

P.S.

POST SCRIPT

NEWS FOR ACTIVE MEMBERS

DECEMBER 2013 • VOL. 24, NO. 4

LACERA Congratulates Returning Board Members Shawn Kehoe and William Pryor

Congratulations to Shawn R. Kehoe on his reelection to the LACERA Board of Retirement (BOR) and his election to the Board of Investments. Mr. Kehoe is a Sergeant in the Los Angeles County Sheriff's Department, assigned to the Contract Law Enforcement Bureau, where he is responsible for managing more than \$65,000,000 in Law Enforcement Services. For the past three years, Sgt. Kehoe has served as Alternate Member on the BOR, where he brought a special focus in public policy and retiree healthcare. Sgt. Kehoe holds a Master of Public Administration

from the University of Southern California and a bachelor's degree in Business Administration from Walden University.

LACERA also congratulates William R. Pryor on his election to the office of Alternate Member on the Board of Retirement. A Captain in the Los Angeles County Fire Department, Mr. Pryor has been sharing his insight

and experience with LACERA since his first election to the BOR in 2000. His prior Board experience includes service as the Chair of the Board of Investments and Vice Chair of the BOR.

An active voice in the pension community, he is a member of the Executive Board of the National Conference of Public Employee Retirement Systems (NCPERS) and has testified before state and federal committees in defense of defined benefit pension plans. Captain Pryor is Director of the Los Angeles County Firefighters Local 1014.

Both Sgt. Kehoe and Captain Pryor were elected by Safety Members to serve three-year terms commencing January 1, 2014.



LACERA's boards, staff, and management wish you warmth, comfort, and good cheer, now and throughout the coming year.



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Los Angeles County Employees Retirement Association

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Chair
Elected by General Members

MARK J. SALADINO

Vice Chair
County Treasurer & Tax Collector
Ex-Officio Member

WILLIAM DE LA GARZA

Secretary
Elected by Retired Members

MARVIN ADAMS

Appointed by the Board of Supervisors

SADONYA ANTEBI

Appointed by the Board of Supervisors

ALAN J. BERNSTEIN

Appointed by the Board of Supervisors

VIVIAN GRAY

Elected by General Members

SHAWN R. KEHOE

Alternate Member
Elected by Safety Members

EDWARD "ED" C. MORRIS

Alternate Member
Elected by Retired Members

RONALD A. OKUM

Appointed by the Board of Supervisors

WILLIAM R. PRYOR

Elected by Safety Members

Members of the Board of Investments:

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Chair
Elected by General Members

LEONARD UNGER

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Appointed by the Board of Supervisors

DIANE A. SANDOVAL

Secretary
Elected by Retired Members

MARK J. SALADINO

County Treasurer & Tax Collector
Ex-Officio Member

JOHN M. BARGER

Appointed by the Board of Supervisors

DAVID GREEN

Elected by General Members

WILLIAM R. PRYOR

Elected by Safety Members

MICHAEL S. SCHNEIDER

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



2013 Was a Busy Year

No less a sage than Dr. Seuss once asked, "How did it get so late so soon?" As I look at the calendar, I'm inclined to wonder the same thing. How is it that 2013 is nearly history? For us at LACERA, 2013 has been a busy year and a year of transition and implementation. As the end of the year approaches, this seems like a good time to reflect on the events that impacted us and the achievements we made.

PEPRA

The Public Employees' Pension Reform Act of 2013 (PEPRA), which took effect on January 1, brought new regulations for all public retirement systems in California, including LACERA. Although most PEPRA regulations apply to those with LACERA membership dates of January 2013 or later, a few PEPRA rules affect all members, regardless of membership date.

One of those rules prohibits purchases of Additional Retirement Credit (ARC) as of January 1, 2013. As I mentioned in previous columns, this precipitated quite a frenzy of ARC applications in the last quarter of 2012. Many thousands of members submitted ARC applications to us by the PEPRA-imposed deadline of December 31, 2012. PEPRA allows us to process any application received by that date, and due to the tremendous volume, processing

of thousands of these requests carried over to this year. In 2013, we processed 7,800 ARC requests! Of those, 4,574 eventually became signed ARC purchase contracts.

Many Members Utilized Online Calculator

The ARC frenzy underscored the value of our online self-service tools. Large numbers of members utilized the ARC Calculator on My LACERA to create their own ARC estimates and decide whether they wanted to pursue a purchase before they contacted us. Without that calculator, I suspect we would have processed thousands more ARC inquiries.

Two New Retirement Plans

In January of this year, the Board of Supervisors created two new retirement plans for individuals with 2013 (or later) LACERA

"The total Fund generated a healthy 12.1 percent."

membership dates: General Plan G and Safety Plan C. To comply with PEPRA's 50/50 cost-sharing requirement, these plans are structured to ensure the member

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Executive Desk
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and the employer evenly split the cost of funding the benefits accrued in the current year. Unlike our previous retirement plans, in which member contributions are based on LACERA entry age, Plan G and Safety Plan C feature member contributions based on flat-rate percentages.

The full implementation of these new plans requires the expertise, collaboration, and dedication of hundreds of LACERA staff members in a variety of professional disciplines. Our Legal Office provided (and is still providing) statute interpretations; our computer analysts programmed new benefit formulas and contribution rates into our systems; our Retirement Benefits Specialists underwent training on PEPRA and the new plans to ensure they had the knowledge necessary to provide accurate answers to member questions; our Communications team created new Plan Books and corresponding web content explaining the elements and eligibility requirements of the new plans, and our Claims Processing staff processed more than 3,000 Sworn Statements and enrolled 60 new members in Safety Plan C and 2,600 new members in Plan G.* And, all this happened in addition to business as usual. Did I mention it was a busy year? I commend the dedication, diligence, and patience of the entire LACERA staff and the guidance of our boards over the past year.

Online Appointment and Workshop Reservation System

In February this year, to further enhance our member services, we launched the Appointment and Workshop

Reservation System on lacera.com. The online system enables members to visit our website at their convenience to schedule a private consultation with a LACERA Retirement Benefits Specialist in our Member Service Center or reserve a seat for a Pre-Retirement Workshop. When a visit is scheduled, the system automatically emails a confirmation to the member's email address on file. Traffic on the Appointment and Workshop Reservation System has been growing steadily since it was introduced in February. As I write this, online appointments for one-on-one consultations with a LACERA Retirement Benefits Specialist in the Member Service Center are booked almost two months ahead.

New Plan Books for Pre-2013 Plans

This year, we also updated the Plan Books for Plans A, B, C, D, E and Safety Plans A, B to include the PEPRA regulations that apply to all members, as well as the rules and/or conditions that changed since the last printing. The new books are available in several formats. Hard copies were printed in August and may be ordered on the Brochures & Forms page of lacera.com or by calling 800-786-6464. A PDF of each Plan Book is also available for viewing, downloading, or printing on the Brochures & Forms page. In addition, the full version of each book, along with any post-printing updates, appears electronically in the Plan Book Section on lacera.com.

**As of September 30, 2013.*

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Updated Plan Books for All Plans Are In

Plan Books for General Plans A,B,C, D, E and Safety Plans A, B have been updated to reflect new legislation (including applicable provisions of PEPRA) and any LACERA policies and procedures that have changed since the books were last printed.

Content presented in the Plan Books is current as of the date it was written. However, over time, laws and LACERA policies may change. To keep abreast of updates to your

Plan, **visit the Plan Book Section on lacera.com.** The full text of each Plan Book, as printed, is displayed electronically in the Plan Book Section, plus any updates that occur after the book goes to press.

To order a printed copy of your Plan Book and have it mailed to you at no cost, visit the Brochures & Forms page of lacera.com. You can also download a PDF of your Plan Book from the Brochures & Forms page.



Visit lacera.com, Brochures & Forms page:

- **Download a PDF version**
- **Order a printed copy and have it mailed to you at no cost**

Same-Sex Marriage and Your LACERA Benefits

In light of the June 26, 2013 Supreme Court Decision on the Defense of Marriage Act (DOMA), the U.S. Department of the Treasury and the Internal Revenue Service (IRS) have ruled legally married same-sex couples will be treated as married for federal tax purposes. The ruling does not apply to registered domestic partners.

On August 29, 2013, the IRS announced same-sex couples lawfully married in jurisdictions that recognize their marriages will be treated as married for federal tax purposes. The ruling applies regardless of whether the couple lives in a jurisdiction that recognizes same-sex marriage or a jurisdiction that does not recognize same-sex marriage.

Under this ruling, same-sex couples will be treated as married for all federal tax purposes where marriage is a factor, including income tax and gift and estate taxes.

If Domestic Partners Marry

California law permits registered domestic partners to marry each other without dissolving the domestic partnership. **In such cases, the LACERA benefits of the couple are not impacted.**

However, dissolving a same-sex domestic partnership prior to the partners marrying each other may jeopardize the non-LACERA member's future eligibility for continuing benefits.

Potential Impact on LACERA Benefits

Under the County Employees Retirement Law of 1937 (CERL), to qualify as a surviving spouse of a retired member and receive continuing benefits under the Unmodified or Unmodified+Plus Retirement Option, a spouse must have been married to the member

at least one year prior to the date of the member's retirement. In 2003, the County Board of Supervisors adopted a resolution extending the same survivor benefits and eligibility rules to Registered Domestic Partners.

As a result, LACERA applies the date of the Registered Domestic Partnership when determining a domestic partner's eligibility for continuing benefits. However, if a same-sex couple dissolves their domestic partnership prior to marrying each other, the continuity of the lawfully recognized relationship is broken. In such cases, if the couple subsequently marries each other, LACERA will apply the date of the marriage when determining spousal eligibility for continuing benefits; the date of the Registered Domestic Partnership will not be considered. If the member's marriage does not occur one year prior to his or her service retirement date, the spouse will not qualify for surviving spouse benefits from LACERA upon the member's death.*

If You Terminate Your Same-sex Partnership, then Marry Your Same Partner, and Retire in Less than One Year: Effect on LACERA Benefits

Retirement Option	Effect on Benefits	Reason
Unmodified or Unmodified+Plus	Same-sex partner is ineligible for continuing benefits upon your death.	Terminating same-sex partnership breaks continuity of lawfully recognized relationship; survivor does not meet requirement for registered domestic partnership or marriage one year prior to member's retirement. Subsequent marriage is not considered.
Option 1	No effect.	No continuing benefits under this Option; lump-sum payment only.
Option 2, 3, or 4	No effect.	No requirement for marriage or domestic partnership.

If same-sex registered domestic partners marry each other and then dissolve their domestic partnership, the non-member's future eligibility for LACERA continuing benefits is not jeopardized.

Possible Effect on Survivor

Eligibility for Healthcare
Terminating your registered same-sex domestic partnership can also jeopardize your partner's eligibility

to enroll in a LACERA-administered health plan after you're gone. To be eligible to enroll in a LACERA-administered health plan following your death, your survivor must be receiving a continuing monthly benefit from LACERA.**

For questions regarding marriage and/or the dissolution of domestic partnerships, consult a professional advisor; LACERA does not offer legal advice. For questions regarding

your retirement benefits, call 800-786-6464 to speak with a LACERA Retirement Benefits Specialist.

**In a service-connected disability retirement, the one-year requirement does not apply. The marriage or registration of California domestic partnership need only have occurred prior to the member's retirement date.*

***Survivor must also qualify as a surviving eligible dependent under LACERA's Retiree Healthcare Administrative Guidelines.*

NOTE: California law permits registered domestic partners to marry each other without dissolving the partnership.

Power of Attorney

To ensure that your wishes are observed when you are no longer able to manage your own affairs, LACERA offers its members a Special Durable Power of Attorney.

Do you need LACERA's Special Durable Power Of Attorney? And if you have a different power of attorney on file with LACERA already, is it the right one?

If you're not sure how to answer these questions, not to worry: Most people find the legalities of power of attorney documents confusing at first. A power of attorney is a document that legally authorizes a family member or trustworthy friend, a lawyer, a financial advisor, or any other designated person to act as an agent (also known as attorney-in-fact) for an individual (known as the principal). The agent functions like a court-appointed guardian or conservator for the principal, but without the fees that a court-designated guardian can charge and without the necessity of court approval.

LACERA's Special Durable Power of Attorney is the easiest way to ensure smooth processing of transactions related to your retirement benefits, including endorsing checks, making tax withholding elections, accessing information regarding benefit payments, designating beneficiaries, and electing a retirement option on your behalf.

In order to protect your interests, it's important to understand the different powers of attorney. **The power of attorney LACERA offers is a special durable power of attorney.**

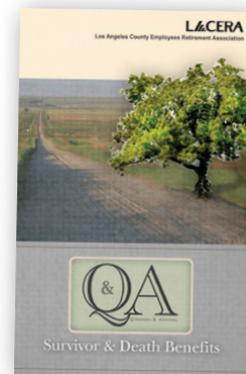
- A **Special Power of Attorney** appoints an agent to handle specific tasks or make decisions in certain situations, often for medical decisions when the principal is incapacitated. Other instances in which a special power of attorney might be utilized include handling banking transactions, collecting debts, and borrowing money. **The power of attorney LACERA offers, in addition to being**

durable, is a special power of attorney, limited to decisions related to your benefits as a LACERA member.

- A **General Power of Attorney** allows an agent to take any legal action the principal would want to take, such as filing a change of address, opening a bank account, or making tax elections. It automatically terminates once you become unable to act on your own behalf, as it does not contain the durable clause necessary for your agent to transact your retirement affairs on your behalf. Someone may need to transact your retirement affairs on your behalf if you become seriously ill or permanently incapacitated. If this situation arises and you have a General Power of Attorney without a durable clause, LACERA is legally required to withhold your retirement allowance payments until a court appoints someone to handle your affairs.
- A **Durable Power of Attorney** is any power of attorney document that contains a durable clause, which is a provision stating that the agent you've designated can continue acting on your behalf after you become unable to handle your own affairs, including your retirement benefit transactions, if specifically stated in the document. Once such a durable power of attorney is activated, it continues in force until revoked by the individual whose interests it protects or until that individual dies. **LACERA offers a power of attorney that contains a durable clause.**
- A principal may grant a **Limited Power of Attorney** by specifying restrictions in the power of attorney.

Specify Your Intentions

In order to protect your interests in the event you are unable to communicate them, you'll have to be very specific when preparing a power of attorney document. For example: If you, the principal, prepare a special power of attorney to make medical decisions on your behalf, known in California as an advance health care directive, you're entrusting an individual to see to it that your doctors comply with your wishes related to critical medical treatment. However, this same special power of attorney could not be used to authorize any transactions related to your retirement benefits. If you wanted this special power of attorney to cover retirement benefit transactions or any other affairs, you would have to specify so in the document. LACERA cannot accept a special power of attorney unless the special power of attorney authorizes the agent to handle your retirement affairs.



To download LACERA's Special Durable Power of Attorney form, visit the **Brochures & Forms page** on lacera.com.

Additional questions? Call 800-786-6464 to speak with a Retirement Benefits Specialist or visit our Member Service Center in Pasadena.

WORKSHOP SCHEDULE

DECEMBER 2013

S	M	T	W	T	F	S
1	2	S	4	5	6	7
8	9	G	11	12	13	G*
15	16	G	18	19	20	21
22	23	24	H	26	27	28
29	30	31				

JANUARY 2014

S	M	T	W	T	F	S
			H	2	3	4
5	6	G	8	9	10	11
12	13	G	15	16	17	18
19	H	G	22	23	24	25
26	27	G	29	30	31	

FEBRUARY 2014

S	M	T	W	T	F	S
						1
2	3	S	5	6	7	8
9	10	G	12	13	14	15
16	H	G	19	20	21	22
23	24	G	26	27	28	

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

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.

* Saturday, December 14, 2013 (G): 9:00 a.m. - Noon; Health Services Building, First Floor Auditorium; 313 N. Figueroa St., Los Angeles, CA 90012. Saturday workshops provide general information only and do not include presentations by Great-West or long-term care providers. No personalized estimates or one-on-one consultations are included.

3 THINGS: Snowflake Facts

Winter in L.A. County may not catch us in a snowfall (any complaints about that?), but we can still admire these delicate diamonds. Here are three of the coolest snowflake facts:

- ◆ According to Caltech physicist Kenneth G. Libbrecht, Ph.D., it's extremely unlikely, in the *entire history of the planet*, that two larger complex snowflakes would look exactly alike.
- ◆ The average snowflake falls at a speed of 3.1 miles per hour.
- ◆ The *Guinness Book of World Records* says that the largest snowflake ever recorded - 15 inches in diameter! - fell in Montana in 1887.

LACERA Welcomes Newly Appointed Board Member

We congratulate Ronald A. Okum on his appointment to the Board of Retirement by the Board of Supervisors on July 16, 2013. He is serving the remainder of the term vacated by John M. Barger, which expires December 31, 2014.

Mr. Okum joins the Board of Retirement with an established career in finance, including more than 30 years' experience as a life underwriter, a keynote speaker for insurance professionals and executives, and an investment counselor. His long-standing

commitment to his local community began with an earlier career as a high school science teacher. Mr. Okum has also served as president of the Pasadena Tournament of Roses Association, sponsored the Ron and Nan Okum Biology Scholarship at California State University, Los Angeles; and served on the Loyola Marymount University Board of Regents.

He has been married for 49 years, with two daughters and six grandchildren.

Did You Know

Defined Benefit (DB) Plan

Inflation protection provided through cost-of-living (COLA) programs. When the Consumer Price Index increases over the prior year, the Board of Retirement approves an annual COLA benefit for retirees and survivors.

Defined Contribution (DC) Plan

No COLA program.

FAQs - Recent IRS Ruling on Same-Sex Marriage

1. Q: I understand the IRS and Treasury Department recently announced married same-sex couples will be treated as married for federal tax purposes. Does this ruling also apply to domestic partners?

A: No. The federal government and its agencies do not recognize domestic partners.

2. Q: I'm retiring in a few months. Will my LACERA benefits be affected if my same-sex partner and I terminate our domestic partnership and then marry each other?

A: Possibly. To qualify for continuing Unmodified or Unmodified+Plus benefits upon your death, your spouse must have been married to you or in a registered domestic partnership with you at least one year prior to your retirement date. If you terminate your domestic partnership prior to marriage, LACERA will apply the date of your marriage to determine spousal eligibility; your domestic partnership will not be considered. In such a case, if your marriage did not occur at least one year prior to your retirement, your spouse would be ineligible for continuing benefits under the Unmodified or Unmodified+Plus Retirement Options.

*If you marry your registered same-sex domestic partner **before** you terminate your domestic partnership, your LACERA benefits are not jeopardized.*

3. Q: I'm in a registered same-sex domestic partnership and contemplating marriage. I'm just not clear on if or how the latest IRS and Treasury ruling could affect my LACERA benefits. How should I proceed?

A: Call 800-786-6464; one of our Retirement Benefits Specialists will be happy to answer your questions.

LACERA BOARD MEMBERS AND STAFF KEEP ABREAST OF LEGAL, LEGISLATIVE, AND POLICY ISSUES AT SACRS CONFERENCE

In keeping with our commitments to stay abreast of the issues that impact public retirement systems and to promote continuing professional education, a number of our board members, management, and staff attended the State Association of County Retirement Systems (SACRS) conference in Indian Wells, CA on November 12-15.

LACERA representatives participated in several capacities, including:

- Yves Chery, Board of Retirement chair, SACRS vice-president, and program committee chair, moderated a general session on the impact of politics on markets and investment strategies.
- Board of Retirement member Vivian Gray moderated a breakout session for new trustees.
- In a presentation entitled, "At Your Service," Assistant Executive Officer JJ Popowich shared LACERA's latest advances in electronic, print, and video services.

- David Kushner, Chief Investment Officer, spoke in a session entitled, "Hedge Funds: What are the Issues and Do They Have a Role in Our Portfolios?"
- Fern Billings, Senior Staff Counsel, updated the audience on PEPRA implementation, legislation, and litigation in 2013.
- Richard Bendall, Chief Audit Executive, talked about preparing for PEPRA audits and new Governmental Accounting Standards Board (GASB) reporting standards.
- Tamara Caldwell, Barry Lew, and Danny Hang presented information regarding the timeliness of disability applications. Disability Retirement Division Manager Ricki Contreras moderated the session.

SACRS is an association of 20 California county retirement systems enacted under the County Employees Retirement Law of 1937.

"A New Year's resolution is something that goes in one year and out the other"
— Anonymous

Executive Desk
cont'd from pg. 3

Fund Generates 12.1 Percent for Fiscal Year 2012-2013

As you know, LACERA invests and manages the retirement fund (Fund) of the employees of Los Angeles County and outside districts. For the fiscal year ended June 30, 2013, the total Fund generated a healthy 12.1 percent return (gross of fees). To find out more about the Fund and the state of LACERA, I encourage you to read LACERA's 2012-2013 Popular Annual Financial Report (PAFR), included with this newsletter.

Happy Holidays

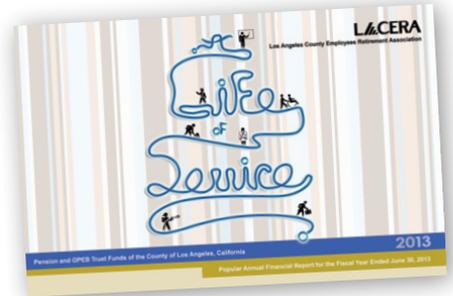
As we conclude our 75th anniversary year, I can assure you LACERA is well-positioned to produce, protect, and provide the promised benefits for the next 75 years and beyond.

On behalf of LACERA's boards, management, and staff, I wish you all a joyous holiday season and a healthy new year.



Read the Enclosed PAFR; Learn about Our Financial Condition

What's a PAFR, you say? It's short for a Popular Annual Financial Report. This year's PAFR, which reports on our financial condition and accomplishments for fiscal year 2012-2013, is enclosed for your review. We encourage you to take a few minutes to look it over. Our full Comprehensive Annual Financial Report will be available on lacera.com in January 2014.



Upcoming Holidays

LACERA will be closed:

- **Wednesday, December 25**, for Christmas Day
- **Wednesday, January 1**, for New Year's Day
- **Monday, January 20**, for the Birthday of Martin Luther King, Jr.
- **Monday, February 17**, for President's Day

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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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