



DECEMBER 2010 • VOL. 21, NO. 4

## Teamwork Makes LACERA Tick

**It takes the coordinated efforts of 15 divisions for LACERA to produce, protect, and provide the promised benefits to our members.** Each division plays a specialized and integral role in our success.

With that in mind, we'd like to take this opportunity to introduce you to our LACERA Divisions.

### **Administrative Services**

Our Administrative Services Division provides vital support services to our overall operation, including procurement, budget administration,

facilities management, document processing, and mail distribution. The division also oversees special programs, such as Health & Safety, Risk Management, Records Management, and Business Continuity.

### **Claims Processing**

The knowledgeable specialists in Claims Processing handle benefit requests from active and retired members and their beneficiaries, in accordance with applicable law, Board of Retirement (BOR) bylaws, and

policies. Their duties include such tasks as processing retirement plan enrollments, disbursing monthly retirement and survivor allowance payments, and processing plan transfer and service credit purchase contracts.

### **Communications**

Communications creates, produces, and maintains all of LACERA's print and web materials. This includes the *Spotlight* and *PostScript* newsletters, our annual reports, and an array of

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## No Retirees Qualify for STAR COLA Benefits In 2011

On October 14, 2010, the Board of Retirement (BOR) determined no current retirees or beneficiaries are entitled to additional benefits under the STAR 2011 Program Year.

The Supplemental Targeted Adjustment for Retirees (STAR) is a cost-of-living adjustment (COLA) program designed to ease the effects of inflation for a retiree whose

retirement allowance has lost more than 20 percent of its purchasing power since retirement.

Each year, in accordance with the law, the BOR determines whether a STAR benefit is due to any LACERA retirees based on inflation experienced over their retirement years. Inflation is measured by

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**Los Angeles County Employees Retirement Association**

**Members of the Board of Retirement:**

**LES ROBBINS**

Chair  
Appointed by the Board of Supervisors

**SIMON S. RUSSIN**

Vice Chair  
Elected by General Members

**YVES CHERY**

Secretary  
Elected by General Members

**MARK J. SALADINO**

County Treasurer & Tax Collector  
Ex-Officio Member

**MARVIN ADAMS**

Appointed by the Board of Supervisors

**EDWARD L. BLECKSMITH**

Appointed by the Board of Supervisors

**WILLIAM DE LA GARZA**

Elected by Retired Members

**EDWARD "ED" C. MORRIS**

Alternate Member  
Elected by Retired Members

**WILLIAM R. PRYOR**

Elected by Safety Members

**Members of the Board of Investments:**

**HERMAN SANTOS**

Chair  
Elected by General Members

**JOHN M. BARGER**

Vice Chair  
Appointed by the Board of Supervisors

**DIANE A. SANDOVAL**

Secretary  
Elected by Retired Members

**MARK J. SALADINO**

County Treasurer & Tax Collector  
Ex-Officio Member

**WILLIAM R. PRYOR**

Elected by Safety Members

**SIMON S. RUSSIN**

Elected by General Members

**MICHAEL S. SCHNEIDER**

Appointed by the Board of Supervisors

**LEONARD UNGER**

Appointed by the Board of Supervisors

**ESTEVEAN R. VALENZUELA**

Appointed by the Board of Supervisors

Chief Executive Officer

**GREGG RADEMACHER**

Assistant Executive Officer

**ROBERT HILL**

Assistant Executive Officer

**JANICE GOLDEN**

From the **Executive Desk**

Gregg Rademacher – CEO, LACERA



# Looking Back on 2010; How I See It

They say time flies, and whoever “they” are, they’re right. This year seemed to zip right by. As I reflect back on 2010, I see a lot at LACERA to feel good about.

Let’s start with our retirement fund (Fund). During the 2009-2010 fiscal year (July 1 - June 30), amid continued market volatility, the total Fund returned 11.6 percent. At fiscal year-end, the Fund’s net assets totaled \$33.4 billion, which represents an increase of \$2.9 billion or 9.6 percent over the prior year. Our Fund remains healthy and sound, and positioned to finance the promised benefits to current, as well as future recipients. If you’d like more facts and figures on our financial condition and our achievements, **I encourage you to read the enclosed LACERA Popular Annual Financial Report (PAFR) for 2009-2010.**

Over the past year, we made gains “behind the scenes” as well, through updates to our operating system and business processes.

One such accomplishment is the progress we’ve made toward the review, processing, and conversion of more than 50 years of microfiche records (dating back to our inception in 1938) to electronic image files. In raw numbers, this adds up to approximately 18,500,000 frames of member data contained on 66,000 slides. To date, we have completed half of this herculean task and expect to have the remainder completed in 2011. The progress made thus far has already streamlined our operational efficiency, which ultimately leads to enhanced service to our members.

During the year, we also upgraded our member data software program. This was an extremely complex project, which required the expertise and collaboration of several of our divisions. The computer experts in our Systems Division wrote and built the software program based on input from the Retirement Benefits Specialists in our Claims Processing and Member Services Divisions. This year, we also replaced our outdated computer hardware with faster, more powerful workstations. These important upgrades resulted in increased efficiency, productivity, and improvement of our overall operation — which also translates into better service for our members.

We have 15 divisions here at LACERA, and as I just alluded, our success is a product of their collective efforts. Our staff is comprised of individuals possessing a

**“... the total Fund returned 11.6 percent.”**

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# Legislative Update

Governor Schwarzenegger signed AB 609, which takes effect January 1, 2011 and is relevant to LACERA and its members.

## **AB 609:**

Under existing law, a retirement system's annual budget for administrative expenses is limited by an asset-based formula. Currently, the annual budget for administrative expenses of a retirement system governed under the County Employees Retirement Act of 1937 (CERL) may not exceed eighteen-hundredths of one percent (0.18%) of the total assets of the retirement system. (LACERA is a CERL-governed system.) CERL-governed retirement systems may increase their budgets to twenty-three hundredths of one percent (0.23%) of their total assets if their administrative expenses include expenditures for software, hardware, and computer technology

consulting services.

Recent market volatility and its resulting effect on budgetary planning led to the reevaluation of this model. While day-to-day costs for administering a retirement system remain fairly constant, smaller systems have been hit especially hard by market losses which have resulted in reduced operating budgets.

AB 609 provides a solution by establishing a liability-based budget limitation. This statute provides that the annual budget for administrative expenses of a CERL-governed retirement system may not exceed the greater of either twenty-one hundredths of one percent (0.21%) of the accrued actuarial liability of the

retirement system, or \$2 million, adjusted annually for the cost of living, as specified. In addition, expenses for computer software, hardware, and computer technology consulting services relating to those expenditures are not to be considered a cost of administration subject to the budget limit.

This change from an asset-based budget limitation to a liability-based budget limitation is intended to be more reflective of a system's administrative costs.

While the new law may provide a higher statutory budget appropriation limit for LACERA, it will not diminish the prudence with which LACERA budgets for its expenditures.

## Welcome and Welcome Back to LACERA Boards

**Congratulations to Shawn Kehoe** on his election to the Board of Retirement (BOR) as the Alternate Safety Member for a term beginning January 1, 2011. Mr. Kehoe is a Sergeant with the Los Angeles County Sheriff's Department, assigned to the Transit Services Bureau-Homeland Security Division. He is also active in a number of civic organizations, including the International City/

County Management Association and Cops 4 Causes. Mr. Kehoe received his Bachelor's degree in Business Administration with a specialty in Finance from Walden University, and a Master's degree in Public Administration from the University of Southern California.

**LACERA also congratulates William R. Pryor** on his reelection as a Safety Member to the Boards of Retirement

and Investments. Mr. Pryor, a Captain with the Los Angeles County Fire Department, has been sharing his insight and experience with LACERA since his first election to the BOR in 2000. His prior Board experience includes service as the Chair of the Board of Investments and Vice Chair of the BOR. Mr. Pryor is recognized as an advocate on behalf of the interests of LACERA members.

## How We See It

*Want to know how we see our operation and learn more about LACERA's financial condition? Interested in reading about our service accomplishments?* Then take a few minutes to look over the enclosed 2010 Popular Annual Financial Report (PAFR). Our full Comprehensive Annual Financial Report will be available on [lacera.com](http://lacera.com) in January 2011.



# STAYING HEALTHY TOGETHER

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## Fall Workshops Focused on “Navigating Your Changing World”

In October, LACERA retirees and their family members came together to attend Staying Healthy Together half-day workshops in Carson and Santa Clarita, California. The workshops featured presentations by LACERA-administered health care carriers on topics relating to “Navigating Your Changing World.”

The following presentations can be viewed online in the Health Care Section of [lacera.com](http://lacera.com):

- **Life Planning – Taking a Proactive Approach to Making Your Own Decisions:** This presentation emphasizes the importance of planning for the future and provides insight into senior care options and legal documents. *(Presented by Alere — Formerly AccordantCare, a division of Caremark.)*
- **Clutter Control – “I Know It’s Here Someplace!”:** Useful tips on ways to control your junk drawer and other household clutter and simple ways to get organized are explored. *(Presented by SCAN.)*

Other workshop presentations included:

- **Food Safety:** Guidelines for cooking, food temperatures, proper storage, and other food safety tips were explained. *(Presented by Kaiser Permanente.)*

- **Online Literacy – Navigating Your Online World:** Tips for finding accurate and up-to-date health care information online were discussed. *(Presented by Anthem Blue Cross.)*

Each workshop concluded with a raffle for three “Navigating Your Changing World” gift baskets. One basket provided at-home workout tools; another contained organizational supplies; the third featured cooking and food safety items. In addition, each day a grand prize winner took home a \$100 Whole Foods gift card!

The next Staying Healthy Together workshops will be held in Spring 2011. Watch your mail for more information. Socialize and learn with us. We look forward to seeing you at next year’s workshops.

Thoughts from Workshop Attendees —

*“The topics were very informative; great presentations!” — Victoria; Palmdale, CA*

*“The workshop was very well organized; everything was excellent!” — Helen; Northridge, CA*

*“The topics were informative and it was good to meet and greet some of my co-workers from the past.” — Don; Carson, CA*

## Did You Know

### Defined Benefit (DB) Plans

LACERA pays \$5,000 lump-sum death benefit for retirees

### Defined Contribution (DC) Plans

Not applicable

## We Send You Holiday Cheer!

The boards, management, and staff of LACERA wish you and your family a joyous holiday season. May the coming year bring you

love, laughter, & good health.



# 6

## Places



Here are six top places that promote a healthy, active retired lifestyle. These locations offer a spirited way of life with a variety of fun activities and plentiful amenities, including hospitals.\*

1. Anaheim, CA
2. North Hempstead, NY
3. Fort Lee, NJ
4. Yonkers, NY
5. Downers Grove, IL
6. Los Angeles, CA

\*2009 "Best Places for a Healthy Retirement," CNNMoney.com

## Inside My LACERA

Registered My LACERA users can adjust and submit their federal and California tax withholding elections online.

It's an easy process:

1. Sign in to My LACERA on lacera.com
2. Click on the **Tax Info** on the left-hand navigation bar
3. Find the **Make Tax Adjustments and Submit Online** box and click the Adjust button
4. Once you make the changes, click **Submit**

If you're not registered on My LACERA, you can make tax withholding adjustments using the W-4P/DE-4P tax form. The form is available on the Brochures & Forms page of lacera.com, or call us at 1-800-786-6464 and we'll mail one to you.

## Word Search

Here's a fun puzzle to keep your mind sharp. Find the hidden words; answers appear horizontally, vertically, diagonally, and read in any direction. Some of the words are related to the holidays, and you'll find a few retirement-related words mixed in, too.

N	O	I	T	U	L	O	S	E	R	E
E	Y	H	E	A	L	T	H	S	O	E
W	N	R	U	H	I	T	T	A	R	A
Y	I	N	E	A	O	I	E	O	T	H
E	N	N	L	S	F	L	W	E	A	T
A	I	T	T	E	S	N	I	O	P	E
R	A	D	N	E	L	A	C	D	E	U
E	R	E	T	I	R	E	E	L	A	T
C	B	A	T	T	A	F	T	O	L	Y
A	T	A	A	T	N	R	A	O	D	E
L	R	E	P	O	R	T	P	P	N	A

- WINTER
- BENEFITS
- PAFR
- LACERA
- RESOLUTION
- HOLIDAY
- ANNUAL
- RETIREE
- NEW
- POINSETTIA
- YEAR
- HEALTH
- CALENDAR
- REPORT



ANSWERS ONLINE  
Visit [lacera.com](http://lacera.com),  
Newsletters

### Recordkeeping Tip:

## Keep Your December Stub or ADR Handy

It may be helpful to hold on to your December check stub or Automatic Deposit Receipt (ADR) for ease of recordkeeping. Both the stub and the ADR show the total amount of your 2010 health care deductions. This may come in handy if you need the information before your Form 1099-R arrives by mail or is available on My LACERA.

# PUBLIC SERVICE ANNOUNCEMENT

## Volunteers Sought for County Victim-Witness Assistance Program

The Los Angeles County District Attorney's Office, Victim-Witness Assistance Program seeks volunteers to work with law enforcement agencies and court systems to provide services and assistance to crime victims. If you'd like to play an important role in providing advocacy, clerical and court support, and resource referrals to victims and witnesses of crime, call **1-800-380-3811**. Applicants must be in reasonably good health, pass a background check, complete a comprehensive four-hour training program, and be available at least 16 hours per week during normal business hours. Every effort will be made to place volunteers in their desired geographic or special interest areas.

### STAR COLA cont'd from pg. 1

increases in the Los Angeles-Riverside-Orange County, California Consumer Price Index (CPI) over the prior year.

In years where the change in CPI is greater than the maximum allowable COLA percentage increase (3.0 percent for Plan A and 2.0 percent for Plans B, C, and D), the excess percentage is accumulated annually and is called the COLA

Accumulation.\*

Since the 2.0 percent 2010 COLA adjustment approved by the BOR in February 2010 does not exceed the maximum allowable cost-of-living percentage increase permitted under any LACERA retirement plan, no additions were made to COLA Accumulations for the year 2010.

**At this time, all retirees (and eligible survivors) in Plans A, B, C, and D**

**have COLA Accumulation accounts below the 20 percent threshold for providing additional STAR benefits.** To view the 2010 COLA Accumulation chart, visit the Retired Member section of [lacera.com](http://lacera.com).

**Benefits to existing STAR participants are not affected and will continue unchanged.**

*\*Plan E members are not eligible for STAR COLA benefits.*

## Your 2010 1099-R Will Be Mailed in January

In compliance with Internal Revenue Service (IRS) regulations, LACERA will mail all retirees and survivors a Form 1099-R by the end of January. The IRS requires LACERA to file a 1099-R to report any retirement fund distributions made to you during year.

### Access Your 1099-R on My LACERA

Registered users of My LACERA on [lacera.com](http://lacera.com) can view and print their previous 1099-Rs from their My LACERA account now. The 2010 1099-Rs will be available on My LACERA in February.



### From the Executive Desk cont'd from pg. 2

wide range of skills and disciplines. I'd like you to meet our divisions and find out something about the work each group performs. To learn about our divisions, read the article on the front page, entitled *Teamwork Makes*

*LACERA Tick.*

As this year draws to a close, I can't help thinking how great it is, especially given the current economic challenges, that our retirees have the peace of mind that comes with knowing their

monthly retirement allowances are guaranteed for the rest of their lives. **On behalf of the management and staff of LACERA, I wish you and your loved ones the happiest and healthiest of holidays and a wonderful 2011!**

## **Teamwork Makes LACERA Tick cont'd from pg. 1**

brochures, forms, and member mailings. In addition, Communications is responsible for the creation and development of lacera.com, including page content and interactive features. This group also produces videos.

### **Disability Retirement Services**

This division reviews and investigates members' applications for disability retirement, in compliance with legal requirements, and makes recommendations to the BOR regarding eligibility for disability retirement benefits. The final determination on all disability claims is made by the BOR.

### **Disability Litigation**

The Office of Disability Litigation represents LACERA in administrative hearings before referees in appeals of Board of Retirement denials of disability retirement applications.

### **Executive Office**

The Executive Office is comprised of our Chief Executive Officer (CEO) and two Assistant Executive Officers. The CEO is appointed by the BOR and the Board of Investments (BOI). The BOR delegates responsibility for overseeing the day-to-day management of LACERA to the CEO. The Executive Office also sets the association's fiscal year goals.

### **Financial & Accounting Services**

As its name implies, this division handles LACERA's financial, as well as accounting services. The Financial Services section maintains our accounting records and reconciles accounting reports from the retirement fund's outside investment managers. The Accounting Services

section manages our retiree payroll and budget records.

### **Human Resources**

Human Resources provides an assortment of services to LACERA management and staff, including recruitment, employee compensation and benefit administration, and employee relations. The duties of this division also include employee and organizational training and development.

### **Internal Audit**

Our internal auditors provide independent, objective quality assurance and consulting activities to management and staff. The work done by this division is used to evaluate the soundness of LACERA's risk management, control, and governance processes. Internal Audit reports to our CEO and the Audit Committee, which is comprised of members of the BOR and BOI.

### **Investments**

The Investment Office oversees, administers, and implements the Investment Policy Statement (Policy) established by the BOI. The Policy guides the investment of the retirement fund (Fund). Duties of the Investment Office include providing administrative direction for the restructuring and reallocation of the Fund's assets, as well as the negotiation of contracts with outside investment managers.

### **Legal Services**

The Legal Office provides legal advice and counsel to the BOR and BOI, as well as LACERA management and staff on matters relating to member benefits, retirement plan provisions, employment matters, pending

legislation, investments, retiree health care benefits, and other pertinent legal issues. It also represents LACERA, its officers, and staff in litigation.

### **Member Services**

The extensively-trained Retirement Benefits Specialists in Member Services comprise our Outreach Team, Call Center, and Correspondence Unit. If you've ever been to our Public Counter, called our Call Center, or attended a workshop, you've been assisted by Member Services. They are the faces and voices of LACERA.

### **Quality Assurance & Metrics**

The Quality Assurance & Metrics Division (QA) creates strategies and policies to promote accuracy, productivity, and compliance in the administration of the retirement benefits provided by the County Employees Retirement Law of 1937. QA also conducts training classes for new and existing LACERA staff.

### **Retiree Health Care**

Under an agreement with the County of Los Angeles, LACERA administers a Health Care Benefits Program (Program) for LACERA retirees, survivors, and eligible dependents. Our Retiree Health Care Division administers the Program and is dedicated to providing members with high quality health care benefits at an affordable cost.

### **Systems**

This division is responsible for providing and maintaining LACERA's information technology. These specialists and analysts program, test, and support our operating system. They also built and maintain My

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## **ATTENTION: Medicare-eligible members enrolled in LACERA-administered medical plans — Don't Sign Up for Non-LACERA Medicare Part D Plans!**

During this time of year, companies sponsoring Medicare prescription drug plans conduct aggressive marketing campaigns aimed at enrolling Medicare-eligible beneficiaries in their Medicare Part D prescription drug programs. **Ignore these advertisements and solicitations.**

**Do not sign up for a non-LACERA Part D plan!**

**If you are enrolled in a LACERA-administered medical plan, it's important to remember your current coverage includes a prescription drug plan that is as good, if not better, than the average non-LACERA Medicare Part D plan.**

Furthermore, signing up for a non-LACERA Medicare Part D plan may jeopardize your LACERA-

administered medical plan, and delay your reenrollment! Proceed with caution. If you wish to keep your LACERA-administered medical coverage, no action is required on your part.

For more information, call our Retiree Health Care Division at 1-800-786-6464, press 1 or email us at [healthcare@lacera.com](mailto:healthcare@lacera.com).

### **Teamwork Makes LACERA Tick cont'd from pg. 7**

LACERA, the secure, members-only section of [lacera.com](http://lacera.com). Their efforts provide the framework and support for the association's interactive network and electronic transactions. Additionally, Systems provides

ongoing technical assistance to LACERA management and staff.

*As you thumb through the enclosed Popular Annual Financial Report (PAFR), keep in mind, you have 335*

*employees spanning 15 divisions working to make your retirement a success.*



## **LACERA Ends Long-Term Care Insurance with MetLife**

MetLife recently announced they will no longer be selling Long-Term Care insurance policies after December 31, 2010.

**For LACERA members and dependents that currently have a policy through our LACERA-sponsored plan, your policy will remain the same.** Please note, MetLife will maintain their Long-Term Care Customer Service Department, as well as their Long-Term Care Claims Department, to service existing policyholders. For additional information, contact MetLife Customer Service at 1-800-207-9883.

Currently, there is no available LACERA-sponsored Long-Term Care Insurance plan accepting new members. However, LACERA is actively searching for another Long-Term Care provider. Check future *Spotlight* articles and [lacera.com](http://lacera.com) for updates.



## **Upcoming Holidays**

### **LACERA will be closed on:**

- Friday, December 24 in observance of Christmas
- Friday, December 31 in observance of New Year's Day
- Monday, January 17, 2011 in honor of Martin Luther King's birthday
- Monday, February 21, 2011 for President's Day

**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.

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