

LACERA
POSTSCRIPT

P.S.

PLANNING A SECURE FUTURE

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

VOL. 11 NO. 5

NEWS FOR ACTIVE MEMBERS

NOVEMBER 2001

We're Prepared!

Since the tragic events on September 11, members have expressed concern about the disaster preparedness and emergency procedures in place here at LACERA. As an association dedicated to our members' welfare, both financial and otherwise, we know how important it is to be prepared for the unexpected. That's why, even before September 11, we were ready.

Our emergency procedures and disaster recovery plan include backing up all of our members' information on a regular basis. This information is stored in a remote location far from our Pasadena office, so even if something should happen to this building, your information is safe and secure.

In the event of an earthquake, flood, fire, or other disaster, we are prepared to deal with the consequences quickly and efficiently. LACERA periodically conducts emergency drills to make sure we all know what to do. In addition, we have a special emergency phone number for members to call in the event of an emergency:

1-800-786-6464

If our office is operating under emergency conditions or closed, you will be able to call this number to find out the latest developments. Check back here to our web site for updates on the status of office operations.

Be assured that no matter what the emergency may be, LACERA is prepared.

3% at Age 50 Formula

Over the past year, LACERA has received many inquiries about the status of negotiations for the enhanced benefit of 3% at Age 50 Safety Formula. As many of you know, this legislation passed in 2000, but it has not been adopted by the Los Angeles County Board of Supervisors. Until that happens, the benefit cannot be implemented. Also keep in mind that the terms ultimately agreed upon might require additional legislation.

LACERA's role in these negotiations is limited to providing actuarial studies that project the cost impact of the changes. If an agreement is reached to enhance the retirement formulas, implementation may depend upon the LACERA Board of Investments agreeing to a funding proposal. A funding proposal will need to be supported by the unions and County management and be consistent with the Board's fiduciary responsibilities to fund and protect the benefits promised to all members.

We know how important this benefit is to Safety members, and will continue to keep the LACERA membership informed of any updates on the progress of this legislation.

AB 399 MOU Becomes Law

We are pleased to report that AB 399 MOU was signed into law by Governor Davis on October 12, 2001, effective October 13, 2001, and is now pending adoption by the Board of Supervisors.

Now that the bill has become law, implementation of each proposed enhancement will be considered on an individual basis by the Board of Supervisors, based on actuarial studies. Because this law is quite complicated and implementation of each separate benefit has legal and financial implications, LACERA is diligently studying all the issues and making preparations to implement the law in the event the Board of Supervisors adopt it.

Benefits covered under the MOU include:

- One Year Final Compensation
- Enhanced Survivor Benefits
- Cost-of-Living for Plan E
- Plan E Social Security Offset
- Plan E Early Retirement Factors
- Prospective Transfer to Plan D
- Prospective Transfer to Plan E

[Click here for complete descriptions of the above benefits.](#)

Additional Benefits for Involuntary Military Service

UPDATE - 9-23-02

The Los Angeles County Board of Supervisors have voted to extend the time from 360 days to 720 days (2 years) that the County will provide regular pay, offset by military pay to County employees that are called into involuntary military service.

Here is the breakdown, the County continues to pay for the first 30 days that a County employee is involuntarily called into active duty, provided the employee has been in County service for a period of not less than one year immediately prior to the date on which the absence begins. On 10-16-01, this time frame was extended to 360 days plus the 30 days which totaled 390 days. Effective 9-17-02, the Board of Supervisors amended the above ordinance to now provide two years, or up to 720 days, of paid military leave, plus the initial 30 days, for a total of 750 days earned service credit. (Revised 10-7-02)

(Original article)

A new County ordinance will provide additional leave with pay for County employees who are involuntarily called into active Military service due to the September 11, 2001 terrorist attacks. County employees who are members of the California National Guard or a U.S. Military Reserve organization will receive this new benefit if involuntarily called to active duty for the Worldwide Terrorist crisis.

Currently, the County continues pay for the first 30 days that a County employee is involuntarily called into active duty, if the employee has been in County service for a period of not less than one year immediately prior to the date which the absence begins. Those reservists who volunteer for active service do not qualify under this ordinance.

The new ordinance, adopted by Board of Supervisors at its October 16, 2001 meeting, will provide regular County pay, offset by military pay, for an additional period not to exceed 360 days. Any individual who receives such compensation but does not return to County service within 60 days of being released from active duty, unless prevented from returning to work due to disability, shall have that compensation deemed a loan, payable with interest.

The ordinance will also provide continuation of all related benefits including health, dental, and life insurance, retirement credit, vacation and sick leave accrual, seniority status, and other such benefits (see your department payroll for specific benefits covered under this ordinance).

Under this ordinance, employees will receive retirement service credit if they receive regular County pay and have contributions based on scheduled earnings deducted from their County pay. Plan E employees who receive regular County pay will also receive service credit under the new ordinance.

Cody Ferguson Back on Board

LACERA extends a warm welcome back to Cody Ferguson, appointed to the Board of Investments in March of this year. Mr. Ferguson, who retired after 35 years as a County firefighter, is by no means new to the life of a LACERA Board member. Before his appointment by 4th District Supervisor Knabe in March 2001, he served as a long-time Safety member on the Board of Retirement from 1978 -- 2000, and on the Board of Investments from 1982 --1986 and 1997 --1998.

During Mr. Ferguson's previous service on the LACERA Boards, he made numerous contributions to the health and improvement of retirement benefit programs. He was instrumental in helping to establish the 1982 Retiree Health Benefits Contract, the Supplemental Targeted Adjustment for Retirees Cost-of-Living Adjustment (STAR COLA), and the 1994 Retirement System Funding Agreement.

In addition to Mr. Ferguson's service at LACERA, he also served as the President of SACRS, a position to which he was elected in 1997. The SACRS Conference (State Association of County Retirement Systems) provides the opportunity for retirement fund administrators and trustees to share information on all aspects of pension funds, through round table discussions and more formal presentations.

Now that Cody Ferguson is back on the LACERA **Board of Investments**, we look forward to many more years of productive service and innovative thinking. We're glad to have him back!



LACERA Investments are Safe

**From the Executive Desk
Marsha D. Richter, CEO LACERA**

The September 11, 2001 terrorist attacks on the United States have left indelible marks on our minds. Since the occurrence of these horrific events, many of you have been asking about

LACERA's financial stability. Are your benefits safe? The answer is yes. Retirees and beneficiaries will continue to receive their retirement allowances despite the ongoing turbulence in the marketplace.

Economic Impact

What happened on September 11 continues to have a substantial impact on the U.S. economy, including the pervasive uncertainty in the stock market. This uncertainty makes it difficult for stock investors to predict what kind of growth we will see in the short-term. Fortunately, however, the country continues to enjoy low inflation and low interest rates, which should help lessen the downside risk to the economy. And the government is still in a good fiscal position to provide economic stimulus, if necessary. For example, the Federal Reserve can provide this stimulus with lowered interest rates creating incentive for major corporations to borrow money from the government and maintain a steady flow of money in the economy.

Diversification Is Key

As an investor in the stock market, LACERA is unquestionably subject to the market's volatility. However, because LACERA investments are widely diversified across many asset categories including stocks, bonds, real estate, and cash, the retirement fund is well equipped to face this volatile environment with confidence. The LACERA fund was quite strong prior to this economic fluctuation and all retirement benefits remain secure.

Long Term Investment Goals

The primary goal of LACERA's investment program is to provide you with retirement benefits as promised. To achieve this goal, the LACERA Board of Investments has adopted a strategic long-term asset allocation plan (see chart below) defining how the retirement fund assets will be invested. Catastrophic events should not significantly effect the overall investment results of the fund. Because LACERA has a long-term investment horizon, LACERA will "stay the course" and adhere to the existing asset allocation plan during this time of crisis.

Asset Allocation Plan

Equities (Stocks)	53%
Fixed Income (Bonds)	28%
Real Estate	10%
Alternative Assets	
(Private Equity & Venture Capital)	7%
Cash	2%
Total	100%

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One Day, You Too Can Enjoy The LACERA Health Fair!

As an active County employee, you have a lot to look forward to in retirement. Like golfing in the middle of the week, long walks after breakfast, and most importantly the LACERA Health Fair! That's right, when you finally retire, you'll receive a coveted invitation to one of the most highly anticipated events all year.

The Health Fair isn't for the faint of heart. After all, there are free gourmet lunches, snacks, music... and those are just the perks! The best part of the Health Fair is all the free workshops, massages, hearing tests, and informative lectures you can attend.

This year's Health Fair was a particularly special event, as it celebrated its 10th anniversary as well as LACERA being in our present location for 10 years. Over the years the event has been held in a variety of venues, including the Pasadena Convention Center, the Sheraton-Industry Hills, Universal City, and the Burbank Hilton. This year brought the fair to the Marriott Hotel in Manhattan Beach, possibly the favorite of all the locations. The hotel was beautiful, the view of the golf course was lovely, and enthusiasm was high. In fact, this year saw the largest fair attendance thus far!

Jealous? You should be! But don't despair. One day you, too, will be able to spend a day at the LACERA Health Fair where you'll reminisce with old friends, eat tasty food, and get free advice from doctors and health specialists. So whether you've got two or twenty years until you retire, now you can have even more to look forward to!

Legislative Updates

**NEW LAWS SIGNED BY THE GOVERNOR EFFECTIVE 1-1-02
(UNLESS OTHERWISE INDICATED)**

AB 111 Notice for Health Care Benefits Changes (Havice) (Chapter 833, 10/13/01)

This law requires the county retirement system to share information about proposed changes in health care benefits with retirees. This sharing of information will give retired members affected by the proposed changes an opportunity to comment on the changes before they are implemented.

AB 196 Blood-Borne Diseases (Correa) (Chapter 833, 10/13/01)

This bill eliminates the current requirement that a safety member must show exposure to blood or blood products on the job before being able to claim a disability due to having a blood-borne disease. It also changes Workers' Compensation law to include any "blood-borne infectious disease" in the definition of "injury." To accomplish that change, this bill would expand the current reference to "hepatitis" to "blood-borne infectious disease."

AB 1616 3% at Age 60 Formula for General Members (Calderone) (Chapter 782, 10/13/01)

This law allows the County Board of Supervisors to implement any of the following benefit formulas for general members: 3% at age 60; or 2.5% at age 55; or 2.7% at age 55.

AB 1014 Public Record Act Requests (Papan) (Chapter 355, 10/13/01)

Requires state and local agencies to assist members of the public in making requests for public records. Only records deemed to be public information, not personal and confidential, will be made available under this law. This act will further the purposes of the California Public Records Act.

AB 1071 COLA Accumulation Formula Change (Canciamilla) (Chapter 239, 9/4/01)

This law changes the formula used to calculate the COLA Accumulation. It will increase the COLA bank. The law will become effective only if adopted by the County Board of Supervisors.

AB 1099 Expanding Reciprocity Rights (Havice) (Chapter 433, 10/2/01)

Provides reciprocity with the Judge's Retirement system.

AB 1214 Plan E Social Security Offset (Chavez) (Chapter 31, 7/3/01)

This law allows all Plan E members who were covered by Social Security while working for the County to have their actual Social Security benefit amount used in calculating the Social Security pension offset.

AB 1665 Alternate Retired Member (Ashburn) (Chapter 168, 8/9/01)

This law authorizes the 20 California county retirement systems governed under CERL (County Employees Retirement Law of 1937) to establish a system whereby the retired members of the county can elect an alternate retired member to represent them on the board if their incumbent is absent.

This law will become effective on January 1, 2002. If the Board of Retirement votes to appoint an alternate retired member, he or she would serve until the regular retired member's term has expired. Thereafter, the alternate member would be elected under procedures adopted by the Board of Supervisors.

SB 37 Mandated Clinical Trials Coverage (Chapter 172, 8/10/01)

Requires health care service plans and certain disability insurers to provide coverage for all routine patient care costs relative to the treatment of a patient diagnosed with cancer, including costs for participation in a clinical trial. The patient's treating physician must recommend participation in the clinical trial after determining such participation has a meaningful potential to benefit the patient.

AB 304 Mandatory Retirement (Karnette) (Chapter 33, 7/3/01)

This law eliminates the mandatory retirement for Assistant Sheriffs and Chiefs with primarily administrative duties. It applies to LA County only, and was adopted by the County Board of Supervisors.

SB 1219 Mandated Coverage for Cervical Cancer Screening (Chapter 380, 10/1/01)

Requires the coverage for an annual cervical cancer screening test to include the conventional Pap test and the option of any cervical cancer screening test approved by the Federal Food and Drug Administration (FDA).

.....Attention All New Hires.....

As a newly hired County employee, you probably have lots of questions about your retirement benefits. If you are a permanent employee of the County of Los Angeles (judges excluded) or an outside district working three-quarter time or more, you are entitled to membership and retirement benefits provided by the Los Angeles County Employees Retirement Association (LACERA).

LACERA is a "defined benefit plan." That means your retirement benefit will be expressed as a percentage of your average pay based on your age, years of service, and the retirement plan you selected. Choosing your retirement plan is very important. Once you select your retirement plan, you become a member of LACERA. There are two types of members in LACERA general members and safety members. Safety members are employees in law enforcement, firefighting, forestry, and lifeguard classifications. All other eligible employees are general members.

General Members of LACERA.....

As a general member of LACERA, you have a choice of two retirement plans: Plan D and Plan E. Plan D is a contributory retirement plan. That means you make monthly contributions in addition to the contributions made by your employer.

Plan E is a non-contributory retirement plan. Your employer makes all contributions on your behalf. These contributions are not paid to you if you terminate employment prior to retirement.

The overall retirement benefits are higher in Plan D than in Plan E. The plan you choose will determine your retirement, disability, and death benefits. The plans offer different benefits at different costs, and you must decide which you prefer based on your financial and retirement planning goals. It is very important to read the LACERA Information Guide carefully before selecting a plan.

You automatically become a member of Plan E the first day of the month following your date of hire as a permanent employee. You have 60 days from your date of hire to elect Plan D or elect to remain in Plan E, provided you receive your LACERA Guide booklet and Sworn Statement/Plan Election form within 14 days from your date of hire as a permanent employee. If received after 14 days, then you have 45 days from receipt of the LACERA Guide and Sworn Statement/Plan Election form to elect Plan D. If you do not make an election and return the Sworn Statement/Plan Election form within the prescribed time period, you will remain in Plan E.

Safety Members of LACERA.....

As a safety member, you become a member of Plan B. Plan B is also a contributory retirement plan which means you make monthly contributions in addition to the contributions made by your employer. Disability and death benefits are also provided with Plan B.

If you are a safety member, your LACERA membership in Plan B is effective the first of the month following your date of hire.

Savings Plan and Horizons Plan

The County also offers the 401k Savings and the Horizons plan as optional vehicles to supplement your LACERA retirement benefits. These plans are "defined contribution plans." Retirement benefits received from a defined contribution plan are based on how well an employee has invested his/her own funds.

The County contributions to these plans are partially vested for the first four years in the plan and become 100% vested after five years.

Retirement Workshops at Your Job Site

LACERA can provide "New Employee Orientation" workshops at your job site upon your department's request. In these workshops, our Retirement Benefits Specialists explain the different retirement plans available and how to complete the various plan enrollment forms. For information on attending a workshop at LACERA, please call 800-786-6464. To request a workshop at your job site, please call Katie Hancock or Alice Natale at 626-564-6000, extension 3384 or 3372. Be sure to get permission from your department before scheduling a workshop.

Retirement Calculator

Up and Running.....

It's finally here! As promised in the previous issue of Postscript, the retirement calculator on LACERA's Web site is now up and running. This incredible interactive feature is a great tool for active members to figure out the most optimal time to retire.

Once you answer the calculator's questions about your age at retirement, years of service credit, salary, Social Security coverage, and other retirement factors, the calculator will provide a retirement benefit estimate for you and your beneficiaries. In addition, the calculator will provide you with different options, so you can compare and contrast varied retirement scenarios.

Although the LACERA calculator should be used only as an informal guide and will not replace or represent LACERA's official retirement estimate, we hope that you will find it useful in planning your retirement.

[Click here to go directly to the calculator.](#)

Take A Peek At Our Calculator!

1. You can do calculations for different ages to determine at what age it would be most advantageous for you to retire. (The calculator links to a "[Retirement Eligibility](#)" page that provides more details about each questions on the calculator.)
2. If you are considering transferring plans, you do separate estimates for Plan E service credit and for Plan D service credit. Then you can compare the retirement allowance estimates to see the difference. You can also do a combined estimate for Plan E and Plan D service credit. Comparing all three estimates will help you determine the value of transferring plans and the effect it will have on your retirement allowance.
3. You can vary your average monthly salary to see how that coveted promotion might change your retirement plans! When you request an official estimate from LACERA, it will be calculated using your monthly base salary and any other retirement eligible earnings as reported by the Auditor-Controller. Overtime is not includable. Cafeteria or flex benefits may or may not be included depending on your date of hire, date of increases in these benefits, and whether or not you signed a waiver of pensionability.

Remember, this is just a planning tool and not an official retirement estimate. If you are planning to retire within the next 6 months, please contact LACERA to request an official retirement estimate. The official estimate is your application for retirement.

Planning to Retire This Spring?

If springtime is your target for retirement, now is the time to prepare. As a County employee, you're probably aware that spring is the most popular time of the year to retire. Each year many employees target their effective retirement date between January 1 and March 30 to reap the benefit of the April 1 cost-of-living increase. If this is your goal, you'll want to get started as soon as possible. In the fall we start processing retirement benefit estimates for the spring rush period.

When you take the time to plan ahead and explore your best possible retirement dates, we can help make this process a pleasant experience. To get the process rolling, you must request a retirement estimate. We suggest that you do this five to six months prior to your projected retirement date. Once you receive your formal estimate, it becomes your application to retire. You must return the signed application prior to your retirement date. We recommend returning it at least 60 days prior to your intended retirement date.

If you are married, please provide your certified marriage license and your spouse's certified birth certificate along with the signed retirement application. We will accept these documents at our public counter and return them to you immediately once we verify that we viewed the original document. Or you can send the documents to us, but be sure to put the member social security number as well as your spouse's social security number on the forms.

Another important step is to notify your department/personnel office of your intent to retire. This will allow time for your department to initiate your outgoing paperwork. Once the Board of Retirement has approved your effective retirement date, your personnel office must get your termination date posted on the County payroll system. Timely processing of this paperwork will enable LACERA to pay your first retirement check in a timely manner.

Retirement is a major event in your life. We want you to enjoy it. Plan ahead and make the most of this special time.

Savings Plan and Horizons Plan

If you contribute to the County's 401K Savings Plan or the Horizons Plan, please remember to notify the plan administrator - Great-West - at least 30 to 60 days before you retire, or within 75 days following termination.

457 Benefit Payment Options

There are several benefit payment options from which to choose. Currently, if your account balance is less than \$3,500, you must take a lump-sum distribution. If your account balance is \$3,500 or more, you may choose from four options:

- 1) Lump-sum distribution of your entire account or a portion of your account
- 2) Periodic payments made directly from your investment account.
- 3) Annuity payments made by an insurance company.
- 4) Defer the balance to a later date.
- 5) Roll your account to an IRA as of January 1, 2002

You may also elect a combination of these options. Be sure to study all your options and choose the one that is best for you.

As of January 1, 2002, changes will become effective for both Horizons and the Savings. We suggest you speak with your options representative before making any major decisions about your plan.

Health Care Benefits for Your Retirement

When you retire, you can look forward to the valuable health care benefits offered through LACERA.

LACERA's health care benefits program includes several medical plans and two dental/vision plans, and is available to all new retirees regardless of pre-existing medical conditions. However, **you only have 60 days** from your Board approved retirement date to enroll yourself, your legal spouse, and eligible dependents in the plan of your choice. Late enrollment rules will apply if you do not enroll within this time frame.

The health plan contracts are renewed each year and the premiums vary. Your share of the cost depends on three factors:

- 1) Your years of retirement service credit (excluding reciprocal service credit).
- 2) The number of covered dependents, and
- 3) The insurance plan you choose.

The County subsidizes retiree premiums based on the number of years of County retirement credit. You must have at least 10 years of County service, which qualifies you for a 40% subsidy. The subsidy increases 4% for each additional year of service. The subsidy is based on the premiums charged for the Blue Cross I and II Plans and CIGNA Dental/Vision Plan. For members with 25 years or more of retirement service credit, the County pays 100% of the benchmark plan rate. **If your premium exceeds the benchmark rate, you will be required to pay the difference every month even if you have 25 years of service.**

You and your spouse have additional coverage choices if either of you are age 65 or over and have Medicare Parts A & B. If you or your eligible spouse chooses a LACERA-sponsored Medicare plan, LACERA will reimburse your Part B premium. (The Part B reimbursement program is subject to an annual review by the Board of Supervisors.) Also, if you or your eligible spouse is enrolled in a LACERA-sponsored Medicare plan, your eligible dependents under age 65 must enroll in a LACERA-sponsored corresponding non-Medicare plan.

The LACERA-sponsored health plans are established on a contract between the County of Los Angeles and LACERA. Any increase in the level of benefits for the LACERA health plans are subject to final approval by the Board of Supervisors. When you retire, you will receive an information packet with details and comparison charts on all of LACERA's health care plans.

LACERA currently offers the medical and dental/vision plans below:

2001-2002 LACERA HEALTH PLANS

MEDICAL PLANS

Indemnity Plans	Individual Deductible	Family Deductible
BLUE CROSS I	\$100	\$100
BLUE CROSS II	\$500	\$1,500
BLUE CROSS Prudent Buyer Plan	\$100	\$200

Health Maintenance Organizations (HMO) Plans	Deductible	Copay
CIGNA HealthCare Network Model	None	\$5
Kaiser Permanente	None	\$2
Pacificare (Under age 65 only)	None	\$3

Medicare Supplement Plan		
Blue Cross Plan III	None	None (if provider accepts Medicare assignment plus 20% prescription drug costs)

Medicare HMOs		
Kaiser Senior Advantage	None	\$0
CIGNA HealthCare for Seniors (available in Phoenix, Arizona <i>only</i>)	None	\$5
Secure Horizons	None	\$0
SCAN Health Plan	None	\$0

Firefighters also have an additional health plan option -

Los Angeles County and Orange County Fire Fighters Local 1014 Health & Welfare Plan (administered by Local 1014; premiums subsidized by the County)

LACERA DENTAL/VISION PLANS

CIGNA Dental/Vision Plan (Indemnity)
CIGNA Dental Health/ Vision (HMO)

Transamerica Long Term Care Insurance Plan

LACERA also sponsors long-term care coverage as an enhancement to the medical plan coverage. For premium costs and information on long-term care services available through this plan, please call the Transamerica agency at 800-207-9883.

If you have any questions regarding the LACERA-sponsored health plans, please call LACERA at 800-786-6464.