



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION ■ JUNE 2009 ■ VOL. 20, NO. 2

Annual Health Care Packet: Your Guide to Rates, Benefits, etc.

Have you taken a few minutes to review your 2009-2010 Retiree Health Care annual packet and rate booklet?

The packet, which mailed at the end of May, includes the Annual Health Care Letter, along with other valuable information regarding your LACERA-administered health plans. We recommend you review the materials to stay informed about your LACERA-administered health care benefits!

Highlights of the packet include —

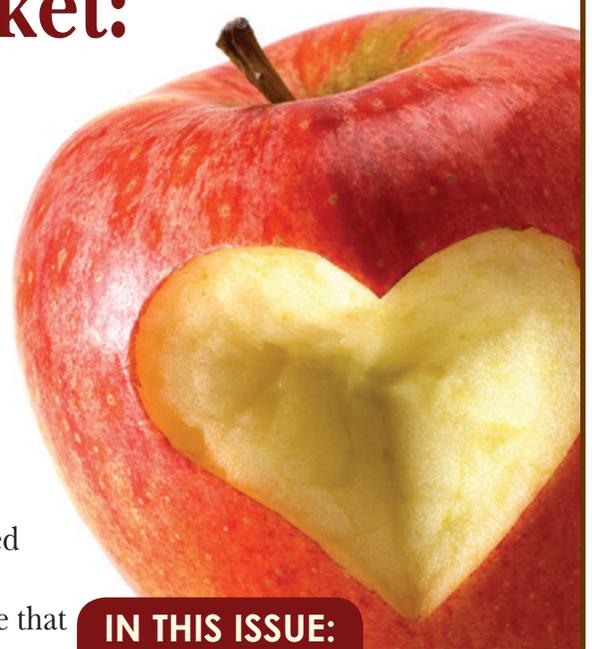
- **Benefits Update:** What's new for the 2009-2010 plan year
- **Benefits Guide:** Overview of the health plans available to you and important administrative details about your LACERA-administered benefits
- **Rate Booklet, effective July 1, 2009:** 2009-2010 monthly

premium rates for all LACERA-administered health plans

- **Notice of Creditable Coverage – June 2009:** Official notice stating your LACERA-administered medical plan provides prescription drug coverage that is, on average, as good as or better than the basic coverage offered by the Medicare Part D model plan.

If you have not received your 2009-2010 Annual Retiree Health Care packet and rate booklet, contact LACERA's Retiree Health Care Division at 1-800-786-6464, press 1 or email: healthcare@lacera.com. You may download the packet by visiting the Brochures and Forms page of lacera.com.

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From the **EXECUTIVE DESK**
Gregg Rademacher—CEO, LACERA



Setting Goals and Creating Paths to Continued Success

Goal-setting is a tradition at LACERA and an integral part of our culture. By setting goals each year, we create paths that lead to improvements in all facets of our operations. It was through goal-setting over the years that we developed many of the enhanced service options that we all take for granted today. Our goals embody our vision, as we continue to find new and better ways to serve our members.

Goals play an important role in our success. Here's how our goal-setting process works. The first step of the process takes place each October when our executive and management staffs gather at an offsite meeting and engage in brainstorming sessions. During these sessions, managers of each LACERA division propose division-specific goals designed to implement our LACERA Objectives.

LACERA Objectives

- To act at all times as prudent fiduciaries, executing our responsibilities exclusively on behalf of our members, beneficiaries, and participating employers.
- To manage growth and change through planning, innovation, and the maximum use of available technology.
- To provide responsive and consistent quality service using integrated, cost-effective procedures and practices.
- To develop a human resources program to recruit, train, develop, and promote qualified staff; to provide a quality work environment and enhance the quality of life for our employees.
- To maximize investment returns and minimize long-term costs by employing prudent investment and actuarial policies and practices.

*“Our budget for
the upcoming fiscal
year is leaner than in
past years.”*

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2009 Legislative Updates



Board Supports Social Security Fairness Act of 2009 and Bill to Expand Retiree Health Care Tax Deduction

In its May 7, 2009 meeting, LACERA's Board of Retirement (BOR) voted to support two federal bills that may impact LACERA retirees. To keep you in the know, a summary of both BOR-supported bills appears below:

U.S. Senate Bill 484, also known as the Social Security Fairness Act of 2009

The bill, which was authored by Senator Diane Feinstein and introduced in the Senate in February, calls for the repeal of the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) laws. (An identical bill, HR 235, was introduced in the House of Representatives in January.)

The WEP and GPO reduce the amount of Social Security benefits payable to some individuals who also receive LACERA allowances. Under the WEP, Social Security benefits are reduced for retired and disabled workers who receive LACERA (or certain other government) pensions from employment not covered by Social Security, but who are entitled to Social Security benefits from other employment that is covered by Social Security.

The GPO affects benefits for individuals receiving spouse's or surviving spouse's Social Security benefits. Under the GPO, Social Security spouses', widows', or widowers' benefits are reduced for individuals who also receive LACERA (or certain other government) pensions from work not covered by Social Security.

Should the Social Security Fairness Act of 2009 become law, Social Security reductions set forth in the WEP and GPO would be overturned. If that occurs, recipients of government pensions who are also eligible for Social Security benefits will receive the full amount of the Social Security benefit to which they would otherwise be entitled.

Note: California Assembly Joint Resolution 10, introduced on March 9, 2009 also requests the U.S. Congress to enact the Social Security Fairness Act of 2009 and eliminate the WEP and GPO. Joint Resolution 10 further requests President Obama to support and sign the Social Security Fairness Act of 2009.

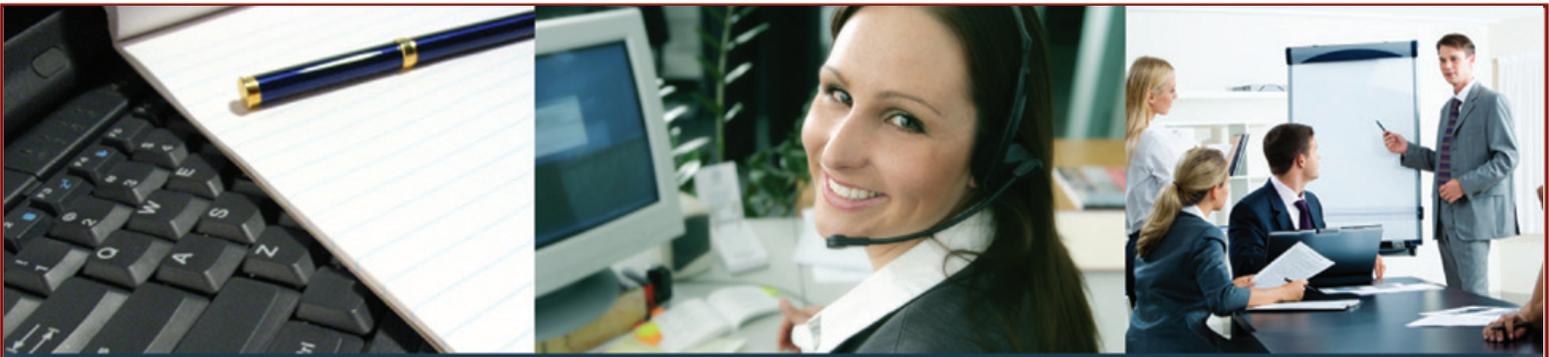
HR 1413: Healthcare Enhancement for Local Public Servants Act of 2009

Currently, under the Pension Protection Act of 2006 (PPA), eligible retired Public Safety Officers (PSO) are permitted to exclude up to \$3,000 of distributions each year from their LACERA retirement plans for direct payment of health and/or long-term care plan insurance premiums. The tax benefit allows exclusion of the amount of premiums (up to \$3,000 annually) paid directly on the PSO's behalf from the taxable distribution of his or her retirement plan.

HR 1413 (also referred to as "HELPS II") would amend the Internal Revenue Code to:

- Extend this tax benefit to any eligible retired state or local public employee.
- Extend the benefit to surviving spouses of eligible retired state or local public employees. There is no spousal provision under current law.
- Permit an annual cost-of-living adjustment to the \$3,000 cap on distributions.
- Change the benefit from a tax exclusion to a tax deduction. This bill would relieve LACERA (or other public retirement systems) from the responsibility of paying the health care premiums on the retiree's behalf. Instead, the retiree would pay his or her own health care premiums and *deduct* that amount on his or her annual tax return.

For additional information on U.S. Senate Bill 484 contact your senator; for more about HR 1413, contact your congressperson.



Service Options

It's Your Choice...

LACERA is dedicated to delivering excellent service and offering our members a selection of ways to interact with us - online, in person, or by phone.

LACERA Service Options:

- **1-800-786-6464** - Give us a call, M-F, 7:00 AM - 5:30 PM
 - **One-on-one Public Counter** - Visit us in Pasadena, M-F, 7:00 a.m. - 5:00 p.m. or call 1-800-786-6464 for an appointment
 - **lacera.com** - Over 1,600 web pages strong
 - **My LACERA** - Connect with your personal retirement network
 - **Brochures & Forms page** - LACERA printed materials to read or order
 - **Ask LACERA** - Get instant answers to general questions
 - **Welcome@lacera.com** - Email us your questions or comments
 - **Healthcare@lacera.com** - Email us your LACERA-administered health care questions or comments
-

We've created an array of service options – you choose the service option that suits you best!

Executive Desk
cont'd from page 2

- To promote and enhance the understanding of LACERA benefits among members, employers, County officials, and the public.

After honing management's list of proposed goals, our Executive Division presents the goals to our Board members at the annual Board offsite meeting in January. The offsite event focuses on the refinement of current strategies and the development of new strategies geared to expand the scope and quality of the services we provide our members.

At this year's offsite conference, in addition to offering our 2009-2010 goals, LACERA's executive officers and other selected staff members delivered presentations summarizing LACERA operations

and projects currently under development. Guest speakers, all recognized as experts in their respective fields, followed with discussions addressing legislative, fiduciary, risk reduction, and investment matters.

Following the offsite conference, the goals are finalized, incorporated into the fiscal year budget, and presented to our Boards each spring for approval. While preparing the budget is always a painstaking process, this year it was especially challenging, given the economic restraints we currently face. Consequently, many additional hours were spent this year honing the budget for fiscal year 2009-2010.

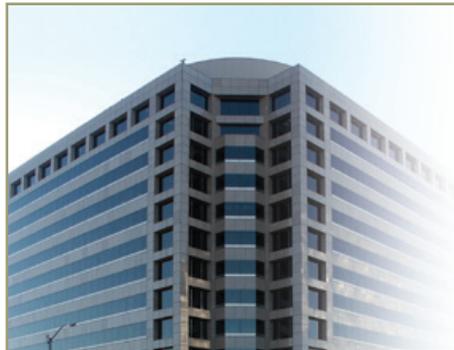
Among our approved goals for fiscal year 2009-2010 are: upgrades to our in-house technology system,

including an updated firewall to increase the security of member data; expansion of lacera.com with additional features and modernized appearance; and the development of a Member Services Training Academy to provide certification programs and extensive training on a range of specialized topics.

Note: LACERA constantly monitors the effect of market conditions on the fund and we adjust our operations accordingly. As a result, our budget for the upcoming fiscal year is leaner than in past years. The impact of the cost-saving practices we instituted may be felt internally here at LACERA, but rest assured, the quality and quantity of services we provide our members will not suffer.

Annual Health Care Packet:
cont'd from page 1

Coming Next Year: An electronic version of your annual benefits packet! Beginning next year, you'll be able to opt out of the print version, provided you have an e-mail address. We'll keep you posted.



LACERA

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Mailing Address:

LACERA • P.O. Box 7060 • Pasadena, CA • 91109-7060

RETIREE TIDBITS

Living Longer

- In 2006, there were 1,700 LACERA retirees or survivors between the ages of 90 and 100; in 2009, the number has risen to 2,109.
- One LACERA retiree has been retired for 51 years – enjoying retired life since 1958!



How New Federal Income Tax Withholding Rules May Affect You

The IRS has issued new tax withholding tables. Although these tables affect everyone, they are designed to benefit working individuals. As a result, if you are no longer employed and are receiving retirement or survivor benefits, you may owe taxes and penalties at the end of the year resulting from too little federal tax withheld. Read on to learn how recent changes in federal tax law may affect you.

Making Work Pay Credit

The American Recovery and Reinvestment Act of 2009, signed by President Obama in February, includes a provision known as the **Making Work Pay Credit** that allows **working individuals and working families** to hold on to more of their paychecks by paying less withholding tax. The credit is “paid” to eligible recipients through a reduction in tax withheld from their paychecks during the year. At the end of the year, that “extra” take-home pay is subject to a tax credit. Those eligible for the Making Work Pay Credit may claim the credit on their 2009 and 2010 tax returns.

How This Affects Retirees and Survivors

In accordance with the new withholding tables, LACERA will withhold less tax from your monthly allowance during the remainder of 2009 and throughout 2010. **Therefore, if you are no**

longer working and you receive a LACERA allowance, you could be faced with an unexpected tax liability on April 15. In such case, you may want to adjust the amount LACERA withholds from your monthly allowance.

Adjusting the Amount of Tax LACERA Withholds

You are not required to change your current withholding amount; however, you are free to adjust your withholding elections as often as you wish. **If you don't want the withholding tax reduced** on your LACERA allowance, you must file a new Form W-4P with LACERA. The tax form is available on the Brochures & Forms page of lacera.com.

If You Are Employed

If you are earning wages from employment, in addition to receiving a LACERA retirement or survivor allowance, you may be eligible to claim the Making Work Pay Credit — a refundable tax credit of up to \$400 for working individuals and \$800 for working families (married couples filing a joint return) — on your 2009 and 2010 tax returns.

Economic Recovery Payment: Payment Affecting Social Security Recipients

The American Recovery and Reinvestment Act of 2009 also includes a provision known as the



Economic Recovery Payment, which affects individuals receiving Social Security benefits. If you are receiving Social Security benefits, the Social Security Administration automatically sent you a \$250 payment in May.

Those who are employed, eligible for the Making Work Pay Credit, and who received the \$250 Economic Recovery Payment should understand that one-time \$250 payment is a reduction to any allowable Making Work Pay Credit.

For additional information on the Making Work Pay Credit and Economic Recovery Payment, visit www.irs.gov. Consult with professional advisors regarding tax or legal matters; LACERA does not offer tax or legal advice.



STAYING HEALTHY TOGETHER

Vol. 3, Issue #2 • June 2009

Staying Healthy Together: Focus on Heart Health

Our Staying Healthy Together program of health education and improvement is going strong. We're pumped by the positive member feedback we continue to receive as this program explores important health and lifestyle issues!

When you were active employees, LACERA was focused on helping you to maximize your retirement benefits. Now we want to help you enjoy those retirement benefits for as long as possible, so we're committed to helping you maximize your health and quality of life!

Members Took Their Health to Heart in April Workshops

In April, LACERA retirees gathered at the Autry National Center in Los Angeles and the Cameron Park Community Center in West Covina to participate in Heart Health workshops.

The half-day workshops featured interactive presentations by health experts from CIGNA, Caremark, SCAN, and Kaiser Permanente who educated the attendees on a variety of topics, including stretching, the significance of certain medical tests, heart risks, and heart-healthy cooking.

Recap of Presentations:

- **Straight from the Heart:** practical, heart-healthy tips for eating well and moving more. Participants put their knowledge to the test by performing seated stretches.
- **Know Your Numbers:** the significance of blood pressure, cholesterol, blood sugar, body mass index, and waist measurements — and how to interpret them. Participants checked their own pulse to learn their resting heart rate.
- **Identifying Heart Risks:** explored the main heart health risk factors and provided tips to reduce risks through a few lifestyle adjustments.
- **Heart-Healthy Cooking:** heart-healthy cooking tips,



plus cooking demonstrations of spinach, tofu and brown rice stir fry; heart-healthy smoothie; and lavosh wrap with hummus and veggies. Bonus: attendees got to sample the dishes at the end!

Representatives of LACERA-administered health plans were on hand to provide additional information, along with some fun giveaways.

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STAYING HEALTHY TOGETHER ONLINE

Visit lacera.com, HEALTH CARE — STAYING HEALTHY TOGETHER

Heart Workshops
cont'd from page 7

Each workshop concluded with a raffle for fabulous health-related gift baskets.

Food Gift Basket:

- Free membership to the Fruit-of-the-Month Club
- Heart-healthy cookbook
- Assorted heart-healthy foods

The Food Basket winners were:

Judy Stuart (Autry workshop)
Fred DeVoogd (Autry workshop)
Jose Tam (Cameron Park workshop)
Mildred Graybill (Cameron Park workshop)

Fitness Gift Basket:

- Nintendo Wii system
- Wii Fit game

The Fitness Basket winners were:

Malinda Holmes (Autry workshop)
Mary Alice Jackson (Cameron Park workshop)

Congratulations to all the lucky raffle winners!

The workshops were presented in conjunction with our Staying Healthy Together retiree health improvement program. Stay tuned; the program will explore a new topic, with another set of workshops, in the fall.

Thoughts from Workshop Attendees:

“These workshops are wonderful. I come every time, no matter where they’re located, because I learn so much!” – Sue

“The cooking presentation was fabulous! I never thought I’d like tofu, but this dish tastes amazing – and it’s so healthy! I’ll definitely cook these recipes at home.” – Sharon



**New Email Address for
Staying Healthy Together**



Staying Healthy Together now has its own dedicated email address! Email any questions or comments regarding the Staying Healthy Together program to **staywell@lacera.com**



**STAYING
HEALTHY
TOGETHER**

NOTE: Retiree Health Care Email Address — healthcare@lacera.com
Use this email for LACERA-administered health care questions or comments.

New California Tax Tables May Affect Your Allowance

In February, Governor Schwarzenegger signed a new California state budget into law. One provision of that budget mandates an increase in California personal income tax. In conjunction with the increase, the State recently issued new tax withholding tables.

LACERA retirees and survivors who elected to have California tax withheld from their allowances based on tax tables (rather than on a designated amount) saw an increase in the amount of state tax LACERA withheld from their May allowances. The increase will remain in effect going forward.

You may adjust your withholding elections as often as you wish; however, keep in mind, if you

CHANGE YOUR WITHHOLDING TAX

Use Form
W-4P/DE-4P

lacera.com

Brochures &
Forms Page



elect to have less state tax withheld, you may encounter a higher than expected tax bill on April 15th.

To adjust the amount of state tax LACERA withholds from your monthly allowance, you must file a new Form DE-4P with LACERA. The form is available on the Brochures & Forms page of lacera.com.

Note: In compliance with Federal law, California income tax is not withheld from your retirement allowance if you reside outside of California. However, if you are receiving other income from California that is subject to state tax, you may elect to have LACERA withhold taxes from your retirement allowance to satisfy your other California obligation.

Consult with a professional advisor regarding tax matters; LACERA does not offer tax advice.

RETIREE TIDBITS

Going Global

- There are LACERA retirees in every state and in 188 countries
- Most retirees live in California (42,731); Nevada (1,340) and Arizona (1,328) are in a virtual tie as our next most populated state



Editor's Note: *Spotlight on Retirement* is created 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.

Email: welcome@lacera.com **"Ask LACERA":** Get instant answers to general questions. Find it on lacera.com's home page.

LACERA Remembers Simon Frumkin



We honor the memory of Simon “Si” Frumkin, who was an esteemed member of LACERA’s Board of Retirement (BOR) from

2003 to his death in May. The insight, humanity, and unique life experience he contributed to the BOR will be remembered for many years to come.

Mr. Frumkin was born in Lithuania in 1930 and endured imprisonment at Dachau concentration camp. As a holocaust survivor, he devoted his

life to ensuring history would not repeat itself.

He moved to the U.S. in 1949 and graduated from New York University in 1953. Shortly thereafter, he settled in Los Angeles, eventually becoming the owner of Universal Drapery Fabrics and earning a master’s degree in history from California State University, Northridge.

Recognized internationally as a voice for human rights, Mr. Frumkin founded the Southern California Council for Soviet Jews, was involved in the opening of Holocaust exhibits in China and

Japan, and was active in the “Meet a Survivor” program at the L.A. Museum of Tolerance.

Mr. Frumkin was a past member of the L.A. City Human Relations Commission and was active in the Simon Weisenthal Center Outreach Program. He often spoke to students about the Holocaust and taught college-level courses on Eastern Europe, Jewish History, and the Middle East.

As a member of the BOR, he was committed to ensuring fairness and justice for County retirees.

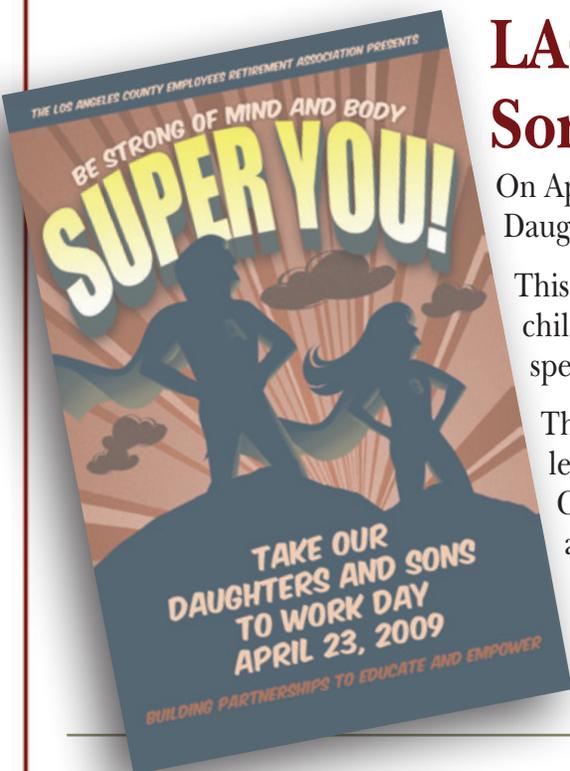
LACERA’s Take Our Daughters and Sons to Work Day

On April 23, over 30 girls and boys participated in LACERA’s Take Our Daughters and Sons to Work Day.

This year’s theme – Super You! – focused on educating and empowering our children, encouraging them to be strong of mind and body. The 8-12 year-olds spent the day visiting various LACERA divisions.

The children got tips on staying healthy from Retiree Health Care and learned about the law as they played “Family Feud” in our Legal division. In Communications, they published a take-home book, showcasing their own art and writing samples. After finding out what each child wants to be when he or she grows up, Human Resources printed business cards for the childrens’ dream jobs.

It was a great day!





Answers to the March Spotlight Crossword

Here are the answers to the crossword puzzle that appeared in the March issue of *Spotlight*.

Upcoming Holidays



LACERA will be closed on Friday, July 3 to honor Independence Day and on Monday, September 7 in observance of Labor Day.

CVS Caremark Provides Network of Pharmacies for LACERA-administered Anthem Blue Cross Plans I, II, and III

As a result of the merger between Caremark and CVS Corporation, members of LACERA-administered Anthem Blue Cross Plans I, II, or III can receive in-network prescription drug services at more than 63,000 CVS/pharmacy locations across the United States. Other retail pharmacies participate in the network, as well.

To check on whether your pharmacy is in-network or for other questions regarding CVS Caremark, call 1-800-450-3755.

Did You Know?

Defined Benefit (DB) Plans

LACERA provides a lifetime benefit

- You will receive your monthly retirement allowance for the rest of your life

Defined Contribution (DC) Plans

401(k) and 457 Plans are savings accounts

- Your benefit payments (withdrawals) stop when your money runs out

Quote:

“We are all here for a spell; get all the good laughs you can.”

– Will Rogers





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JUNE 2009

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FEATURED ARTICLE:
***LACERA Annual
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Packets Mailed***

ALSO: LACERA Goals, Legislative Updates, Staying Healthy Together, How New Income Tax Withholding Rules May Affect You