

LACERA

# Spotlight on Retirement

July 2005  
Vol. 16 No. 2

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION • NEWS FOR RETIRED MEMBERS

## Medicare Prescription Drug Update

**E**ffective January 1, 2006, in compliance with the Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA), Medicare will introduce a new prescription drug benefit, called Medicare Part D.

If you are currently enrolled in a LACERA-sponsored medical plan, **please do NOT enroll in an individual Medicare Part D plan before consulting with us.** (If you do, you may jeopardize your coverage with LACERA.) For questions, please call LACERA at 800-786-6464 or 626-564-6132 and press 1 to speak with a Health Care Specialist.

LACERA is currently working with its insurance carriers, consultants, and the Centers for Medicare and Medicaid Services

(CMS) to ensure that LACERA members continue to receive the best possible prescription drug coverage. As soon as we have more detailed information, we will post it on our web site at [www.lacera.com](http://www.lacera.com), and also contact you by mail. 

### LACERA Board Elections

**Did you vote?** July 26th was the last day for ballots to be received by the Registrar Recorder/County Clerk to fill positions on the LACERA Board of Retirement and Board of Investments. The Registrar's office will certify election results on July 29, and the Board of Supervisors is scheduled to declare the election results official on August 2 (barring a recount). 

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## Ventura Settlement Approved

**T**he original "Ventura" decision by the California Supreme Court reversed the rule that excluded pay items that were not received by everyone in the same pay class ("special pay items") from the calculation of pensionable income. As a result, LACERA began including special pay items in pensionable income, starting October 1997 when

the Supreme Court's ruling became final.

A second round of litigation was instituted to determine whether the Supreme Court's Ventura decision should be applied retroactively to persons already retired. The trial court held that retroactive application was required, and that ruling was upheld

by the Court of Appeal. Recently, the parties concluded negotiation of a settlement that sets forth the procedures for implementing the Ventura ruling retroactively for LACERA members who retired with a final compensation period that included any time prior to October 1997.

Cont'd on pg. 6

## Los Angeles County Employees Retirement Association

### Members of the Board of Retirement

LES ROBBINS  
Chair  
Appointed by Board of Supervisors

WILLIAM R. PRYOR  
Vice Chair  
Elected by Safety Members

WILLIAM DE LA GARZA  
Secretary  
Elected by Retired Members

MARK J. SALADINO  
County Treasurer & Tax Collector  
Ex-Officio Member

SADONYA ANTEBI  
Appointed by Board of Supervisors

BRIAN C. BROOKS  
Elected by General Members

SI FRUMKIN  
Appointed by Board of Supervisors

ARMANDO MACIAS  
Alternate Member  
Elected by Safety Members

ED MORRIS  
Alternate Retired Member

SIMON S. RUSSIN  
Elected by General Members

RICHARD WIRTH  
Appointed by Board of Supervisors

### Members of the Board of Investments

SANDRA J. ANDERSON  
Chair  
Elected by Retired Members

ESTEVAN R. VALENZUELA  
Vice Chair  
Appointed by Board of Supervisors

BRUCE PERELMAN  
Secretary  
Elected by General Members

MARK J. SALADINO  
County Treasurer & Tax Collector  
Ex-Officio Member

WILLIAM R. PRYOR  
Elected by Safety Members

HERMAN SANTOS  
Elected by General Members

SOL SOTERAS  
Appointed by Board of Supervisors

LEONARD UNGER  
Appointed by Board of Supervisors

LARKIN TEASLEY  
Appointed by Board of Supervisors

Chief Executive Officer  
**MARSHA D. RICHTER**  
Assistant Executive Officer  
**GREGG RADEMACHER**  
Assistant Executive Officer  
**ROBERT HILL**

## From the Executive Office

Marsha D. Richter, Chief Executive Officer



## An Update on Defined Benefit Plans

In the previous issue of *Spotlight*, I discussed some of the proposals being considered in Sacramento regarding Defined Benefit Plans. At the time, these proposals included:

- Governor Schwarzenegger's proposed initiative entitled "The Fair and Fiscally Responsible Public Employee Retirement Act" (sponsored by the Howard Jarvis Taxpayers Association)
- Assembly Constitutional Amendment [ACA] No. 1 and Assembly Constitutional Amendment [ACA] No. 2, introduced in the State Legislature by Assemblyman Richman.

You may have heard on the news that Governor Schwarzenegger planned to qualify his initiative measure for the November ballot. That was his original plan.

But after much protest, **Governor Schwarzenegger decided to withdraw his ballot initiative.** Of particular concern was the fact the ballot measure would have **eliminated death and disability benefits.**

While we may have received a temporary reprieve, **the issue is by no means dead.** Pension reform is a serious and vital issue to us at LACERA, to our members, and to thousands of other public employees around the state. In withdrawing his initiative, the Governor said that he would give the legislature a year to come up with viable solutions; otherwise, he vowed to reintroduce

his initiative—most likely in a new, "improved" form—to the voters again in 2006.

### Providing Information

Several people have asked me why LACERA has refused to take a stronger stand with regard to the Governor's proposed ballot measure.

LACERA is a publicly-funded governmental agency. As such, state law prevents anyone in the organization, including me, from using LACERA funds in an attempt to influence the voters. Our courts have held that it would violate a fundamental precept of our democratic process if the government was allowed to "take sides" in election contests. It is our civic responsibility at LACERA to remain impartial in matters pending before the voters. We can educate but not influence. This is our charter.

But this does not prevent us from taking an active role in the *legislative* process. As bills are passing through the Legislature, interested parties, including LACERA employees, may attend hearings and debate the pros and cons. We are free to lobby members of the Legislature for our interests, and for the interests of our members. Trust that we will do all we can to keep LACERA strong and vital, and that I will report back to you on a regular basis with the latest developments.

### Traveling to Sacramento

Since these developments, I've been spending considerable time in

# 2005 Legislative Updates

by Jan Barcus

This is turning into a very busy and interesting legislative session. You probably have already read the *Update on Defined Benefit Plans* by Marsha Richter, our Chief Executive Officer, on page two. After Marsha wrote her article, a new series of pension reform and rate stabilization bills were introduced in the First Extraordinary Session of the Legislature. Below is the current status of those and other bills that LACERA is following this year:

## AB 30 County Employees Retirement: Military Service Purchase (Negrete-McLeod)

Existing retirement law authorizes a County Board of Supervisors to allow members to purchase military service. One limitation on the member's eligibility to purchase his or her military service is that the member is not now, or in the future, eligible to receive a retirement pension based on that service. This bill would amend the law to authorize a Board of Supervisors to allow the member to purchase the military service whether or not he or she is entitled to a future pension based on that service. This bill would also remove the 4-year limit on the amount of service that could be purchased for STRS and PERS (not LACERA). The April 25th amendment made this provision at the option of the Board of Supervisors in each county. The bill died in Committee before it went back to the Board of Retirement to lift its opposition.

*Introduced:* December 6, 2004

*Last Amended:* April 25, 2005

*Sponsor:* National Guard Association

*Status:* Remained in Committee and is Dead

*LACERA position:* Oppose, unless made at local option

## AB 1405 County Employees Retirement: Actuarial Valuations (Evans)

This bill would change the time period in which the board of retirement is required to recommend to the board of supervisors any changes in interest or contribution rates. The current time period is 45 days. This bill would extend the period to 60 days. This is most likely a spot bill and we are watching it for future changes.

*Introduced:* February 22, 2005

*Sponsor:* California Professional Firefighters

*Status:* Senate, To Third Reading, June 22, 2005

*LACERA position:* Watch

## SB 973 County Employees Retirement: Domestic Partners Benefits (Kuehl)

Since January 1, 2000, domestic partners have been able to register their relationship with the California Secretary of State if specific requirements are met. The registration with the Secretary of State must occur at least one year prior to the member's retirement effective date. This bill would recognize that many domestic partner relationships were established prior to the 2000 enactment of state law creating the Domestic Partner Registration. The bill would amend the California Public Employees Retirement Law, the State Teachers Retirement Law,

and the County Employees Retirement Law to entitle a retired member and his or her domestic partner to elect to change the member's optional retirement allowance to an allowance that may be more beneficial to the member and his or her partner. To be eligible to change the retirement option the member must show specific documentation that the domestic partnership existed continuously since at least one-year prior to the member's retirement effective date. Any increase in the member's allowance under this provision would be payable on a time forward basis only.

*Introduced:* February 20, 2005

*Amended:* June 30, 2005

*Sponsor:* Equality California

*Status:* Assembly, Committee on Appropriations, July 6, 2005

*LACERA position:* Support

## Pension Reform

In addition to the pension reform bills mentioned in this month's *From the Executive Desk* column, four bills that would amend the County Employees Retirement Law (CERL) were recently introduced in the legislature's First Extraordinary Session. (Bills from the Extraordinary Sessions are designated by "x", for Extraordinary Session, and "1", the first such session.)

Cont'd on pg. 8

**Do you have questions regarding your retirement benefits?**

Call the numbers below and speak with a Retirement Benefits Specialist.

**626-564-6132**  
**800-786-6464**

Visit our web site at:  
**www.lacera.com**  
Email us: **welcome@lacera.com**

**Fax: 626-564-6155**

**NOTE:** Your Social Security number is the key to finding your records.

**Editor's Note**

*Spotlight on Retirement* 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.

**Contributing Writers:**

Scott Memmer  
Jan Barcus

**Copy Editors:**

Jeannine Smart  
Cheryl Cahill

**Design:**

Allen Helbig

**Letters to the Editor may be sent to:**

Delia Price, Editor-in-Chief  
Spotlight on Retirement  
LACERA  
PO Box 7060  
Pasadena, CA 91109-7060

*Alternate formats are available upon request.*

# CIGNA Vision Care Enhancements

**S**tarting July 1, 2005, CIGNA will partner with EyeMed to provide members with enhanced vision care benefits. The partnership will result in the addition of a vision care network – and higher network benefits – to the vision plan. The plan's out-of-network benefits will look familiar, as they are the same as the current plan's benefits.

Benefit	In-Network Benefits (enhancement to current plan)	Out-of-Network Benefits (current plan benefits)
Spectacle Exam*	\$20 copay; then covered in full. For contact lens fitting and professional services, member pays additional charges.	\$25 reimbursement
<b>Lenses</b>		
Single vision	\$30 copay; then covered in full	\$35 reimbursement
Bifocal	\$40 copay; then covered in full	\$45 reimbursement
Trifocal	\$40 copay; then covered in full	\$70 reimbursement
Lenticular	\$50 copay; then covered in full	\$130 reimbursement
Progressive	\$40 copay; then \$70 allowance	\$70 reimbursement
<b>Frames</b>	<b>\$50 allowance</b>	<b>\$35 reimbursement</b>
<b>Contact Lenses (lifetime maximum benefit)</b>		
Hard Lenses	\$180 allowance	\$150 reimbursement
Soft Lenses	\$230 allowance	\$225 reimbursement
<b>Additional Benefits</b>		
Lens Options	Eyewear Savings Plan	Not covered
Additional Pairs	Eyewear Savings Plan	Not covered

\*Spectacle exam includes routine exam, including dilation.

**New ID Cards**

To accommodate the changes to the CIGNA vision plan, LACERA members who have CIGNA coverage will receive new identification cards effective July 1, 2005. There will now be separate ID cards for dental and vision coverage. 

## Blue Cross Prudent Buyer Plan

**P**lease note that the correct phone number for the Blue Cross Prudent Buyer Plan is 800-284-1110. We inadvertently printed an incorrect number on our

Insurance Carrier Toll-Free Phone Numbers list in the March 2005 *Spotlight*. You can check all the insurance carriers' phone numbers online. 

Executive Office Cont'd from pg. 2

Sacramento, working with the Governor's staff and other state officials to review pension policies. My role has largely been an informational one, acting as a resource to help clarify how Defined Benefit Plans work and to explain the potential impact of legislative changes on public retirement funds. It has been an enlightening and valuable experience.

I have pointed out that LACERA has remained actuarially responsible and has exercised great care to act prudently in our investments and policies. It is important for our elected representatives to understand that the apparently inappropriate activities of a few pension funds cannot be generalized to all pension funds in the state.

**Recent Legislative Activity**

In addition to the bills mentioned above, several new ones have been introduced in the legislature. Many of these bills are in the early stages of development and are likely to be changed as they proceed through the legislative process.

Assemblyman Richman has introduced another proposed constitutional amendment, **ACA 1x 8\***, that would require employees

hired after June 30, 2006, to enroll in a "hybrid" plan that has both a defined benefit component and a defined contribution component.

**AB 1x 3\***, also introduced by Assemblyman Richman, would revise actuarial procedures, change employee and employer contribution rates, restrict the use of "excess earnings," and revise disability retirement eligibility rules.

**SB 877\*\*** (Speier) would revise disability retirement eligibility rules by requiring "clear and convincing evidence" that the employment is "a substantial cause of the incapacity," and by changing the definition of "permanent incapacity."

**SB 880\*** (Ashburn) states the intent of the Legislature to create contingency reserve funds that could not be used to enhance benefits or reduce employee contributions.

**SB 885\*** (Ashburn) would preclude safety members from continuing to receive Labor Code Section 4850 benefits once the Board of Retirement has granted the member a disability retirement.

**SB 891\*\*** (Ashburn) states the intent to enact pension reform to provide cost reduction, reduced volatility of contribution rates, equitable sharing of costs and risks

between employer and employees, greater system accountability, and the elimination of abuse.

**Additional Information**

You may wish to visit our web site at [www.lacera.com](http://www.lacera.com) for additional information. For a comparison of defined benefit and defined contribution plans, click on the link to "Proposals to Close Public Defined Benefit Plans." If you would like specific information or a status update on any of the bills in Sacramento, you may click on the link to the California Legislative Web Site. Once there, simply type in the number of the bill for details.

Many of you also belong to unions and trade organizations which may be an additional source of information about the differences between Defined Benefit Plans and Defined Contribution Plans.

It will be an interesting year going forward. I will keep you posted. 📈

\*These bills failed passage and are dead. However, as in Governor Schwarzenegger's initiative measure, pension reform is still being actively discussed in the legislature. See the 2005 Legislative Update on page 3 for information on newly introduced pension reform legislation.

\*\*SB 877 and SB 891 remained in Committee and become two-year bills.

# 14th Annual LACERA Health Fair Mark Your Calendars: 9-16-05! 🍏

**T**his year's **LACERA Health Fair for retirees** will be held on **September 16, 2005**, at the **Hyatt Valencia Hotel** in Valencia.

The theme this year is "Senior Prom," and it is a celebratory event. Come join us and celebrate with style.

LACERA plans to offer a day filled with many activities. There will be giveaways, drawings for prizes, music, free lunch, booths, and workshops – and some lucky winner will take home the grand prize!

Stay tuned for more details on the workshop schedules, activities, and the grand prize. Save the date now and watch for your invitation in the mail!

We look forward to seeing you there. 📈

The negotiated settlement was presented to the court for approval. All objections to the proposed settlement were overruled and the settlement was approved on May 31, 2005. Anyone who filed an objection has until August 1, 2005, to appeal the court's approval. As an organization, LACERA has already begun the administrative work necessary in order to make payments as soon as possible.

For detailed information on the specific pay items, visit our home page at [www.lacera.com](http://www.lacera.com), look for "Ventura Settlement Approved," and click on the link to "pay item treatment."

### **How Will the Ventura Settlement Affect Me?**

The Ventura Settlement takes into account the fact that there are limited historical payroll records available for making retirement benefit recalculations. So, if your retirement date is prior to January 1, 1993, and you did not submit a claim to have your Ventura Settlement adjustment researched, then your Ventura Settlement will be a set percentage provided to all members who retired during the year you retired. Again, this is for members who retired before January 1, 1993.

If you retired on or after January 1, 1993, and your final compensation period used for your retirement benefit includes any month between January 1, 1993, and October 1, 1997, then your retirement benefit will be individually recalculated using your payroll records. LACERA is able to perform these recalculations because most of the payroll records are available in the computer system.

If you submitted a claim for individual recalculation, LACERA will be recalculating your claim based on the available payroll records and

the Ventura Settlement adjustment rules.

If you are eligible for a Ventura Settlement adjustment, your retirement will be adjusted for future payments and all your previous benefit payments received on or after May 26, 1995. Your Ventura Settlement adjustment will include a reduction for employee contributions and attorneys' fees awarded by the court.

If you retired after October 1, 1997, and any of your one- to three-year final compensation period(s) (depending on the plan) falls before October 1, 1997, then your pension benefit will be recalculated to include special pay items earned prior to that date.

### **When Will I Receive My Ventura Settlement Adjustment?**

Although the Ventura Settlement was signed as anticipated, LACERA must now calculate retirement allowances and the retroactive adjustments that eligible retirees and survivors will receive. We anticipate this process will take, *by conservative estimate*, a number of months. We are purposely not publishing our expected timeframe for making the Ventura Settlement adjustments at this time. There are thousands of accounts to be researched and tens of thousands of Ventura Settlement adjustments that need to be performed and checked. Your LACERA staff will work to complete this task as quickly and accurately as possible. However, LACERA does not want to lose your trust with an overly optimistic completion date.

### **Why Will the Implementation Take Months?**

There are several reasons the process will take months.

First, LACERA does not have

electronic pay records for all retirees. Therefore, staff may have to research individual microfiche files for approximately 3,600 retirees to determine if they had special pay items during their one- or three-year final compensation period(s), and to calculate their retirement allowance adjustment, if any. This means we must review at least 43,200 months of information, and possibly up to 129,600 months—by hand.

- This includes all pre-1993 retirees who submitted a claim for individual calculation; and
- Retirees with final compensation periods that include one or more months between January 1993 and March 1993.

Second, upon completing the research, LACERA will provide the pay information to the actuary who will use it to determine the Ventura Settlement adjustment and back contributions owed on the special pay items.

Third, LACERA must wait until all Ventura Settlement adjustments are recalculated before the attorneys' fee award can be spread among the members, on a pro-rata basis.

Fourth, the actuary will then create adjustment records to be used by LACERA to pay your Ventura Settlement adjustments.

As you can see, this will take time. When this process is completed, LACERA will be able to issue the adjustment checks to the eligible retirees, survivors, and beneficiaries. LACERA is diligently working on implementing the Ventura Settlement Adjustments which, when paid, will include interest up to the date of payment. As soon as we have more definitive information about the timeframe for implementation, we will post it on our web site and in *Spotlight*. 

## Calculated Moves: Looking at Refinancing

If you've been thinking about refinancing your home, but aren't sure if the time is right, check out LACERA's Mortgage Calculator on [www.lacera.com](http://www.lacera.com). Using the **online Mortgage Calculator**, you can calculate the summary breakdown for a mortgage loan including interest costs, property taxes, principal balance, and more. You can determine the impact of any principal prepayments. It's easy to use the calculator. Just fill in the variables and click "Calculate." See how your payments and remaining balance will be affected by filling in different amounts. You can view what your total mortgage will be (principal plus interest), and also see a payment schedule over the life of your loan, either monthly or yearly.

New to the Member Home Loan Program (MHLP)? Read all about it online at [www.lacera.com](http://www.lacera.com). Go to the *Investments* tab and click on Home Loan Program. You'll find the Mortgage Calculator, FAQs, descriptions of loans, daily mortgage rates, and more.

GMAC Mortgage Corporation originates all loans for the LACERA MHLP, and they will assist you in completing your home loan application. Loan officers are available to visit your residence or job site to take your application. Or you may visit the GMAC offices to apply. Also, the entire loan application can be completed by phone, mail, or fax.

Take advantage of the *flexible interest rate lock-in option* and other discounted fees offered through the LACERA MHLP. The interest rate lock-in option allows you, the borrower, to receive the **lowest prevailing interest rate** on one of the following dates: your application date, your approval date, or the date your documents are requested. You will automatically receive the lowest interest rate of these three dates, and there is **no extra charge** for this flexible feature.

The MHLP offers a wide range of fixed and adjustable rate loans, all with competitive rates and low fees. LACERA's active members, retirees,

and beneficiaries may all participate in our exclusive LACERA Member Home Loan Program.

- Easy application process
- At no additional cost, you will receive the lowest interest rate applicable from the following three dates – the application date, approval date, or the date the documents are requested
- 25% discount off the 1% origination fee
- \$350 application fee includes credit report and appraisal report
- \$175 processing fee (other third party fees, escrow, and title insurance may apply)
- Zero point loans available
- A dedicated 800 number
- Pre-approvals

**LACERA may help you save money with our Member Home Loan Program and lock-in option.** Just call 800-2-LACERA (252-2372) to speak with a GMAC Mortgage representative today. 🏡

## Retiree Health Insurance Reciprocity Program: LA County and City of Los Angeles 🍏

LACERA now offers a special health care benefits reciprocity program for retirees who earned service credit from employment with both the County (LACERA) and City of Los Angeles (LACERS). This new agreement allows members who retired on or after December 27, 2004, to combine their service credit from

both employers and receive a higher County or City contribution for health care benefits sponsored by either LACERA or LACERS (not both).

If you request to enroll in the retiree health insurance reciprocity program, your election of either the LACERA- or LACERS-sponsored health care program is **irrevocable**.

**If you think you may be eligible, call LACERA at 800-786-6464 and press 1 to speak with a Health Care Specialist.** We will be happy to discuss your personal situation and answer all your questions. 🏡

**AB 1x 4 County Employees Retirement: Contribution Rate Stabilization (Torrico)**

The goal of this bill is to have the employer pay a consistent rate of contributions. The employer pays the same contribution rate in years when the retirement system is over funded (the system assets are more than needed to pay the earned retirement benefits for the retired and active members); as in years when the system is underfunded (the value of the assets is less than the amount needed to pay retirement benefits for retirees and the future benefits for those members that are still working).

The bill would establish the Taxpayer Risk Reduction Account (TRRA), a type of rainy day fund for future use. All or a portion of the employer's contributions could go into the TRRA during periods when the system's assets are greater than the value of the promised benefit for the retirees and active members. Likewise, during those periods when the system's assets are less than are required to pay current and future benefits, money may be transferred from the TRRA to pay the difference between the steady rate of contributions required of the employer and the contribution rate recommended by LACERA's actuary. The money in the TRRA may not be used to pay benefits.

In theory this bill presents a desirable goal. However, while stabilizing the County's contribution rate it could result in a significant increase in the County's contributions. Money in the TRRA would not be considered when the actuary evaluates the funding status of the plan. Theoretically the total LACERA assets could be over 100%. Because the amount in the TRRA cannot be included in the funding status,

however, we would continue to show an unfunded liability. As a result the County would be required to pay a higher contribution.

*Introduced:* May 4, 2005  
*Sponsor:* Author's bill  
*Status:* Assembly Committees on Public Sector and Ways And Means, May 12th

*LACERA position:* Strongly Oppose (Insurance, Benefits and Legislative Committee)

**AB 1x 6 County Employees Retirement: Final Compensation (Evans)**

This bill would add specific language to the County Employees Retirement Law (CERL) defining "compensation" and "compensation earnable." These terms are used to determine the amount of your earnings that is eligible to be counted toward salary for assessing your retirement contributions and to calculate your retirement allowance. LACERA supports having clear and comprehensive definitions in the law. Unfortunately much of the language of this bill was pulled directly from the Public Employees Retirement Law (PERL) for state employees and local agencies that contract with CalPERS, and does not apply to the County retirement systems.

*Introduced:* May 4, 2005  
*Last Amended:* June 2, 2005  
*Sponsor:* Author's bill  
*Status:* Assembly Ways and Means Committee, June 2, 2005

*LACERA position:* Oppose (Insurance, Benefits and Legislative Committee)

**SB 1x 2 County Employees Retirement: Contribution Rate Stabilization (Dunn)**

This bill is nearly identical to AB 1x 4. Only here the rainy day fund is called the Taxpayer Adverse Risk Prevention Account (TARPA). The account established by each of these bills can only be used to reduce the volatility that changes in the value of the system's assets may have on the employer contribution rate.

*Introduced:* May 12, 2005  
*Sponsor:* Author's bill  
*Status:* Senate Committee on Public Employment and Retirement, May 12th

*LACERA position:* Strongly Oppose (Insurance, Benefits and Legislative Committee)

**SB 1x 5 County Employees Retirement: Final Compensation (Ducheny)**

This bill contains most of the same language as presented in AB 1x 6 summarized above. Both bills contain a complex formula to determine the maximum "pay rate" that can be used to determine final compensation. LACERA is working through the State Association of County Retirement Systems (SACRS) to provide the author with alternative language for County retirement systems.

*Introduced:* May 17, 2005  
*Last Amended:* June 2, 2005  
*Sponsor:* Author's bill  
*Status:* Assembly Ways and Means Committee, June 2, 2005

*LACERA position:* Oppose (Insurance, Benefits and Legislative Committee) 

## 4% Semi-Annual Interest Credited

**T**wice a year LACERA posts interest to member accounts. The interest posted semi-annually may vary depending on the performance of LACERA's investment portfolio. Due to strong earnings the first half of our 2004-2005 fiscal year, LACERA was able to credit contributory plan member

accounts with 4% semi-annual interest, effective December 31, 2004.

LACERA is a Defined Benefit Plan, and your retirement allowance is not directly tied to the amount you have contributed to the fund or to the interest credited to your account. Thus, the contributions and interest mentioned above are not available to

LACERA members until they retire or terminate employment with the County.

On January 26, 2005, the Board of Investments adopted an annual investment return rate of 7.75%, which will most likely affect the interest posted to member contributions in the future. 

## A Perfectly Legal Retirement

**I**n addition to its financial and emotional concerns, retirement has its legal challenges as well. Not having your legal affairs in order during retirement can cause undue stress, especially if a medical emergency should arise. Having the appropriate legal documents in place gives your family peace of mind and keeps caregivers legally informed.

Early in your retirement is the best time to handle your legal affairs. What would happen if you were to become incapacitated due to dementia or a sudden stroke? Would your primary caregiver know what kind of treatment you preferred? Would he or she execute things according to your wishes? Spelling everything out ahead of time in the correct legal documents will clearly communicate your desires, protect family assets, and pave the way for a secure retirement.

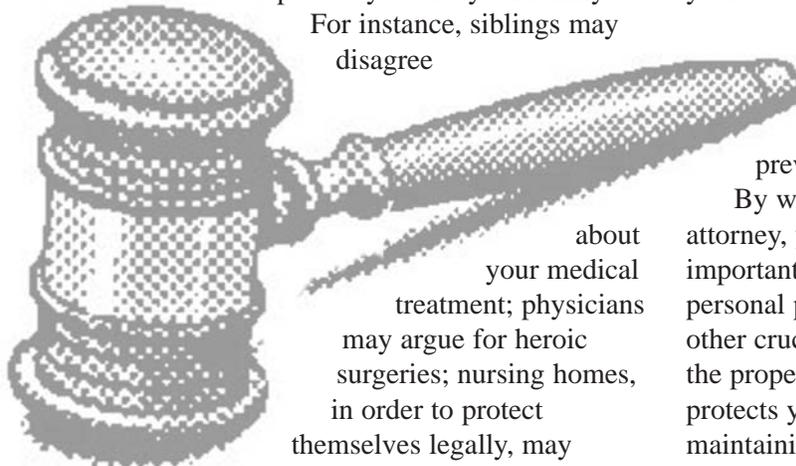
During your retirement years, four essential documents need to be in

place. They are:

1. An up-to-date Will
2. A Durable Power of Attorney
3. A Living Will
4. A healthcare proxy

There are a number of situations in which the correct legal documents can protect you and your family.

For instance, siblings may disagree



about your medical treatment; physicians may argue for heroic surgeries; nursing homes, in order to protect themselves legally, may suggest invasive and unnecessary medical procedures. All of these conflicts can severely affect you and your family's quality of life. But if you have your wishes plainly spelled out ahead of time, no one can change them. Possessing the proper legal documentation is essential to this process.

Legal problems affecting seniors have become increasingly

complicated in recent years. As a result, a specialty in the practice of law, called elder law, has arisen. Elder law attorneys help with issues regarding Medicare, Social Security, and disability claims and appeals. A good elder law attorney can also help you qualify for Medicaid, preserve your assets, arrange for the necessary legal documents, and create living trusts. The costs are well worth the peace of mind and can prevent future legal problems.

By working with an elder law attorney, you can gain control over important issues regarding your personal property, your health, and other crucial decisions. And having the proper legal documents in place protects your wishes while maintaining your dignity, directs your caregivers, and brings peace of mind to your entire family.

Visit the LACERA web site's Brochures & Forms page. There you can access LACERA's Durable Power of Attorney form and an accompanying brochure, which are easy to read, print, or order online. Or, if you prefer, you may call LACERA at 800-786-6464 to request them by mail. 

# Update on Identity Theft: Obtaining a Free Credit Report

In our last issue of *Spotlight* (March 2005), we published an article called “Identity Theft: Protecting Your Privacy.” In that article, we mentioned that you are entitled to one free copy of your credit report per year from each agency.

To facilitate your requests, the three credit reporting agencies,

Equifax, Experian, and TransUnion, have formed a centralized service specifically for **free** credit reports. The service offers three ways to make your request—online, by phone, or by mail:

[www.annualcreditreport.com](http://www.annualcreditreport.com)

1-877-322-8228

If you prefer to make your request by mail, please visit their web site to print the required form.

Evaluating your credit reports on a regular basis is an important step in preventing identity theft. For other ways to reduce the risk, please refer to our article in the March *Spotlight*. 

## Public Service Announcement

# Become a Docent at the Natural History Museum

Here is an investment with positive returns! Give a little time as a museum docent and you will inspire wonder in children, discover new knowledge for yourself, and share experiences with like-minded people.

The Natural History Museum of Los Angeles County is seeking volunteer docents. During the school year, docents enhance the museum

experience of school children by introducing them to the museum's wonderful exhibits in one or more of 15 science and history halls. Their collection includes dinosaurs, Native American cultures, mammals, California history, gems and minerals, marine biology, and more. Extensive training (26 weeks) is provided. Commitment is four hours one day per week the first year, two hours per week

the second year. Added perks for docents include lectures, luncheons, meetings, periodic visits to other museums and points of interest, and special museum events.

They are now accepting applications for their fall training class. Please call 213-763-3531 for additional information. 

# LACERA and the Leapfrog Group

**T**his year's annual letter announced LACERA's membership in The Leapfrog Group, **a nationwide organization of employers and organizations who work together to provide safety information about hospitals and physicians.**

## What is Leapfrog?

The Leapfrog Group was formed in response to a report issued in 1999 by the Institute of Medicine. The report found that 98,000 Americans die every year from medical errors made in hospitals – errors that could be avoided or easily prevented. Further, the report recommended that large employers get involved and bring pressure to bear in the marketplace to reinforce improvements in the quality and safety of health care. The large employers that founded Leapfrog realized that they could take “leaps” forward with employees, retirees and families by rewarding hospitals that implement significant improvements in quality and safety.

Today, The Leapfrog Group is a growing consortium of large private and public sector purchasers of health care that, together, provide health care benefits for more than 36 million Americans in all 50 states. Leapfrog works with its member organizations toward the goal of significantly increasing the quality, safety and affordability of health care in the U.S.

## What Does Leapfrog Do?

Leapfrog works to create improvements in the quality of American health care in three major ways:

- **Building transparency** by sharing their survey findings regarding the safety and quality measures of hospitals at [www.leapfroggroup.org](http://www.leapfroggroup.org). This data can help consumers, organizations that offer members health care coverage, and physicians make more informed decisions about health care provided by hospitals. (Leapfrog plans to extend this information to include physicians in the future.)
- **Helping organizations that offer health plans provide incentives and rewards** to hospitals that implement Leapfrog's quality and safety practices and, therefore, improve the quality of care they provide to patients.
- **Creating leverage for change** by working with other major organizations to develop and recommend quality and safety initiatives for both hospitals and physicians' offices.

Leapfrog has also developed “purchasing principles” that member organizations agree to implement when they purchase health care.

## What Does LACERA's Leapfrog Membership Mean to Me?

LACERA became a member of Leapfrog as a result of its ongoing concern for the health and well-being of its members and continuous efforts to help members obtain the best quality care available.

As a Leapfrog member, LACERA has followed up with all of our health plans to ensure that they support Leapfrog's quality and safety standards. LACERA's carriers not only support these standards, but also continuously work with health care providers to ensure they meet the standards. The carriers also educate their participants about Leapfrog's standards and principles and provide a link directly from their web sites to the Leapfrog site.

LACERA has also agreed to communicate regularly with you, our members, about quality and safety issues surrounding health care, and to provide you with access to the Leapfrog web site so that you can take a look for yourself at the kinds of information available to you through Leapfrog.

You can expect to see more articles concerning these issues in future editions of *Spotlight*. If you would like to go to Leapfrog's site, visit [www.leapfroggroup.org](http://www.leapfroggroup.org). 

## Remembering Norm Johnson

**T**he Board of Retirement closed its July 6th meeting in remembrance of Norm Johnson, who passed away on June 25, 2005. Mr. Johnson previously served on the Board of Investments for 21 years. He participated in the Board's efforts to

secure full funding of retirement benefits, established a fully diversified portfolio, and participated in the establishment of an internal investment office. Mr. Johnson will long be remembered for his significant accomplishments. 



# Spotlight on Retirement

## July 2005 Spotlight Highlights

### Our Health Care Issue:

- 🍏 **Information on Medicare D — Important — Consult us first!**
- 🍏 **Enhanced CIGNA Vision Care**
- 🍏 **Health Fair — September 16, 2005**
- 🍏 **Health Insurance Reciprocity — LA County and the City of Los Angeles**
- 🍏 **Introducing the Leapfrog Group**

Have a  
**Healthy  
& Safe  
Summer!**