

P.S.

POST SCRIPT

NEWS FOR ACTIVE MEMBERS

MARCH 2006 VOL. 17 NO. 1

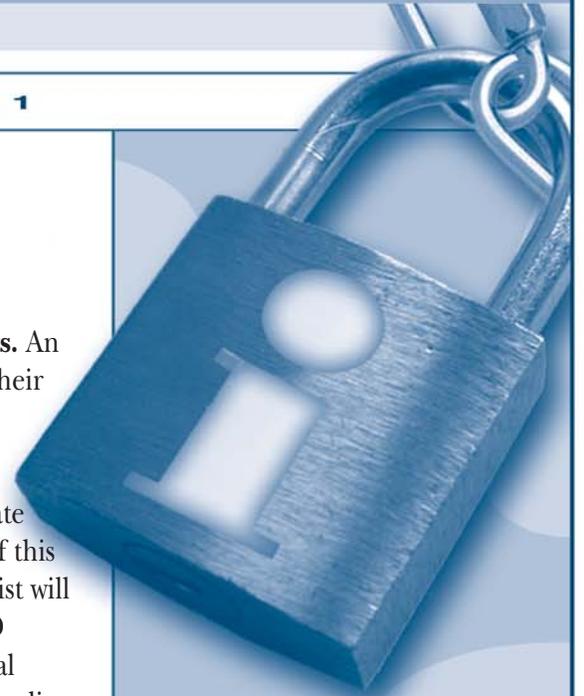
Security Is Serious Business at LACERA

LACERA's mission is to produce, PROTECT, and provide the promised benefits. An important aspect of this mission is protecting the privacy of our members and their beneficiaries, and the security of LACERA's operations.

**PRODUCE
PROTECT
AND
PROVIDE**
THE PROMISED
BENEFITS

When a caller to 1-800-786-6464 requests to access or change personal account information, the Call Center staff must validate the caller's identity before continuing the discussion. As part of this screening process, the Call Center Retirement Benefits Specialist will greet the caller by asking for the member's name, employee ID number, date of birth and last four digits of the member's social security number. This helps the staffer confirm the caller's identity before proceeding with any discussion of personal member information.

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Before You Sign Those Retirement Papers, Ask Yourself This...

"Have I done everything I can to maximize my retirement?"

If you haven't attended a LACERA Pre-Retirement Workshop, the answer is probably, "No!"

Did you know, for example, there are advantages to selecting certain retirement dates? To learn about selecting the best retirement date for you, plus an array of other issues critical to retirement planning, you must attend a LACERA **Pre-Retirement Workshop**.

Register for a Pre-Retirement Workshop at LACERA, and you'll receive a **personalized estimate of your retirement benefits**, including **customized recommendations** on selecting the retirement date that is most advantageous for you. You'll get a Pre-Retirement Workbook, too.

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Alternative formats available upon request.

Los Angeles County Employees Retirement Association

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From the EXECUTIVE DESK

Marsha D. Richter—CEO, LACERA



LACERA

I Think the R Stands For Relationship

As some of you know, I'm nearing the home stretch of my career. As the October finish line draws closer, I find myself reflecting on the enduring relationship LACERA builds with our members. The relationship begins the first day of the month after the individual's date of hire, is nurtured over the member's entire career, and extends throughout his or her retirement. Not even death ends the relationship; LACERA keeps the relationship alive through benefits paid to survivors and beneficiaries.

From the day each new member enters the LACERA family, we embrace him or her through the wealth of educational resources and service options we provide. Our series of educational Outreach Workshops educate and assist members in all stages of their career. LACERA New Member, Mid-Career, and Pre-Retirement Workshops provide valuable information to members regarding long-range retirement planning, and supply them with knowledge they can use to maximize their retirement, and position themselves to gain the greatest available advantage for themselves and their families.

We also nourish the relationship through ongoing communications, both print and electronic. In addition to mailing you this quarterly newsletter, producing annual reports, and an array of brochures and forms explaining our plans and services, we also maintain an extensive web site, www.lacera.com. Serving as a cyber-warehouse for all things LACERA, our web site provides you with secure 24-hour access to your personal membership information through "My LACERA," along with online calculators that provide instant estimates of your retirement allowance, as well as the costs of transferring plans, purchasing additional retirement credit, and monthly payments on a home loan. Our web site also serves as an online library for LACERA news, brochures, forms, and tons of other pertinent information.

Additionally, we cultivate the relationship by insuring our members receive the highest possible level of assistance and support. By applying the latest technology and innovative problem-solving strategies, we are able to continually expand and upgrade our member service options.

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2006 Legislative Updates

This year is a far cry from 2005 which was characterized by much more aggressive pension reform. Many of last year's bills sought to reduce benefits, stabilize employer contributions, or address other perceived issues of accountability. Most of those measures never gained momentum and have either failed completely or have been shelved for this two-year session.

An echo of last year's regulatory tone persists in 2006. One such measure (AB 1961) would require extensive auditing of CalPERS, but would not affect LACERA in its current language and thus is not detailed here. However, another proposal (ACA 23) would directly reduce benefits in the '37 Act systems. This bill is unlikely to gain traction although the author, Assemblyman Richman, currently plans to pursue it in the legislature. If ACA 23 fails in the legislature, Richman hopes to qualify a similar constitutional amendment as an initiative in 2008.

All of the other bills shown below would extend benefits in specified areas. The following is only a sample of the bills LACERA is currently tracking. These bills represent the California legislation most likely to affect the benefits of our plan members.

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.

Author: Committee on Public Employees, Retirement and Social Security
Introduced: February 22, 2006
Sponsor: SACRS
Status: In Committee on Public Employees and Retirement
LACERA Position: Support (Insurance, Benefits, and Legislative Committee)

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 fire fighting series as defined by the CERL. This bill would authorize the Los Angeles County Board of Supervisors to limit a DROP program to a subset of those classifications. (Note: In Los Angeles County, only law enforcement and firefighting classifications are covered by DROP.)

Author: Negrete-McLeod
Introduced: February 22, 2006
Sponsor: SACRS
Status: In Committee on Public Employees and Retirement
LACERA Position: Oppose (Insurance, Benefits, and Legislative Committee)

AB 2366 - LIMITED EMPLOYMENT OF RETIREES - Under existing law, a retired member may not work more than 90 working days or 720 hours in a fiscal year or any other designated 12-month period. Existing law authorizes a board of supervisors to extend that reemployment period to permit a retired member to work up to 120 working days or 960 hours, whichever is greater, in a fiscal year or any other designated 12-month period. (Los Angeles County has adopted the extension to 120 days.)

This bill would authorize a retired member to work up to 12 months or 2,080 hours, whichever is greater, in a fiscal year or other designated 12-month period. This bill would additionally authorize a board of supervisors to extend by resolution that reemployment period for consecutive 12-month periods. As in current law, the member would continue to receive his or her full retirement allowance while employed.

Author: Runner
Introduced: February 23, 2006
Sponsor: Los Angeles County Sheriff's
Status: In Assembly
LACERA Position: Oppose (Insurance, Benefits, and Legislative Committee)

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 supervisor's 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

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Ventura Is Finally Settled,

But What Pay Items Are Pensionable?

In addition to base salary (“Regular Earnings” on your pay stub) and the pensionable portion of cafeteria plan contributions, if any, certain additional items now qualify as compensation earnable as a result of the 1997 Ventura Decision. These pay items may be included in your final compensation to determine your retirement allowance. A list of the Ventura Decision pensionable pay items is posted in the News & Articles section at www.lacera.com.

The R Stands For Relationship

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Regardless of technology, though, the relationship LACERA builds with you is personal. That's why our Retirement Benefits Specialists continue to provide members with personalized one-on-one service both by phone in the Call Center, and in person at the Public Counter. Members can always call or come in and speak with a helpful, patient and well-trained LACERA specialist. The personal connection remains alive and well at LACERA.

So, as I reflect upon what we do here, and why we do it... I really think the R in LACERA stands for relationships.

Security Is Serious Business at LACERA

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If the caller is requesting a change, the Retirement Benefits Specialist will ask additional security questions as an extra precaution before changing any vital member information.

To protect our members' security, the Call Center will only provide member account information to the member or the survivor of the member, or to a representative of the member, provided the member is present and able to complete the identification process. Information cannot be provided to a member's spouse, relative, personnel representative, or other individual (with the exception of survivors) without the member's permission.

So, the next time you call the Call Center and a LACERA Retirement Benefits Specialist asks you several questions before assisting you... remember it's for your own protection.

Before You Sign

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At Pre-Retirement Workshops, LACERA Retirement Benefits Specialists explore a wealth of crucial topics including:

- Selecting the best retirement date for you!
- When can I afford to retire?
- How can I maximize my retirement benefits?
- Beneficiary designations
- Health insurance after retirement
- Purchasing service credit

- Adding pensionable earnings to final compensation

In addition, the workshops include a presentation by representatives from Great-West for employees currently enrolled in Los Angeles Deferred Compensation Plans. The Great-West personnel review the Benefit Distribution Options available at the time of retirement.

Pre-Retirement Workshops are held every Tuesday, from 8:30 a.m. to

12:30 p.m. at LACERA's Pasadena office at 300 North Lake Avenue, on the first floor. Seating is limited and reservations are required.

If you're within five years of retirement, now is the time to attend a Pre-Retirement Workshop! Take the first step toward maximizing your retirement, call **1-800-786-6464** today to make your reservation for a Pre-Retirement Workshop! The Workshop Schedule is posted online at www.lacera.com.

Spotlight on Retirement 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.

2006 Legislative Updates

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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.

Author: Negrete-McLeod
Introduced: February 24, 2006
Status: In Assembly. Read first time.
LACERA Position: Watch (Insurance, Benefits, and Legislative Committee)

AB 2795 - RECIPROCITY - Current California retirement law extends reciprocal benefits to a member who 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 regardless of the length of time between employment with covered systems.

This bill is identical to AB 285 introduced in the 2003/2004 legislative session. AB 285 was also authored by Assembly Member Negrete-McLeod and sponsored by SEIU. It was held in the Appropriations Committee and did not pass the house.

Author: Negrete-McLeod
Introduced: February 24, 2006
Sponsor: San Bernardino Sheriff's
Status: In Assembly. Read first time.
LACERA Position: Oppose (Insurance, Benefits, and Legislative Committee)

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.

Author: Karnette
Introduced: February 24, 2006
Sponsor: SACRS
Status: In Assembly. Read first time.
LACERA Position: Watch (Insurance, Benefits, and Legislative Committee)

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 contribution plan would be based upon the total amount of contributions made by the employer and the employee, plus any earnings on the investments.

Author: Richman
Introduced: September 8, 2005
Last Amended: January 30, 2006
Status: In Committee on Public Employees and Retirement
LACERA Position: Actively Oppose

SB 1263 - TAX LAW/LONG TERM-CARE -

This bill would provide that in the tax year beginning on 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.

Author: Alquist
Introduced: February 9, 2006
Status: In Committee on Revenue and Taxation

LACERA Board Members and Management

Acclimated, Educated, and Stimulated at the Annual Offsite Meeting

Continuously educating our Board members and management remains a priority at LACERA. Having knowledgeable, judicious personnel at our helm promotes the long-term integrity of our fund, and insures we remain strategically positioned to produce, protect, and provide the promised benefits to our members now, and in the years ahead. The better informed our Boards and management, the better our members are served. In keeping with this corporate philosophy, in late January, 2006 LACERA Board members and management attended a three-day offsite conference.

The annual event included presentations by prominent experts on California legislation, medicine, investments, ethics, market trends in real estate investment trusts, and the global economy. Highlights of the program included:

Global Economic and Geopolitical Discussion by Dr. Woody Brock:

The holder of a Harvard MBA, and a Ph.D. in mathematical economics and political philosophy from Princeton University, along with three other academic degrees, Dr. Brock is internationally recognized as an expert in interpreting economic and financial information.

Economic Review by Dr. James W. Paulsen, Ph.D.:

Dr. Paulsen, the chief investment strategist at Wells Capital Management, is noted for his development of investment strategies. Nationally recognized for his views on the economy, he is often quoted in *The Wall Street Journal*, *Barron's*, and *The New York Times*.

In addition, several members of LACERA management enlightened the Board members, as well as their fellow managers, with talks on focal LACERA issues:

LACERA Objectives and Goals:

Gregg Rademacher, Rob Hill

Our Assistant CEOs outlined key elements of the association's direction, which include fiduciary responsibility, growth, responsive and consistent quality service, the development and promotion of qualified staff, and the promotion and enhancement of LACERA benefits.

Member Outreach Services:

Janice Golden, Carlos Barrios

Each year, our Member Outreach Services team delivers benefit education seminars to thousands of members at LACERA headquarters, and numerous County facilities. Janice and Carlos illuminated the Board on the achievements, challenges, and future plans of Outreach.

Disability Determination:

James Castranova, Sylvia Miller

The issues of job accommodation, evidence, and permanent capacity in the evaluation of disability benefit applications were reviewed. The

presentation explored applicable court rulings, and the responsibilities of the Board of Retirement in adjudicating these matters.

Doomsday Scenario: Mike Tenney

The "What if?" question was asked and answered, as Mike reviewed procedures from the Board Doomsday Manual. His presentation included contact information for the people who will get LACERA up and running in the event a disaster wipes out LACERA staff.

Investment Goals: Lisa Mazzocco

Our CIO reviewed staff goals for fiscal year 2006-2007, and updated the Boards and management on current progress. Investment staff responsibilities and objectives were outlined, and major investment accomplishments of the prior fiscal year were noted. The discussion also included a key policy review for all asset classes.

(For photos and bios of the members of the Board of Retirement, and Board of Investments, and photos of the LACERA management who participated in this conference, visit www.lacera.com.)



Did You Know?

Defined Benefit (DB) Plans:

LACERA's COLA (cost-of-living) programs provide inflation protection.

- Whenever the increase in the Consumer Price Index for the prior year exceeds the maximum level allowable by their LACERA retirement plan, retirees and survivors receive an annual COLA benefit.

Defined Contribution (DC) Plans:

No cost-of-living program included.

- No protection against inflation.

Save Time When Applying For Retirement

March is the most popular month to retire, so as we enter "Retirement Season," we offer this advice, and hope you'll remember it when it's your time to retire.

If you're ready to retire, please take note of this time-saving tip from our Retirement Benefits Specialists:

Six months before your retirement date, call LACERA at 1-800-786-6464 to request an Election to Retire form.

If you apply in person, bring your completed Election to Retire form and the following with you to the Public Counter:

- ✓ **Your original certified marriage license or Certificate of Registered Domestic Partnership**
- ✓ **Your beneficiary's original certified birth certificate**
- ✓ **A voided check from your checking account (for Direct Deposit)**

Completing your Election to Retire form ahead of time, and submitting it with all the other required documents will save you valuable time, and keep your retirement plans on track!

FAQs: Final Compensation

Q: When I apply for retirement, will my final compensation be based on one year or three years?

A: Generally, if you are a member of Plan A, B, C, or D, your final compensation will be based on one year (12 consecutive months). However, if you are a member of Plan B, C, or D and were not working on or after October 1, 2000 (for example, you terminated and deferred your retirement), your final compensation will be based on three years (36 consecutive months).

If you are a Plan E member, your final compensation will be based on three years (either 36 consecutive months or three separate 12-consecutive-month periods).

Q: Will overtime pay and excess vacation pay be included in the final compensation used to calculate my monthly retirement allowance?

A: No, overtime is not considered "pensionable earnings" and will not be included in your final average compensation. Also, the amount you receive upon termination for unused vacation and sick leave, also called "termination pay," is not pensionable

earnings. However, while you are an active employee, you may be eligible to receive compensation for excess vacation, holiday, or sick leave (also called "buy-back"); up to certain maximums, this compensation is included in your final compensation. If you have questions about buy-back eligibility, contact your personnel/human resources department. You can learn more about how to maximize your final compensation by attending LACERA's Pre-Retirement Workshop.

Outreach Is Reaching Out to Serve You on Saturdays

New Saturday Hours for Public Counter Appointments and Pre-Retirement Workshops.

LACERA's Outreach Specialists are reaching out to serve you better with new Saturday hours for Public Counter appointments and Pre-Retirement Workshops.

Beginning April 1, 2006, our **Public Counter** will be open on select Saturdays from 9:00 a.m. to 2:00 p.m. to serve members by **appointment only**:

Pre-Retirement Workshops will also be held on those same Saturdays at 9:30 a.m.

Saturday service, LACERA's latest member service enhancement, is offered for our members' added convenience.

To schedule a Public Counter appointment or to reserve a spot for you and your spouse (or domestic partner) in a Pre-Retirement Workshop, call 1-800-786-6464.



- Saturday, April 1, 2006
- Saturday, May 6, 2006
- Saturday, June 3, 2006
- Saturday, August 5, 2006
- Saturday, November 4, 2006
- Saturday, December 2, 2006
- Saturday, January 6, 2007
- Saturday, February 3, 2007
- Saturday, March 3, 2007