

LACERA
POSTSCRIPTP.S.
PLANNING A SECURE FUTURE

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

VOL. 12 NO. 2

NEWS FOR ACTIVE MEMBERS

MAY 2002

LACERA 2002 Board Election Schedule

Board Seats Up for Elections

The Board of Retirement

One General Member seat for a three-year term starting January 1, 2003

One Retired Member seat for a three-year term starting January 1, 2003

The Board of Investments

One General Member seat for a three-year term starting January 1, 2003

One Retired Member seat for a three-year term starting January 1, 2003

Election Schedule

Intent to run filing period:	April 19 through May 20
Candidate statements and changes due:	May 20
Candidate statement review period:	May 21 through May 29
Lottery for name placement on ballot:	May 28
*Mail ballots:	June 25
Duplicate ballots available:	July 2 through July 11
Count ballots:	July 23
Registrar recorder certifies election:	July 26
*Board of Supervisors declares winner:	August 13
Winning candidate assumes office:	January 1, 2003

Questions regarding the election, ballots, and candidates should be referred to the Los Angeles County Registrar Recorder at 562-466-1310.

Health Care Benefits For Your Retirement

When you retire, you can look forward to the valuable health care benefits offered through LACERA. The LACERA-sponsored Health Care Benefits Program offers the same medical and dental/vision plan choices to all County retirees and their eligible dependents, regardless of your classification or bargaining unit while in active service. For active employees, the medical plan benefit levels are varied based on what the unions have negotiated for different employee job classifications. The LACERA-sponsored health plans are established on a contract between the County of Los Angeles and LACERA.

The retiree health plans offered by LACERA are similar but not identical to those offered to active employees through the County Department of Human Resources and some union agencies.

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 your 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 benchmark plan 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 Medicare Part B premium. (The Part B reimbursement program is subject to an annual review by the Board of Supervisors.) The County reimburses retired members for the amount of their Medicare Part B premiums on a tax-free basis if both of the following conditions are met:

- 1) You are enrolled in Medicare Part A and Medicare Part B
- 2) You are enrolled in a LACERA-sponsored Medicare HMO plan or Medicare supplement plan

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.

Any changes in the level of benefits resulting in an increase to the County's costs must be approved 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:

2002-2003 LACERA HEALTH CARE PLANS FOR RETIREES

LACERA 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	Office Visit Copay*
CIGNA HealthCare Network Model	None	\$5
Kaiser Permanente	None	\$5
PacificCare (Under age 65 only)	None	\$5

Medicare Supplement Plan	Deductible	Office Visit Copay*
BLUE CROSS Plan III	None	None (if provider accepts Medicare assignment plus 20% prescription drug costs)

Medicare HMOs	Deductible	Office Visit Copay*
Kaiser Senior Advantage	None	\$ 5
CIGNA HealthCare for Seniors (available in Phoenix, AZ only)	None	\$12
Secure Horizons	None	\$ 5
SCAN Health Plan	None	\$ 5

LACERA DENTAL / VISION PLANS

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

Firefighters have an additional health plan option, available through the Los Angeles County and Orange County Fire Fighters Local 1014. The Health & Welfare Plan is administered by Local 1014, with premiums subsidized by the County.

(* These office visit copayments are effective July 1, 2002.)

Transamerica Long Term Care Insurance Plan

LACERA also sponsors long-term care coverage for retirees 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.

2002 Legislative Updates

The following legislation for 2002 is pending, unless otherwise indicated:

AB 1190 Public Retirement Systems: Reciprocity (Papan)

This second-year bill eliminates from the reciprocity provisions the requirement to transfer between agencies within six months.

Amended 1/24/02

LACERA position: Watch

AB 1847 Biochemical Substance Presumption (Correa, et. al)

This bill would provide that, for the purposes of qualification for disability retirement benefits, the development or manifestation of an illness by specified peace officer members as a result of exposure to a biochemical substance is presumed to arise out of, and in the course of, employment.

Introduced 1/28/02

LACERA position: Watch

AB 2004 Retirement Benefits Enhancement (Correa)

This bill would allow the Board of Supervisors to authorize active members to purchase up to five years of additional retirement credit by paying twice the amount of contributions normally required of the member plus interest. With this bill, members who want to retire can purchase retirement credit that they have not actually earned, thereby increasing their years of service.

Introduced 2/15/02

LACERA position: Support if amended to be cost neutral

AB 2023 Criminal Justice Members (Frommer)

This bill would provide safety member status for "criminal justice members" as defined, including the district attorney series of classes, former district attorneys who were transferred to the local child support agency without a break in service, the public defender series of classes, and public defender investigators. Establishes a benefit formula of 3% at age 55 for those members.

Introduced 2/15/02

LACERA position: Oppose

AB 2123 Additional Board of Investment Members (Koretz)

This bill would add two additional members to LACERA's Board of Investments. The members would be selected by a majority of the certified bargaining units of the County, and would serve four-year terms. In addition, this bill requires the Board of Investments to transfer 75% of excess earnings above 1% of system assets to an "additional earnings reserve for negotiated benefits" in any year in which LACERA's assets exceed \$20 billion and the funding ratio is at least 90%. The reserve would be used to fund increases or new retirement benefits. Actuarial studies indicate that creating this reserve would significantly increase employee and employer contribution rates.

Introduced 2/9/02

LACERA position: Actively Oppose

AB 2777 Domestic Partner Benefits

Authorizes the Santa Barbara County Board of Supervisors to provide death benefits and survivor allowances to domestic partners.

Introduced 2/25/02

LACERA position: Watch

SB 695 Safety Membership for "Hazardous Materials Services" Workers (Karnette)

This bill would amend the current law, at the option of the County, to clearly define who is affected by SB 695. It allows the Board of Supervisors to authorize safety membership for employees whose functions "clearly fall within the scope of hazardous materials services." This bill: 1) Excludes managers, analysts, clerks, and other designated employees; and 2) Defines "hazardous materials services" to mean "services performed in the enforcement of criminal law relating to hazardous materials or waste, or services performed to protect public safety and the environment in response to an emergency involving hazardous materials or waste."

Amended 2/4/02

LACERA position: Support

SB 1024 DROP Plan for Law Enforcement Members Only (Soto)

This bill, introduced by the Committee on Public Employment and Retirement, would require Board of Supervisors' approval. It includes actuarial equivalent DROP, forward DROP, and backward DROP provisions.

"DROP" is the acronym for the Deferred Retirement Option Program. The DROP was created to provide eligible members who elect to participate in the program access to a lump sum, or, in some cases, additional monthly payments for a specified period in addition to their monthly retirement allowance.

Introduced 2/23/01, Amended 3/13/02

LACERA position: Watch

SB 1609 Health Care Workers: Blood-borne Infectious Disease (Soto)

Extends the blood-borne infectious disease presumption to health care workers, as defined, and any other county employees who could be reasonably anticipated to come in contact with blood and other potentially infectious materials.

Introduced 2/21/02

LACERA position: Support

AB 1254 Safety Membership for Local Prosecutors (Florez)

AB 1385 Safety Membership for Police Officers and Park Rangers (Romero)

These bills would provide safety retirement for local prosecutors, police officers, and park rangers. Because neither of these bills passed the Assembly by December 31, 2001, they died in the Assembly, pursuant to Article IV, Section 10(c) of the Constitution.

Maximize Your Retirement Benefits

Education about your retirement benefits is imperative for reaching your retirement goals and securing your financial future. As the costs for living a comfortable and secure retirement continue to rise, you'll want to learn as much as possible about your LACERA benefits.

We provide retirement information and counseling to all members—new, active, deferred, and retired; and we want to help you get the most from your LACERA plan. One of LACERA's primary goals is to make our information more accessible. There are several ways for you to access your LACERA benefit information. Take a look below.

Expanded Call Center Hours

The Call Center is now open from 7:30 a.m. to 5:30 p.m., Monday through Friday. Just dial 800-786-6464 and a Retirement Benefits Specialist will help you with your questions.

Expanded Public Counter Hours

The public counter is now open from 7:00 a.m. to 5:00 p.m., Monday through Friday. No appointment is necessary to visit the public counter. You'll be helped on a first-come, first-served basis.

When you visit our public counter, we will help you choose the most advantageous retirement dates, provide personalized retirement allowance estimates based on your completed years of service and age at retirement, and assist you with other retirement questions.

Outreach Workshops

LACERA offers a variety of outreach workshops to suit your individual needs. Each workshop is designed to help you plan your financial future.

Reservations for all workshops are required due to high attendance. You may schedule attendance for a workshop at the LACERA office by calling 800-786-6464. The following workshops are available:

New Member Workshops

These workshops provide new hires with an overview of the retirement plans. We discuss how to make a retirement plan choice that will fit the needs of each employee. New member workshops are provided to safety and general members. The general member workshops are conducted at LACERA on Wednesday afternoons at 3:00 p.m. Safety member workshops are scheduled as needed upon the departments' requests. We can also provide new member workshops at the work site upon the departments' requests.

Pre-Retirement Planning Workshops

You may already be thinking about retirement or may still have a few years to work. We suggest that you sign up to attend a pre-retirement workshop three to five years before your intended retirement date. This will also give you time to purchase any eligible service prior to membership. Planning well in advance will also allow you time to get your personal affairs in order for a smooth transition into retirement.

We also suggest attending a second LACERA pre-retirement workshop a year before your planned retirement date in order to fine-tune your plans and take care of any additional retirement matters you may have. Regular and thorough reviews of your financial status and strategic planning will help you enjoy your retirement years.

Safety Member pre-retirement workshops are held on the first Tuesday of the month. General Member pre-retirement workshops are held on the second, third, fourth, and fifth Tuesdays of the month. Financial planning workshops are available immediately following the pre-retirement workshops.

Financial Counseling Workshops

These workshops are provided by Great-West representatives. They will help you review the various payment options available to participants in the Deferred Compensation 457 Plan and 401(k) Savings Plan. These plans are offered by the County as ways to supplement your retirement benefits.

Personal Financial Planning Workshops

These workshops are provided by representatives from the AXA Financial Group. Counselors provide advice in areas such as paying down bills before you retire, getting the most from your retirement income, and making investments after you retire.

Online Info at www.lacera.com

Through our web site you can access retirement information on the Internet quickly and easily. The site offers information and issues for both active and retired members. Topics include retirement benefits, frequently asked questions, health care, LACERA investments, workshop schedules, and LACERA's business structure.

Visit our dynamic [Order Now](#) section which allows you to order, read, download, and print many of LACERA's printed materials for free. Whether you need a plan booklet, health care information, applications, or forms, look for it online in an easy-to-download PDF (portable document format).

[The Retirement Calculator](#) is another incredible interactive feature on our web site. It's a great tool for active members to figure out the most optimal time to retire. Although it does not replace an official LACERA retirement estimate, it is very useful in planning your retirement.

[The Text-Only Site](#) allows text to be read by anyone, including those who utilize special software for the visually impaired.

Another upcoming feature planned for the web site is the [Member Info Center](#). This feature will allow you to access your personal member information online with a confidential password. Once you register for the service, you can sign on to the LACERA web site anytime, 24 hours a day, to view the specific member information we have on file for you. We will install the most up-to-date security and firewall technology to ensure that your private information stays private.

Strategic Planning for Retirement

Whether you're retiring in 10 months or 10 years, it's never too early to start planning for those golden, work-free years in your future. And the sooner you start thinking (or should we say dreaming?) about it, the better prepared you'll be to make informed decisions about the specifics of your retirement strategy.

The day you choose to retire is anything but random. In fact, according to Alice Natale, Assistant Manager, Benefits Division, the difference between retiring on a Monday or a Friday could be significant enough to warrant a change of plans. And when you figure in your birthday, holidays, raises, and sick days, a calculator may just become your best planning friend.

Below is an abbreviated list of things to consider before forging ahead into unknown retirement territory. Of course there are always personal issues and other unplanned factors to take into account when making a long-term plan like this. Once you've had a chance to review this list, why not make an appointment with a Benefits Specialist at LACERA? You'll be able to make an informed decision about when to retire, plus a Benefits Specialist can help you compare and contrast different retirement dates and how they'll affect your final compensation.

Your retirement may not be right around the corner, but the financial decisions you make today can significantly impact your life years from now. Be smart. Plan ahead.

Things to Consider before Retirement:

Age

Depending on when you became a County employee, one year of working can greatly impact the amount of your final compensation. Check out the table in the back of the Retirement Plan booklets or the online retirement calculator to see what a difference a year makes.

April 1 COLA

Every April 1, retirees are awarded a Cost-of-Living adjustment (COLA), payable in their April 30 check. This amount becomes a permanent part of their monthly retirement allowance. You must retire by March 31 to be eligible for the COLA adjustment. Now, this applies to contributory Plans A through D, and non-contributory Plan E.

Quarter-Years of Service-Plans A, B, C, D, and Safety

This issue affects contributory plan members who are under age 62 in Plan A and under age 65 in Plans B through D for General members; and under age 55 for Safety members. Each quarter year of age will be reflected in the growth of your retirement benefit amount. However, the Cost-of-Living amount (see above) could yield a better increase in your allowance than retiring after March 31 to achieve another quarter of year of age. You should discuss this issue with a Benefits Specialist to clarify the pros and cons of waiting to retire versus retiring sooner and receiving the COLA adjustment.

Birthday-Plan E

The main issues you need to take into account are your years of service and your age. A Benefits Specialist can help you determine what month would be the most optimal time for you to retire. If you are under 65 and your birthday is close at hand, it may be best to wait until then to retire.

Raises and Anticipated Raises

Raises increase your salary, which in turn raises the amount that is included in your final compensation, used to calculate your retirement benefit. If you are scheduled to receive a raise after April 1 (the date the COLA is awarded), you should consider how much it would increase your salary compared to retiring early and getting the COLA amount. In some cases, it might be best to stick around for the raise, get a few more quarter-years of service, and retire the following year before April 1. Even a few months of a raise can significantly increase your overall pension.

Sick Leave Buy-Back

Under County rules, if you don't use any sick leave for at least six months, you can buy back up to three days. (You must have 12 months of service to qualify. Employees in the Megaflex Benefit Plan are not eligible for this buyback provision.) The amount of the buyback is included in your final compensation. So if you're anticipating retirement and you can work for six months without using any sick time or personal time, this buy-back provision can boost your retirement dollar. For the optimum boost, we suggest using the buy-back option the year before retirement in January and July, then retiring in February or March depending upon your quarter of age (or actual birthday for Plan E).

Retire on Monday, Not Friday

If you retire on Friday, the weekend following your retirement won't be included in your final county paycheck, however, by just postponing the big day until Monday, those two weekend days will be included as a part of county pay.

Always Retire Following a Holiday

Following the same principle as the rule "Retire on Monday, Not Friday," holidays are paid days off-so why retire before getting paid for them? If you're planning on retiring in a month that includes a holiday or two, wait until after the holidays. Work less, earn more... enjoy the privilege of retiring shortly after the holiday. In some cases such as Thanksgiving, retiring in early December yields one more month of service and more retirement money. The same rule applies for Memorial Day in May.

Don't Retire in November or December

The holiday season is a joyous time to spend with friends and family. And if you've been a County employee for a long time, you've probably established meaningful friendships and a real sense of camaraderie among your peers. There are holiday parties, half days at work, gift exchanges, and generally lots of good cheer in the office. Do you really want to miss that? Why not stick around and share this time of celebration with your second family-coworkers. When January rolls around, you'll be ready to begin the new stage of your life, with lots of fond memories from the recent holiday celebrations.