



## PLANNING A SECURE FUTURE

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

VOL. 13 NO. 4

NEWS FOR ACTIVE MEMBERS

NOVEMBER 2003

### Restoration to a Prior Plan from Plan E

In most situations, Plan E members are not eligible to restore membership in a prior contributory plan. However, certain Plan E members who were not properly informed about restorations, and who meet specific criteria, may now restore.

You may be eligible to restore if you left County service from a contributory plan and withdrew your contributions, then returned to County service prior to July 1, 1991, and either:

- Elected Plan E, or
- Returned to a contributory plan and later transferred to Plan E.

In either situation, your LACERA record must show no evidence that you were notified of the opportunity to restore membership in your prior contributory plan by re-depositing contributions and interest. Each claim will be considered on a case by case basis. 

### Social Security Q&A

You are a County employee now, but perhaps you were employed before you worked for the County. Or you might be planning to take a job in the private sector after you retire. Some of you may even be working a second job while currently employed full-time for the County. In all of these cases, the money you pay into Social Security may be a source of confusion—how will it affect your future retirement allowance? Below are the answers to these three scenarios. If you have further questions about Social Security coverage and reductions to your retirement allowance, call LACERA at 800-786-6464 to speak with a Retirement Benefits Specialist.

**Q: If I work for the County for 25 years and retire, then get another job that pays into Social Security, will LACERA deduct Social Security from my County retirement allowance when I am entitled to receive the Social Security payments?**

A: LACERA will not deduct any money from your County retirement allowance for any non-County service that is covered by Social Security.

**Q: Before I came to work for the County, I worked for a couple of years in the private sector and paid into Social Security. Will LACERA reduce my County retirement allowance?**

A: LACERA will not reduce your retirement allowance if you paid into Social Security *prior* to working for the County.

*However*, if you paid into Social Security prior to 1983\* while employed by the County, LACERA is required to reduce your service retirement allowance even if you aren't fully insured. (This does not apply to disability retirements.)

- 1) If you are a *general member* in a contributory plan, and paid into social security prior to 1983\* while employed by the County, your retirement allowance will be reduced by a fixed dollar amount for each year of service that you paid into Social Security. The formula used to calculate the reduction is not directly related to the dollar amount of your Social Security benefit. The reductions for contributory members range

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From the **EXECUTIVE DESK**

Marsha D. Richter—CEO, LACERA



**Message from the CEO**

Occasionally, I like to step back and take a look at the numbers that represent LACERA's membership and the services we provide to you. And as we near the end of 2003, it seems like the perfect time to reflect. Below are some interesting statistics we've compiled about the state of the membership, and I would like to share some of these facts with you now, as an end-of-the-year salute.

**Membership—87,624 Active Members**

LACERA's active membership includes 75,958 general members and 11,666 safety members. The numbers break down as follows:

**Safety members**

- Plan A—1,095
- Plan B—10,571

**General members**

- Plan A—5,215
- Plan B—460
- Plan C—349
- Plan D—38,989
- Plan E—30,945

**New General Members—68% Elect Plan D**

This year, nearly 2,000 new County employees have become LACERA general members. Of these new members, 68% elected to become members of contributory Plan D, and 32% elected non-contributory Plan E; this figure includes those who did not make an election and were automatically placed in Plan E.

**Prospective Plan Transfers—Nearly 2,500 Contracts**

Prospective Plan Transfers between Plans D and E were one of the most popular benefit enhancements implemented during the last fiscal year. LACERA's Claims Processing Division has produced thousands of estimates for members considering a transfer. To date, 2,451 members have entered into Prospective Plan Transfer contracts, with 713 members transferring from Plan D to Plan E, and 1,738 members transferring from Plan E to Plan D. Of this last group, 34 members elected to incrementally purchase Plan E service. The average age of those who chose a Prospective Plan Transfer is 43.

These numbers represent only 2.5% of the membership, presumably because a Prospective Transfer to a contributory plan, as well as purchasing previous service credit, are expensive propositions. However, since the benefits at retirement are considerably greater when a member belongs to a contributory plan, it is interesting to note that only 1,738 members have taken advantage of prospectively transferring to Plan D.

**LACERA Service—In Person, By Phone, and Online**

LACERA aims to help members better understand their retirement benefits with a variety of

cont'd on pg.6

# 2003 Legislative Updates

October 12, 2003 was the last day for Governor Davis to sign or veto pending legislation. All bills not signed or vetoed by the Governor will become law without his signature. Most signed bills become law effective January 1, 2004 unless passed as an Urgency measure. An Urgency bill becomes effective immediately after it is signed. However, some bills that passed the legislature as an Urgency bill do not take effect in Los Angeles County unless adopted by resolution by the Board of Supervisors. Below is the final status on bills LACERA followed this session.

For up-to-date information on these bills or other legislative issues, log on to our web site at [www.lacera.com](http://www.lacera.com), or visit [www.leginfo.ca.gov](http://www.leginfo.ca.gov)

## **AB 55 County Employees Retirement: Additional Retirement Credit (Correa)**

This bill, introduced by SACRS, allows the Board of Supervisors to authorize members to purchase up to 5 years of additional retirement credit by paying the full actuarial cost of the future retirement benefit and not placing any additional financial burden on the retirement system. The additional service is not to be counted to meet the minimum qualifications for retirement, for cancellation of retirement contributions at 30 years of service, additional ad-hoc cost-of-living benefits based on service credit, or health care.

This bill had an Urgency Clause, which means that it became law immediately. However, it is not effective in Los Angeles County until adopted by resolution by the Board of Supervisors.

*Sponsor:* SACRS

*Status:* Signed by Governor on 9/3/03, Chapter 261

## **AB 80 Firefighters: Public Service Purchase (Bogh)**

This bill would have allowed all 1937 Act county peace officers and specified county firefighters to purchase service credit for law enforcement or firefighting service performed for another public agency. It broadens the current purchasable

service to include law enforcement or firefighting service with any city, state, county, or governmental "public agency" within the United States. To receive the above service, the member must deposit an amount equal to the contributions they would have made for that service, plus interest.

The Board of Supervisors may vote to pay part of the employee contributions. However, employers' contributions are not included in the cost for the additional service, which creates an unfunded liability.

*Sponsor:* California Professional Firefighters

*Status:* Vetoed. The Governor's veto message said the bill would result in unfunded liability for some of California's largest counties, including Los Angeles, and because there were no safeguards to prevent a "double dip," i.e. collecting a pension for the service both here in California and from the out-of-state agency.

## **AB 85 County Employees Retirement: Continuous Service Definition (Wiggins)**

This bill clarifies that service for which a member receives credit, either prior to or during employment, which is temporary,

seasonal, intermittent, or part-time, shall be credited as continuous service.

*Sponsor:* California Professional Firefighters

*Status:* Signed by Governor 10/11/03, Chapter 830

## **AB 285 California Employees' Retirement: Reciprocity (Negrete-McLeod)**

This bill would have eliminated all reference to restrictions on the period of time between a member's public employment subject to a reciprocal retirement system, and would have made those reciprocal benefits available regardless of the length of time between employment.

*Sponsor:* SEIU

*Status:* Did not make it out of the Assembly PER & S Committee

## **AB 374 County Employees' Retirement: Budget Appropriation Allocation (Chan)**

This bill provides that, until January 1, 2007, if the net asset value of the system has declined, the limit on the expense of administration of the system may be based on the value of the assets of the retirement system as of a prior valuation date, in a prior fiscal year, as specified. Under current law, administrative expense cannot exceed eighteen hundredths

**Do you have questions regarding your retirement benefits?**

**Telephone LACERA at**

**626-564-6132**

**800-786-6464**

**FAX: 626-564-6155**

**Your Social Security number is the key to finding your records.**

*We thank you for your patience and understanding when you call.*

**welcome@lacera.com**

Now you can e-mail LACERA to ask about general retirement information. Just use the LACERA e-mail address shown above. If you have specific questions about your benefits or need to resolve any issues affecting your personal retirement account, please contact LACERA at **800-786-6464** and ask to speak to a Retirement Benefits Specialist.



## To Your Health!

*Mercer Human Resource Consulting*

Your time. Your money. Your dreams. Your focus on these issues has enabled you to make your future retirement what you want it to be. While these are important topics to consider, there's one more critical topic you don't want to overlook—your health! It's important to maintain a healthy lifestyle while working toward and during your golden years. By living as healthy a lifestyle as possible, you're likely to feel better longer...and have time to enjoy your time...your money ... your dreams.

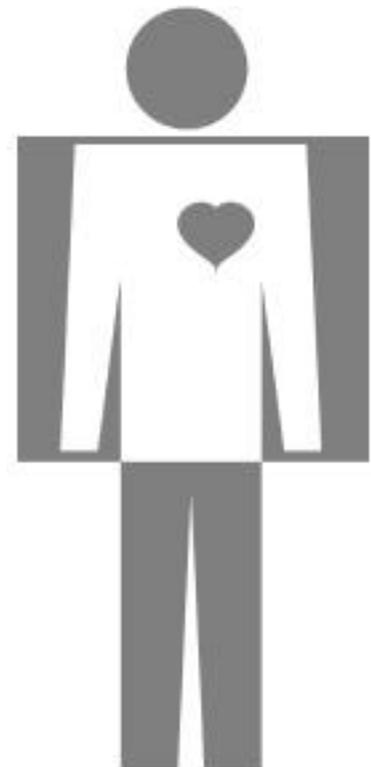
### Some Steps You Can Take

LACERA is committed to providing you with the information and resources you need to live your life to the fullest. That's why we've developed this list of actions you can take now to maintain your good health. Although we can't avoid all health care problems, we can take a few simple steps to decrease our likelihood of needing medical care:

- **Eat healthy.** Many illnesses, such as diabetes, heart disease, and high blood pressure, can be prevented or controlled through a healthy diet.
- **Get moving.** Find a physical activity you enjoy, then get up, go out, and do it—regularly.
- **Wash your hands.** Hand washing—after using a restroom and before handling any food—reduces your risk of the common cold, flu, and stomach ailments.
- **Practice preventive care.** Take advantage of the preventive care benefits offered through your medical plan to reduce the risk of catastrophic health problems, including heart disease and cancer.

- **Know your family's health history.** If a certain disease runs in your family, you have an increased risk of contracting the disease. Learn about the disease and ways to decrease your risks.
- **Ask questions.** Prepare a list of questions for your doctor before your visit. Remember that it's your body and you'll be living with your decisions.
- **Practice safe habits.** To get started, buckle your seat belt while in a motor vehicle, don't take expired medications, and use a strong sun block when outdoors.

Adopting a healthier lifestyle is a win-win situation—you'll feel better and you'll hold down health care costs for yourself and for the County. It's your life, so make it a healthy one! 



# Planning to Retire This Spring?

By Alice Natale

*(Although Alice retired earlier this year, we think this archived article's timely subject matter is worth a reprint.)*

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 31 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.

The best way to determine your most opportune retirement date is to register to attend a Retirement Workshop and speak to a Retirement Benefits Specialist. Before the workshop, pay a visit to the retirement calculator page on [www.lacera.com](http://www.lacera.com). Enter several retirement dates to see which date would be the most advantageous for you (birthday, date of hire, and March 31), then bring your retirement estimates with you to the retirement workshop.

After you've attended the workshop, you must request an official retirement estimate to get the ball rolling. 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—but not more than 90—days prior to your intended retirement date.

If you are married or in a registered domestic partnership, you must provide your certified marriage license or domestic partnership registration, plus your spouse or domestic partner'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 your social security number as well as your spouse or domestic partner'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 your retirement date has been approved, 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.

## Calculate the Differences

In addition to making use of the Retirement Workshops in planning your retirement, we encourage you to sign on to [www.lacera.com](http://www.lacera.com) and use our new and improved retirement calculator. By simply entering your planned retirement date and plan, age as of your retirement, years of service at retirement, and final monthly compensation, the calculator uses current actuarial tables to determine what your retirement allowance could be. You can calculate numerous estimates by entering

different retirement dates, salaries, and years of credit.

Although the calculator does not include all the retirement options available to LACERA members or include reciprocal service, this tool is still an excellent way to play around with your retirement date. Keep in mind, also, that the results from using the Retirement Calculator cannot be used as an official LACERA estimate. They are solely to be used to help you plan for your ideal retirement date.

## New Life, New Location

Many retirees find that once their career obligations are no longer a consideration, there's no better time to pick up and start a new life chapter in a new location. Whether you're finally going to Florida, moving closer to the children, or packing up an RV for an adventure on the road, don't forget to consider your retirement income taxes. If you remain in California, your retirement income will be taxed by the state of California. But if you reside in another state, California will not collect state income tax on your retirement allowance that was earned in California. This retirement income, however, may be taxable in your new state of residence. State tax requirements on retirement income differ from state to state. You should consult with your own tax advisor and contact the appropriate state tax authority for its rulings on all types of taxes.

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

Q&A cont'd from pg. 1

from \$1.38 to \$8.51 per year of service depending on your age at retirement and plan.

- 2) If you are a *safety member*, there would be no reduction in your allowance because safety members did not pay into Social Security prior to 1983.
- 3) If you are a *Plan E member*, who paid into Social Security prior to 1983 while employed by the County, your retirement allowance will be reduced by a percentage of your estimated Social Security benefit payable at age 65. This reduction is called the *Plan E offset*, and the formula used is based on years of County service covered by Social Security.

\* The County withdrew its members from the Social Security program effective January 1, 1983.

**Q: If I decide to get a part-time job that pays into Social Security while I am still a full-time County employee, will LACERA reduce my County retirement allowance?**

A: No. Your LACERA retirement

allowance would only be reduced if you paid into Social Security prior to 1983 while you were a County employee.

**Q: When I retire and apply for Social Security, will my Social Security benefits be reduced because I am receiving a County pension?**

A: Yes. There are several reasons why your Social Security benefits may be reduced:

- 1) If you take your Social Security benefits any time after reaching age 62, but before reaching your full retirement age, Social Security considers this an “early retirement” and will pay a reduced amount.
- 2) If you fall under the Windfall Elimination Provisions of the Social Security retirement benefits program, your Social Security benefit will be reduced. These provisions primarily affect people who spent part of their careers working for a government agency, and also had other

employment where they paid Social Security taxes long enough to qualify for Social Security retirement or disability benefits.

- 3) If you are eligible to receive a spousal benefit from Social Security, that amount may be reduced (offset) by your own Social Security benefits or your LACERA pension.
- 4) If you continue to work after your Social Security benefits start, you may be subject to an earnings limitation. This limitation applies until you reach full retirement age. To find the “full retirement age” for your birth date, go to [www.ssa.gov](http://www.ssa.gov).

A more detailed explanation of Social Security offsets under the Windfall Elimination Provisions is given in Social Security Factsheet No. 05-10045, A Pension From Work Not Covered By Social Security. Call (800) 772-1213, the Social Security 24-hour toll-free number to receive a copy or to ask questions. 

Message from the CEO cont'd from pg. 2

informational and educational programs. During the fiscal year ending June 30, 2003, LACERA staff:

- Conducted over 900 workshops;
- Served over 12,000 members at our Public Service Counter, plus 20 in-home or in-hospital sessions for terminally ill members;
- Answered over 165,000 telephone inquiries from members;

- Responded to over 1,200 email inquiries; and
- Received over 160,000 unique visitors to LACERA’s web site, with 1.25 million total hits.

In the coming year, we will improve our web site by offering members secure electronic access to their personal data. In the future, this site will allow you to transact business with us online. You will be able to submit electronic forms such as applications, beneficiary

designations, and address changes without mailing a form or dropping by the office. This doesn’t mean that we will be replacing traditional methods for contacting us—we’ll always be here to serve you in person. We just want to give you as many options as possible for accessing your LACERA benefits. 

of one percent of the current asset valuation. In addition to allowing the budget allocation to be based on a prior asset value, this bill also caps the expense at twenty-three hundredths of one percent of the current asset value where that amount is less than eighteen hundredths of the asset value in a prior fiscal year.

*Sponsor:* SACRS

*Status:* Signed by Governor 7/22/03, Chapter 95

**AB 457 County Employees' Retirement: "Golden Handshake" (Soto)**

This bill would have authorized a county Board of Supervisors to adopt resolutions to provide that members of the county's retirement system are eligible to receive up to 2 additional years of service credit or up to 2 additional years of age, or both, if the members retire within a designated period prior to January 1, 2005, and certain other conditions were met.

*Sponsor:* SEIU

*Status:* Vetoed. The Governor's veto message said that while the bill contains many safeguards for cost savings, there is still potential that public employees would be paying to encourage retirements that would have occurred without the incentive.

**AB 933 Law Enforcement Officers: Tuition Payment/Survivor Benefits (Reyes)**

Extends the definition of "child" to include a stepchild for special death benefits in the case of a law enforcement officer killed in the line of duty.

Revises Secs. 31781.1 and 31787 of the 1937 Act to provide survivor benefits to the stepchild of any member who would have been entitled to retire but dies prior to retirement.

*Sponsor:* Fresno Deputy Sheriffs Association

*Status:* Signed by Governor 10/11/03, Chapter 840

**AB 1585 California Employees' Retirement (Assembly PER & S Committee)**

This bill:

- 1) Authorizes the system to obtain a loan against the assets in case of an emergency for purposes of paying retirement benefits;
- 2) Changes the time to file financial statements;
- 3) Establishes a replacement benefit plan for payment of benefits that may exceed IRC Section 415 annual distribution limits;
- 4) Allows the Board of Retirement of all 37 Counties to contract with county counsel or private attorneys or employ staff attorneys for legal services. (LACERA has in-house attorneys as authorized by the 37 Act since 1990.)

*Sponsor:* Assembly PER & S Committee

*Status:* Signed by Governor 9/24/03, Chapter 520

**AB 1587 County Employees' Retirement: Reciprocity (Assembly PER & S Committee)**

This bill:

- 1) Prohibits the adoption of any retirement benefits for some, but not all, general members

or for any subgroup, as specified;

- 2) Revises the provisions regarding the selection of an alternate member and the 8th member of the retirement board.

*Sponsor:* Assembly PER & S Committee

*Status:* Signed by Governor 10/11/03, Chapter 852

**SB 270 California Employees' Retirement (Soto)**

This bill requires the Board of Retirement to provide organizations that are recognized by the Board as representing the retired employees of the county or district with notice and an opportunity to comment on any proposed changes to the system's retirement benefits or the use of excess funds.

*Sponsor:* CRCEA

*Status:* Signed by Governor 8/3/03, Chapter 191

**SB 274 County Employees' Retirement: DROP (Soto)**

This bill establishes a Deferred Retirement Option Plan (DROP) for safety members. It provides that a DROP may not be offered until an actuarial analysis has been completed and has determined that the proposed program is cost neutral. A forward, backward, or actuarial equivalent DROP program is subject to a collective bargaining agreement. Under the bill, firefighters are limited to a backward drop only.

*Sponsor:* Professional Peace Officers Association

*Status:* Signed by Governor 10/12/03, Chapter 897

 **Look Inside!** 

The Legislative Updates section of this issue of *PostScript* lists all the new legislation that could affect your benefits. So turn to page 3 now to review the latest developments.

And don't forget that some bills that have become law will not take effect in Los Angeles County unless adopted by resolution by the Board of Supervisors. 

## Ventura Ruling Update

As last reported on [www.lacera.com](http://www.lacera.com), the Court of Appeal, after hearing oral arguments on May 21, 2003, issued its opinion that the Ventura Decision should be retroactive. The County appealed this decision, however the Supreme Court refused to hear the appeal, and the retroactivity decision is now final.

The Ventura Decision requires LACERA to add many items of pay to final compensation (termination pay and overtime are not included). To find a list of the pensionable items that are covered in the Ventura decision, visit us online at [www.lacera.com](http://www.lacera.com) and click on the link, "Ventura Decision on Retroactivity."

This ruling affects members who are currently receiving a retirement or survivor allowance, *and* who retired prior to October 1, 1997, *and* who received special pay items during the 1- or 3-year period used to calculate their final compensation.

We are aware that members affected by this decision are anxious to see it put into effect. To that end, LACERA staff is currently developing a procedure to implement the court's decision in a manner that will be fair and allow for the payment of adjusted allowances at the earliest possible date. As always, we will keep you posted as we progress. 

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## Editor's Note—

*PostScript* is published by the staff of LACERA. Signed articles represent the opinion of the writers and not necessarily the opinion of the LACERA management, Board of Retirement, or Board of Investments.

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