

P.S.

# POST SCRIPT

NEWS FOR ACTIVE MEMBERS

SEPTEMBER 2012 • VOL. 23, NO. 3

## Your Private Office on lacera.com Is Now Open!

Accessing My LACERA is now easier than ever! Safe2Login and its third-party challenges are gone. By popular demand, we replaced the Safe2Login system with a much simpler, yet even more secure, registration and sign-in procedure created and operated solely by LACERA personnel. My LACERA now allows users to create their own security questions during a streamlined registration process. Returning registered users only

need sign in and answer two personalized security questions to access all their account information.

### All Users

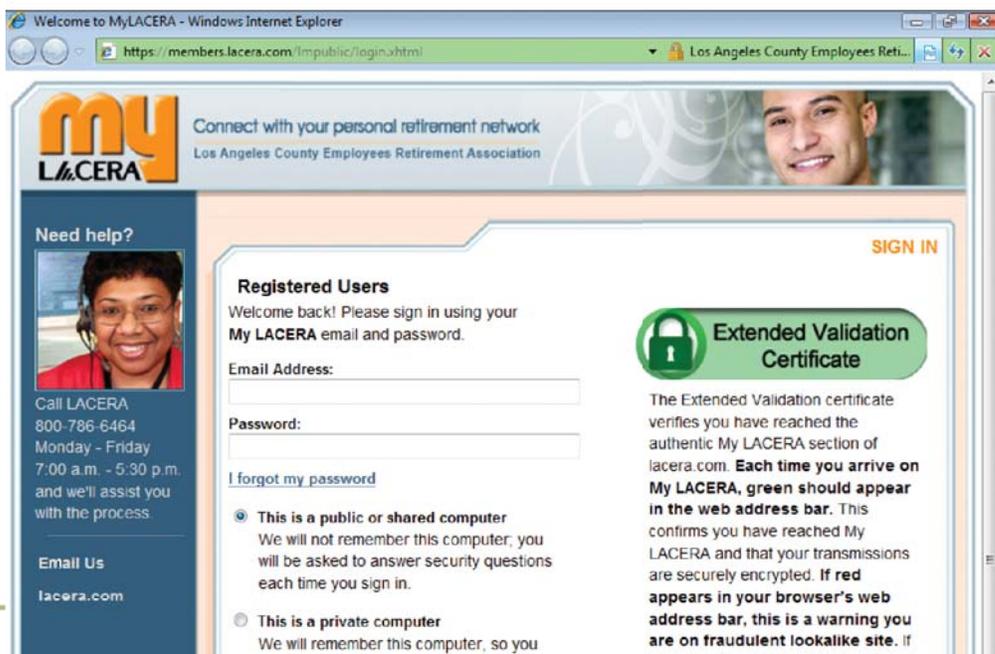
To visit My LACERA, select the My LACERA graphic on the lacera.com home page. Doing so will take you directly to My LACERA, where you can select either the Sign In or the Register button.

### New User: Steps to Register

Registration is easier than ever!

1. Enter your name, birth date, last four digits of your social security number, and your email address.
2. Answer two personalized security questions based on:
  - active members - employment data
  - deferred - County employment history or beneficiary data

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**Los Angeles County Employees Retirement Association**

**Members of the Board of Retirement:**

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Appointed by the Board of Supervisors

**SIMON S. RUSSIN**

Vice Chair  
Elected by General Members

**YVES CHERY**

Secretary  
Elected by General Members

**MARK J. SALADINO**

County Treasurer & Tax Collector  
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**MARVIN ADAMS**

Appointed by the Board of Supervisors

**SADONYA ANTEBI**

Appointed by the Board of Supervisors

**JOHN M. BARGER**

Appointed by the Board of Supervisors

**WILLIAM DE LA GARZA**

Elected by Retired Members

**SHAWN R. KEHOE**

Alternate Member  
Elected by Safety Members

**EDWARD "ED" C. MORRIS**

Alternate Member  
Elected by Retired Members

**WILLIAM R. PRYOR**

Elected by Safety Members

**Members of the Board of Investments:**

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Chair  
Elected by General Members

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Vice Chair  
Appointed by the Board of Supervisors

**DIANE A. SANDOVAL**

Secretary  
Elected by Retired Members

**MARK J. SALADINO**

County Treasurer & Tax Collector  
Ex-Officio Member

**DAVID GREEN**

Elected by General Members

**WILLIAM R. PRYOR**

Elected by Safety Members

**MICHAEL S. SCHNEIDER**

Appointed by the Board of Supervisors

**ESTEVAN R. VALENZUELA**

Appointed by the Board of Supervisors

**CAROLYN WIDENER**

Appointed by the Board of Supervisors

Chief Executive Officer

**GREGG RADEMACHER**

Assistant Executive Officer

**ROBERT HILL**

Assistant Executive Officer

**JJ Popowich**

From the **Executive Desk**

**Gregg Rademacher – CEO, LACERA**



# Understanding Member Contribution Rates

Since all LACERA contributory members recently experienced a small increase in their retirement contribution rates, this seems like a good time to look at the factors affecting contribution rates.

## Background

The benefits LACERA provides rely on three sources of funding:

- Investment earnings
- Employer (Los Angeles County) contributions
- Employee contributions (with the exception of Plan E, which receives no employee contributions, and provides a lower scope of benefits)

Each payroll period, all LACERA members, except those in Plan E, contribute a percentage of their earnings to the retirement fund (Fund). These contributions are based on the member's entry age at LACERA; the younger the entry age, the lower the percentage. Your employer, Los Angeles

County, also contributes to the Fund. LACERA deposits all the contributions and invests them to generate investment earnings.

*“It’s important to understand contribution rates are fluid.”*

**Historically, approximately 75 cents of each LACERA pension dollar is funded by investment earnings.** Employee contributions account for approximately 10 cents of each pension dollar.

## Our Fiduciary Duty

It is our fiduciary duty to regularly monitor the ratio of the funding sources to ensure the long-term health and viability of the Fund. When adjustments to that ratio are required, we are obligated to implement them. **These adjustments serve to strengthen the Fund.**

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## Executive Desk cont'd from pg. 2

It is our legal duty to:

- Determine the minimum rate Fund investments can reasonably be expected to earn annually when averaged over 30 years.
- Structure Fund contribution rates (both employer and employee) to provide the additional funding needed to pay future recipients' benefits (including yours), as well as the benefits of current recipients.
- Regularly monitor the ratio of funding sources and make adjustments, as needed.

### Examining Contribution Rates

To determine whether contributions are being accumulated at a rate sufficient to pay future benefits, every three years, as required by law, LACERA engages an outside actuary to perform a system valuation. During the valuation, the actuary examines the Fund's liabilities and applicable assets to compute the Fund's value. The actuary then estimates how much money must be contributed to the Fund each year in order to pay the promised benefits over the long term.

Our actuary, Milliman, Inc., completed a system valuation for us on June 30, 2011 and

determined adjustments to employee contributions were needed to ensure the Fund's long-term viability. The actuary's recommended rate adjustments were negotiated with the applicable employee groups and approved by the Board of Supervisors in June. The new rates took effect July 1, 2012.

### Rates Increased Slightly

The July 1 adjustments to member contributions reflect modest fractional percentage increases. For example, a Plan D member with an entry age of 35 experienced a 0.05 percent rate increase. On monthly earnings of \$4,000, that works out to an increase of one dollar per payroll period.

### Other Factors Affecting Contributions

As I informed all active members by letter in February, acting on a recommendation by our actuary, our Board of Investments voted to lower the interest rate on the Fund from 7.75 percent to 7.50 percent over a three-year period beginning, July 1, 2012.

A decrease in the interest rate signifies an expectation of lower investment earnings by the Fund. Therefore, **typically, when the interest rate is lowered, member, as well as employer, contributions are increased and vice-versa.**

It's important to understand contribution rates are fluid. They can remain stable for a number of years or change annually, depending on several factors. Our actuaries may recommend rate changes based on system valuations, shifts in the demographics of the plan participants, and/or interest rate changes set by our Board of Investments. Rates may also change as the result of periodic negotiations between management and employee groups. We are committed to upholding our fiduciary duty — that's something that won't change. LACERA will continue to produce, protect, and provide the promised benefits.

### To Learn More

For a more in-depth discussion of interest rates, please read "Understanding Interest and Contribution Rates" contained in the Active Member, Benefits section of [lacera.com](http://lacera.com). You may also wish to review the "Board Adopts New Interest Rate Schedule" article that appeared in the March *PostScript*. Copies of previous *PostScript* issues are available in the Communications, Newsletters section of [lacera.com](http://lacera.com).

# New Contribution Rates Took Effect July 1, 2012



On June 12, 2012, the Los Angeles County Board of Supervisors approved new employee retirement contribution rates for LACERA general and safety members.

Effective July 1, 2012, general contributory and safety members experienced a small percentage rate change in their retirement plan contributions.

Member contributions are a percentage of the member's base salary, plus other pensionable earnings, and are determined in part by the member's latest entry age into LACERA. Although contribution rates will always be based on the member's LACERA entry age, all contribution rate percentages are subject to change as the result of several factors, including periodic negotiations between management and employee groups, interest rate changes set by the Board of Investments, and system actuarial valuations. System valuations, which are performed every three years as prescribed by law, provide the basis for member contribution rate adjustments deemed necessary to properly fund the system.

For additional information, visit the Benefits page on [lacera.com](http://lacera.com).

## Private Office Is Now Open!

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- retirees - allowance and/or health plan data
- 3. Create your own security questions.
- 4. My LACERA will email you an account activation link.
- 5. Click the activation link to complete registration and create your password.
- 6. **Success!** Registration completed.

### Returning (Registered) User:

1. Sign in to My LACERA.
2. Answer two security questions.
3. Create your own security questions, if you haven't already done so.
4. Access your account.

*It's that simple. Visit My LACERA today and check it out!*

**Think of My LACERA as Your Private Office on [lacera.com](http://lacera.com)**

Visit My LACERA to privately

review your personal retirement data and perform a variety of secure account transactions 24 hours a day.

View your:

- Member profile
- Retirement plan data
- Contributions on deposit (except Plan E)
- LACERA interactions
- First date you are eligible to retire
- Beneficiary information
- Annual Benefit Statement

Perform these transactions on your own:

- Generate a Personalized Retirement Benefit Estimate
- Create an itemized estimate of your cost to purchase Additional Retirement Credit (ARC)

- Change and store up to three phone numbers

### For Added Security

To verify you have reached the authentic My LACERA section of [lacera.com](http://lacera.com), look for the Extended Validation certificate each time you arrive on My LACERA. **If you see green in your browser's web address bar**, you'll know you have reached My LACERA and your transmissions are securely encrypted. **If red appears in your browser's web address bar, this is a warning you are on fraudulent lookalike site.** If this happens, close your browser immediately.

My LACERA also utilizes Entrust Secure Server systems, and undergoes routine security audits by professional third-party security firms.

# 2012 Plan Contribution Rates

Plan A General Member Contribution Rates			
ENTRY AGE	RATE %	ENTRY AGE	RATE %
16	4.07	34	5.54
17	4.13	35	5.71
18	4.16	36	5.89
19	4.22	37	6.06
20	4.25	38	6.26
21	4.31	39	6.44
22	4.35	40	6.61
23	4.41	41	6.80
24	4.49	42	7.00
25	4.53	43	7.22
26	4.61	44	7.38
27	4.69	45	7.58
28	4.80	46	7.78
29	4.89	47	7.93
30	5.00	48	8.15
31	5.14	49	8.26
32	5.24	50	8.33
33	5.39	51+	8.37

Plan B General Member Contribution Rates			
ENTRY AGE	RATE %	ENTRY AGE	RATE %
16	5.94	34	8.60
17	6.06	35	8.78
18	6.19	36	8.97
19	6.32	37	9.16
20	6.45	38	9.35
21	6.58	39	9.55
22	6.72	40	9.74
23	6.85	41	9.94
24	7.00	42	10.12
25	7.15	43	10.30
26	7.29	44	10.49
27	7.44	45	10.66
28	7.60	46	10.83
29	7.76	47	10.99
30	7.91	48	11.13
31	8.07	49	11.27
32	8.24	50	11.36
33	8.43	51+	11.41

Plan C General Member Contribution Rates			
ENTRY AGE	RATE %	ENTRY AGE	RATE %
16	5.10	37	7.85
17	5.20	38	8.02
18	5.31	39	8.19
19	5.43	40	8.37
20	5.54	41	8.54
21	5.66	42	8.73
22	5.77	43	8.91
23	5.90	44	9.10
24	6.02	45	9.28
25	6.14	46	9.46
26	6.27	47	9.64
27	6.40	48	9.81
28	6.53	49	9.99
29	6.66	50	10.15
30	6.80	51	10.31
31	6.95	52	10.46
32	7.08	53	10.60
33	7.23	54	10.73
34	7.38	55	10.82
35	7.54	56+	10.88
36	7.69		

Plan D General Member Contribution Rates			
ENTRY AGE	RATE %	ENTRY AGE	RATE %
16	5.02	37	7.71
17	5.11	38	7.88
18	5.22	39	8.05
19	5.33	40	8.22
20	5.44	41	8.39
21	5.56	42	8.57
22	5.67	43	8.76
23	5.79	44	8.94
24	5.91	45	9.12
25	6.04	46	9.29
26	6.16	47	9.47
27	6.29	48	9.64
28	6.41	49	9.81
29	6.55	50	9.97
30	6.68	51	10.13
31	6.83	52	10.27
32	6.96	53	10.42
33	7.10	54	10.54
34	7.25	55	10.63
35	7.41	56+	10.69
36	7.55		

Plan A Safety Member Contribution Rates			
ENTRY AGE	RATE %	ENTRY AGE	RATE %
18	7.49	33	9.53
19	7.52	34	9.76
20	7.53	35	9.99
21	7.57	36	10.20
22	7.70	37	10.44
23	7.82	38	10.60
24	7.93	39	10.80
25	8.09	40	10.98
26	8.21	41	11.15
27	8.34	42	11.32
28	8.54	43	11.45
29	8.74	44	11.60
30	8.92	45	11.70
31	9.11	46+	11.76
32	9.32		

Plan B Safety Member Contribution Rates			
ENTRY AGE	RATE %	ENTRY AGE	RATE %
18	6.43	33	9.51
19	6.62	34	9.76
20	6.80	35	10.02
21	6.98	36	10.28
22	7.16	37	10.53
23	7.36	38	10.78
24	7.55	39	11.01
25	7.75	40	11.24
26	7.95	41	11.48
27	8.16	42	11.68
28	8.37	43	11.88
29	8.59	44	12.06
30	8.81	45	12.19
31	9.03	46+	12.27
32	9.27		

# WORKSHOP SCHEDULE

## SEPTEMBER 2012

S	M	T	W	T	F	S
						1
2	H	S	5	6	7	8
9	10	G	12	13	14	15
16	17	G	19	20	21	22
23	24	G	26	27	28	29
30						

## OCTOBER 2012

S	M	T	W	T	F	S
	1	S	3	4	5	6
7	H	G	10	11	12	13
14	15	G	17	18	19	20
21	22	G	24	25	26	27
28	29	G	31			

## NOVEMBER 2012

S	M	T	W	T	F	S
				1	2	3
4	5	S	7	8	9	10
11	H	G	14	15	16	17
18	19	G	21	H	H	24
25	26	G	28	29	30	

G = General Members Pre-Retirement  
S = Safety Members Pre-Retirement  
H = Holiday

**ATTENTION:** Call LACERA at 800-786-6464 to confirm the location of the Pre-Retirement Workshops. Until at least the end of September, Pre-Retirement Workshops will be held at:

Descanso Gardens  
Birch Room  
1418 Descanso Drive  
La Cañada Flintridge, CA 91011  
Phone: 818-949-4200

**Call 800-786-6464 to Register**

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

# 3 THINGS

## Top Cities for Retirees

Thinking about a move upon retirement? Then consider the top three places in the U.S. for retirement-aged individuals to live:

- ◆ Akron, Ohio
- ◆ Albany-Schenectady-Troy, New York
- ◆ Albuquerque, New Mexico

According to the Milken Institute's Best Cities for Successful Aging index, of 359 metro areas, these cities were best-suited to retirees in terms of healthcare, wellness, living arrangements, transportation and convenience, finance, education and employment, community engagement, and general indicators. For the complete list, visit [successfulaging.milkeninstitute.org](http://successfulaging.milkeninstitute.org).

## The Survivor Income Benefit: Enroll in October

Are you a Plan E member and MegaFlex participant? If so, it's important that you understand your insurance options.

Plan E does not include pre-retirement death benefits. Should a Plan E member die while in County service, the member's survivors would not be eligible for continuing benefits through LACERA. Also, MegaFlex participants are not eligible for continuing survivor benefits administered through the County.

However, **Plan E members and MegaFlex participants have the option of electing the County-administered Survivor Income Benefit (SIB), an optional life insurance plan available only to Plan E members and MegaFlex participants.**

The annual enrollment period – October 1 through October 31 – is upon us; now's the time to consider enrolling.

The SIB pays a lifetime benefit to a surviving spouse or domestic partner. With the SIB, if a member were to die while in active service, the eligible surviving spouse or domestic partner would receive a monthly cash benefit for the remainder of his or her life. If no eligible surviving spouse or domestic partner exists, the benefit will be equally divided among eligible dependent children. Benefits will continue until age 18 or, if the child(ren) is enrolled full-time in an accredited school, until age 22. Without the SIB, your survivors would not receive a continuing benefit, which

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# FAQs - Increased Member Contribution Rates

## 1. Q: Why do contribution rates change?

**A:** Whether contribution rates change is determined by an outside actuary and is dependent upon several factors, including the actuary's valuation of the retirement system, shifts in LACERA member demographics, interest rate changes established by the Board of Investments, and periodic negotiations between management and employee groups. Changes to member

contribution rates must be approved by the Los Angeles County Board of Supervisors.

## 2. Q: How often do contribution rates change?

**A:** Member contribution rates are subject to increase or decrease annually, although they may remain stable for years. Typically, however, contribution rates change every three years, upon the actuary's system valuation.

## 3. Q: Where can I find more information about contribution rates?

**A:** To learn more, read "Understanding Interest and Contribution Rates" in the Active Member, Benefits section of [lacera.com](http://lacera.com); and review the "Board Adopts New Interest Rate Schedule" article that appeared in the March *PostScript*. Previous *PostScript* issues are available in the Communications, Newsletters section of [lacera.com](http://lacera.com).

## Survivor Income Benefit cont'd from pg. 6

could negatively impact their financial security.

If you decide to enroll in the

SIB, you may do so only during the annual enrollment period, October 1 through October 31.

Refer to your MegaFlex Annual Benefits Enrollment Guide for instructions.

## INSIDE lacera.com

Are you registered on My LACERA yet? A new streamlined structure makes it easier than ever to securely:

- View your Annual Benefit Statement
- Sign up for Direct Deposit
- Create a Personalized Retirement Benefit Estimate
- See your contributions on deposit (Plan E excepted) And *much more!*

Visit My LACERA to review your personal retirement data and perform a variety of secure account transactions 24 hours a day. *Your private office on lacera.com is now open!*

## Introducing Our Member Service Center

In the June issue, we mentioned our Public Counter, on the first floor of our Pasadena headquarters, is under construction. Now, we've given it a new name, as well.

What used to be the Public Counter is now – cue the drum roll – **the Member Service Center!**

Construction of the Member Service Center will be complete later this year. The new space will be expanded to include private offices to better accommodate our members.

As there will be more offices available in which to privately advise our members, we anticipate shorter wait times than members may have experienced prior to the expansion. The Member Service Center will continue to be open from 7:00 a.m. to 5:00 p.m., Monday through Friday. However, **wait times will continue to be shortest, on average, for those who visit between:**

- 7:00 a.m. and 10:00 a.m. or
- 2:00 p.m. and 4:00 p.m.

Until construction of the first floor is complete, the Member Service Center will be temporarily located on the third floor, in suite 340. Check [lacera.com](http://lacera.com) for the latest information.

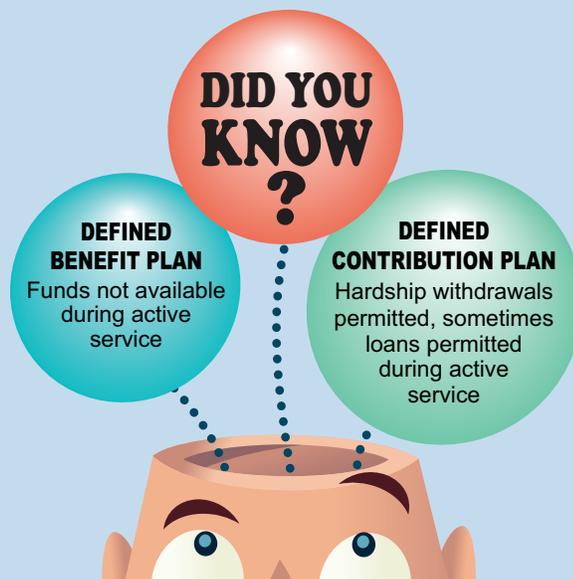
LACERA is located in Gateway Plaza at 300 N. Lake Avenue, in Pasadena.

NEWSLETTER HIGHLIGHTS



## Upcoming Holidays

LACERA will be closed on **Monday, September 3** for Labor Day, **Monday, October 8**, for Columbus Day, **Monday, November 12**, in observance of Veterans Day, and **Thursday-Friday, November 22-23**, for Thanksgiving



More Inside!  
**SEPTEMBER**

### 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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