16	32.97	34.91	36.29	37.66	39.03	40.41	41.78	
17	21.12	22.33	23.65	25.08	26.63	28.33	29.60	31.30	33.11	35.03	37.10	38.56	40.02	41.47	42.93	44.39	
18	22.36	23.65	25.04	26.55	28.20	30.00	31.34	33.14	35.06	37.10	39.28	40.82	42.37	43.91	45.46	47.00	
19	23.60	24.96	26.43	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	24.85	26.27	27.82	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	26.09	27.59	29.21	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	27.33	28.90	30.60	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	28.57	30.21	31.99	33.92	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	29.82	31.53	33.38	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	31.06	32.84	34.78	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	32.30	34.16	36.17	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	33.54	35.47	37.56	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	34.79	36.78	38.95	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	36.03	38.10	40.34	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	37.27	39.41	41.73	44.25	47.00	50.00	52.24	55.24	58.43	61.83	65.46	68.04	70.62	73.19	75.77	78.34	
31	38.51	40.72	43.12	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	39.75	42.04	44.51	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	41.00	43.35	45.90	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	42.24	44.66	47.29	50.15	53.26	56.67	59.20	62.61	66.22	70.07	74.19	77.11	80.03	82.95	85.87	88.79	
35	.....	45.98	48.69	51.63	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	.....	.....	50.08	53.10	56.39	60.00	62.68	66.29	70.12	74.19	78.56	81.65	84.74	87.83	90.92	94.01
37	.....	.....	.....	54.58	57.96	61.67	64.42	68.13	72.06	76.25	80.74	83.92	87.09	90.27	93.44	96.62
38	.....	.....	.....	.....	59.53	63.33	66.16	69.97	74.01	78.31	82.92	86.18	89.45	92.71	95.97	99.23
39	.....	.....	.....	.....	.....	65.00	67.91	71.81	75.96	80.37	85.10	88.45	91.80	95.15	98.49	100.00
40	.....	.....	.....	.....	.....	.....	69.65	73.65	77.91	82.43	87.29	90.72	94.15	97.59	100.00	.....
41	.....	.....	.....	.....	.....	.....	.....	75.49	79.85	84.49	89.47	92.99	96.51	100.00	.....	.....

Table 11
GENERAL MEMBERS — PLAN C & D
Percentage of Final Compensation Used to Compute Retirement Allowance Estimate

Years of service	AGES														65 & over	
	50	51	52	53	54	55	56	57	58	59	60	61	62	63		64
10	11.82%	12.43%	13.03%	13.64%	14.26%	14.92%	15.64%	16.41%	17.25%	18.17%	19.17%	19.91%	20.91%	21.98%	23.11%	24.32%
11	13.00	13.67	14.33	15.00	15.69	16.42	17.20	18.05	18.98	19.98	21.08	21.90	23.00	24.17	25.42	26.75
12	14.18	14.91	15.63	16.36	17.11	17.91	18.76	19.69	20.70	21.80	23.00	23.89	25.10	26.37	27.73	29.19
13	15.36	16.16	16.93	17.73	18.54	19.40	20.33	21.33	22.42	23.61	24.92	25.89	27.19	28.57	30.04	31.62
14	16.55	17.40	18.24	19.09	19.96	20.89	21.89	22.97	24.15	25.43	26.83	27.88	29.28	30.77	32.35	34.05
15	17.73	18.64	19.54	20.45	21.39	22.39	23.46	24.62	25.87	27.25	28.75	29.87	31.37	32.97	34.66	36.48
16	18.91	19.89	20.84	21.82	22.82	23.88	25.02	26.26	27.60	29.06	30.67	31.86	33.46	35.16	36.97	38.91
17	20.09	21.13	22.15	23.18	24.24	25.37	26.58	27.90	29.33	30.88	32.58	33.85	35.55	37.36	39.28	41.35
18	21.27	22.37	23.45	24.54	25.67	26.86	28.15	29.54	31.05	32.70	34.50	35.84	37.64	39.56	41.60	43.78
19	22.45	23.61	24.75	25.91	27.09	28.35	29.71	31.18	32.78	34.51	36.42	37.83	39.74	41.76	43.91	46.21
20	23.64	24.86	26.05	27.27	28.52	29.85	31.27	32.82	34.50	36.33	38.33	39.82	41.83	43.95	46.22	48.64
21	24.82	26.10	27.36	28.63	29.95	31.34	32.84	34.46	36.23	38.15	40.25	41.81	43.92	46.15	48.53	51.08
22	26.00	27.34	28.66	30.00	31.37	32.83	34.40	36.10	37.95	39.96	42.17	43.81	46.01	48.35	50.84	53.51
23	27.18	28.59	29.96	31.36	32.80	34.32	35.96	37.74	39.67	41.78	44.08	45.80	48.10	50.55	53.15	55.94
24	28.36	29.83	31.26	32.72	34.22	35.82	37.53	39.38	41.40	43.60	46.00	47.79	50.19	52.74	55.46	58.37
25	29.55	31.07	32.57	34.09	35.65	37.31	39.09	41.03	43.12	45.41	47.92	49.78	52.28	54.94	57.77	60.80
26	30.73	32.31	33.87	35.45	37.08	38.80	40.66	42.67	44.85	47.23	49.83	51.77	54.37	57.14	60.08	63.24
27	31.91	33.56	35.17	36.81	38.50	40.29	42.22	44.31	46.58	49.05	51.75	53.76	56.47	59.34	62.39	65.67
28	33.09	34.80	36.47	38.18	39.93	41.79	43.78	45.95	48.30	50.86	53.67	55.75	58.56	61.53	64.70	68.10
29	34.27	36.04	37.78	39.54	41.35	43.28	45.35	47.59	50.02	52.68	55.58	57.74	60.65	63.73	67.01	70.53
30	35.46	37.29	39.08	40.91	42.78	44.77	46.91	49.23	51.75	54.50	57.50	59.74	62.74	65.93	69.33	72.97
31	36.64	38.53	40.38	42.27	44.21	46.26	48.47	50.87	53.48	56.31	59.42	61.73	64.83	68.13	71.64	75.40
32	37.82	39.77	41.69	43.63	45.63	47.75	50.04	52.51	55.20	58.13	61.33	63.72	66.92	70.33	73.95	77.83
33	39.00	41.01	42.99	45.00	47.06	49.25	51.60	54.15	56.92	59.94	63.25	65.71	69.01	72.52	76.26	80.26
34	40.18	42.26	44.29	46.36	48.48	50.74	53.16	55.79	58.65	61.76	65.17	67.70	71.11	74.72	78.57	82.69
35	.....	43.50	45.59	47.72	49.91	52.23	54.73	57.43	60.37	63.58	67.08	69.69	73.20	76.92	80.88	85.13
36	.....	.....	46.90	49.09	51.34	53.72	56.29	59.08	62.10	65.39	69.00	71.68	75.29	79.12	83.19	87.56
37	.....	.....	.....	50.45	52.76	55.22	57.86	60.72	63.83	67.21	70.92	73.67	77.38	81.31	85.50	89.99
38	.....	.....	.....	.....	54.19	56.71	59.42	62.36	65.55	69.03	72.83	75.66	79.47	83.51	87.81	92.42
39	.....	.....	.....	.....	.....	58.20	60.98	64.00	67.27	70.84	74.75	77.66	81.56	85.71	90.12	94.85
40	.....	.....	.....	.....	.....	.....	62.55	65.64	69.00	72.66	76.67	79.65	83.65	87.91	92.43	97.29
41	.....	.....	.....	.....	.....	.....	.....	67.28	70.72	74.48	78.58	81.84	85.74	90.10	94.74	99.70

Table 12

**RETIREMENT ALLOWANCE REDUCTION AMOUNTS FOR
MEMBERS IN PLANS A, B, C & D COVERED BY
SOCIAL SECURITY**

<u>Age at Retirement</u>	<u>PLAN A Reduction per YOS*</u>	<u>PLAN B Reduction per YOS*</u>	<u>PLAN C Reduction per YOS*</u>	<u>PLAN D Reduction per YOS*</u>
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 covered by Social Security under LACERA.

Table 13
PLAN E
EARLY RETIREMENT ADJUSTMENT (ERA) FACTORS
BY AGE AT RETIREMENT*

<u>Age at Retirement</u>	<u>ERA Factors (expressed in percentages)</u>	<u>Age at Retirement</u>	<u>ERA Factors (expressed in percentages)</u>
55	36.41%	60	59.16
56	40.02	61	65.47
57	44.04	62	72.58
58	48.52	63	80.60
59	53.54	64	89.68

*Note: These factors are subject to change based on recommendations by LACERA's actuary.

Table 14
PLAN A, B, C OR D
SOCIAL SECURITY ADJUSTMENT FACTORS FOR THE LEVEL INCOME
OPTION BY AGE AT RETIREMENT*

<u>Age at Retirement</u>	<u>Social Security Adjustment Factor (expressed in percentages)</u>	<u>Age at Retirement</u>	<u>Social Security Adjustment Factor (expressed in percentages)</u>
50	31.76%	56	55.14
51	34.73	57	60.68
52	38.02	58	66.86
53	41.66	59	73.77
54	45.69	60	81.51
55	50.16	61	90.21

*Note: These factors are subject to change based on recommendations by LACERA's actuary.

SOCIAL SECURITY BENEFITS FOR LEVEL INCOME OPTION
ESTIMATED MONTHLY SOCIAL SECURITY BENEFITS PAYABLE AT AGE 62—AS OF JANUARY 1986

1986 ANNUAL EARNINGS RATE	ATTAINED AGE IN 1986												
	50	51	52	53	54	55	56	57	58	59	60	61	62
4000	68	71	73	76	79	82	84	87	90	92	95	95	95
4500	76	79	83	86	89	92	95	97	99	102	104	104	104
5000	85	88	92	95	98	100	103	106	108	111	114	114	114
5500	93	96	99	102	105	108	111	114	117	120	123	123	123
6000	100	104	107	110	113	117	120	123	126	130	133	133	133
6500	107	111	114	118	121	125	128	132	135	139	143	143	143
7000	114	118	122	125	129	133	137	141	144	148	152	152	152
7500	121	125	129	133	137	141	145	149	153	157	162	162	162
8000	128	132	136	141	145	149	154	158	162	167	171	171	171
8500	134	139	144	148	153	158	162	167	171	176	181	181	181
9000	141	146	151	156	161	166	171	176	180	185	190	190	190
9500	148	153	158	164	169	174	179	184	189	194	200	200	200
10000	155	160	166	171	177	182	188	193	199	204	210	210	210
10500	162	167	173	179	185	190	196	201	207	213	219	219	219
11000	169	175	181	187	193	199	205	211	217	222	229	229	229
11500	175	182	188	194	201	207	213	219	225	232	238	238	238
12000	182	189	195	202	208	215	222	228	234	241	248	248	248
12500	189	196	203	210	216	223	230	237	243	250	257	257	257
13000	196	203	210	217	224	231	239	246	252	259	267	267	267
13500	203	210	217	225	232	240	247	254	261	269	277	277	277
14000	210	217	225	233	240	248	255	263	270	278	286	286	286
14500	216	224	232	240	248	256	264	272	279	287	296	296	296
15000	223	231	240	248	256	264	272	281	288	297	305	305	305
15500	230	239	247	255	264	272	281	289	297	306	315	315	315
16000	237	246	254	263	272	281	289	298	306	315	324	324	324
16500	244	253	262	271	280	289	298	307	315	324	334	334	334
17000	251	260	269	278	288	297	306	316	324	334	343	343	343
17500	257	267	277	286	296	305	315	324	333	343	353	353	353
18000	264	274	284	294	304	313	323	333	342	352	363	363	363
18500	271	281	291	301	311	322	332	342	351	361	372	372	372
19000	278	288	298	309	319	330	340	350	360	371	382	382	382
19500	284	295	305	316	327	337	348	359	369	379	391	391	391
20000	290	301	312	323	334	345	356	367	378	388	400	400	401
20500	296	307	318	330	341	352	363	374	385	396	408	409	410
21000	302	313	325	336	347	359	370	382	392	404	416	417	418
21500	307	318	330	342	353	365	376	388	399	410	423	424	426
22000	312	323	335	347	358	370	382	394	405	416	429	431	432
22500	316	328	340	352	363	375	387	399	410	422	435	437	438
23000	321	332	344	356	368	379	391	404	415	427	440	442	444
23500	324	336	347	360	371	383	395	407	419	431	444	446	448
24000	328	339	351	364	375	386	398	411	423	435	448	450	452
24500	331	342	354	367	378	389	401	414	426	438	451	454	456
25000	334	345	357	370	381	392	404	417	429	441	454	457	460
25500	337	348	360	373	384	395	407	420	432	444	458	460	463
26000	339	351	363	375	387	398	410	423	435	447	461	463	466
26500	342	353	365	378	389	400	412	425	437	450	463	466	469
27000	344	356	368	380	391	403	415	428	440	452	466	469	472
27500	347	358	370	383	394	405	417	430	442	455	469	472	475
28000	349	361	373	385	396	408	420	432	445	458	471	474	478
28500	352	363	375	388	399	410	422	435	447	460	474	477	480
29000	354	366	377	390	401	413	425	437	450	463	477	480	481
29500	357	368	380	392	404	415	427	440	452	465	479	481	483
30000	359	370	382	395	406	417	429	442	454	468	481	482	484
30500	360	372	384	396	407	419	431	444	456	469	481	483	485
31000	362	373	385	397	409	420	432	445	457	471	482	484	485
31500	363	374	386	398	410	421	433	446	458	472	483	484	486
32000	364	375	387	400	411	422	434	447	460	473	483	485	487
32500	365	376	388	401	412	423	435	448	461	474	484	485	487
33000	366	377	389	402	413	424	436	449	462	475	484	486	488
33500	367	378	390	403	414	425	437	450	463	476	485	487	488
34000	368	380	391	404	415	427	439	451	464	478	485	487	489
34500	369	381	392	405	416	428	440	452	465	479	486	488	489
35000	370	382	393	406	417	429	441	453	466	480	487	488	490
35500	371	383	395	407	418	430	442	455	467	480	487	489	491
36000	372	384	396	408	420	431	443	456	469	481	488	489	491
36500	373	385	397	409	421	432	444	457	469	481	488	490	492
37000	374	386	397	410	421	433	445	457	470	482	489	490	492
37500	375	386	398	411	422	433	445	458	471	482	489	491	493
38000	376	387	399	411	423	434	446	459	472	482	489	491	493
38500	376	388	399	412	423	435	447	459	472	482	489	491	493
39000	377	388	400	412	424	435	447	460	473	483	490	492	494
39500	377	388	400	413	424	435	447	460	473	483	490	492	494
40000	377	389	400	413	424	436	448	460	473	483	490	492	494
40500	377	389	401	413	425	436	448	461	474	483	490	492	494
41000	377	389	401	413	425	436	448	461	474	483	490	492	494
41500	377	389	401	413	425	436	448	461	474	483	490	492	494
42000	377	389	401	413	425	436	448	461	474	483	490	492	494
42500	377	389	401	413	425	436	448	461	474	483	490	492	494
AND GREATER	377	389	401	413	425	436	448	461	474	483	490	492	494

AND
GREATER

EARNINGS PRIOR TO 1982 BASED ON S.S. AVERAGE WAGE LEVELS FROM LATER OF 1951 OR YEAR AGE 22.
 EARNINGS AFTER 1982 ARE ASSUMED ZERO.
 CPI: INCLUDES 3.1% EFFECTIVE DEC. 1985 AND ZERO THEREAFTER.
 WAGE BASE: \$42,000 IN 1986 AND THEREAFTER.
 NOTE: PIA AMOUNTS HAVE BEEN REDUCED TO REFLECT PERIODS OF NONCOVERED EMPLOYMENT.
 (1983 ACT - NSS86A)

Table 16
SOCIAL SECURITY BENEFITS FOR PLAN E OFFSET
 ESTIMATED MONTHLY SOCIAL SECURITY BENEFITS PAYABLE AT AGE 65—AS OF JANUARY 1986

1986 ANNUAL EARNINGS RATE	ATTAINED AGE IN 1986													
	52	53	54	55	56	57	58	59	60	61	62	63	64	65
4000	278	278	278	278	278	278	278	278	278	278	278	272	269	264
4500	292	292	292	292	292	292	292	292	292	292	292	285	282	277
5000	305	305	305	305	305	305	305	305	305	305	305	298	295	290
5500	318	318	318	318	318	318	318	318	318	318	318	311	308	303
6000	332	332	332	332	332	332	332	332	332	332	332	324	321	316
6500	345	345	345	345	345	345	345	345	345	345	345	337	334	328
7000	358	358	358	358	358	358	358	358	358	358	358	350	347	341
7500	372	372	372	372	372	372	372	372	372	372	372	364	360	354
8000	385	385	385	385	385	385	385	385	385	385	385	377	373	367
8500	398	398	398	398	398	398	398	398	398	398	398	390	386	380
9000	412	412	412	412	412	412	412	412	412	412	412	403	399	392
9500	425	425	425	425	425	425	425	425	425	425	425	416	412	405
10000	438	438	438	438	438	438	438	438	438	438	438	429	425	418
10500	452	452	452	452	452	452	452	452	452	452	452	442	438	431
11000	465	465	465	465	465	465	465	465	465	465	465	455	451	444
11500	478	478	478	478	478	478	478	478	478	478	478	468	464	456
12000	492	492	492	492	492	492	492	492	492	492	492	481	477	469
12500	505	505	505	505	505	505	505	505	505	505	505	494	490	482
13000	518	518	518	518	518	518	518	518	518	518	518	508	503	495
13500	532	532	532	532	532	532	532	532	532	532	532	521	516	508
14000	545	545	545	545	545	545	545	545	545	545	545	534	529	520
14500	558	558	558	558	558	558	558	558	558	558	558	547	543	533
15000	572	572	572	572	572	572	572	572	572	572	572	560	555	546
15500	585	585	585	585	585	585	585	585	585	585	585	573	568	559
16000	598	598	598	598	598	598	598	598	598	598	598	586	581	572
16500	612	612	612	612	612	612	612	612	612	612	612	599	594	584
17000	625	625	625	625	625	625	625	625	625	625	625	612	607	597
17500	638	638	638	638	638	638	638	638	638	638	638	625	620	610
18000	652	652	652	652	652	652	652	652	652	652	652	638	633	623
18500	665	665	665	665	665	665	665	665	665	665	665	652	646	636
19000	678	678	678	678	678	678	678	678	678	678	678	665	659	648
19500	692	692	692	692	692	692	692	692	692	692	692	677	670	660
20000	704	704	704	704	704	704	704	704	704	704	704	688	681	671
20500	716	716	716	716	716	716	716	716	716	716	716	698	691	680
21000	727	727	727	727	727	727	727	727	727	727	727	706	699	688
21500	739	739	739	739	739	739	739	739	739	739	739	714	707	696
22000	746	746	746	746	746	746	746	746	746	746	746	721	714	702
22500	751	750	749	748	747	746	746	746	745	745	744	727	718	705
23000	756	755	754	752	751	750	750	749	748	748	748	730	721	708
23500	760	759	758	756	755	754	753	753	752	752	751	733	724	711
24000	765	764	762	760	758	757	757	756	756	755	754	736	727	714
24500	769	768	766	764	762	761	760	760	759	758	757	739	730	717
25000	774	772	770	768	766	764	764	763	762	761	760	742	733	719
25500	778	776	774	772	770	768	767	766	765	765	764	745	736	722
26000	783	781	778	776	773	772	771	770	769	768	767	748	739	725
26500	787	785	782	780	777	775	774	773	772	771	770	751	741	728
27000	791	789	786	783	780	778	777	776	775	774	772	753	744	730
27500	795	792	789	786	783	781	780	779	777	776	775	755	746	731
28000	798	796	793	789	786	784	782	781	780	778	777	757	747	733
28500	802	799	796	792	789	786	785	784	782	780	779	759	749	735
29000	805	802	799	795	792	789	788	786	784	783	781	761	751	736
29500	809	806	802	798	795	792	790	788	787	785	783	763	753	738
30000	813	809	805	801	798	794	793	791	789	789	787	765	755	740
30500	816	813	809	804	801	797	795	793	791	789	787	767	756	741
31000	820	816	812	807	803	800	798	796	794	792	789	769	758	743
31500	823	819	815	811	806	802	798	796	794	791	789	771	760	745
32000	827	823	818	814	809	805	803	801	798	796	793	773	762	746
32500	830	826	821	816	812	808	805	803	801	798	795	775	764	748
33000	834	829	824	819	815	810	808	805	803	800	797	776	765	749
33500	837	832	827	822	817	813	810	808	805	802	799	776	767	750
34000	840	836	830	825	820	815	812	810	807	804	801	780	768	752
34500	844	839	833	828	822	817	815	812	809	806	802	781	769	753
35000	847	842	836	830	825	820	817	814	811	807	804	783	771	754
35500	850	844	839	833	827	822	819	816	812	809	805	784	772	755
36000	853	847	841	835	829	824	821	818	814	811	807	785	773	756
36500	856	850	844	837	831	826	823	819	816	812	808	786	774	757
37000	858	853	846	840	834	828	824	821	817	813	809	787	775	757
37500	861	855	849	842	836	830	826	823	819	815	810	788	776	758
38000	864	858	851	844	838	832	828	824	820	816	812	789	777	759
38500	867	860	853	846	839	833	829	826	821	817	812	790	777	759
39000	869	862	855	848	841	835	831	827	823	818	813	791	777	759
39500	872	865	857	850	843	836	832	828	824	819	814	791	778	760
40000	874	867	859	852	845	838	834	829	825	820	815	792	778	760
40500	876	869	861	854	846	839	835	831	826	821	815	792	778	760
41000	879	871	863	856	848	841	836	832	826	821	816	793	779	760
41500	881	873	865	857	849	842	838	833	828	822	817	793	779	760
42000	883	875	867	859	851	844	839	834	829	823	817	794	779	760
GREATER														

EARNINGS PRIOR TO 1982 BASED ON S.S. AVERAGE WAGE LEVELS FROM LATER OF 1951 OR YEAR AGE 22.
 EARNINGS AFTER 1982 ARE ASSUMED LEVEL UP TO AND INCLUDING CALENDAR YEAR OF AGE 64.
 OPT. INCLUDES 3.1% EFFECTIVE DEC. 1986 AND ZERO THEREAFTER.
 (WAGE BASE: \$42,000 IN 1986 AND THEREAFTER.
 1983 ACT - NSS66A)

DISABILITY RETIREMENT

Introduction

General and safety members who become permanently disabled and unable to perform the duties of their specific job may, regardless of age, apply for disability retirement. If found disabled by the Board of Retirement, members receive a disability retirement allowance for life. In addition, there are benefits payable to eligible surviving spouses or other beneficiaries of members who have been granted a disability retirement allowance. Members must present proof of disability including a physician's statement showing they are permanently disabled. Moreover, the Board of Retirement may require that they be examined by a Board-appointed physician.

Application/Approval for Disability

An application for disability retirement shall be made while the member is in the service, within four months after his discontinuance of service, or while from the date of discontinuance of service to the time of the application he is continuously physically or mentally incapacitated to perform his duties. The processing time for disability retirement takes from three to six months. Staff must obtain Worker's Compensation and other records, schedule a medical examination and obtain the examination results, conduct the necessary investigation and prepare an evaluation report for consideration by the Board of Retirement. The Board of Retirement meets the first business Wednesday of each month to approve or deny applications for disability retirement.

A member may be retired for disability upon the application of the member, the head of the office or department in which the member was last employed, the Board of Retirement or its agents, or any other person on behalf of the member.

Eligibility for Disability Retirement

Only members in a contributory plan (Plans A, B, C or D) are eligible for disability retirement under LACERA. Plan E members are **not** eligible for disability retirement. Members in **all** retirement plans, including Plan E, are eligible, however, for disability benefits under the Long-Term Disability and Survivor Benefit Plan provided by the County of Los Angeles and administered by Long-Term Disability and Survivor Benefit Plan Section in the Chief Administrative Office.

There are two types of disability retirement: service-connected and nonservice-connected. Plan A, B, C or D members **permanently** incapacitated for the performance of duty may be granted a disability retirement by the Board of Retirement if they meet the following eligibility requirements by type of disability:

Service-Connected Disability:

- Incapacity is the result of injury or disease arising out of and in the course of the member's employment, and such employment contributes **substantially** to such incapacity.
- There is no minimum age **or** retirement service credit requirement.

Nonservice-Connected Disability:

- Incapacity is not the result of injury or disease arising out of and in the course of the member's employment, and
- Member has completed a minimum of five (5) years of County/reciprocal retirement service credit.

Disability Retirement Allowance

Members who are found disabled will receive a disability retirement allowance for life by type of disability as follows:

Service-connected disability retirement allowance:

- A minimum of 50% of final compensation, or
- If qualified for a service retirement, the equivalent of a service retirement allowance if it exceeds 50% of final compensation but in no event greater than 100% of final compensation.

Nonservice-connected disability retirement allowance:

- Generally equal to one-third ($\frac{1}{3}$) of final compensation but could be more, or less, depending on age and years of service at the time of retirement, or
- If qualified for a service retirement, the equivalent of a service retirement allowance if it exceeds one-third ($\frac{1}{3}$) of final compensation but in no event greater than 100% of final compensation.

Members under the age of 55, who have been granted a disability retirement allowance, may be required to submit to a medical examination at a later date. Failure to do so will result in a discontinuance of the disability retirement allowance and if such refusal continues for one year, the allowance shall be cancelled.

Effective Date of Disability Retirement Allowance

The disability retirement allowance for a member found to be disabled by the Board of Retirement is effective as of the date the application for disability retirement is filed, but not earlier than the day following the last day for which the member received regular compensation. However, the retirement of a member who has been granted or is entitled to sick leave shall not become effective until the expiration of such sick leave with compensation unless the member consents to retirement at an earlier date. Payments under Section 4850 of the Labor Code to safety members will terminate immediately upon the granting of a disability retirement.

Retirement While Disability Application is Pending

If a member filed an application for disability retirement but a final determination is not made within 90 days after filing such application, the member may, if eligible to retire under a regular service retirement, apply for and be granted a service retirement allowance pending the determination of entitlement to disability retirement. Authorization for retirement pending the outcome of a disability application is contained in Section 31725.7 of the California Government Code; this type of retirement is commonly referred to as a “.7” (point 7) retirement. If the member is found disabled, adjustments will be made in the member's allowance retroactive to the effective date of the disability retirement. If the member is not found disabled, the member may not return to his job, but will continue to receive a service retirement allowance.

Continuing to Work After Disability Finding

Members who are found to be disabled, whether for service-connected or nonservice-connected disability, may, if they are capable of performing other duties in a new position, continue in their employment. Such members will receive, in lieu of a service-connected or nonservice-connected disability allowance, a supplemental disability allowance which is equal to the difference between the compensation rate of the position for which the member was incapacitated and the compensation of the new position. Such payments will continue until the member elects to retire and receive the service-connected or nonservice-connected disability allowance.

Appeal Rights

Members who were denied disability retirement or who were found to be disabled for nonservice-connected causes rather than service-connected disability causes may file an appeal after receiving official notification of the findings of the Board of Retirement. A referee will be assigned to hear the case and the member may be represented by an attorney. The County Counsel's office defends the actions of the Retirement Board. Referee findings are not binding on the Board of Retirement and the member may further appeal to the Superior Court.

Disability Retirement Allowance

Members who are found disabled will receive a disability retirement allowance for life by type of disability as follows:

Service-connected disability retirement allowance:

- A minimum of 50% of final compensation, or
- If qualified for a service retirement, the equivalent of a service retirement allowance if it exceeds 50% of final compensation but in no event greater than 100% of final compensation.

Nonservice-connected disability retirement allowance:

- Generally equal to one-third ($\frac{1}{3}$) of final compensation but could be more, or less, depending on age and years of service at the time of retirement, or
- If qualified for a service retirement, the equivalent of a service retirement allowance if it exceeds one-third ($\frac{1}{3}$) of final compensation but in no event greater than 100% of final compensation.

Members under the age of 55, who have been granted a disability retirement allowance, may be required to submit to a medical examination at a later date. Failure to do so will result in a discontinuance of the disability retirement allowance and if such refusal continues for one year, the allowance shall be cancelled.

Effective Date of Disability Retirement Allowance

The disability retirement allowance for a member found to be disabled by the Board of Retirement is effective as of the date the application for disability retirement is filed, but not earlier than the day following the last day for which the member received regular compensation. However, the retirement of a member who has been granted or is entitled to sick leave shall not become effective until the expiration of such sick leave with compensation unless the member consents to retirement at an earlier date. Payments under Section 4850 of the Labor Code to safety members will terminate immediately upon the granting of a disability retirement.

Retirement While Disability Application is Pending

If a member filed an application for disability retirement but a final determination is not made within 90 days after filing such application, the member may, if eligible to retire under a regular service retirement, apply for and be granted a service retirement allowance pending the determination of entitlement to disability retirement. Authorization for retirement pending the outcome of a disability application is contained in Section 31725.7 of the California Government Code; this type of retirement is commonly referred to as a ".7" (point 7) retirement. If the member is found disabled, adjustments will be made in the member's allowance retroactive to the effective date of the disability retirement. If the member is not found disabled, the member may not return to his job, but will continue to receive a service retirement allowance.

Continuing to Work After Disability Finding

Members who are found to be disabled, whether for service-connected or nonservice-connected disability, may, if they are capable of performing other duties in a new position, continue in their employment. Such members will receive, in lieu of a service-connected or nonservice-connected disability allowance, a supplemental disability allowance which is equal to the difference between the compensation rate of the position for which the member was incapacitated and the compensation of the new position. Such payments will continue until the member elects to retire and receive the service-connected or nonservice-connected disability allowance.

Appeal Rights

Members who were denied disability retirement or who were found to be disabled for nonservice-connected causes rather than service-connected disability causes may file an appeal after receiving official notification of the findings of the Board of Retirement. A referee will be assigned to hear the case and the member may be represented by an attorney. The County Counsel's office defends the actions of the Retirement Board. Referee findings are not binding on the Board of Retirement and the member may further appeal to the Superior Court.

DEATH AND SURVIVOR BENEFITS

Introduction

Death and survivor benefits are provided by LACERA for eligible spouses or beneficiaries of deceased **active** members of Plan A, B, C & D and for eligible spouses or beneficiaries of deceased **retired** members of Plan A, B, C, D or E. Benefits for survivors of deceased **active** Plan E members are available **only** through the Long-Term Disability and Survivor Benefit Plan (LTD Plan) provided by the County of Los Angeles and administered by the Long-Term Disability and Survivor Benefit Plan Section in the Chief Administrative Office. Survivors of deceased active members in Plan A, B, C or D are also eligible for LTD Plan benefits. Please consult the LTD Section at (213) 744-3080—2615 South Grand Avenue, 5th Floor, Los Angeles, CA 90007 for further details of those benefits. Pre- and post-retirement death/survivor benefits vary to some degree. The benefits also depend on whether the cause of death or disability was nonservice-connected (not the result of injury or disease arising out of and in the course of the member's employment), or service-connected (the result of injury or disease arising out of and in the course of the member's employment).

Pre-Retirement Death/Survivor Benefits

The death benefit payable to the surviving spouse or other beneficiary of a Plan A, B, C or D member who dies in service before retirement depends on whether the death was the result of nonservice-connected or service-connected causes as follows:

Nonservice-connected death:

1. The basic **death benefit** (lump-sum payment) consists of (a) the member's contributions and interest credited to the member's account plus (b) an amount equal to an average month's salary (based on the last 12 months) for each year of retirement credit, but not exceeding six months' salary. In lieu of a lump-sum payment, the beneficiary may elect to receive this benefit in installments over a period of 120 months, or
2. If the deceased member had at least five years' County or combined County and reciprocal agency membership service, a surviving spouse (if none, member's minor children) may elect, in lieu of the basic death benefit, a **monthly allowance** equal to 60% of the monthly retirement allowance to which the deceased member would have been entitled had the member been retired for nonservice-connected disability as of the date of death. This benefit is payable only to a surviving spouse or to minor children under age 18 (or through the age of 21 if they remain unmarried and are regularly enrolled as full-time students in an accredited school).

Note: This benefit will generally equal approximately 20% of the member's final compensation (average salary over the highest 12 months of service if the member was in Plan A, or 36 months of service if the member was in Plan B, C or D) but could be more, or less, depending on the age and years of service of the member and whether the member was eligible to retire for service.

3. A surviving spouse may elect, in lieu of the basic death benefit, a **combined benefit** consisting of a lump sum payment as in 1(b) above, plus a monthly allowance as in 2 above, reduced by an amount which is the actuarial equivalent of the amount in 1(b) above based on the age of the surviving spouse.

Service-connected death:

1. The basic **death benefit** (lump-sum benefit) consists of (a) the member's contributions and interest credited to the member's account plus (b) an amount equal to an average month's salary (based on the last 12 months) for each completed year of retirement credit, but not exceeding six months' salary. In lieu of a lump-sum payment, the beneficiary may elect to receive this benefit in installments over a period of 120 months, or
2. Regardless of the length of service, a surviving spouse (if none, member's minor children) may elect, in lieu of the basic death benefit, a **monthly allowance** equal to 100% of the monthly retirement allowance to which the deceased member would have been entitled had the member been retired for service-connected disability as of the date of death. This benefit is payable only to a surviving spouse or to minor children under age 18 (or through the age of 21 if they remain unmarried and are regularly enrolled as full-time students in an accredited school).

Note: This benefit equals a minimum of 50% of the member's final compensation (average salary over the highest 12 months of service if the member was in Plan A, or 36 months of service if the member was in Plan B, C or D) but could be more depending on the age and years of service of the member, if the member was eligible to retire for service.

3. A surviving spouse may elect, in lieu of the basic death benefit, a **combined benefit** consisting of a lump sum payment as in 1(b) above, plus a monthly allowance as in 2 above, reduced by an amount which is the actuarial equivalent of the amount in 1(b) above based on the age of the surviving spouse.
4. In addition to the above benefit, the surviving spouse of a member who is killed in the performance of duty or who dies as the result of an accident or injury caused by external violence or physical force, incurred in the performance of duty, or other person having legal custody of the deceased member's children under age 18 (or through the age of 21 if they remain unmarried and are regularly enrolled as full-time students in an accredited school), shall be paid an **additional allowance** based on the number of children as follows:

1 child	25% of basic allowance (12.5% of final comp.)
2 children	40% of basic allowance (20% of final comp.)
3 or more children	50% of basic allowance (25% of final comp.)
5. In addition to all other benefits, the surviving spouse of a **safety** member who is killed in the performance of duty or who dies as the result of an accident or injury caused by external violence or physical force, incurred in the performance of duty, shall be paid a lump-sum payment equal to 12 months' pay based on the monthly compensation at the time of death in addition to any other benefits described above.

Post-Retirement Death/Survivor Benefits

The death benefit payable to the surviving spouse or other beneficiary of a member who dies after retirement depends on the member's retirement plan, the retirement settlement elected by the member at the time of retirement and whether the member's retirement was for service, nonservice-connected disability or service-connected disability retirement as follows:

Service retirement or nonservice-connected disability retirement:

1. A surviving spouse, or if none, the member's minor children under age 18 (or through the age of 21 if they remain unmarried and are regularly enrolled as full-time students in an accredited school) may receive 60% of the unmodified service retirement allowance or 60% of the nonservice-connected disability retirement allowance the member was receiving prior to death (if the member was in Plan A, B, C or D) or 50% of the unmodified service retirement allowance the member was receiving prior to death (if the member was in Plan E). To be eligible for this monthly allowance, the surviving spouse must have been:

- Named as the sole primary beneficiary, and
- Married to the member at least one year prior to the effective date of retirement.

If an optional settlement was elected by the member at the time of retirement, the survivor's allowance is contingent on the option chosen (See Page 29 for a general description of the optional settlements),

plus

2. A one-time benefit of \$750.00 payable to the named beneficiary or estate of the member.

Service-connected disability retirement:

1. A surviving spouse, or if none, the member's minor children under age 18 (or through the age of 21 if they remain unmarried and are regularly enrolled as full-time students in an accredited school) may receive 100% of the service-connected disability retirement allowance the member was receiving prior to death (if the member was in Plan A, B, C or D). To be eligible for this monthly allowance, the surviving spouse must have been:

- Named as the sole primary beneficiary, and
- Married to the member prior to the effective date of retirement.

If an optional settlement was elected by the member at the time of retirement, the survivor's allowance is contingent on the option chosen (See Page 29 for a general description of the optional settlements),

plus

2. A one-time benefit of \$750.00 payable to the named beneficiary or estate of the member.

GENERAL INFORMATION FOR RETIRED MEMBERS

Introduction

Retired members and eligible survivors of active or retired members receive lifetime retirement or survivor allowances which, with the exception of Plan E members or survivors, are subject to annual cost-of-living increases each April 1. These allowances continue whether or not the member or survivor remarries after the divorce or the death of the member's or survivor's spouse. Employment after retirement with the County or districts is limited. Retirement income is subject to taxation and deductions for taxes, dues, insurance premiums, credit unions, etc., may be authorized from the monthly retirement warrant or direct deposit payment. Retirement warrants are mailed once a month, at the end of the month, or may be personally picked up at the LACERA office after making the necessary arrangements. Direct deposit of the retirement allowance is available and strongly recommended to avoid mail delays and occasional theft from mail boxes. Members are assigned new numbers to replace their employee numbers. Additional information is provided in the following sections.

For New Retirees

After your service or disability retirement has been approved by the Board of Retirement:

- A letter informing you of the official action taken by the Board of Retirement and your effective retirement date will be sent to you.
- You will receive, along with the above letter, important information about your retirement, a retirement identification card, a retiree member number which will replace your employee number and will be typed on the I.D. card, and a direct deposit form. Your member number, along with your Social Security number, should be used when you communicate with LACERA.
- The direct deposit form, authorizing the deposit of your retirement allowance into a checking or savings account, should be returned to LACERA if you elect to have direct deposit. Please allow 60–90 days for the direct deposit to become effective.
- You will begin receiving monthly retirement allowance payments approximately 60 days after Board of Retirement approval of your retirement. Payments are issued the last day of each month for the month just completed.
- You will be sent a medical and dental/vision insurance package regarding the plans offered to retirees approximately three weeks after you retire. Enrollment forms will be included in the package and it is your responsibility to fill out the forms and return them to LACERA within 60 days of your retirement if you plan to enroll in a medical or dental/vision plan.
- A tax information letter will be sent to you providing you with information about your taxed/untaxed contributions and taxable status.
- To continue voluntary deductions, you must contact the appropriate agency (See Page 53).

- If eligible, and if you selected the Unmodified or Option 1 retirement settlement, you also elected to receive your allowance with or without the Level Income Option. The Level Income Option benefit increases your monthly retirement allowance until the earliest month in which you are entitled to receive Social Security Benefits. After reaching age 62, your retirement allowance is decreased. If your 62nd birthday falls on the 1st or 2nd of the month, your allowance will be decreased the month of your birth. If your 62nd birthday falls on the 3rd of the month or later, your allowance will be decreased the month following your birth. You should apply for Social Security approximately three months before your 62nd birthday.
- If you need to contact LACERA about any questions you may have or to make beneficiary or address changes, you may write to LACERA at 500 West Temple Street, Room 440, Los Angeles, CA 90012. You may also reach LACERA by telephoning (213) 617-2575 or toll free 1-(800) 621-7727 (California only).

County Service After Retirement

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

- For service as a juror, election officer, field deputy for registration of voters or temporarily as a judge when assigned by the Chairman of the Judicial Council.
- For service as a member of the Board of Retirement or Board of Investments.
- For service as an independent contractor with the County.
- For suggestions made for the improvement of County or district activities.
- Retired court commissioners of L.A. County may be assigned by the presiding judge of a court to serve as a court commissioner and receive the amount equal to the difference between the retirement allowance and the full compensation of a court commissioner.
- Retired members may be employed in a position requiring special skills or knowledge for a period not to exceed 90 working days (720 hours) in any one fiscal year.

Beneficiary Designation

Be sure that your beneficiary designation is always up to date. Remember that changes such as birth, death, marriage or divorce may require a change in your beneficiary. If you die without having a named beneficiary, LACERA will pay any eligible benefits to the Executor or Administrator named in a probate proceeding or to the individual or individuals that qualify under Probate Code 630.

Endorsement of Retirement Warrant/Replacement Warrant/Direct Deposit

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.

If you do not receive your warrant within **five working days** after the first of the month, you may contact LACERA for a replacement warrant. You will be required to sign an affidavit stating that you have not received or cashed your retirement warrant when you receive your replacement warrant.

You may arrange to have Direct Deposit of your retirement allowance into a checking or savings account of a participating financial institution through the Automated Clearing House (ACH). A direct deposit authorization form will be sent to you after you retire.

Deductions from Retirement Allowances

Deductions from retirement allowances will be taken only if authorized by a retired member or survivor. Deductions may be made for the following:

- Group medical and/or dental/vision insurance premiums for plans administered by the Board of Retirement, for Local 1014 Firefighters Insurance premiums and for ALADS Insurance premiums; deductions are automatic if the member enrolls in a plan.
- Dues—Retired Employees of Los Angeles County (RELAC), Sheriff's Relief Association, Professional Peace Officer's Association (PPOA), Firefighters Local 1014, Los Angeles County Employees Association (SEIU-AFL-CIO Local 660), Acacia Club, Association of Los Angeles Deputy Sheriffs (ALADS); contact the appropriate agency to begin, change or cancel deductions.
- Credit union loan repayments or checking/savings deposits; contact the appropriate credit union to begin, change or cancel deductions.
- Medicare premium payments (Part B only); contact the Social Security Administration to obtain the necessary forms to begin or cancel deductions.
- Federal and State income taxes; members may elect at the time of retirement not to have Federal taxes withheld or to have Federal taxes withheld based on marital status and number of exemptions or a fixed dollar amount; if no election is made, however, Federal taxes will be withheld as if the member was married with three exemptions pursuant to the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). Mandatory state withholding will also become effective January 1, 1987 unless members elect to have no state taxes withheld.

Taxation of Retirement Benefits

Retirement allowance is taxable. Retirement allowance income of retired members is taxable under both Federal and State of California income tax laws. A statement showing your taxable income status will be mailed to you after you retire. A W-2P is sent annually to each retired member and survivor. Questions concerning the applicability of the income tax laws to your individual situation should be directed to your tax advisor.

Federal withholding is required. 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. Penalties may be incurred if withholding taxes are insufficient at the end of the year. Be sure to check with your tax advisor or the Internal Revenue Service if you have any questions.

State withholding is required. Effective January 1, 1987, the State of California also requires LACERA to withhold State income tax from your monthly retirement allowance. You may elect the same withholding options for the State tax as you did for the Federal tax. Again, penalties may be incurred if withholding taxes are insufficient at the end of the year.

Tax Reform Act of 1986

The Tax Reform Act of 1986 repealed the three year basis recovery rule (known simply as the "3-Year Rule") for members who retired after July 1, 1986. Retired members should consult a tax advisor to determine the effect of the new Act on the taxation of their retirement benefits. The Act provides a new basis for determining that portion of the member's allowance which will be taxable for those members retiring after July 1, 1986.

Prior to July 2, 1986, if a retired member's projected total benefits during the first three years of retirement were equal to or greater than the member's own contributions (on which the member paid taxes), those retirement benefits were not taxable until the member had recovered his own contributions. After the member recovered his own contributions, all subsequent payments were fully taxable. This was known as the "Special Rule." If, on the other hand, a retired member would not recover all of his contributions during the first three years after retirement, each payment would be treated as partly taxable and partly nontaxable immediately upon retirement for the rest of the member's life. The nontaxable amount would be determined according to the ratio of the member's total contributions (on which the member had paid taxes) to the plan over the total expected lifetime benefits. This was known as the "General Rule."

As noted above, the Act repeals the 3-Year Rule, and new rules apply as to when and how long retirement allowance payments will be taxable. Generally, these will parallel the previous "general rule" provisions whereby each payment will be partly taxable and partly nontaxable immediately upon retirement except that when the taxed contributions have been recovered the entire payment will be taxable. Please consult your tax advisor to determine how the Act will apply to your individual situation.

Service-connected disability. Members granted a service-connected disability retirement allowance may be eligible to exclude a portion of their allowance from being taxed. Additional information will be sent to the member after the granting of a service-connected disability retirement allowance.

Cost-of-Living Adjustments

Under provisions in the California Government Code the Board of Retirement shall, before April 1st of each year, determine whether there has been an increase or decrease in the cost-of-living, as shown by the Bureau of Labor Statistics Consumer Price Index (CPI) for All Urban Consumers for the area in which the county seat is situated, as of the preceding January 1st. Effective April 1st of each year, the Board must increase or decrease retirement and survivor allowances by a percentage of the total allowance to approximate to the nearest one-half of one percent, the percentage of annual increase or decrease in the CPI as of the preceding January 1st, for members and survivors who were retired prior to April 1st. Plan A members may receive a 3% maximum increase while Plan B, C and D members may receive a 2% maximum increase. There are no provisions for a cost-of-living increase for Plan E members.

The difference between the CPI and the maximum cost-of-living increase granted, is retained in a Cost-of-Living Adjustment (COLA) "bank" which can be drawn against in future years should the CPI fall below the maximum allowable cost-of-living increase. For example, if the CPI was 5% and the maximum cost-of-living increase was 3%, the difference, or 2%, would be put in a COLA "bank" and could be used in the following or subsequent years to grant the maximum allowable cost-of-living increase if the CPI in the following or subsequent years fell below the maximum allowable cost-of-living increase.

For example, if the CPI was only 1%, Plan A members who had 2 or more percent in their COLA bank would still receive a 3% cost-of-living increase while Plan B, C or D members who had 1 or more percent in their COLA bank would still receive a 2% cost-of-living increase. The bank, in either case, would be reduced by the amount necessary to equal the 3% or 2% maximum allowable increase.

Death and Survivor Benefits

A death benefit of \$750.00 is paid to the named beneficiary or estate of each retired member who dies after retirement if they retired from the County or SCAQMD. Such benefits are paid only for members who retired under Plans A, B, C or D. Please refer to the section on POST-RETIREMENT DEATH/SURVIVOR BENEFITS, Page 50 for a description of additional benefits available for survivors/beneficiaries of members who die after retirement.

HEALTH CARE PLANS

Introduction

Group hospital and medical insurance coverage as well as a dental/vision care plan has been made available to all retirees and their eligible dependents or survivors by the Board of Supervisors for County and district employees for whom the Board of Supervisors is the governing body and by the Board of Directors of the South Coast Air Quality Management District for its employees. To participate in the medical or dental/vision 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.

Hospital and Medical Insurance Plans/Insurance Carriers

There are two different types of hospital and medical insurance plans administered by the Board of Retirement: An "indemnity" plan whereby the retiree chooses his own doctor or hospital and his bills are paid by the insurance company underwriting the plan; and a "service" plan whereby the retiree must use the doctors and facilities offered by the service plan he chooses. Two of the indemnity plans are underwritten by the Transamerica Occidental Life Insurance Company and one indemnity plan is underwritten by Blue Cross of California. All three plans are available to retirees or eligible survivors regardless of previous coverage. The service plans are underwritten either by the Ross Loos Medical Group (Cigna Health Plan) or by Kaiser Permanente of Southern California. Any retiree or eligible survivor may choose Ross Loos regardless of previous coverage, but only those retirees or eligible survivors previously covered by Kaiser as active members may choose Kaiser. A member may transfer from one plan to another plan effective on the first of the month following six (6) months from the date a new enrollment form is received by LACERA.

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, and Association of Los Angeles Deputy Sheriffs' (ALADS') members may choose to remain covered under the CAPE medical plan offered by ALADS.

Cost of Insurance

The portion of the premium payment paid by the employer is dependent on the number of completed years of retirement service credited to the retiree upon retirement. This ranges from 40% of the premium with ten completed years of service to 100% of the premium with 25 or more completed years of service. In general, each completed year of service after ten years reduces the member's cost by 4%. Service includes all service on which the member's retirement allowance was based. Employer premium payments for the various medical plans are limited, however, to the amounts paid by the employer for the Transamerica Occidental Plans. Therefore, if the premium for any one of the other three plans exceeds that for the Transamerica Occidental Plans, then the retiree must pay the difference, even if the retiree has 25 or more years of service.

Dependent Coverage and Change in Dependent Status

Your spouse and your unmarried children (including legally adopted and stepchildren) under age 19 are also eligible for coverage under the LACERA medical plans. If unmarried children are attending an accredited school full-time, their coverage can be extended to age 23. If children are mentally or physically disabled when they reach the maximum age, coverage may be extended for the term of the disability.

LACERA should be notified of any deletions from the insurance coverage to insure that the costs for both the carrier and member are reduced accordingly. If the change in dependent status results in a reduced contribution, and if you delay notification, not more than two months excess contributions will be made. 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.

Dental/Vision Care Plan

The dental/vision care plan which is underwritten by the Transamerica Occidental Life Insurance Company is separate and distinct from the various hospital and medical insurance plans that are also available to retirees. It is not necessary to enroll in a LACERA medical plan in order to be covered by the dental/vision plan. The plan is of the indemnity type which means that you may choose your own dentist or eye doctor and be reimbursed for the covered portion of the costs of these services. A separate enrollment form is required to enroll you and your eligible dependents in the dental/vision care plan regardless of the medical plan that you may select. To participate in the plan, 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. You may enroll at a later date but you will not be covered until the first of the month following twelve (12) months from the date the enrollment form was completed and returned to LACERA. The portion of the premium payment paid by the employer for this coverage is dependent on the number of completed years of retirement service credited to the retiree upon retirement. This ranges from 40% of the premium with ten completed years of service to 100% of the premium with 25 or more completed years of service. Service includes all service on which the member's retirement allowance was based.

Contacts With Insurance Carriers

Contacts may be made directly with LACERA's insurance carriers at the mailing addresses and phone numbers shown below:

Medical Plans

- Blue Cross of California (Group #387775-A)
P.O. Box 70000
Van Nuys, CA 91470
Phone No.: 1-(800) 421-5115 (United States except Alaska and Hawaii)
or (818) 703-2760
- Kaiser Permanente of Southern California (Group #1002-00)
Membership Service Department
4733 Sunset Blvd.
Los Angeles, CA 90027
Phone No.: (213) 667-4102
- Ross Loos (Group #5-399)
Cigna Health Plans of California
P.O. Box 2125
Glendale, CA 91203
Phone No.: 1-(800) 344-0557 (California only)
or (818) 500-6412
- Transamerica Occidental Life Insurance Company (Group #11042-C)
Los Angeles Benefits Office
P.O. Box 15052 Del Valle Station
Los Angeles, CA 90015
Phone No.: 1-(800) 633-5908 (United States except Alaska and Hawaii)
or (213) 741-7101
- L.A. County Firefighters Local 1014
10824 Saint James Avenue
South Gate, CA 90280
Phone No.: (213) 637-3532
(714) 750-3444
(805) 653-6936
- Association of Los Angeles Deputy Sheriffs
1400 West 12th Street, 2nd Floor
Los Angeles, CA 90015
Phone No.: (213) 749-1020

Dental/Vision Plan

- Transamerica Occidental Life Insurance Company (Group #11042-Y) (same address/phone number as above)

Be sure to include your group number, retirement member number and Social Security number in any written correspondence.

OTHER CONSIDERATIONS

Legal Service

Legal service, including summons and complaints, subpoenas and subpoenas duces tecum, etc., will be accepted by the Treasurer and Tax Collector in matters related to LACERA, upon payment of the required fee at the time of service. The fees will be collected as follows:

- a. \$35 per day plus mileage of 20¢ per mile both ways from the work site to the courthouse for a personal appearance (this fee includes the cost of duplicating documents).
- b. \$12 if a personal appearance is not required (documents only).

The address for service is: Hall of Administration, Room 100
500 West Temple Street
Los Angeles, CA 90012

Division of Community Property

LACERA, a public pension plan, is not subject to the requirements of the Employee Retirement Income Security Act (ERISA), the Retirement Equity Act (REA) or Section 5106 of the Civil Code concerning the payment of benefits to ex-spouses of LACERA members. Under Section 4351 of the Civil Code, however, the Superior Court has jurisdiction to inquire and render such judgments and make such orders as are appropriate concerning the status of the marriage, the custody and support of minor children of the marriage, the support of either party, the settlement of the property rights of the parties and the award of attorney's fees and costs; provided, however, no such order or judgment shall be enforceable against an employee pension benefit plan **unless the plan has been joined as a party to the proceedings**. Joinders may be served on LACERA as described under LEGAL SERVICE, above. If joined and if ordered by the court to divide retirement benefits, LACERA will set up a separate account for the payment to an ex-spouse or children of a retired member. The order should specify a monthly amount or a percentage of the retired member's allowance which is to be paid. All such payments cease upon the death of the retired member unless there are children eligible to a survivor's allowance.

County Blood Bank

The County of Los Angeles has advised LACERA that the "County Blood Bank" no longer exists. In 1977, the credit system was eliminated as a result of California legislation. It was an unfair system that did not guarantee blood when needed. Today, the American Red Cross operates under the philosophy that the community is responsible for meeting patient's needs. In Los Angeles County and Orange County there is no penalty, financial or otherwise, if you use blood and cannot find someone to donate for you. Blood is free; however, the administrative costs incurred by the American Red Cross to collect, process, test, and distribute blood is passed on to the hospital and then to you. These processing fees are usually covered by your health insurance and/or Medicare/Medicaid. For additional information contact your local Red Cross chapter.

RETIRED MEMBER STATISTICAL INFORMATION

The following statistical information was obtained from our payroll vendor concerning LACERA's 31,374 retired members and survivors as of June 30, 1986:

Age:

Over 65 — 13,803 (44.0%)
Under 65 — 17,571 (56.0%)

Type of Membership:

General — 26,772 (85.3%)
Safety — 4,602 (14.7%)

Years of Service:

Under 10 — 4,239 (13.5%)
10–15 — 7,407 (23.6%)
15–20 — 5,418 (17.3%)
20–25 — 4,571 (14.6%)
25 or more — 9,739 (31.0%)

Monthly Allowance Distribution

\$ 0.00–\$ 299.99 — 5,274 (16.8%)
300.00– 599.99 — 8,582 (27.3%)
600.00– 899.99 — 5,671 (18.1%)
900.00– 1,199.99 — 3,974 (12.7%)
1,200.00– 1,499.99 — 2,767 (8.8%)
1,500.00– 1,999.99 — 2,529 (8.1%)
2,000.00– 2,499.99 — 1,259 (4.0%)
2,500.00 or more — 1,318 (4.2%)

MEMBERSHIP STATISTICS

ACTIVE AND DEFERRED MEMBERS

	ACTIVE MEMBERS			DEFERRED MEMBERS		
	General	Safety	Total	General	Safety	Total
As of July 1, 1985	56,440	9,217	65,657	1,667	93	1,760
Additions	<u>5,806</u>	<u>473</u>	<u>6,279</u>	<u>268</u>	<u>11</u>	<u>279</u>
	62,246	9,690	71,936	1,935	104	2,039
Deductions:						
Withdrawals	726	122	848	10	4	14
Retired	1,345	303	1,648	112	8	120
Deferred	268	11	279			
Plan E Terminations	1,334		1,334			
To Unclaimed	<u>425</u>	<u>13</u>	<u>438</u>			
TOTAL Deductions	<u>4,098</u>	<u>449</u>	<u>4,547</u>	<u>122</u>	<u>12</u>	<u>134</u>
As of June 30, 1986	<u>58,148</u>	<u>9,241</u>	<u>67,389</u>	<u>1,813</u>	<u>92</u>	<u>1,905</u>
Unclaimed Accounts	2,910	86	2,996			

RETIRED MEMBERS BY TYPE OF RETIREMENT

	SERVICE	DISABILITY	SURVIVORS	TOTAL
GENERAL				
As of July 1, 1985	19,012	3,374	3,521	25,907
Additions	<u>1,190</u>	<u>240</u>	<u>325*</u>	<u>1,755</u>
	20,202	3,614	3,846	27,662
Deductions	<u>633</u>	<u>111</u>	<u>147</u>	<u>891</u>
TOTAL	<u>19,569</u>	<u>3,503</u>	<u>3,699</u>	<u>26,771</u>
SAFETY				
As of July 1, 1985	1,726	1,914	722	4,362
Additions	<u>125</u>	<u>178</u>	<u>39**</u>	<u>342</u>
	1,851	2,092	761	4,704
Deductions	<u>54</u>	<u>18</u>	<u>29</u>	<u>101</u>
TOTAL	<u>1,797</u>	<u>2,074</u>	<u>732</u>	<u>4,603</u>
TOTAL RETIRED as of				
June 30, 1986	21,366	5,577	4,431	31,374

*Includes survivors of 27 deceased active general members who receive life payments by election.

**Includes survivors of 8 deceased active safety members who receive life payments by election.

Ernst & Whinney
QUEZADA
NAVARRO & CO.

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, 1986 and 1985, 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, 1986 and 1985, 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, 1986

EXHIBIT A

Page 1 of 2

**Los Angeles County Employees Retirement Association
Balance Sheets
For the Years Ended June 30, 1986 and 1985**

ASSETS

(Amounts in Thousands)

	<u>1986</u>	<u>1985</u>
Current Assets		
Cash	\$ 42,657	\$ 12,988
Accounts Receivable		
Member Contributions	7,015	6,303
Employer Contributions	29,730	27,153
Principal and Interest Due—Bonds	83,273	79,160
Principal and Interest Due—Mortgages	5,106	4,527
Dividends on Stocks	6,195	6,259
Proceeds from Sale of Stocks	9,764	7,646
Rental on Real Estate Properties	65	-0-
Interest on Pooled Surplus Investment	1,642	534
Interest Due on Retirement Trust Fund Float	395	-0-
Other Interest Due—SPNB	560	-0-
Miscellaneous	538	242
Total Accounts Receivable	<u>\$ 144,283</u>	<u>\$ 131,824</u>
Current Investments		
Short Term	<u>\$1,083,234</u>	<u>\$ 682,924</u>
Total Current Investments	<u>\$1,083,234</u>	<u>\$ 682,924</u>
Total Current Assets	<u>\$1,270,174</u>	<u>\$ 827,736</u>
Long Term Investments		
Bonds		
Publicly Traded	\$2,586,556	\$2,314,536
Private Placements	311,335	329,083
Total Bonds	<u>\$2,897,891</u>	<u>\$2,643,619</u>
Stocks		
Common Stocks	\$1,403,001	\$1,209,148
Preferred & Convertible Stocks	3,384	-0-
Total Stocks	<u>\$1,406,385</u>	<u>\$1,209,148</u>
Mortgages		
FHA and VA Insured Mortgages (Residential)	\$ 193,799	\$ 211,679
Conventional Mortgages (Residential)	42,021	56,186
Total Mortgages	<u>\$ 235,820</u>	<u>\$ 267,865</u>
Real Estate Equity		
Equity Real Estate Funds	\$ 107,157	\$ -0-
Notes Receivable—Real Estate Equity	700	700
Real Estate Properties (Net of Depreciation)	9,004	9,580
Improvements—Net of Amortization	21	23
Total Real Estate Equities	<u>\$ 116,882</u>	<u>\$ 10,303</u>
Total Long-Term Investments	<u>\$4,656,978</u>	<u>\$4,130,935</u>
Fixed Assets		
Furniture and Equipment	\$ 225	\$ 243
Structures and Improvements	282	288
Total Fixed Assets (Net of Depreciation)	<u>\$ 507</u>	<u>\$ 531</u>
Total Assets	<u><u>\$5,927,659</u></u>	<u><u>\$4,959,202</u></u>

EXHIBIT A

Page 2 of 2

**Los Angeles County Employees Retirement Association
Balance Sheets
For the Years Ended June 30, 1986 and 1985**

LIABILITIES and RESERVES

(Amounts in Thousands)

	<u>1986</u>	<u>1985</u>
Current Liabilities		
Retiree Net Payroll Payable	\$ 16,632	\$ 16,720
Funds Due County of Los Angeles	225	-0-
Retiree Payroll Deductions Payable	4,178	3,745
Mortgage Loan Payments Collected in Advance	104	117
Accrued Operating Expenses—Wiegand Plaza	30	39
Accounts Payable—Purchase of Common Stocks	13,903	2,681
Administrative Expense Payable	422	719
Accrued Vacation & Sick Leave	422	420
Commitment Fees on Deposit	100	100
Investment Expenses Payable	2,073	1,051
Other Warrants Payable	967	2,153
Security Deposits—Wiegand Plaza	33	44
Contribution Refunds Payable	59	70
Supplemental Benefits Payable	76	340
Miscellaneous Accounts Payable	344	501
Total Current Liabilities	\$ 39,568	\$ 28,700
 Members Deposit Reserves		
General Members	\$ 544,557	\$ 507,986
Safety Members	224,821	203,966
Cost-of-Living	231,034	203,580
Unclaimed Deposits of Former Members	970	1,015
Total Members Deposit Reserves	\$1,001,382	\$ 916,547
 Employers Reserves		
General Members	\$ 52,151	\$ 49,371
Safety Members	98,884	87,560
Cost-of-Living	51,953	76,374
Total Employers Reserves	\$ 202,988	\$ 213,305
 Retired Members Reserves		
General Members	\$1,890,079	\$1,735,070
Safety Members	730,139	664,986
Cost-of-Living	2,004,226	1,351,002
Total Retired Members Reserves	\$4,624,444	\$3,751,058
 Reserve for Earnings' Deficiencies, Investment Losses and Other Contingencies	\$ 59,277	\$ 49,592
Total Reserves	\$5,888,091	\$4,930,502
 Total Liabilities and Reserves	\$5,927,659	\$4,959,202

EXHIBIT B

Page 1 of 2

**Los Angeles County Employees Retirement Association
Statement of Revenues and Expenditures
For the Fiscal Years Ended June 30, 1986 and 1985**

(Amounts in Thousands)

	<u>1986</u>	<u>1985</u>
Revenues		
Member Contributions		
Retirement—Active Members	\$ 82,356	\$ 77,399
Employer Contributions	335,754	321,183
Miscellaneous Additions	41	121
Total Contributions Revenue	<u>\$ 418,151</u>	<u>\$ 398,703</u>
Investment Income		
Interest Income—Long Term Bonds	\$ 297,756	\$ 307,943
Interest Income—Short Term Investments	67,482	52,479
Interest Income—Securities on Loan	3,637	1,697
Interest Income on Mortgages	30,676	26,684
Other Interest Income	6,816	926
Income—Equity R. E. Funds	2,424	-0-
Dividend Income	68,505	69,212
Rental Income	1,111	1,065
Income from Financing Leases	-0-	1,023
Net Gain (Loss)—Sale of Bonds	200,966	38,578
Net Gain (Loss)—Sale of Stocks	206,624	63,163
Net Gain (Loss)—Mortgage Loans	60	-0-
Net Loss on Disposal of Assets (Note D)	-0-	(55,204)
Income—Real Estate Equities	84	84
Other Investment Income	194	20
Total Investment Income	<u>\$ 886,335</u>	<u>\$ 507,670</u>
Deduct: Investment Expenses		
Investment Counsel Fees	\$ 5,228	\$ 3,957
Mortgage Loan Service Fees	795	760
Custodial Fees	225	282
Actuarial Fees	-0-	43
Real Estate Properties Expenditures	192	183
Depreciation—Real Estate Properties	576	576
Consultant Services	67	-0-
Other Investment Expense	210	102
Total Investment Expenses	<u>\$ 7,293</u>	<u>\$ 5,903</u>
Net Investment Income	<u>\$ 879,042</u>	<u>\$ 501,767</u>
Other Revenues	<u>\$ 269</u>	<u>\$ 283</u>
Total Revenues	<u>\$1,297,462</u>	<u>\$ 900,753</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, 1986 and 1985**

(Amounts in Thousands)

	<u>1986</u>	<u>1985</u>
Expenditures		
Benefits		
Death Benefits—Lump Sum	\$ 1,130	\$ 1,162
Interest and Payments under Section 31725.5/6	262	222
Pension and Annuity Payments	<u>324,794</u>	<u>298,331</u>
Total Benefit Payments	<u>\$ 326,186</u>	<u>\$ 299,715</u>
Other Expenditures		
Refunds to Terminated Members	\$ 6,700	\$ 25,436
Administrative Expenses (Schedule 1)	6,689	6,439
Miscellaneous Deductions	<u>298</u>	<u>353</u>
Total Other Expenditures	<u>\$ 13,687</u>	<u>\$ 32,228</u>
Total Expenditures	<u>\$ 339,873</u>	<u>\$ 331,943</u>
Excess of Revenues over Expenditures	<u><u>\$ 957,589</u></u>	<u><u>\$ 568,810</u></u>

EXHIBIT C

Los Angeles County Employees Retirement Association
Statement of Changes in Reserves
As of June 30, 1986

(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, 1985	\$712,967	\$136,931	\$2,400,056	\$203,580	\$76,374	\$1,351,002	\$ 49,592	\$4,930,502
Additions:								
Contributions—Retirement	\$ 58,677	\$249,202		\$ 23,679	\$61,234	\$ 25,318		\$ 418,110
Investment Income							\$886,335	886,335
Other Revenues							269	269
Miscellaneous	24	-0-	\$ 20	(3)				41
Total Additions	\$ 58,701	\$249,202	\$ 20	\$ 23,676	\$61,234	\$ 25,318	\$886,604	\$1,304,755
Deductions:								
Pension and Annuity Benefits			\$ 262,778			\$ 62,016		\$ 324,794
Death Benefits—Lump Sum		\$ 1,130						1,130
Interest and Payments under Section 31725.5/6		262						262
Refunds	\$ 5,319			\$ 1,381				6,700
Investment Expenses							\$ 7,293	7,293
Administrative Expenses— Schedule-1							6,689	6,689
Miscellaneous	243	24	24	7				298
Total Deductions	\$ 5,562	\$ 1,416	\$ 262,802	\$ 1,388	\$ 0	\$ 62,016	\$ 13,982	\$ 347,166
Transfers:								
Pension and Annuities	(\$ 50,603)	(\$237,920)	\$ 288,523	(\$ 11,008)	(\$88,656)	\$ 99,664		-0-
Interest Credited	54,893	3,982	194,607	16,185	2,955	113,080	(\$385,702)	-0-
Distribution of Excess Over 1% of the Total Assets to Retired Members								
Cost-of-Living Reserves						477,235	(477,235)	-0-
Miscellaneous	(48)	256	(186)	(11)	46	(57)		-0-
Total Transfers	\$ 4,242	(\$233,682)	\$ 482,944	\$ 5,166	(\$85,655)	\$ 689,922	(\$862,937)	-0-
Balance—June 30, 1986	\$770,348	\$151,035	\$2,620,218	\$231,034	\$51,953	\$2,004,226	\$ 59,277	\$5,888,091

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)	\$ 250,271	(\$ 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	(101)	(34)	26	(31)		-0-
Total Transfers	<u>\$ 5,392</u>	<u>(\$207,530)</u>	<u>\$ 419,294</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>

**Los Angeles County Employees Retirement Association
Notes to Financial Statements
June 30, 1986**

Note A – Summary of Significant Accounting Policies

General: The County Employees Retirement Law of 1937, Government Code Sections 31450 through 31898, authorized the formation and operation of the Los Angeles County Employees Retirement Association (LACERA) and requires that it be accounted for as a trust fund. Accounting records are maintained on the accrual method, and the accompanying financial statements reflect the overall operations of the Trust. LACERA follows the accounting principles and reporting guidelines as set forth in Section 1, Governmental Accounting and Financial Reporting Principles, issued by The National Council on Government Accounting.

The County of Los Angeles, other participating agencies, and their employees, the later on an elective basis beginning in 1982, contribute to LACERA based upon rates recommended by an 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 members.

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, employer contribution rates, as a percent of compensation, during the year ended June 30, 1986 were 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% (Plan E)	N/A

<u>Prior to September 1, 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 2/1/82 (Optional)	12.97% (Plan E)	N/A

In addition, differences between the member contribution rates adopted from the June 30, 1983 actuarial valuation of LACERA and the previously existing contribution

rates are paid by the County as a surcharge when applicable and in accord with memorandum of understanding as a result of collective bargaining. The surcharge rates 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 Plan 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 Employer 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 the balance of transfers from Members Deposit Reserves and Employer 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 earnings assumption. 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 and short-term investments are carried at 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 at June 30, 1986 and 1985 were as follows:

<u>June 30, 1986</u>	<u>Furniture and Equipment</u>	<u>Structures and Improvements</u>
Cost	\$457,000	\$475,000
Accumulated Depreciation	<u>(232,000)</u>	<u>(193,000)</u>
Fixed Assets—Net of Depreciation	<u>\$225,000</u>	<u>\$282,000</u>

<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>

Note B—Market Value of Long Term Investments and Mortgages

The market value of stocks at June 30, 1986 and 1985 was \$2,328,661,000 and \$1,715,299,000, respectively.

The market value of publicly traded bond issues as of June 30, 1986 and 1985 was \$2,774,951,000 and \$2,452,115,000, respectively. Private placement issues by definition are not subject to market pricing and are carried at book value.

The aggregate market value of mortgages held as of June 30, 1986 and 1985 was \$248,271,000 and \$241,105,000, respectively.

The aggregate value of real estate equity funds as of June 20, 1986 was \$108,075,000. Such funds were not held as of June 30, 1985.

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, or from any litigation arising from these loans. Consequently, the securities on loan at June 30, 1986 and 1985 are not shown separately on the balance sheet but are included in their respective accounts on that statement.

According to 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, 1986 the market value of the stocks and bonds on loan through SPNB was \$135,164,000 and \$511,077,000, respectively. 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.

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 invested in real estate which it leased to the County of Los Angeles. These leases were classified as direct financing leases. They were generally for thirty-year periods and provided an option to purchase at the end of the fifteenth and each succeeding year.

LACERA's net investment 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>

As a result of negotiations between the Boards of Investment and Retirement and the County, 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 (\$210,067,000) 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 \$55,204,000 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 LACERA than the collection of the lease payments through maturity. This transaction was a part of the Board's continuing efforts to dispose of certain investments in order to avail LACERA of higher returns from alternative investments.

Note E —Real Estate Properties

LACERA owns the real estate property known as Wiegand Plaza Shopping Center. Carrying value of this property as of June 30, 1986 and 1985 is as follows: (amounts in thousands)

	<u>1986</u>	<u>1985</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>(1,295)</u>	<u>(720)</u>
Real Estate Properties—		
Net of Depreciation	<u>\$ 9,004</u>	<u>\$ 9,580</u>
Add: Additional Improvements	26	25
Less: Reserve for Amortization	<u>(5)</u>	<u>(2)</u>
Additional Improvements—	<u>21</u>	<u>23</u>
Net of Amortization	<u>\$ 9,025</u>	<u>\$ 9,603</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.

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. A property management firm has been retained by LACERA to oversee day-to-day operations. In addition, a real estate consulting company has been engaged to monitor activities, assure correct accounting and make appropriate recommendations to the Board of Investments.

Note F—Cash

Cash at June 30, 1986 and 1985 is composed of the following (amounts in thousands):

	<u>1986</u>	<u>1985</u>
County Employees Retirement Trust Fund	\$ 236	\$ 33
County Employees Retirement Administrative Fund	22	70
LACERA Investment Account	52,382	10,052
LACERA/Los Angeles County Treasurer	-0-	2,300
Security Pacific National Bank Investment Accounts	(10,125)	520
Property Management Account	<u>142</u>	<u>13</u>
Total	<u>\$42,657</u>	<u>\$12,988</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, 1986 and 1985, custodial fees of \$225,000 and \$282,000, 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 presentation.

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—Cash and Investments

The following information is presented in accordance with the requirements of Statement No. 3, Deposits With Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements recently issued by the Governmental Accounting Standards Board (GASB).

LACERA maintains cash balances with the County Treasury which are incorporated into the Treasurer's pooled investments. These funds are included under the heading "Cash" as shown in the Balance Sheet and discussed in Note F.

Deposits—At June 30, 1986, cash and short-term investments consisted primarily of bank deposits and negotiable certificates of deposit totaling \$139,316,793. Of these balances, \$100,000 was covered by federal depository insurance; the remainder is uninsured and uncollateralized.

Investments—Investment authority is granted to LACERA by the County Employees Retirement Law of 1937. Statutes authorize a "Prudent Expert" guideline as to the form and types of investment vehicles which may be purchased. Investments are categorized as to the level of risk held at June 30, 1986 as follows:

Category 1 includes investments which are insured or registered and which may be held by LACERA or its custodian in LACERA's name, or as owned by LACERA in nominee name.

Category 2 includes investments which are uninsured or unregistered and held by LACERA or its custodian in LACERA's name, or identified as owned by LACERA in nominee name.

Category 3 includes those investments which are uninsured or unregistered which are held by LACERA's custodian in nominee name.

	<u>Carrying Value</u>	<u>Market Value</u>
	(in thousands)	
Category 1		
Bankers' Acceptances and Commercial Paper	\$ 920,301	\$ 920,301
Common Stocks	1,403,001	2,322,147
Preferred Stocks	3,384	6,514
U.S. Government Securities	759,978	841,430
U.S. Government Agency Bonds	843,750	972,949
Corporate Bonds	926,695	896,797
Canadian Obligations	56,133	63,775
Private Placement Bonds	311,335	311,335
Whole Loan Mortgage Portfolio	235,820	248,271
Investment in Real Property	9,025	12,500
Note Receivable	<u>700</u>	<u>700</u>
	5,470,123	6,596,719
Category 2		
Equity in Pooled Real Estate Funds	107,157	108,074
Category 3		
Equity in Pooled Cash, Custodial Trust	<u>13,634</u>	<u>13,634</u>
Total Categorized Investments	5,590,913	6,718,427
Equity in Treasurer's Pooled Investments	52,640	52,640
Cash in banks and certificates of deposit	<u>139,316</u>	<u>139,316</u>
	<u>\$5,782,869</u>	<u>\$6,910,383</u>

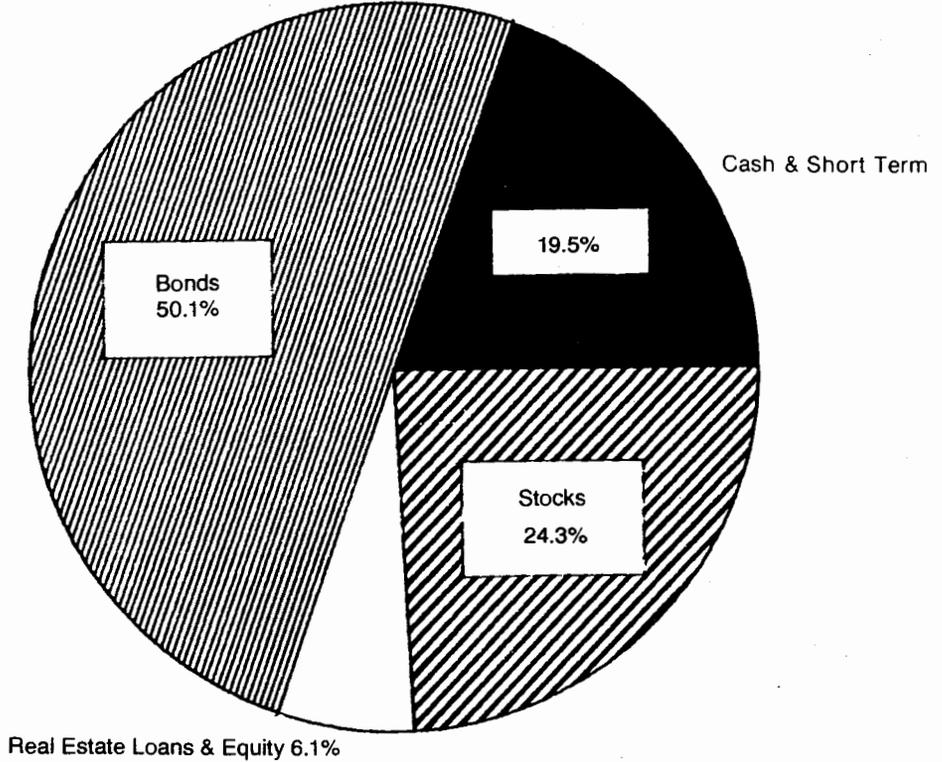
Schedule 1

**Los Angeles County Employees Retirement Association
Administrative Expenses
For the Fiscal Years Ended June 30, 1986 and 1985**
(Amounts in Thousands)

	<u>1986</u>	<u>1985</u>
Personnel Services		
Salaries and Wages	\$2,708	\$2,666
Employee Benefits		
Retirement Contributions	\$ 393	\$ 387
Workers Compensation	28	27
Medical Insurance	179	192
Dental Insurance	16	28
Life Insurance	1	1
Retiree Health Insurance	-0-	53
Flexible Benefit Plan	58	24
Thrift Plan	2	1
Savings Plan	21	17
Total Employee Benefits	<u>\$ 698</u>	<u>\$ 730</u>
Total Personnel Services	<u>\$3,406</u>	<u>\$3,396</u>
Office Expenses		
Postage	\$ 114	\$ 134
Stationery and Forms	65	59
Other Supplies	73	59
Total Office Expenses	<u>\$ 252</u>	<u>\$ 252</u>
Other Services and Charges		
Communication	\$ 76	\$ 75
Maintenance—Office Equipment	38	51
Maintenance—Structures, Improvements and Grounds	34	4
Attorney Fees	15	31
County Data Processing Charges	401	373
Other Data Processing Charges	381	642
Hearing Officer Fees	180	114
Medical Fees	322	211
Stenographic Fees	30	23
Other Professional and Specialized Services	734	491
Rent and Leases—Office Equipment	74	106
Centralized Appropriations	150	150
Administrative and Systems Support	413	362
Transportation & Travel	23	17
Educational Expenses	26	25
Miscellaneous Expenses	19	10
Total Services and Charges	<u>\$2,916</u>	<u>\$2,685</u>
Depreciation—Fixed Assets	<u>\$ 115</u>	<u>\$ 106</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>\$6,689</u>	<u>\$6,439</u>

INVESTED ASSETS (AT BOOK VALUE)

\$5,782,869,837.85



**NET INVESTMENT INCOME
(as Percentage of TOTAL INCOME)**

\$879,041,650.68

