

P.S.

# POST SCRIPT

NEWS FOR ACTIVE MEMBERS

JUNE 2006 VOL. 17 NO. 2

## According to Our Calculations...

The online calculators at [www.lacera.com](http://www.lacera.com) are valuable planning tools designed to assist you in estimating:

- Your retirement allowance
- The cost of transferring plans
- The cost of purchasing Additional Retirement Credit (ARC)

These interactive calculators can be easily accessed from the [www.lacera.com](http://www.lacera.com) home page by clicking on the Calculator tab on Quick Links.

### Retirement Calculator

Based on the information you enter, the Retirement Calculator uses current actuarial tables to compute an estimate of your monthly retirement allowance.

The program will prompt you to enter the following:

- Your age at retirement

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## Saturday Pre-Retirement Workshops

It's easier than ever to attend a LACERA Pre-Retirement Workshop! Workshops are now held on select Saturdays at LACERA and other locations.

Upcoming Saturday Pre-Retirement Workshops:

### SANTA CLARITA

Saturday, August 12  
10:30 a.m. - 12:30 p.m.  
Valencia Library

Pre-Retirement Workshops are also presented at LACERA every Tuesday throughout the year from 8:30 a.m. to 12:30 p.m., and every Monday throughout June and July. The workshop schedule is posted online at [lacera.com](http://lacera.com). Seating is limited at all the workshops, and reservations are required. All workshop participants also receive a Workshop workbook.

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Alternative formats available upon request.

## Los Angeles County Employees Retirement Association

### Members of the Board of Retirement

#### LES ROBBINS

Chair  
Appointed by the Board of Supervisors

#### SIMON S. RUSSIN

Vice Chair  
Elected by General Members

#### WILLIAM DE LA GARZA

Secretary  
Elected by Retired Members

#### MARK J. SALADINO

County Treasurer & Tax Collector  
Ex-Officio Member

#### YVES CHERY

Elected by General Members

#### SI FRUMKIN

Appointed by the Board of Supervisors

#### ARMANDO MACIAS

Alternate Member  
Elected by Safety Members

#### EDWARD "ED" C. MORRIS

Alternate Member  
Elected by Retired Members

#### WILLIAM R. PRYOR

Elected by Safety Members

#### RICHARD WIRTH

Appointed by the Board of Supervisors

### Members of the Board of Investments

#### ESTEVAN VALENZUELA

Chair  
Appointed by Board of Supervisors

#### HERMAN SANTOS

Vice Chair  
Elected by General Members

#### SIMON RUSSIN

Secretary  
Elected by General Members

#### MARK J. SALADINO

County Treasurer & Tax Collector  
Ex-Officio Member

#### DIANE A. SANDOVAL

Elected by Retired Members

#### WILLIAM R. PRYOR

Elected by Safety Members

#### MICHAEL SCHNEIDER

Appointed by the Board of Supervisors

#### ROBERT L. SPARE

Appointed by the Board of Supervisors

#### LEONARD UNGER

Appointed by the Board of Supervisors

Chief Executive Officer

**MARSHA D. RICHTER**

Assistant Executive Officer

**GREGG RADEMACHER**

Assistant Executive Officer

**Robert Hill**

## About the EXECUTIVE DESK

Marsha D. Richter—CEO, LACERA



## LACERA

*Editor's note: This column is usually titled "From the Executive Desk," and is written by Marsha Richter, our CEO. Since Marsha's October retirement is looming large, the Spotlight is taking this opportunity to review the impact she has made during her 17-year tenure at LACERA. Therefore, we've titled this issue's column "About the Executive Desk."*

Marsha Richter's legacy is sure to cast a long shadow at LACERA.

Today LACERA is more financially sound, operationally advanced, inspired to innovate, and customer service-oriented than it was prior to her arrival.

Armed with expertise, a deep passion for her job, and a clear vision for the future, she began by earning the trust and respect of LACERA's boards, management and staff. The working relationships and strategic partnerships she forged provided her with a solid base from which she could operate with maximum effectiveness.

With Marsha at the helm, LACERA added new tiers of professionals to its in-house operations. Attorneys, auditors, and other professionals were brought onboard to create Legal, Disability Litigation, Internal Audit, Quality Assurance, and Communications divisions. With the addition of these divisions, LACERA became a more independent, self-contained, and efficient entity.

Working closely with the boards, Marsha led LACERA into the Electronic Age, beginning with the herculean Reengineering Project that converted decades of paper records into electronic documents and installed a state-of-the-art computerized operating system at the hub of operations. Web sites, email, and interactive web features followed.

From day one, she has been focused on protecting members' rights, and providing the highest possible levels of service. Everything she has orchestrated at LACERA has been with that goal in mind. Recognizing that employees hold the key to making the vision a reality, she created a corporate culture that celebrates employees, fosters teamwork and professionalism, encourages innovation, and leverages employees' strengths for the greatest benefit of the membership.

The upshot of Marsha's vision and its implementation is an award-winning organization that is recognized for establishing best practices in the industry, and serves as a model for other retirement associations. During her stewardship, the fund has quadrupled in value, and LACERA has never been late for a payroll. This impressive growth and operating efficiency is a testament

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# 2006 Legislative Updates

Although the intensity of the discussion in Sacramento surrounding retirement law has been toned down in recent months, legislation that would affect LACERA is still under consideration in the California legislature.

Significant changes have been made to bills such as AB 2366, which would allow reinstatement to active membership after mandatory retirement. Other bills, such as AB 2795, appear to have stalled. That bill would lengthen the allowed interval between service to remain eligible for reciprocity. The following represents a snapshot of legislation most likely to affect LACERA members.

## **AB 1568 - BOARD MEMBERSHIP -**

This bill would preclude a member or employee of the board from selling or providing any investment product that would be considered an asset of the fund to any of the twenty counties that operate under the County Employee's Retirement Law. It would also add provisions to require all Board of Retirement and Board of Investment members to receive at least two hours of general ethics training. The training would have to be provided every two years.

**Author:** Torrico

**Introduced:** February 22, 2006

**Last Amended:** May 2, 2006

**Sponsor:** Author

**Status:** In Committee on Public Employees and Retirement

**LACERA Position:** Support - Board of Investments  
Watch - Board of Retirement

## **AB 2240 - ADDITIONAL RETIREMENT**

**CREDIT** - Currently the County Employees Retirement Law (CERL) authorizes the Los Angeles and Santa Barbara county boards of supervisors to

adopt provisions that allow the counties' noncontributory plan members to purchase certain types of previous and other service. Under the current provision, the boards of supervisors cannot limit which types of eligible service the member may purchase. If the board wishes to adopt provisions covering one type of service, it must include all other previous service included in the governing provisions.

This bill would add a separate section to the CERL that would authorize Los Angeles and Santa Barbara county boards of supervisors to adopt provisions covering the purchase of Additional Retirement Credit (ARC) only. To receive ARC, the member must pay the full actuarial value of the additional retirement benefit received through the ARC purchase. This bill has not made any progress through the legislature.

**Author:** Committee on Public Employees, Retirement and Social Security

**Introduced:** February 22, 2006

**Sponsor:** SACRS

**Status:** Senate Committee on Public Employees and Retirement

**LACERA Position:** Support - Board of Retirement

**AB 2309 - DROP** - The County Employees Retirement Law (CERL) authorizes a county board of supervisors to adopt an ordinance or resolution implementing a Deferred Retirement Option Program (DROP) for specified safety members within the retirement system.

The specified safety classifications covered by the DROP provisions are the probation, law enforcement, and firefighting series as defined by the CERL. Previously this bill would have permitted the Los Angeles County Board of Supervisors (BOS) to authorize a DROP program for a subset

of those classifications. The bill has since been amended and now simply requests the Los Angeles County Board of Retirement to conduct a study of the potential benefits and detriments of various DROP programs. It is likely the bill will be further amended so that the Board of Supervisors will be asked to perform this study. (Note: In Los Angeles County, only law enforcement and firefighting classifications are eligible to be covered by a DROP upon authorization of the BOS.)

**Author:** Negrete-McLeod

**Introduced:** February 22, 2006

**Last Amended:** April 25, 2006

**Sponsor:** SACRS

**Status:** Senate Committee on Public Employment and Retirement

**LACERA Position:** Oppose - Board of Retirement

## **AB 2366 - REINSTATEMENT AFTER RETIREMENT**

Previously this bill sought to liberalize the limitations regarding reemployment of safety members who were subject to mandatory retirement. The bill has since been amended. The current version would permit a retired safety member in Los Angeles County who was required to retire because of age to be reemployed by the County and reinstated to active membership. Reemployment would occur upon the Board of Retirement's determination that the member is not incapacitated due to age. The member would be reinstated to active status effective the first day of the month following the date of reemployment. This bill would permit that safety member to earn an additional retirement benefit for the period of service after reinstatement pursuant to the formula applicable to that member prior to his or her reinstatement. This bill will only be operative upon a

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## About the Executive Desk

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to the astute investment strategies and business practices employed during her administration.

Marsha Richer, consummate team builder and team player, woman of vision, passion and expertise... you will be missed. You are leaving some big pumps to fill.

## Calculations

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- Your years and months of service credit at retirement
- Your final monthly compensation

This easy-to-use calculator allows you to compute a variety of estimates by entering different dates, salaries, or years of service credit.

### Transfer Calculator

The calculator will estimate the amount of your monthly Plan Contribution rate should you transfer from Plan E to Plan D using either of these transfer methods:

- Prospective Transfer
- Open Window Transfer

To use the calculator, you will need to enter the following:

- Your age at the time you apply to transfer
- Your current gross monthly salary
- Your years of Plan E service credit

### ARC Calculator

Use the ARC Calculator to estimate the cost of purchasing the equivalent of up to five years of "non-earned" Additional Retirement Credit. (This is not available to Plan E members.) ARC that you purchase adds to service credit you earn as a County employee.

**Marsha's Achievements**

- Member Home Loan Program
- Legislative Officer
- STAR Program
- Member Surveys
- Vesting of STAR COLA
- Risk Manager
- Computerized Operations
- Retiree Health Fairs
- Fund Quadrupled in Value
- www.lacera.com
- Member Newsletters
- Outreach Workshops
- Mission Statement
- Disaster Recovery
- Succession Planning
- Annual Member Benefit Statements

The Boards, Management, Staff, and Members appreciate your efforts.

**Thank you!**

To use the calculator, you will need to enter:

- Your current gross monthly salary
- Your current retirement plan

Based on the information you enter, the program will compute an estimate that includes:

- A lump-sum cost
- Monthly payments
- Payment periods
- Projected monthly retirement allowance increase

**Reminder: LACERA online calculators do not produce official LACERA estimates of costs and LACERA is not bound by the results.** In the event of a conflict between any Calculator projections and the official LACERA calculations, the official LACERA written

estimate and/or Cost Notification Letter will govern. The cost of your LACERA service credit, plan transfer, and/or ARC will be determined pursuant to the applicable provisions of the County Employees Retirement Law of 1937.

## Saturday Workshops

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**Our members wanted Saturday hours and we now offer them. The response to these workshops has been great!** Saturday Workshops at LACERA are filling up fast.

If you're within five years of retirement, now is the time to attend a Pre-Retirement Workshop! To reserve a seat, or for more information call LACERA at 1-800-786-6464.

## 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 LACERA Management, Board of Retirement, or Board of Investments. Consult with professional advisors regarding legal, tax and/or medical matters; LACERA does not offer legal, tax or medical advice.

resolution adopted by the Board of Supervisors.

**Author:** Runner  
**Introduced:** February 23, 2006  
**Sponsor:** Los Angeles County Sheriff's  
**Status:** Passed Assembly. To Senate.  
**Last Amended:** May 10, 2006  
**LACERA Position:** Oppose - Board of Retirement (This position was taken prior to the most recent amendment.)

terminates employment with a covered retirement system and within six months begins employment with a second covered retirement system.

This bill would amend the Public Employees Retirement Law (PERL) and the County Employees Retirement Law (CERL) to extend reciprocal benefits if the lapsed period between service is less than 18 months. The extended time period applies to any member of the system on and after January 1, 2007. The bill has been amended from its original version so that any potential rate reduction as a result of this law would be prospective only. Despite these changes, the bill's fate remains uncertain as it has been placed in the Assembly Appropriations Committee's suspense file.

**Author:** Negrete-McLeod  
**Introduced:** February 24, 2006  
**Last Amended:** April 24, 2006  
**Sponsor:** San Bernardino Sheriff's  
**Status:** Assembly Appropriations Committee, Suspense file  
**LACERA Position:** Oppose unless amended - Board of Retirement (This position was taken prior to the most recent amendment and therefore could change.)

**AB 2863 - RETIREMENT EFFECTIVE DATE** – Under existing law, a member of a county retirement system may retire after filing a written application with the board of retirement. Existing law requires the member to select an effective date of his or her retirement and this date may not be more than 60 days after the date the application is filed with the board. This bill would additionally provide that the effective date of a member's retirement may not be earlier than the date the application is filed with the board. This is a spot bill meaning that the bill number may ultimately be used as a vehicle for

other legislation. In this case, the subject will possibly relate to OPEB (Other Post-Employment Benefits) health care legislation.

**Author:** Karnette  
**Introduced:** February 24, 2006  
**Sponsor:** SACRS  
**Status:** Senate Committee on Public Employment and Retirement  
**LACERA Position:** Watch - Board of Retirement

**ACA 23 - REVISED BENEFIT FORMULA** – This constitutional amendment would establish the California Public Employee Retirement Plan. The plan would consist of two components, a mandatory defined benefit plan and a voluntary defined contribution plan. Any person hired by a public agency as a new employee on and after July 1, 2007 shall become a member of the new plan.

The **defined benefit plan** would set normal retirement age at 55 for safety and 65, or the social security age, for all others. An employee may retire before the normal retirement age at an actuarially reduced rate. The normal retirement formula would be limited to 1 percent of final compensation for each year of service for general members covered by Social Security, 1.75 percent for general members not covered, and 2 percent for safety members. The highest final compensation would be calculated over a consecutive three-year period and would be determined by base salary only. Death and disability benefits are included in the plan and normal contributions would be paid equally by the employer and the employee. In addition to the above defined benefit plan, the member may elect to participate in a **defined contribution plan**. The employer will match the employee's contributions up to 4 percent of the employee's salary. The distribution from the defined

**AB 2765 - SAFETY MEMBERSHIP/ PROBATION OFFICERS** - This bill would classify probation officers in Los Angeles County as safety members effective January 1, 2007. The requirement of a Board of Supervisors' resolution to classify probation officers as safety members would be deleted. This bill would require the County to include all probation officers as safety members, but would authorize those members to elect not to become safety members. This bill would provide that prior service as a probation officer shall be deemed safety service, at the employer's cost, as specified. The bill would provide that probation officers who are safety members shall be subject to retirement benefits applicable to existing safety members in Los Angeles County. This bill has not made any progress through the legislature, but if it does resurface, it is anticipated to have completely revised language.

**Author:** Negrete-McLeod  
**Introduced:** February 24, 2006  
**Status:** In Assembly Committee on Public Employees, Retirement and Social Security  
**LACERA Position:** Watch - Board of Retirement

**AB 2795 - RECIPROCITY** - Current California retirement law allows reciprocal benefits to a member who

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## 2006 LACERA Board Election Schedule

An election to fill the Third Member seat on both of LACERA's Boards — the Board of Retirement and the Board of Investments — will be held August 8, 2006. The open positions are general member seats; thus, candidates for the position are voted on by the general members of LACERA. All members of LACERA as of March 1, 2006 are eligible to vote in the upcoming election.

### Election Timeline:

July 11, 2006:

- The Registrar-Recorder/County Clerk mails the official ballot to eligible members.

July 27, 2006:

- Deadline for members to request a duplicate ballot from the Registrar-Recorder/County Clerk.

July 28, 2006:

- Deadline for Registrar-Recorder/County Clerk to mail duplicate ballots.

August 8, 2006:

- Ballots must be received by the Registrar-Recorder/County Clerk by 5:00 p.m. to be eligible for counting.

August 11, 2006:

- The Registrar-Recorder/County Clerk certifies the election results to the Board of Supervisors on or before this date.

August 29, 2006:

- At its meeting, the Board of Supervisors declares the election results official.

Both winners of the election will serve a three-year term on their respective Boards beginning January 1, 2007.

## 2006 Legislative Updates cont'd from pg. 5

contribution plan would be based upon the total amount of contributions made by the employer and the employee, plus any earnings on the investments. This bill has not made any progress through the legislature and is expected to be shelved indefinitely.

**Author:** Richman

**Introduced:** September 8, 2005

**Last Amended:** January 30, 2006

**Status:** Assembly

Committee on  
Public Employees,  
Retirement and  
Social Security

**LACERA Position:** Actively Oppose –  
Board of  
Retirement

### SB 1263 - TAX LAW/LONG-TERM CARE

– This bill would provide that in the tax year beginning January 1, 2007, taxpayers will be allowed to take a state tax deduction for long-term care insurance premiums. The allowable deduction for 2007 is 25 percent and increases 15 percent each year until the allowable deduction is 100 percent of the premium for tax year beginning 2012. This bill has not made progress through the legislature.

**Author:** Alquist

**Introduced:** February 9, 2006

**Status:** In Committee on Revenue  
and Taxation

**LACERA Position:** None taken

## Job Opportunities at LACERA Are Posted Online

Check out the Career Opportunities section at [lacera.com](http://lacera.com) to view all open positions at LACERA, along with a description of each job's duties, desired qualifications, salary range, etc. Once you fill out an online application, you can save it online for updates and future submissions. If you don't see any openings in your field, you can register to have LACERA notify you when a position becomes available.

### Career Opportunities Page

To view the current job openings at LACERA, click on the Career Opportunities icon that appears on the home page of [www.lacera.com](http://www.lacera.com). From there, a click on the bottom link under Careers will access the page listing all open positions. Click on the name of any open position to see a complete description of the job, the essential job functions it requires, and details of the qualifications associated with the position, salary range, etc.

To apply for a position, click on the Apply link located beneath Career Opportunities in the upper right hand corner of the page. You can save your fully or partially completed application in the system, and access it any time to complete and/or revise it, or to submit it for other positions in the future.

### Job Interest Card

Think you'd like to work at LACERA, but at the moment there aren't any openings in your field? No problem, complete an online Job Interest Card, and LACERA will email you when a position of interest opens.

cont'd next page

# FAQs:

## Retirement

**Q: I plan to retire at age 50. When and how should I contact LACERA to begin the process?**

**A:** If you are in Plan A, B, C, or D, you are age-eligible to retire at 50. However, if you are in Plan E, you are not eligible to retire until you reach age 55; at 50, you may choose to terminate and defer your retirement until you are 55.

We suggest you attend a Pre-Retirement Workshop at least two years in advance. (Ideally, we recommend attending the workshop five years prior to your retirement.) Six months before you plan to retire, contact LACERA for a Retirement

Estimate. This estimate will show your personal retirement options in detail. Plan to visit LACERA to discuss your retirement options with a Retirement Benefits Specialist; they are here to assist you and will be happy to help. You may elect your retirement option up to 90 days before your retirement date (no sooner).

If you choose to apply in person at LACERA's Public Counter, you will need to bring the following items: your signed Election to Retire form, original marriage or domestic partnership certificate, original birth certificates (for you and your eligible spouse or domestic partner or, if you elect Option 2, 3, or 4, for your other beneficiaries), and your checkbook (to establish Direct Deposit for your retirement allowance).

**Q: How much money do I have in my retirement account?**

**A:** Register on "My LACERA" at [www.lacera.com](http://www.lacera.com) to see an up-to-date total of your retirement contributions and interest. Your contributions are updated each month, and interest is credited at the end of June and December. A copy of your personalized Annual Benefit Statement, showing your total contributions and interest, current contracts to purchase service credit, and a retirement estimate (if you are eligible to retire), can be viewed on "My LACERA," as well.

A copy of your personalized Annual Benefit Statement will be mailed to you in the month following your birthday.

You may also call LACERA at 1-800-786-6464 to request a letter regarding your retirement contributions and interest. We cannot provide this information over the phone, but we will mail the letter to your current address on file.

### Job Opportunities cont'd from pg. 6

#### Working at LACERA

LACERA offers opportunities in a broad range of fields, from clerks and administrative assistants to attorneys and accountants, and an array of other positions.

Headquartered in a comfortable,

modern facility in Pasadena, LACERA provides a stimulating team atmosphere and a great working environment. Our "corporate culture" encourages professionalism, respect, open communications, fairness, integrity and teamwork.

If you're thinking of advancing your career within the County, visit the Career Opportunities section of [lacera.com](http://lacera.com). Mention it to any recent grads you know, too.

## DID YOU KNOW?

All LACERA retirement plans are Defined Benefit Plans.

Defined Benefit (DB) Plans	Defined Contribution (DC) Plans
LACERA provides a lifetime benefit	401(k) and 457 Plans are savings accounts
• You will receive your monthly retirement allowance for the rest of your life	• Your benefit payments (withdrawals) stop when your money runs out

### Quote:

*"I find that the harder I work, the more luck I seem to have."*

~ Thomas Jefferson

## Attention County HR Personnel: Don't Miss the 2006 LACERA Resource Conference

The Second Annual LACERA Resource Conference, a half-day conference for County Human Resources Personnel, is being offered on four different dates at LACERA headquarters in Pasadena:

- Thursday, June 22
- Tuesday, July 11
- Wednesday, August 16
- Wednesday, September 20



Topics on the conference agenda include Return to Work, Sworn Statements, Birth Date Discrepancy Report, and Disability Process, along with an Interactive Exercise, and other resources.

The theme of this year's conference is "Communication, Cooperation, Collaboration." HR personnel can obtain a registration form, or additional information by emailing Darla Fletcher, LACERA Training Coordinator: [dfletcher@lacera.com](mailto:dfletcher@lacera.com).

## ARC Can No Longer Be Purchased with Termination Pay

In an effort to protect our members from potentially adverse tax consequences, LACERA is currently not accepting termination pay for the purchase of Additional Retirement Credit (ARC). We have received informal notice from the IRS indicating that using termination pay may be considered a "prohibited transaction." For more information, call LACERA at 1-800-786-6464.

Updates on this matter will be posted on [www.lacera.com](http://www.lacera.com) as additional information becomes available.