

P.S.

POST SCRIPT

NEWS FOR ACTIVE MEMBERS

MARCH 2013 • VOL. 24, NO. 1

Progress Report: Implementing PEPRA

Since September 2012, LACERA has been busy getting to know the California Public Employees' Pension Reform Act of 2013 (PEPRA), integrating PEPRA-related information into our online and print communications, updating materials, and implementing applicable provisions of this broad legislation. In the November 2012 PEPRA newsletter and in the December 2012 *PostScript*, we covered several changes that affect current and new members alike, such as the prohibition of the purchase of Additional Retirement Credit (ARC) as of January 1, 2013. We also explained that PEPRA primarily

impacts individuals who became new LACERA members on or after January 1, 2013, through provisions affecting benefit formulas, members' payment of 50 percent of the normal cost of benefits, the definition of what comprises pensionable earnings, limits on pensionable earnings, and other matters. **To account for these and other PEPRA-related changes, two new LACERA retirement plans were opened to those with membership dates of January 1, 2013 or later.**

Retirement Plans D and E and Safety Plan B are closed to new LACERA members with membership dates of January 1, 2013 or later.

Waiting for an ARC Contract?

If you submitted your Additional Retirement Credit (ARC) and/or Open Window Transfer application by December 31, 2012, you will receive a contract. The volume of ARC and Open Window Transfer applications we received at the end of the year was extremely high. We are working hard to process many

thousands of applications. Please understand you may not receive your contract until late June. Processing is on a "first-in, first-out" basis; priority processing is only given to members who are in the process of retiring.

ARC purchases and the Open Window Transfer period closed as of January 1, 2013.

LACERA is now governed by both PEPRA, which can be found in the California Government Code, and by the County Employees Retirement Law of 1937 (CERL). PEPRA went into effect on January 1, 2013.

LACERA Retirement Plans for New Members

PEPRA defines a new member as an individual who becomes a

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Los Angeles County Employees Retirement Association

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Assistant Executive Officer
JJ Popowich

From the **Executive Desk**
Gregg Rademacher – CEO, LACERA



Rolling Up Our Sleeves for PEPRA

LACERA is now governed by both the County Employees Retirement Act of 1937 (CERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). PEPRA took effect January 1, 2013.

Incorporating PEPRA into our daily business is a large and complicated undertaking.

In September 2012, when Governor Brown signed PEPRA into law, we rolled up our collective sleeves and began to prepare ourselves and our members for the implementation of PEPRA. To accomplish our objectives, we assembled multiple work teams. Each team was tasked with a specific aspect of communicating PEPRA to our members and/or developing procedures to integrate applicable PEPRA provisions into our operations. The process is evolving and requires the continued collaboration and expertise of LACERA management, the County, LACERA boards, and a cross section of LACERA staff. Although the process is fluid, the teamwork exhibited by all of these individuals has been solid. **I am proud of the professionalism shown by everyone involved.**

"Off the Charts": Member Response to Our PEPRA Updates

Your response to our 2012 communications announcing PEPRA's elimination of Additional Retirement Credit (ARC) purchases as of January 1st was overwhelming.

Member Requests for ARC and other PEPRA-related Information Set New Records.

In October, I sent a letter to our active LACERA members notifying them that in accordance with PEPRA, purchases of ARC would be prohibited as of January 1st. We also placed notices on lacera.com. The following month, we sent a special PEPRA newsletter to all LACERA members, updating them on our ever-evolving understanding of how PEPRA will affect current LACERA members. A reminder about the impending end of ARC purchases was included in that newsletter and in the December issue of this newsletter.

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Executive Desk cont'd from pg. 2

Since the announcement of PEPRA, we've experienced unprecedented increases in member contact through our Call Center and Member Service Center. Calls and visits to LACERA during the months of October, November, and December 2012 set new records:

Members Ask About PEPRA		
Calls Received by Call Center		
	2011	2012
October	10,977	15,095
November	9,248	13,616
December	9,525	14,813
Visits to Member Service Center		
October	1,408	2,274
November	1,277	1,987
December	1,416	3,004

In the last quarter of 2012, registrations on My LACERA also hit new highs. More members than ever utilized the secure, members-only section of lacera.com to generate their own personalized ARC and Retirement Benefit Estimates. In October 2012, for example, members utilized the My LACERA ARC calculator to generate more than 6,500 personalized ARC cost estimates; this is compared to only 500 estimates generated on My LACERA in October 2011. This trend continued through the end of December, which was the deadline to submit an ARC application under PEPRA.

Even though PEPRA does not affect the retirement benefits of pre-PEPRA members, we also saw a huge spike in requests to our Call Center and Member Service Center for Retirement Benefit Estimates; spiking began around the time Governor Jerry Brown announced his intention to pass pension reform. The requests escalated following the governor's signing of PEPRA into law in September.

Total Retirement Benefit Estimates Generated in September-December		
	2011	2012
September	7,851	12,770
October	8,167	21,532
November	6,748	16,886
December	7,032	17,981

The enormous member response to PEPRA underscores the tremendous value of our online member self-services. By offering easy-to-use My LACERA calculators, our members are able to generate immediate personalized responses to many of their questions. This is a win-win! It allows members the convenience of completing many transactions on their own, at any time, plus it eases (at least a little) the incredible PEPRA-related demand currently placed upon our Retirement Benefits Specialists and other personnel.

LACERA's Claims Processing and Member Services Divisions have

been working tirelessly to respond to our members' continued requests related to PEPRA. Kudos to them for rising to the challenge! Despite the staggering volume, they continue to provide our members with friendly, knowledgeable, and professional service.

75 Years and Still Going Strong

This year marks 75 years since LACERA first opened for business. Over the past 75 years, LACERA has been a constant and vigilant guardian of the retirement benefits of the employees of Los Angeles County. We're proud of our track record and want every member to know we remain dedicated to continuing those efforts in the years and decades ahead. The world may change around us, but we will always remain focused on our mission to produce, protect, and provide the promised benefits.



You can read more about our anniversary on page 5.



Insight and Education Mark Board Offsite Conference

LACERA is committed to ongoing education about issues affecting retirement. With that in mind, every January LACERA board members and LACERA management attend an educational and fiscal planning conference. This year's conference included presentations on PEPRA implementation, member service strategy, disability, retiree healthcare, and investments.

Highlights include:

The PEPRA Implementation

Evolution: LACERA Assistant Executive Officers Robert Hill and JJ Popowich discussed our rapid

mobilization of staff and resources to comply with PEPRA deadlines. The presentation covered issues such as PEPRA's impact on our member contact centers, strategy to manage record-setting requests for ARC contracts, and future PEPRA-related needs and goals affecting communications, operating systems, and staff training.

Retirement Benefit Strategic Plan:

LACERA CEO Gregg Rademacher underscored LACERA's commitment to delivering premier member service and outlined strategies to meet short-, mid-, and

long-term objectives.

A Day in the Life of a Disability

Investigator: Ricki Contreras, Manager of LACERA's Disability Retirement Services Division, and Disability Retirement Specialist Supervisors Tamara Caldwell and Debbie Semnarian explained the disability retirement application intake and investigation process.

The Healthcare Challenges Ahead:

Cassandra Smith, LACERA Retiree Healthcare Division Manager and representatives of AON Hewitt and Kaiser Permanente provided

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Progress with Implementing PEPRA

cont'd from pg. 1

LACERA member for the first time on or after January 1, 2013 and was not previously employed by any other public employer in California. An individual who is a member of a reciprocal retirement system, but ineligible for reciprocity based on service earned prior to January 1, 2013 is also considered a new member under PEPRA.

The LACERA membership date is the first of the month following the date of hire. If, for example, you were hired on February 6, 2013, your LACERA membership date would be March 1, 2013.

In compliance with the provisions of PEPRA, LACERA has created two new retirement plans for new members. General Members who became new members of LACERA

on or after January 1, 2013 will automatically be enrolled in General Plan G. Safety Members who became members of LACERA on or after January 1, 2013 will be automatically enrolled in Safety Plan C. Both General Plan G and Safety Plan C are contributory plans.

Pay Codes for New Members

On November 8, 2012, the Board of Retirement adopted Resolution No. 12-002: Resolution of the Board of Retirement Defining "Pensionable Compensation." The resolution determined which pay items qualify as pensionable compensation for members subject to PEPRA.

To review the list of codes and descriptions, organized by their inclusion or exclusion from pensionable earnings, see the

PEPRA Pay Codes for New Members page in the Benefits Section of lacera.com; look under Active Member.

Connect With Us.

Email-
welcome@lacera.com

Call-
800-786-6464

Visit-
**300 N. Lake Ave,
Pasadena, CA
91101**

LACERA was established 75 years ago on January 1, 1938. Just imagine, in our inaugural year, Los Angeles didn't have a single freeway. A law authorizing non-stop roadways in California was passed that year; two years later, the six-mile stretch added to Arroyo Seco Parkway marked the opening of the Pasadena Freeway, the first freeway in the western United States.

In 1938, the population of the County was a mere 2.2 million. That year, LACERA had 12,250 members and a retirement fund (Fund) of \$5.8 million. The Board of Retirement (BOR) was also created that year.

After a temporary decline during the war years, LACERA memberships began to rise again in 1947, as close to 2,000 individuals joined County service between 1946 and 1947 alone. Throughout the 1940s, the Fund, as well as County population, experienced steady growth.

Disability retirement benefits were added to LACERA plans during this period.

Several additions were made to the local infrastructure during the 1940s, including the completion of the Sepulveda Flood Basin, Hansen Dam, and the opening of the San Bernardino (10) and Hollywood (101) Freeways.

By 1950, LACERA had 18,350 members, and the balance in the Fund had grown to \$40.9 million. Safety memberships began the following year. By the end of the decade, the County population had grown to 5.8 million, LACERA served 38,383 members, and the Fund totaled \$251.6 million.

Everyday life in Los Angeles County continued to advance, as well. During that era the County became a sprawling metropolis. The 50s brought the establishment of the Los Angeles County Metropolitan

Transit Authority, the completion of the "Four Level" interchange, inclusion of African-Americans in the County fire department, the launching of numerous television stations, and the first jet service from Los Angeles International Airport to New York. Baseball also made local headlines in the 50s with the arrival of the Dodgers from Brooklyn.

The 1960s saw continued growth in the County and in LACERA. Population during the decade rose from 6 million to nearly 7 million. Our membership roster reached 72,755, and the Fund appreciated to \$850 million. In response to rising inflation, cost-of-living benefits were established for LACERA retirement plans.

The arts and popular culture blossomed throughout the decade with the opening of the Los Angeles County Museum of Art, the Dorothy

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1. Q: What retirement plans are available to new LACERA members?

A: Depending on their membership category, new LACERA members, including those who are members of reciprocal retirement systems, but were ineligible for reciprocity prior to January 1, 2013, automatically become members of one of two new defined benefit plans. New general members will enter Plan G; new safety members will enter Safety Plan C.

2. Q: Do Plan G and Safety Plan C provide lifetime retirement benefits?

A: Yes. Like all LACERA plans, both plans are defined benefit plans. As such, both provide a lifetime retirement benefit based solely on three factors: age at retirement, amount of service credit, and final compensation.

3. Q: Are Plan G and Safety Plan C contributory plans?

A: Yes. Both plans include a flat-rate member contribution. The current contribution rate for Plan G members is 7.75 percent; the rate for Safety Plan C members is 13.25 percent. Contribution rates on all LACERA plans are subject to change.

4. Q: Is PEPRA information available on lacera.com?

A: Absolutely. Visit lacera.com for the latest PEPRA updates:

Benefits Section

- PEPRA Overview, Video Presentation, Related Documents
- Pension Forfeiture for Job-Related Felony

Active Member Section

- PEPRA Pay Codes for New Members

WORKSHOP SCHEDULE

MARCH 2013

S	M	T	W	T	F	S
					1	2
3	4	S	6	7	8	9
10	11	G	13	14	15	16
17	18	G	20	21	22	23
24	25	G	27	28	29	30
31						

APRIL 2013

S	M	T	W	T	F	S
	1	S	3	4	5	6
7	8	G	10	11	12	13
14	15	G	17	18	19	20
21	22	G	24	25	26	27
28	29	G				

MAY 2013

S	M	T	W	T	F	S
			1	2	3	4
5	6	S	8	9	10	11
12	13	G	15	16	17	G*
19	20	G	22	23	24	25
26	H	G	29	30	31	

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

*Saturday, May 18, 2013: 9:00 a.m. - Noon; Lancaster Regional Library; 601 W. Lancaster Blvd.; Lancaster, CA 93534

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.

Offsite Conference cont'd from pg. 3

an overview of present and future health and healthcare challenges facing LACERA retirees. The panel introduced key provisions of the Affordable Care Reform Act that will affect LACERA.

Investment Strategic Plan: David Kushner, LACERA Chief Investment Officer, reviewed the goals for the

current fiscal year and presented a three-year Strategic Plan for the Investment Division.

The conference also included other presentations regarding death benefits, technology, legislation, and investments.

3 THINGS Ways to Get Better With Age

Did you know that the human brain naturally starts slowing down at the age of 30? Keep it young with these researcher-tested activities:

◆ **Move on.** Let go of regrets over missed opportunities to stave off depression.

("Don't Look Back in Anger! Responsiveness to Missed Chances in Successful and Nonsuccessful Aging." Stefanie Brassen et al. *Science* 4 May 2012.)

◆ **Bonus if you're bilingual!** If you're bilingual, you're better able to maintain efficient use of your brain than your monolingual peers. Even if you didn't grow up speaking two languages, it'll help your brain to learn a new language.

("Lifelong Bilingualism Maintains White Matter Integrity in Older Adults." Gigi Luk et al. *The Journal of Neuroscience*. 16 November 2011, 31(46): 16808-16813.)

◆ **Move more.** Long-term endurance exercise has a beneficial effect on the biology of proteins that determine the aging process on a cellular level.

("Abstract 1380: Beneficial Effects of Long-term Endurance Exercise on Leukocyte Telomere Biology." Christian Werner et al. *Circulation*. 2009; 120:5492.)

This article is for informational purposes only. It is not to be construed as medical care or advice and is not a replacement for medical care or advice given by trained medical providers.

"The secret of getting ahead is getting started"

— Mark Twain

Public Service Announcement**Become a Foster and/or Adoptive Parent**

The Los Angeles County Department of Children and Family Services is seeking caring individuals to become foster or adoptive parents to children who cannot live safely with their own families due to abuse, neglect, or abandonment. **If you have room in your heart for a deserving child, call 888-811-1121 or visit shareyourheartLA.org.**

2013 Marks our 75th Anniversary
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Chandler Pavilion, the Mark Taper Forum, and the Hollywood Walk of Fame. The decade also marked the arrival of the Lakers, the opening of Dodger Stadium, and the creation of the Los Angeles Kings.

In the following decade, the Fund grew to more than \$2.6 billion, while membership ranks rose to 92,354 and County population hit over 7.3 million. Significant events at LACERA included the establishment of our Board of Investments, the BOR's creation of the LACERA-administered Retiree Healthcare Program, and the creation of safety Plan B, and general member Plans B, C, and D.

Southern California did some shaking in the 1970s as earthquakes in Sylmar and Simi Valley took their toll. The decade also saw the opening of the Los Angeles County Martin Luther King, Jr. Medical Center and the creation of the Southern California Air Quality Management Control District (AQMD).

Growth of LACERA and the County continued throughout the 1980s. LACERA introduced non-contributory Plan E for general members and STAR-COLA benefits for eligible retirees. During this period, LACERA became an independent governmental entity, separate and distinct from the

County. By the end of the decade, our membership ranks had reached 105,668, the Fund had grown to \$8.6 billion, and 8.6 million people called Los Angeles County "home."

Meanwhile, Los Angeles was readying itself to host the 1984 XXII Summer Olympics. To prepare for the arrival of the world's athletes, LAX opened the Tom Bradley International Terminal. The 1980s also marked the founding of the Los Angeles Music Center Opera.

Los Angeles County remained a popular place in the 1990s; population exceeded 9.5 million by decade's end. Operations at LACERA also moved forward, as we moved from the Hall of Administration to our present headquarters in Pasadena, established our Outreach teams and Call Center, and began the massive task of transferring our paper documents to electronic files. This project, which spanned several years, became known as our Reengineering Project. As the 1990s drew to a close, our Fund was valued at more than \$28 billion and our members numbered 128,206.

During the 1990s, the Los Angeles County Board of Supervisors welcomed its first Latina and its first African-American members to its ranks, the Port of Los Angeles overtook the Port of New York as the

nation's busiest seaport, and the Metropolitan Transportation Authority opened its first subway line, the Red Line.

At the beginning of the new century, we launched lacera.com; My LACERA followed a few years later. In 2008, as part of our ongoing effort to update our operations, we initiated our Microfiche Conversion project. This project converted our old microfiche records to electronic files.

Today, LACERA serves 153,563 members and the Fund totals \$38.3 billion. As we celebrate 75 years of service, we take pride in the strong foundation we have built and look forward to continued excellence in the years ahead.

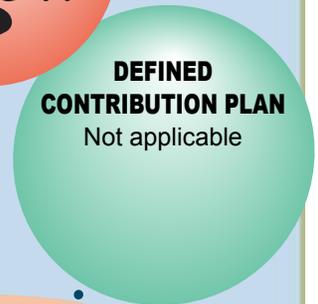
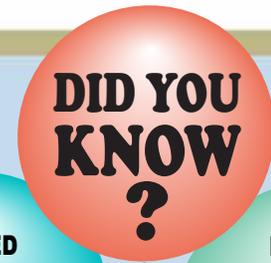
You can view our 2012 Comprehensive Annual Financial Report (CAFR) with a timeline of LACERA's 75 years of dedicated service in the Investments section of lacera.com.



Upcoming Holiday

LACERA will be closed:

- **Monday, May 27**, in observance of Memorial Day.



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.

LACERA Communications, PO Box 7060, Pasadena, CA 91109-7060 800-786-6464 email: welcome@lacera.com

Writers: Barbara Gordon, Jennifer Carter, Sarah Renick Designer: Courtney Cook Editor: Jeannine Smart