

P.S.

POST SCRIPT

NEWS FOR ACTIVE MEMBERS

SEPTEMBER 2013 • VOL. 24, NO. 3

Ready, Set... Retirement

Are you ready to retire? Right... let's rephrase the question: Are you set to retire?

Retirement is more than just the decision to quit a 9-to-5 routine; it's the process of making informed choices and planning carefully that can favorably impact your future. To assist you in developing a personalized strategy to maximize your retirement, particularly if you're approaching retirement age, LACERA offers an assortment of resources to help you.

Retirement-Planning Resources

A good first step is to watch the **Intro to Retirement video** on lacera.com; in an easy five minutes, you'll see the steps you can take to retire with confidence. For a handy print version, download the **"Introduction to Retirement: 7-Step Reference Card"** from the Brochures & Forms page on lacera.com. It's a great reference for staying on track to a successful retirement.



Interested in knowing how much money you'll receive upon retiring? Try out these tools:

To create your own **Retirement Benefit Estimate**, access your My LACERA account on lacera.com and click "Retirement Benefit Estimate" on the left column. This calculator automatically inputs your personal information — the date on which you are first eligible to retire, current amount of service credit, current monthly compensation, and beneficiary information — to estimate your monthly benefit amount

upon retiring. To get a variety of estimates, edit the information — your retirement date, service credit, monthly compensation, or beneficiary compensation amounts — to generate different calculations.

Attend a **Pre-Retirement Workshop** at LACERA to learn about your retirement options, the right retirement date for you, purchasing service credit, healthcare choices, and how your allowance is calculated. The LACERA Retirement Benefits Specialist

presenting the workshop will be available to answer your individual questions. Reservations are required; access the Appointment and Workshop Reservation System on lacera.com to reserve a seat. Saturday workshops at offsite County locations are offered periodically. Check lacera.com for the latest workshop schedule.

Visit our **Member Service Center** in the lobby of our Pasadena office to talk one-on-one with a Retirement Benefits Specialist. Scheduling a time to come in on the Appointment and Workshop

cont'd on pg.4

IN THIS ISSUE

- 2 From the Executive Desk
- 4 Survivor Income Benefit
- 5 Contribution Rates
- 6 Workshop Schedule
- 6 Summary Plan Description Books Are In
- 6 DOMA
- 7 FAQs
- 7 Inside My LACERA
- 8 Upcoming Holidays
- 8 Did You Know?

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From the Executive Desk

Gregg Rademacher – CEO, LACERA



Many Factors Affect Member Contribution Rates

As most of you know, all LACERA contributory members contribute a percentage of their earnings to the retirement fund (Fund).

If you're a member of a contributory plan and your membership date is prior to January 1, 2013, you've probably noticed your Plan contributions increased by a small amount as of July 1st. It's important to understand that contribution rates are fluid; they can remain stable for years or can change annually. Rate changes are based on a variety of factors. Prior to 2013, all LACERA contributory plans were based on the member's entry age to LACERA. In those plans, the younger your entry age, the lower the percentage of your contribution. Entry age still applies for most LACERA plans: only the two plans introduced this year are structured differently.

The Public Employee's Pension Reform Act of 2013 (PEPRA), which took effect January 1, 2013, requires a 50/50 cost-sharing between the employee and the employer. In accordance with this law, LACERA members with membership dates in 2013 (and going forward) are enrolled in new plans — General Plan G or Safety Plan C — which are structured for 50/50 cost-sharing. Those Plans are based on a flat rate; members of each respective plan pay the same contribution rate, regardless of their entry ages. I'll explain more about that a little later.

In the meantime, let's review some basic facts that apply to all LACERA plans.

Background

The benefits LACERA provides under all plans 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 non-contributory Plan E, contribute a percentage of their earnings to the Fund. Your employer, Los Angeles County, also contributes to the Fund. LACERA deposits all the contributions and invests them to generate investment earnings.

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.**

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

cont'd on pg. 3

Executive Desk cont'd from pg. 2

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.

Interest Rate Affects Contributions

In 2011, 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 that began July 1, 2012. In keeping with that schedule, on July 1, 2013, the interest rate was lowered from 7.70 percent to 7.60 percent.

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.**

As I mentioned in the beginning of this article, contribution rates are fluid. 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 for Plans A, B, C, D, and Safety A and B (our pre-PEPRA plans) may also change as the result of periodic negotiations between management and employee groups.

Actuary Determines How Much Money Is Needed to Pay the Promised Benefits

To determine whether contributions are being accumulated at a rate sufficient to pay future benefits, the law requires LACERA to obtain a

system valuation at least once every three years. 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 valuation for us on June 30, 2012 and determined adjustments to employer and employee contributions for our pre-PEPRA plans were needed to ensure the Fund's long-term viability. The actuary's recommended employee 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, 2013.

Milliman's valuation was based on benefit provisions and contribution

“Our actuary determined adjustments to contributions were needed to ensure long-term viability.”

rates in effect as of June 30, 2012 (LACERA's fiscal year-end). Since Plan G and Safety Plan C weren't introduced until January 2013, they were not included in the actuary's report. Contribution rates in those plans will be included in next year's valuation.

50/50 Cost-Sharing: Plan G and Safety C

As I mentioned earlier, PEPRA

requires a 50/50 cost sharing between the employee and the employer for all individuals with membership dates of January 1, 2013 or later. So what does this mean, exactly?

The cost referred to under 50/50 cost sharing is the retirement system's Normal Cost, which is the present value of the pension benefits accrued in the current year. In determining 50/50 cost sharing, the actuaries determine the total amount of contributions needed in a year to fund the benefits accrued in that year. That cost is split evenly between employer and employee. The age at which the member entered LACERA is not considered. Rate negotiations between the employer and employee groups are not permitted under PEPRA.

The flat-rate contribution for General Plan G remains 7.75 percent; the flat-rate contribution for Safety Plan C remains 13.25 percent. As of October 1, 2013, these rates will apply to all Plan G and Safety C members. Previously, Plan G and Safety C members who were affected by a Memoranda of Understanding (MOU) between employee groups and the County paid a “negotiated” rate that was entry age-based. That MOU expires on September 30, 2013; flat-rate contributions for those members take effect on October 1, 2013.

Depending on their age, the flat rate for Plan G and Plan C members previously covered by the MOU may be higher or lower than the negotiated rate they paid under the MOU.

Your Benefits Are Secure

Based on the prudent long-term Investment Strategy adopted by LACERA's Board of Investments, the Fund remains sound and your benefits remain secure.

cont'd on pg. 4

For Plan E MegaFlex Participants Only: The Survivor Income Benefit

Are you an active member of **Plan E** and a **MegaFlex** participant? If so, it's important to understand your insurance options as October approaches.

As you may know, 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, active Plan E members who are MegaFlex participants **have the option of electing the County-administered Survivor Income Benefit (SIB)**, an optional life insurance plan available only to Plan E MegaFlex participants.

The SIB pays a lifetime benefit to an eligible surviving spouse or domestic partner. If a member enrolled in the Survivor Income Benefit program were to die while in active service, the eligible surviving spouse or domestic partner would receive a monthly cash benefit for the rest of his or her life. If no eligible surviving spouse or domestic partner exists, the benefit will be divided equally among eligible dependent children. Benefits will continue until

age 18 or, if the child is enrolled full-time in an accredited school, until age 22. Without the SIB, your survivors would not receive a continuing benefit, which 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 2014 Enrollment Highlights Guide*, which the County of Los Angeles will mail to you, for instructions, or visit **mylacountybenefits.com**.

For questions regarding tax matters or issues involving your individual financial situation, consult a professional advisor; LACERA does not offer tax or financial advice.

Ready, Set... Retirement! cont'd from pg. 1

Reservation System on lacera.com will give you priority over walk-ins. The Member Service Center is open from 7:00 a.m. to 5:00 p.m., Monday through Friday.

Another way to speak with a Retirement Benefits Specialist about retirement is to call **800-786-6464**. Our Call Center is open from 7:00 a.m. to 5:30 p.m., Monday through Friday.

Months Away from Retiring?

If you expect you'll retire in six months, be sure to:

- Call us at 800-786-6464 and **request an Election to Retire form**.
- Update your beneficiary information on record.

If your retirement's two months away:

- Meet with a Retirement Benefits Specialist at LACERA to assist you in preparing your retirement paperwork. The specialist will provide you with enrollment forms for LACERA-administered retiree medical and dental/vision insurance.

Bring these documents with you:

1. Completed Retirement Benefit Estimate and Election form
2. Your original Certified Marriage Certificate or Certificate of Registered Domestic Partnership
3. LACERA Beneficiary Designation form and your beneficiary's original Certified Birth Certificate (for Options 2, 3, or 4 or Unmodified+Plus)
4. Completed Direct Deposit application with a voided check from your checking account
5. Completed Tax Withholding form W-4/DE-4P

- Notify your Department of your retirement date.
- Prepare finances to complete any outstanding service credit contracts, as contracts must be paid within 120 days following your retirement.

Wherever you are on your path to retirement, remember that LACERA is here to assist you at every step of your career. We look forward to helping you soon!

Executive Desk cont'd from pg. 3

Regardless of which LACERA plan you're in, you can always count on LACERA to produce, protect, and provide the promised benefits.

For More Information

To view the contribution rates for all pre-PEPRA LACERA plans, turn to page 5 of this newsletter.

For a more in-depth discussion of interest and contribution rates,

please read "Understanding Interest and Contribution Rates" in the Active Member, Benefits section of lacera.com.



Contribution Rates Effective July 1, 2013

A modest retirement contribution rate increase for LACERA Plans A, B, C, D and Safety A and B went into effect on July 1, 2013. Rate tables for those Plans are below:

Plan A General Member			
ENTRY AGE	CONTRIBUTION RATE%	ENTRY AGE	CONTRIBUTION RATE%
16	4.13%	34	5.63%
17	4.19%	35	5.81%
18	4.22%	36	5.98%
19	4.28%	37	6.15%
20	4.33%	38	6.35%
21	4.37%	39	6.53%
22	4.43%	40	6.71%
23	4.49%	41	6.91%
24	4.57%	42	7.11%
25	4.59%	43	7.33%
26	4.69%	44	7.49%
27	4.77%	45	7.69%
28	4.89%	46	7.89%
29	4.97%	47	8.06%
30	5.08%	48	8.26%
31	5.23%	49	8.37%
32	5.32%	50	8.45%
33	5.47%	51+	8.50%

Plan B General Member			
ENTRY AGE	CONTRIBUTION RATE%	ENTRY AGE	CONTRIBUTION RATE%
16	6.00%	34	8.70%
17	6.14%	35	8.89%
18	6.26%	36	9.08%
19	6.39%	37	9.27%
20	6.53%	38	9.46%
21	6.66%	39	9.66%
22	6.80%	40	9.85%
23	6.93%	41	10.05%
24	7.08%	42	10.25%
25	7.23%	43	10.43%
26	7.37%	44	10.61%
27	7.53%	45	10.78%
28	7.68%	46	10.95%
29	7.84%	47	11.11%
30	8.01%	48	11.27%
31	8.17%	49	11.41%
32	8.35%	50	11.50%
33	8.52%	51+	11.55%

Plan C General Member			
ENTRY AGE	CONTRIBUTION RATE%	ENTRY AGE	CONTRIBUTION RATE%
16	5.15%	37	7.94%
17	5.26%	38	8.10%
18	5.38%	39	8.27%
19	5.49%	40	8.46%
20	5.60%	41	8.63%
21	5.71%	42	8.82%
22	5.83%	43	9.00%
23	5.96%	44	9.19%
24	6.08%	45	9.38%
25	6.20%	46	9.56%
26	6.33%	47	9.75%
27	6.46%	48	9.92%
28	6.60%	49	10.09%
29	6.74%	50	10.25%
30	6.87%	51	10.42%
31	7.01%	52	10.58%
32	7.16%	53	10.73%
33	7.31%	54	10.85%
34	7.46%	55	10.94%
35	7.62%	56+	10.99%
36	7.78%		

Plan D General Member			
ENTRY AGE	CONTRIBUTION RATE%	ENTRY AGE	CONTRIBUTION RATE%
16	5.06%	37	7.79%
17	5.17%	38	7.95%
18	5.28%	39	8.12%
19	5.39%	40	8.31%
20	5.50%	41	8.48%
21	5.61%	42	8.66%
22	5.73%	43	8.84%
23	5.85%	44	9.02%
24	5.97%	45	9.21%
25	6.09%	46	9.39%
26	6.21%	47	9.57%
27	6.35%	48	9.74%
28	6.48%	49	9.91%
29	6.62%	50	10.07%
30	6.75%	51	10.23%
31	6.88%	52	10.38%
32	7.03%	53	10.53%
33	7.17%	54	10.65%
34	7.32%	55	10.74%
35	7.48%	56+	10.79%
36	7.64%		

To view larger Contribution Rate tables for all Plans, visit the Benefits, Active Member section of lacera.com.

Plan A Safety Member			
ENTRY AGE	CONTRIBUTION RATE%	ENTRY AGE	CONTRIBUTION RATE%
18	7.62%	33	9.69%
19	7.65%	34	9.92%
20	7.65%	35	10.15%
21	7.70%	36	10.37%
22	7.83%	37	10.60%
23	7.95%	38	10.79%
24	8.06%	39	10.96%
25	8.23%	40	11.15%
26	8.36%	41	11.35%
27	8.50%	42	11.49%
28	8.69%	43	11.65%
29	8.88%	44	11.79%
30	9.08%	45	11.89%
31	9.27%	46+	11.95%
32	9.48%		

Plan B Safety Member			
ENTRY AGE	CONTRIBUTION RATE%	ENTRY AGE	CONTRIBUTION RATE%
18	6.55%	33	9.66%
19	6.73%	34	9.92%
20	6.91%	35	10.18%
21	7.09%	36	10.44%
22	7.29%	37	10.70%
23	7.48%	38	10.95%
24	7.68%	39	11.18%
25	7.87%	40	11.42%
26	8.08%	41	11.65%
27	8.29%	42	11.87%
28	8.51%	43	12.06%
29	8.73%	44	12.25%
30	8.95%	45	12.38%
31	9.18%	46+	12.45%
32	9.42%		

cont'd on pg. 6

WORKSHOP SCHEDULE

SEPTEMBER 2013

S	M	T	W	T	F	S
1	H	S	4	5	6	7
8	9	G	11	12	13	14
15	16	G	18	19	20	21
22	23	G	25	26	27	28
29	30					

OCTOBER 2013

S	M	T	W	T	F	S
		S	2	3	4	5
6	7	G	9	10	11	12
13	H	G	16	17	18	19
20	21	G	23	24	25	26
27	28	G	30	31		

NOVEMBER 2013

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

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 Plan Books Are In: General Plan G and Safety Plan C

Our LACERA team recently created new Summary Plan Description books (Plan Books) for Plan G (for general members) and Plan C (for safety members), in light of the PEPRA legislation we've been telling you about.

Visit the Brochures & Forms page on lacera.com to:

- Download or print the book at your convenience;
- Read a PDF of the book online;
- Order a hardcopy version to be mailed to you.



Updated Summary Plan Description books for existing retirement plans are coming soon – watch for them!

DOMA and Your Domestic Partnership Status

Dissolving your California registered domestic partnership prior to marriage could jeopardize your LACERA benefits. Before considering any such action, we advise you speak with a LACERA Retirement Benefits Specialist. Call 800-786-6464 or visit our Member Service Center.

LACERA is awaiting guidance from the IRS on the June 26, 2013 Supreme Court Decision on the Defense of Marriage Act (DOMA). We will update you on lacera.com as more information becomes available.

Contribution Rates cont'd from pg. 5

Contribution Rates: Plan G and Safety C

Members of Plan G and Safety C pay a flat contribution rate, regardless of their entry age to LACERA. The following contribution rates apply for all

Plan G and Safety C members, effective October 1, 2013.

General Plan G	Safety Plan C
7.75%	13.25%

For additional information, read "From the Executive Desk" on page 2 or visit lacera.com.

"All labor that uplifts humanity has dignity and importance and should be undertaken with painstaking excellence."

— Martin Luther King, Jr.

FAQs - Contact LACERA

1. Q: If I have a question, is there an alternative to waiting in the Call Center queue?

A: Send an email to welcome@lacera.com to have your query addressed within the next business day. If you prefer a one-on-one consultation with a Retirement Benefits Specialist in our Member Service Center, you can schedule an appointment through the **Online Appointment and Workshop Reservation System** on lacera.com to come in when it's convenient for you.

2. Q: Where is LACERA located?

A: We are located at: **300 N. Lake Avenue, Pasadena, CA 91101**. In the lobby of the building, you'll find the Member Service Center, which is open from 7:00 a.m. to 5:00 p.m., Monday through Friday. The Contact Us page on lacera.com gives information about the Metro Gold Line, directions to LACERA from three Los Angeles-area airports, and a map of nearby hotels.

To send mail to LACERA, address the envelope to: **P.O. Box 7060, Pasadena, CA 91109-7060**.

3. Q: What are the Call Center hours?

A: Our Retirement Benefits Specialists are available in the Call Center to assist you from 7:00 a.m. to 5:30 p.m., Monday through Friday, at **800-786-6464**.



Now that autumn is upon us and thermometers are speaking more reasonably, it's safe to get out again - and there's so much to do and see - for free!

- ◆ Griffith Park is the nation's largest urban wilderness and a mainstay among area hikers. Trek up to the Griffith Observatory, or ride horseback, or get in a game of tennis at the Griffith Park Drive Courts.... There are at least two things for everyone here.
- ◆ Pasadena Roving Archers offers a free archery lesson for first-timers every Saturday from 8:30 a.m.-10:00 a.m. at the PRA Range, located at 415 South Arroyo Boulevard in Pasadena. Call 626-577-7252 for more information.
- ◆ Another warm day? Try the Escondido Canyon Park trek in Malibu. At the trail's end, a multi-tiered waterfall flows over moss-covered rocks, and the pool beneath it is made for wading.

Inside My LACERA

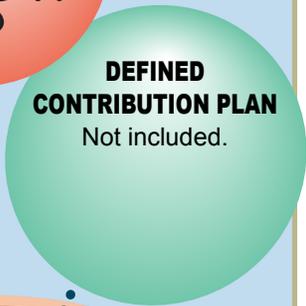
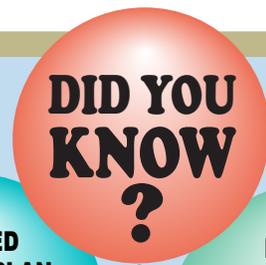
Take the survey on My LACERA; we need your input! Your answers to five short questions will be of value in helping us further tailor My LACERA to your needs. We will continue to periodically adjust My LACERA content and features, based on your feedback. To access the survey, sign in to My LACERA on lacera.com. Thanks for your help!



Upcoming Holidays

LACERA will be closed:

- **Monday, September 2**, in observance of Labor Day.
- **Monday, October 14**, in observance of Columbus Day.
- **Monday, November 11**, in observance of Veterans Day.
- **Thursday-Friday, November 28-29**, in observance of Thanksgiving.



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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