

P.S.

POST SCRIPT

NEWS FOR ACTIVE MEMBERS

DECEMBER 2009 • VOL. 20, NO. 4

Thinking of Retiring?



Here are some practical tips to help you retire.

Traditionally, many members choose to retire in March. If you're one of them, by now you should have attended a Pre-Retirement Workshop to learn tips and strategies to maximize your retirement. If you haven't attended a workshop, call 1-800-786-6464 as soon as possible to register for one.

Retirement Checklist

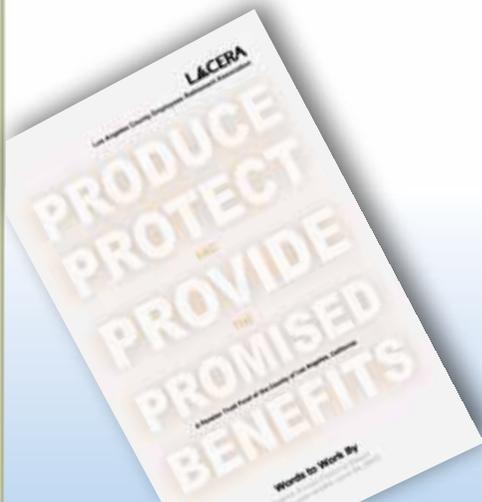
Three to Five Years Prior to Retirement:

- Attend a LACERA Pre-Retirement Workshop.
- Review retirement calculators on My LACERA and lacera.com.
- Maximize contributions to your deferred compensation and/or savings plans.
- Maximize your pensionable earnings; purchase service credit.
- Request a Personalized Retirement Benefit Estimate from LACERA or create your own online on My LACERA.

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Interested in LACERA's Finances and Fiscal Year Accomplishments? Read the 2009 PAFR

During our recent newsletter survey you asked for financial information. Here's your chance to learn more about LACERA's finances over the past fiscal year and read about our service accomplishments. **Take a look at the enclosed 2009 Popular Annual Financial Report (PAFR).** Want more information? Our full Comprehensive Annual Financial Report will be available on lacera.com in January.



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Los Angeles County Employees Retirement Association

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Assistant Executive Officer
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From the **EXECUTIVE DESK**

Gregg Rademacher—CEO, LACERA

The Year In REVIEW



It's hard to believe it's that time again — time to say goodbye to the old year and welcome the new. As the end of the year rolls around, I'd like to recap the accomplishments LACERA made during 2009.

Provided the Promised Benefits

First and most importantly, **we continued to pay the promised benefits to our members and their survivors.** Our members, regardless of market fluctuations, continue to enjoy the peace of the mind that comes with knowing they will receive the benefits provided under their LACERA defined benefit plans. As you know, LACERA retiree and survivor allowances are lifetime benefits; they will never run out.

Upheld Our Fiduciary Responsibilities

I can also report that through prudent investments structured in compliance with the Investment Policy adopted by our Board of Investments, **the value of the fund has increased by approximately \$3.5 billion since our June 30, 2009 fiscal year-end.**

In response to economic conditions, LACERA trimmed expenditures on our operating budget, over the previous fiscal year. This "belt-tightening" only affects our internal operations; it does not affect the quality and quantity of the services we provide our members.

To see a financial summary of LACERA's 2008-2009 fiscal year, along with a report on our service achievements, I encourage you to look over our Popular Annual Financial Report (PAFR), enclosed with this newsletter.

"LACERA continues to uphold our fiduciary responsibilities and be responsive to our members' needs."

Expanded Service Options

We added a number of online service options over the past year: our expansion of the My LACERA section of lacera.com permits access to survivors, beneficiaries, and ex-spouses, as well as deferred members.

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2009 Legislative Updates



This year Governor Schwarzenegger signed three bills which are particularly relevant to LACERA and its members. We have summarized them in this article.

AB 1584 – Conflicts of Interest

Note: LACERA has been proactive in setting high ethical standards and best practices; we already require much of the reporting contained in this recently enacted legislation.

This urgency legislation is intended to strengthen and add conflict of interest laws applicable to all of California's public pension systems. The bill sets forth various requirements and disclosures pertaining to public pension board members, specified staff, and private placement agents.

AB 1584 prohibits former public pension board members and specified staff from acting as paid representatives in matters pending before the respective board for a period of two years after their departure. The statute also prohibits public pension board members and specified staff from selling or providing investment products considered an asset of the fund to any public pension system in the state.

In addition, this statute calls for California public pension systems to disclose payments made to "placement agents" in connection with the system's investments, in or through external

managers. Placement agents are persons or entities hired by an external manager to obtain access to a public pension system, generally to solicit the system to make an investment in or with the external manager. AB 1584 sets forth a deadline of June 30, 2010 by which each public pension system must develop and implement a policy that discloses payments to placement agents.

Under this legislation, placement agents and external investment managers that violate the policy are prohibited from soliciting new investments from the pension system for five years. The system's board may reduce the penalty, if approved by a majority vote in open session, and upon showing of good cause. AB 1584 also requires a placement agent to disclose all gifts made to board members and all campaign contributions made to elected board members as specified.

AB 1584 is a response to recent alleged "pay-to-play" activities at other pension funds. Although isolated, these occurrences have drawn greater scrutiny to the role of placement agents in public pension investment transactions.

SB 538 – Mandatory Retirement

Safety members hired before April 1, 1997 are subject to mandatory retirement. However, legislation passed in 2007 allows these members to work beyond age 60 if certified by a County-employed or County-approved physician as capable of performing their assigned duties pursuant to standards set forth by the employer. However, the exemption from mandatory retirement presented a technical issue for members on a disability leave of absence. Safety members on disability the first day of the first month following their 60th birthday were subject to mandatory retirement, and left without the opportunity to receive the physical certification otherwise available. As a result, some safety members were unable to return to work even if they became physically able at a later time.

SB 538 allows a safety member who is on a disability leave of absence the opportunity to receive the physician certification upon return from his/her leave, thereby allowing the member the opportunity to be exempt from mandatory retirement and eligible to return to work.

cont'd on pg. 4

(AB = Assembly Bill and SB = Senate Bill)

Inside My LACERA



**Sign in to
My LACERA
to review
your
membership information
and take advantage of new
features and services as
they are added.**

LACERA INTERACTIONS

Track your LACERA interactions from your My LACERA account.

Example: Purchasing Service Credit? See:

- When your application and any related paperwork is received
- When your payments are received
- When your contract is completed
- The dates and subjects of your phone requests to LACERA's Call Center

BENEFICIARY INFO

Review Your Beneficiary Information:

- Check the name of your beneficiary(ies)
- Check your beneficiary's address

Want to Update Your Beneficiary Information?

Print a Beneficiary Designation Form from the Brochures & Forms page of lacera.com:

- Mail the completed form to LACERA, P.O. Box 7060, Pasadena, CA 91109-7060
- Or fax the completed form to 626-564-6155

Or call **1-800-786-6464** to update your beneficiary information over the phone or have a Beneficiary Designation Form mailed to you

Legislative Updates

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SB 54 – Out-of-State Same-Sex Marriages

SB 54 addresses legal recognition of out-of-state same-sex marriages following the passage of Proposition 8 (the voter-approved same-sex marriage ban), and the subsequent California Supreme Court decision which upheld it.

On May 26, 2009 the California Supreme Court upheld the passage of Proposition 8. The Court also declared that the estimated 18,000 same-sex marriages that took place last summer, prior to the passage of the proposition, would remain legal and recognized because Proposition 8 did not include language specifically making it retroactive. The validity of marriages entered into outside California before passage of

Proposition 8 was not addressed by the Court.

This statute provides State recognition of same-sex couples who validly married outside of California prior to November 5, 2008. Couples in all such marriages entered into after passage of Proposition 8 are granted all of the same rights, responsibilities, and obligations as married couples, with the sole exception of using the legal designation of "marriage." LACERA members that fall into the out-of-state same-sex marriage category will be recognized accordingly.

For more information about the California State Legislature, existing California law, and a searchable database of California legislation, visit www.leginfo.ca.gov.

What do you want to know?

ASK LACERA
WE'VE GOT ANSWERS!

Go to lacera.com for
instant answers to general questions.
Easy-Register to submit your questions.

Did You Know?

Defined Benefit (DB) Plans

Offer selection of retirement benefit options

Defined Contribution (DC) Plans

Not applicable

Executive Desk cont'd from pg. 2

Previously, My LACERA was only available to retirees and active members. Other recent additions to My LACERA include:

- Expansion of member data content from one page to 20+ secure pages
- Online submission of retiree tax elections

My LACERA is an important tool for both active and retired members and is sure to become even more important as we move forward. **We have other exciting new My LACERA features in the works.** I encourage you to visit this special online section often to take advantage of new elements as they are added.

Speaking of service, **we added additional Retirement Benefits Specialists to our Call Center staff this year to answer your calls.** During the year, these extensively trained specialists answered more than 124,500 of your phone requests. They will continue to efficiently answer your questions and otherwise assist you in the years ahead, as will our Claims Processing Division. Our Claims specialists demonstrated their dedication to service this year by turning in a 97.7 percent accuracy level on overall benefit processing and by processing 90 percent of member requests within 21 days.

Introduced New Plan Books

During the year, **we introduced a new generation of Summary Plan Descriptions for all LACERA retirement plans.** We announced the new Plan Books with a postcard mailed to all active and deferred members. The postcard offered a choice – order a Plan Book to be mailed, download a PDF, or to view the information online.

We launched a new Plan Book Section on lacera.com. The section contains complete and fully searchable web pages of each Plan Book. This web feature also provides a quick and easy way for our members to keep up with Plan changes as they occur. We will continually update this section in response to any legislative and/or procedural changes that may take place.

We Asked; You Answered; We Listened

In March, we asked you to share your thoughts on our newsletter by completing a short survey. My thanks to everyone who responded; your responses were meaningful to us. Based on your recommendations, we added FAQs and lowered our printing costs by changing the type of paper used to print our newsletters. It pleased me to learn the survey results indicated the majority of the respondents find this newsletter informative, clearly written, and easy to understand.

Some of you also asked us to provide financial information regarding LACERA, including updates on the status of the fund. The enclosed PAFR presents that information in both graphic and text formats.

As our 2009 accomplishments indicate, LACERA continues to uphold our fiduciary responsibilities and be responsive to our members' needs. We are committed to serving you with the same vigor and dedication in 2010 and in the years to come.

On behalf of everyone at LACERA, I wish you all a happy and healthy holiday season.

IRS Prohibits Loans and Withdrawals on LACERA Plan Contributions

From time to time, members inquire about getting a loan or withdrawing funds from their retirement plan contributions on deposit with LACERA. In light of those questions, we're taking this opportunity to explain **why active members are not permitted to withdraw or borrow any contributions from the fund under any circumstances.**

IRS regulations prohibit LACERA from making loans to members against their Plan contributions. Under the Internal Revenue Code governing tax-qualified defined benefit pension plans, an employee may not have any control over pre-tax plan funds. This includes borrowing against those funds.

In addition, **IRS regulations prohibit in-service distribution of funds** from tax-qualified defined benefit pension plans. In other words, the IRS does not permit members to access the funds while they are in active service.

We cannot grant loan or withdrawal requests because it would jeopardize LACERA's tax-qualified status.

Check with Great-West Regarding County 457 and 401(k) Plans

Different rules apply to defined contribution plans, such as 457 and 401(k) plans. Those types of plans are permitted to (but not required to) offer loans to participants. For information on the rules that apply to your County 457 or 401(k) plan, call Great-West at 1-800-947-0845.

Keep in Mind

It's important to think about the big picture when considering borrowing against your County Great-West Savings Plan. You run the risk you won't pay it back and therefore will lose the retirement benefit 457 and 401(k) plans are designed to provide.

FAQs on RETIREMENT

1. Q: How much money will I receive when I retire?

A: You can find out how much money you will receive by creating your own preliminary Retirement Benefit Estimate online at My LACERA. Look for the My LACERA icon on lacera.com. You may also request an official Retirement Benefit Estimate by calling us at 1-800-786-6464.

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

A: Visit My LACERA to see an up-to-date total of your retirement contributions and interest. Your contributions are updated each month and interest (when applicable) is accrued at the end of June and December. Watch the mail in the month following your birthday for your personalized Annual Benefit Statement. This statement shows your status (active, deferred), total contributions and interest, current contracts to purchase service credit, and a retirement estimate (if you are eligible to retire).

You may also call LACERA 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.

3. Q: How can I determine my most advantageous date to retire?

A: If you are within five years of retirement, register for a free LACERA Pre-Retirement Workshop. You'll receive a personalized estimate of your retirement benefits, including customized recommendations on selecting the retirement date that is most advantageous for you. At the workshop, you'll be able to review your estimate, one-on-one, with a LACERA Retirement Benefits Specialist, who can offer recommendations on how to maximize your personal retirement situation. Call 1-800-786-6464 to register.

You can also speak with one of our Retirement Benefit Specialists at 1-800-786-6464 or visit us in Pasadena.

4. Q: Do I have to come to work on my retirement date?

A: No. Your retirement begins on the date you select; your last day of work is the work day preceding your retirement date.

New Member & Pre-Retirement Workshops

DECEMBER 2009

S	M	T	W	T	F	S
		S	N	3	4	G*
6	7	G	N	10	11	12
13	14	G	N	MS	18	19
20	21	G	N	24	H	26
27	28	G	N	31		

JANUARY 2010

S	M	T	W	T	F	S
					H	2
3	4	S	N	7	8	G*
10	11	G	N	14	15	16
17	H	G	N	21	22	23
24	25	G	N	28	29	30
31						

FEBRUARY 2010

S	M	T	W	T	F	S
	1	S	N	4	5	6
7	8	G	N	11	12	13
14	H	G	N	MS	19	20
21	22	G	N	25	26	27
28						

G = General Members Pre-Retirement
 S = Safety Members Pre-Retirement
 MS = Presentation by Medicare and Social Security Representatives (10:00 a.m. - noon)
 N = New General Member H = Holiday

*9:00 - 11:30 a.m. at Palos Verdes Peninsula

Call 1-800-786-6464 to RSVP

Unless otherwise indicated, workshops are held at LACERA from 8:30 - 11:30 a.m. Most include presentations by Great West and long-term care providers. New Member workshops run from 3:00 - 4:00 p.m.

Quote:

"Cheers to a new year and another chance for us to get it right."

— Oprah Winfrey



- Speak with a LACERA Retirement Benefits Specialist at our public counter; get details on selecting the most advantageous retirement date, purchasing service credit, and other strategies for enhancing your retirement benefits.
- Target a possible retirement date.

Six Months Prior to Your Retirement Date:

- Call LACERA at 1-800-786-6464 to request an official Election to Retire form.
- Update your beneficiary record.

Two Months Prior to Your Retirement Date:

Meet with a LACERA Retirement Benefits Specialist at LACERA's Public Counter in Pasadena to assist you in preparing your retirement paperwork. The Specialist will provide you with enrollment forms for LACERA-administered retiree medical and dental insurance. **Bring the following documents with you:**

- Your completed **Retirement Benefit Estimate and Election form**.
- Your original certified **marriage certificate** or Certificate of Registered Domestic Partnership.*
- LACERA **Beneficiary Designation form** and your **beneficiary's original certified birth certificate** (for Unmodified+Plus or Retirement Options 2, 3, or 4).

- Direct Deposit** application with a voided check from your checking account.
- Tax Form **W-4P/DE-4P****
- Notify your Department of your retirement date.
- Prepare finances to complete any outstanding service credit contracts (contracts must be paid within 120 days following retirement).

If You Submit Your Retirement Documents by Mail:

Be sure to sign your forms and **mail them to LACERA two months prior to your retirement date**. Enrollment forms for LACERA-administered **health and dental insurance will be mailed to you after your retirement** has been formally granted by the Board of Retirement.

Related Documents You May Need to Submit:

- If you were divorced during your County employment**, you must provide LACERA with a conformed copy (with the court clerk's filing date stamp and the judge's signature) of **all** the pages of your Judgment of Dissolution and any other orders directing division of benefits. If your dissolution occurred after 1984, you must also submit a copy of your **Notice of Entry of Final Judgment**.

- If you are in the process of a divorce at the time of retirement**, LACERA cannot pay your retirement allowance until the Judgment of Dissolution of Marriage is final. **If the judgment states a further order is required**, provide LACERA copies of a Domestic Relations Order (**DRO**) or a Qualified Domestic Relations Order (**QDRO**).

- If you are a Plan E Member with service prior to 1983**, we recommend you submit your Social Security Statement.

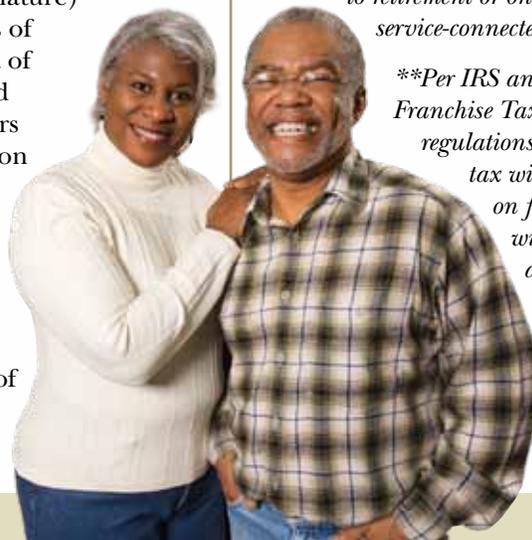
- LACERA-administered **medical and/or dental insurance** enrollment forms.

- Original certified birth certificate for any dependents that will be covered under LACERA-administered health and/or dental insurance. (They will be returned to you after verification.)

You may need other documents, depending on your personal situation. **To confirm the documents you need, call 1-800-786-6464** to make an appointment at our public counter.

**If you were married or in a domestic partnership at least one year prior to retirement or one day prior to a service-connected disability.*

***Per IRS and California Franchise Tax Board regulations, without a tax withholding form on file, LACERA will withhold tax as if you were married and claiming three withholding allowances.*



We Send You Holiday Cheer!

The boards, management, and staff of LACERA wish you and your family a joyous holiday season. May the coming year bring you

love, laughter, and good health.



Upcoming Holidays

LACERA will be closed in observance of the following holidays:
Friday, December 25: Christmas Day
Friday, January 1: New Year's Day

Monday, January 18: Martin Luther King Day
Monday, February 15: Presidents' Day

See your personal retirement information online.
Register on MY LACERA.



NEWSLETTER HIGHLIGHTS



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IRS Prohibits Loans on LACERA Plan Contributions



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Thinking of Retiring?

More Inside!
DECEMBER 2009

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.

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