

P.S.

POST SCRIPT

NEWS FOR ACTIVE MEMBERS

JUNE 2009 • VOL. 20, NO. 2

Purchasing ARC to Accrue Extra Service Credit

Additional Retirement Credit, known as ARC for short, is "extra" service credit that may be purchased to increase the amount of service credit you have already accrued. It is not based on actual employment.

More Service Credit Equals Higher Retirement Allowance*

Since years of service credit is one of the factors that will be used to compute your retirement allowance, adding to the amount of service credit you already have will increase the amount of the monthly allowance you will be entitled to receive when you retire. Also, any ARC you purchase is eligible for retiree cost-of-living (COLA) adjustments.

Limitations of ARC

ARC is added to your total service credit solely for the purpose of calculating your retirement allowance. It does not count toward:

- Meeting minimum eligibility requirements for a service or disability retirement, vesting, or

retiree health care subsidy

- Cancellation of contributions for members who attain 30 years of service credit
- Calculating additional LACERA-administered retiree health care benefits, or other benefits based on total years of service credit

ARC does not affect the maximum percentage of final compensation a member can receive at retirement in accordance with the provisions of his or her LACERA plan. Contributory members (Plan A, B, C, or D) can receive up to 100 percent of final compensation at retirement; Plan E members can receive up to 80 percent.**

Eligibility to Purchase ARC

If you are an active County employee in any LACERA retirement plan and

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*Under some circumstances, ARC may not affect the amount of a service-connected disability retirement allowance. COLA adjustments are subject to annual approval by the Board of Retirement.

**Subject to employee benefit limits set forth in Internal Revenue Code Section 415(b).

Los Angeles County Employees Retirement Association

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WILLIAM DE LA GARZA

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Elected by Retired Members

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Vice Chair
Elected by General Members

YVES CHERY

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Assistant Executive Officer

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From the **EXECUTIVE DESK**

Gregg Rademacher—CEO, LACERA



Setting Goals and Creating Paths to Continued Success

Goal-setting is a tradition at LACERA and an integral part of our culture. By setting goals each year, we create paths that lead to improvements in all facets of our operations. It was through goal-setting over the years that we developed many of the enhanced service options that we all take for granted today. Our goals embody our vision, as we continue to find new and better ways to serve our members.

Goals play an important role in our success. Here's how our goal-setting process works. The first step of the process takes place each October when our executive and management staffs gather at an offsite meeting and engage in brainstorming sessions. During these sessions, managers of each LACERA division propose division-specific goals designed to implement our LACERA Objectives.

“Our budget for the upcoming fiscal year is leaner than in past years.”

LACERA Objectives

- To act at all times as prudent fiduciaries, executing our responsibilities exclusively on behalf of our members, beneficiaries, and participating employers.
- To manage growth and change through planning, innovation, and the maximum use of available technology.
- To provide responsive and consistent quality service using integrated, cost-effective procedures and practices.
- To develop a human resources program to recruit, train, develop, and promote qualified staff; to provide a quality work environment and enhance the quality of life for our employees.
- To maximize investment returns and minimize long-term costs by employing prudent investment and actuarial policies and practices.
- To promote and enhance the understanding of LACERA benefits among members, employers, County officials, and the public.

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2009 Legislative Updates



Board Supports Social Security Fairness Act of 2009 and Bill to Expand Retiree Health Care Tax Deduction

In its May 7, 2009 meeting, LACERA's Board of Retirement (BOR) voted to support two federal bills that may impact LACERA retirees. To keep you in the know, a summary of both BOR-supported bills appears below:

U.S. Senate Bill 484, also known as the Social Security Fairness Act of 2009

The bill, which was authored by Senator Diane Feinstein and introduced in the Senate in February, calls for the repeal of the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) laws. (An identical bill, HR 235, was introduced in the House of Representatives in January.)

The WEP and GPO reduce the amount of Social Security benefits payable to some individuals who also receive LACERA allowances. Under the WEP, Social Security benefits are reduced for retired and disabled workers who receive LACERA (or other government) pensions from employment not covered by Social Security, but who are entitled to Social Security benefits from other employment that is covered by Social Security.

The GPO affects benefits for individuals receiving spouse's or surviving spouse's Social Security benefits. Under the GPO, spouses', widows', or widowers' Social Security benefits are reduced for individuals who also receive a LACERA (or other government) pension from work not covered by Social Security.

Should the Social Security Fairness Act of 2009 become law, Social Security

reductions set forth in the WEP and GPO would be overturned. If that occurs, recipients of government pensions who are also eligible for Social Security benefits will receive the full amount of the Social Security benefit to which they would otherwise be entitled.

Note: California Assembly Joint Resolution 10, introduced on March 9, 2009 also requests the U.S. Congress to enact the Social Security Fairness Act of 2009 and eliminate the WEP and GPO. Joint Resolution 10 further requests President Obama to support and sign the Social Security Fairness Act of 2009.

HR 1413: Healthcare Enhancement for Local Public Servants Act of 2009

Currently, under the Pension Protection Act of 2006 (PPA), eligible retired Public Safety Officers (PSO) are permitted to exclude up to \$3,000 of distributions each year from their LACERA retirement plans for direct payment of health and/or long-term care plan insurance premiums. The tax benefit allows exclusion of the amount of premiums (up to \$3,000 annually) paid directly on the PSO's behalf from the taxable distribution of his or her retirement plan.

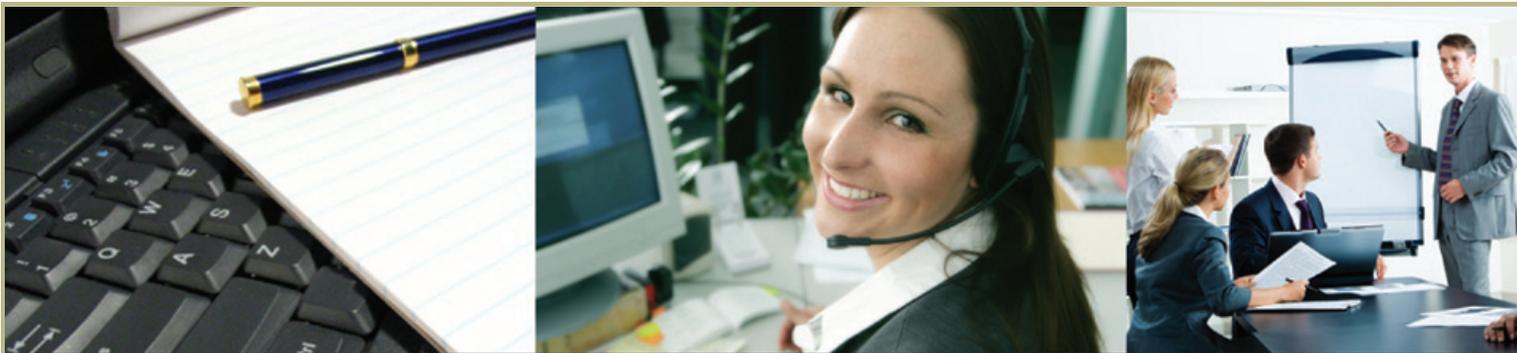
HR 1413 (also referred to as "HELPS II") would amend the Internal Revenue Code to:

- Extend this tax benefit to any eligible retired state or local public employee.
- Extend the benefit to surviving spouses of eligible retired state or local public employees. There is no spousal provision under current law.
- Permit an annual cost-of-living adjustment to the \$3,000 cap on distributions.
- Change the benefit from a tax exclusion to a tax deduction. This bill would relieve LACERA (or other public retirement systems) from the responsibility of paying the health care premiums on the retiree's behalf. Instead, the retiree would pay his or her own health care premiums and *deduct* that amount on his or her annual tax return.

For additional information on U.S. Senate Bill 484, contact your senator; for more about HR 1413, contact your congressperson.



SOCIAL SECURITY & WEP INFO
Visit lacera.com, BENEFITS — ACTIVE MEMBER



Service Options

It's Your Choice...

LACERA is dedicated to delivering excellent service and offering our members a selection of ways to interact with us - online, in person, or by phone.

LACERA Service Options:

- **1-800-786-6464** - Give us a call, M-F, 7:00 a.m. - 5:30 p.m.
 - **One-on-one Public Counter** - Visit us in Pasadena, M-F, 7:00 a.m. - 5:00 p.m. or call 1-800-786-6464 for an appointment
 - **In-Person Workshops** - Workshop schedule on lacera.com, Active Member section
 - **lacera.com** - Over 1,600 web pages strong
 - **My LACERA** - Connect with your personal retirement network
 - **Online Workshop** - New Member Interactive Workshop lacera.com, New Member section
 - **Brochures & Forms page** - LACERA printed materials to read or order
 - **Ask LACERA** - Get instant answers to general questions
 - **Welcome@lacera.com** - Email us your questions or comments
-

We've created an array of service options — you choose the service option that suits you best!

Election for LACERA Boards Set for August

An election for the **Third Members of both the Board of Retirement and Board of Investments** will be held Tuesday, August 4, 2009. Both open positions are **General Member seats**, which carry three-year terms commencing January 1, 2010.

The County Registrar-Recorder/County Clerk will begin mailing ballots to eligible general members on Monday, June 29. General members of LACERA as of March 1, 2009 are eligible to vote in the election. If you are an eligible voter and do not receive a ballot by July 13, you may request a duplicate ballot through your Departmental Election Coordinator by Monday, July 20.

Completed ballots must be received by the County Registrar-Recorder/County Clerk by 5:00 p.m. on August 4, 2009 to be eligible for counting.

For further information on this year's election, visit the Board of Supervisors' Election Information web site at bos.co.la.ca.us/lacera_election.htm.

LACERA Remembers Simon Frumkin

We honor the memory of Simon "Si" Frumkin, who was an esteemed member of LACERA's Board of Retirement (BOR) from 2003 to his death in May. The insight, humanity, and unique life experience he contributed to the BOR will be remembered for many years to come.

Mr. Frumkin was born in Lithuania in 1930 and endured imprisonment at Dachau concentration camp. As a holocaust survivor, he devoted his life to ensuring history would not repeat itself.

He moved to the U.S. in 1949 and graduated from New York University in 1953. Shortly thereafter, he settled in Los Angeles, eventually becoming the owner of Universal Drapery Fabrics and earning a master's degree in history from California State University, Northridge.

Recognized internationally as a voice for human rights, Mr. Frumkin founded the Southern California Council for Soviet Jews, was involved in the opening of Holocaust exhibits in China and Japan, and was active in the "Meet a Survivor" program at the L.A. Museum of Tolerance.

Mr. Frumkin was a past member of the L.A. City Human Relations Commission and was active in the Simon Weisenthal Center Outreach Program. He often spoke to students about the Holocaust and taught college-level courses on Eastern Europe, Jewish History, and the Middle East.

As a member of the BOR, he was committed to ensuring fairness and justice for County retirees.



Maximize Your Retirement! New Member & Pre-Retirement Workshops

JUNE 2009

S	M	T	W	T	F	S
	1	S	N	4	5	6
7	8	G	N	11	12	13
14	15	G	N	18	19	20
21	22	G	N	25	26	27
28	29	G				

JULY 2009

S	M	T	W	T	F	S
			N	2	3	4
5	6	S	N	9	10	11
12	13	G	N	16	17	18
19	20	G	N	23	24	25
26	27	G	N	30	31	

AUGUST 2009

S	M	T	W	T	F	S
						1
2	3	S	N	6	7	8
9	10	G	N	13	14	15
16	17	G	N	20	21	22
23	24	G	N	27	28	29
30	31					

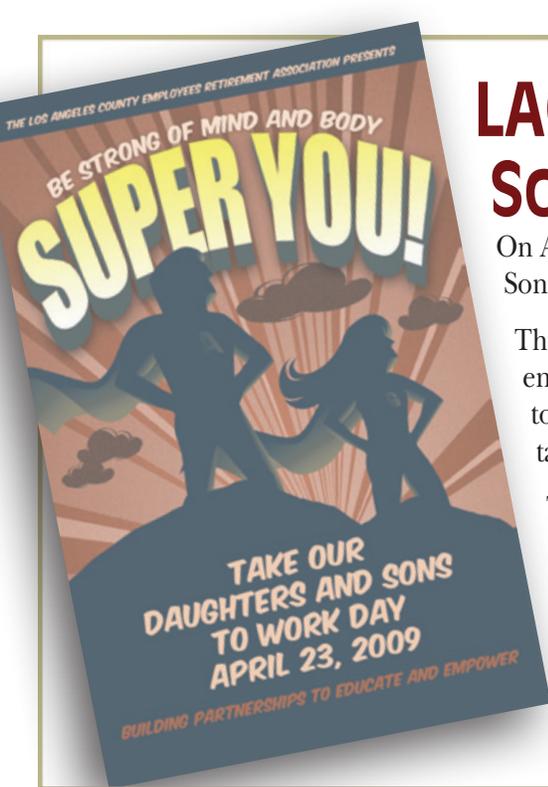
G = General Members Pre-Retirement
S = Safety Members Pre-Retirement
N = New General Member

Call 1-800-786-6464 to RSVP

Workshops are held at LACERA from 8:30 - 11:30 a.m. and include presentations by Great West and long-term care providers.



WORKSHOP SCHEDULE
Visit lacera.com, BENEFITS — ACTIVE MEMBER



LACERA's Take Our Daughters and Sons to Work Day

On April 23, over 30 girls and boys helped make LACERA's Take Our Daughters and Sons to Work Day a super success.

This year's theme – Super You! – focused on educating and empowering our children, encouraging them to be strong of mind and body. After accompanying their parents to work, the 8-12 year-olds spent the day visiting various LACERA divisions and taking part in stimulating activities.

The children got tips on staying healthy from Retiree Health Care and learned about the law as they played "Family Feud" in our Legal division. In Communications, they published a take-home book, showcasing their own art and writing samples. Human Resources printed business cards for each child's dream job. Our guest speaker – a financial advisor – offered the children advice about saving money. (The ice cream break also seemed to be a success.)

It was a great day!



LACERA

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Executive Desk cont'd from pg. 2

After honing management's list of proposed goals, our Executive Division presents the goals to our Board members at the annual Board offsite meeting in January. The offsite event focuses on the refinement of current strategies and the development of new strategies geared to expand the scope and quality of the services we provide our members.

At this year's offsite conference, in addition to offering our 2009-2010 goals, LACERA's executive officers and other selected staff members delivered presentations summarizing LACERA operations and projects currently under development. Guest speakers, all recognized as experts in their respective fields, followed with

discussions addressing legislative, fiduciary, risk reduction, and investment matters.

Following the offsite conference, the goals are finalized, incorporated into the fiscal year budget, and presented to our Boards each spring for approval. While preparing the budget is always a painstaking process, this year it was especially challenging, given the economic restraints we currently face. Consequently, many additional hours were spent this year honing the budget for fiscal year 2009-2010.

Among our approved goals for fiscal year 2009-2010 are: upgrades to our in-house technology system, including an updated firewall to increase the

security of member data; expansion of lacera.com with additional features and modernized appearance; and the development of a Member Services Training Academy to provide certification programs and extensive training on a range of specialized topics.

Note: LACERA constantly monitors the effect of market conditions on the fund and we adjust our operations accordingly. As a result, our budget for the upcoming fiscal year is leaner than in past years. The impact of the cost-saving practices we instituted may be felt internally here at LACERA, but rest assured, the quality and quantity of services we provide our members will not suffer.

ARC cont'd from pg. 1

you have at least five years of actual County service credit, you are eligible to purchase ARC. (Reciprocal service and purchased temporary time are not included.) ARC is not available to deferred members.

Cost of ARC

The cost of ARC is calculated using a present value formula, which represents the value of the increased retirement income you will receive during retirement, computed in today's dollars. By law, ARC cannot place any additional financial burden on the retirement system; therefore, the purchaser must pay the full actuarial cost of the additional future retirement benefit.

Your current age, retirement plan, and salary, along with actuarial assumptions for salary increases, age at retirement,



ALL Plans
Purchase 1-5 Years Service Credit
Before- or After-Tax Dollars
Estimate Cost - Online Calculator

and life expectancy are factored into the formula.

To get an idea of your cost to purchase ARC, use the ARC Calculator in the Benefits section of lacera.com.

Purchase Specifications

You may purchase as little as one year of ARC or as much as five years. Five years is the maximum purchase under any LACERA plan or combination of plans.

ARC may be purchased with before or after tax dollars through payroll deductions, a lump sum, or a combination of both. LACERA does not accept termination pay for ARC purchases.

To initiate an ARC purchase or get more information, call 1-800-786-6464 to speak with a LACERA Retirement Benefits Specialist.



Upcoming Holidays

LACERA will be closed on Friday, July 3 to honor Independence Day and Monday, September 7 in observance of Labor Day.

Did You Know?

Defined Benefit (DB) Plans

LACERA provides a lifetime benefit

- You will receive your monthly retirement allowance for the rest of your life

Defined Contribution (DC) Plans

401(k) and 457 Plans are savings accounts

- Your benefit payments (withdrawals) stop when your money runs out

Quote:

"We are all here for a spell; get all the good laughs you can."

– Will Rogers



NEWSLETTER HIGHLIGHTS



PG 3

Legislative Updates — In its May 7, 2009 meeting, LACERA's Board of Retirement voted to support two federal bills that may impact LACERA retirees.



PG 4

Service Options — LACERA is dedicated to delivering excellent service and offering our members a selection of ways to interact with us - online, in person, or by phone.

More Inside!
JUNE 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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