



Spotlight on retirement

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION • DECEMBER 2012 • VOL. 23, NO. 4



Pension Reform Law Takes Effect January 1st

On September 12, 2012, Governor Brown signed the **California Public Employees' Pension Reform Act of 2013 (PEPRA)** into law. **PEPRA**, which can be found in the **California Government Code**, takes effect **January 1, 2013**. As you may know, LACERA is currently governed by the County Employees Retirement Law of 1937 (CERL). As of January 1st, we

will *also* be governed by **PEPRA**.

PEPRA does not affect the benefits of any current LACERA retiree; your allowance, COLA, retiree healthcare, and survivor benefits will not change. Basically, **PEPRA** affects new LACERA members on or after January 1, 2013 through provisions affecting benefit formulas, the definition of what comprises pensionable earnings,

limits on pensionable earnings, and other matters. However, the provisions summarized below will be of interest to retirees who return to County service.

New Regulations for Retirees Returning to Work: 120-Day Rule
Under CERL, the County may hire a LACERA retiree, who the employer believes possesses special skills or

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Upcoming Holidays



Sorry We're
CLOSED

LACERA will be closed on:

- Tuesday, December 25 for Christmas Day
- Tuesday, January 1 for New Year's Day
- Monday, January 21, for the Birthday of Martin Luther King, Jr.
- Monday, February 18, for President's Day

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Los Angeles County Employees Retirement Association

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From the **Executive Desk**

Gregg Rademacher – CEO, LACERA



The Year in Review

2012 has been a year of both accomplishment and change. As always, the scope and quality of the service we provide our members remained high on our priority list. With that in mind, during the year we completed several projects designed to enhance and expand our member services.

Call Center Expansion

To increase our capacity to accommodate a greater volume of member calls, we expanded our Call Center. Our remodeled facility can now accommodate as many as 32 Retirement Benefits Specialists (the old facility accommodated a maximum of 19 specialists). The new Call Center also features soundproofing, which alleviates any distracting outside noise to improve the experience for callers as well as our Retirement Benefits Specialists. We believe these improvements have equipped our Call Center to keep pace with the ever-increasing volume of member calls.

New Member Service Center

Goodbye, Public Counter. In September, we completed the remodel of the department we used to call

our Public Counter. As many of you know, our Public Counter was the area in which our members could meet individually with a Retirement Benefits Specialist to receive personalized retirement counseling. The name "Public Counter" dated back to the time when LACERA was housed in the Hall of Administration in downtown Los Angeles and members seeking information stood shoulder to shoulder at one long counter. The setup provided no privacy, which meant discussions involving personal member information could be heard by anyone standing nearby.

LACERA moved to our current headquarters in Gateway Plaza in Pasadena in 1991. Over time, the Public Counter evolved into an area equipped with two offices and eight cubicle sections where members could meet with Retirement Benefits Specialists. While the cubicles provided separate areas for individual counseling, they did not provide complete privacy.

Cubicles were shared by the Public Counter's team of Retirement Benefits Specialists; team members rotated between various cubicles in the Public Counter and their permanent

"Pension reform does not affect benefits of current LACERA retirees."

2012 Legislative Updates

The following is a brief summary of new laws, which are effective January 1, 2013

AB 340 – On September 12, 2012, Governor Brown signed this complex bill, which enacts the California Public Employees’ Pension Reform Act of 2013 (PEPRA) and imposes new reforms on members of state and local public retirement systems. While most of this bill affects those who become new members on and after January 1, 2013, some provisions impact current LACERA members and retirees.

Non-reciprocal **new** members who become LACERA members on and after January 1, 2013 will be subject to new lower retirement formulas, a dollar cap (tied to a Social Security wage index) on compensation that can be counted towards their pension, and a 36-month final average compensation period. Other provisions eliminate non-base pay from being used to calculate a member’s pension. Also required is equal cost sharing of normal costs between the employer and employee; this prohibits employers from paying any part of the required employee contribution and eliminates the cancellation of contributions after 30 years of service for new safety members.

For all employees, purchases of non-qualified service purchases (ARC) will be eliminated after January 1, 2013, and retroactive pension increases will be prohibited.

There are new rules for retired annuitants who return to work without reinstatement. In addition, public officials and employees will forfeit their pension for certain felony convictions.

Compensation used to calculate pensions may exclude some pay items that were previously included.

Other provisions of AB 340 prohibit retroactive benefit enhancements and eliminate contribution holidays.

LACERA is working closely with Los Angeles County and our strategic partners to interpret and communicate how this bill will impact our members.

AB 2664 – LACERA recognized that advances in technology and a desire to provide continued service to our members required legislation before members could perform and execute various functions through our website. Working with the State Association of County Retirement Systems (SACRS), this idea was proposed and retirement systems will soon be able to accept electronic signatures with the same force and effect as a signed, valid original document.

SB 1382 – This bill was sponsored by the California Retired County Employees Association (CRCEA). It requires the Board of Retirement, upon request from a recognized retiree organization, to cooperate with and assist the organization in distributing communications regarding membership in and retiree benefit programs available throughout the organization to all or a portion of the retired members of the system.

It also allows for authorization and deduction from a retired member’s allowance of any retiree benefit programs available through a recognized retiree organization.

While LACERA has a Board-approved policy governing retired membership mailings and deductions are being made for retiree organization dues, we supported the passage of SB 1382.

3 THINGS

Ever wonder why certain traditional treats are offered during the holiday season? Here are three histories, short and sweet:

- ◆ The first gingerbread man is credited to the court of Elizabeth I of England, who favored important visitors with charming gingerbread likenesses of themselves.
- ◆ In the 1920s, Loft’s, a Manhattan-based candy company, produced the first chocolate gelt, wrapped in gold or silver foil.
- ◆ In 1670, the Cologne Cathedral’s choirmaster persuaded local German confectioners to make sticks of candy bent at the end to represent shepherds’ crooks – we know them as candy canes – which he passed out to children to ensure their good behavior as they sat in the cathedral.

Your 2012 1099-R Is in the Mail

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

Access Your 1099-R on My LACERA

Registered users of My LACERA can view and print their current and prior years' 1099-Rs from their account now. The 2012 1099-Rs will be available on My LACERA in February.

Hold on to Your December Check Stub or ADR

It may be helpful to hold on to your December check stub or automatic deposit receipt (ADR) for ease of recordkeeping. Both the ADR and the check stub show the total amount of your 2012 healthcare deductions. They could come in handy if you need that information before your Form 1099-R is available on My LACERA or before your paper copy arrives by mail.

Public Service Announcement Become a Foster and/or Adoptive Parent

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

The LACERA Board Election Results Are In – Congratulations!

The winners of the July 31, 2012 election for seats on LACERA's boards will each serve a three-year term, beginning January 1, 2013.

Board of Investments

We are happy to announce that Herman B. Santos has been reelected by general members to serve another term. A member of the Board of Investments since 2004, Mr. Santos has served two terms as Chair of the Board of Investments, Chair of the board's Corporate Governance Committee, and Vice Chair of the board's Audit Committee. In his longstanding commitment to serving Los Angeles County, Mr.

Santos continues to offer his years of expertise in protecting the Fund.

Board of Retirement

LACERA welcomes Vivian H. Gray, elected by general members, to the Board of Retirement. Look for our introduction of Ms. Gray in the March 2013 *Spotlight*.

The LACERA election results were declared official by the Los Angeles County Board of Supervisors at its September 24 meeting.

For 2013, No Retirees Qualify for STAR COLA Benefits

On October 11, 2012, the Board of Retirement determined that no current retirees or beneficiaries are entitled to additional benefits under the STAR 2013 Program Year.

The Supplemental Targeted Adjustment for Retirees (STAR) is a cost-of-living adjustment program developed to ease the impact of inflation for retirees whose retirement allowance has lost more than 20 percent of its purchasing power since retirement.

Each year, in accordance with the law, the Board of Retirement determines whether a STAR benefit is due to any LACERA retiree based on inflation over the course of their retirement years. Inflation is measured by increases in the Los Angeles-Riverside-Orange County, California Consumer Price Index (CPI) over the prior year.

In years in which the change in CPI is greater than the maximum allowable cost-of-living (COLA) percentage increase (3 percent for Plan A and

2 percent for Plans B, C, and D), the excess percentage is accumulated annually; this is called the COLA Accumulation.*

Since the 2.0 percent 2011 COLA adjustment approved by the Board of Retirement 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 2012.

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 2012 COLA Accumulation chart, visit the Retired Member section of lacera.com.

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

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

PEPRA cont'd from pg. 1

knowledge, on a temporary basis.* The eligible retiree may return to County work for a period of up to 120 days (960 hours in any July 1-June 30 fiscal year) and continue to receive his/her retirement allowance. During this post-retirement employment, the retiree will not accrue any additional LACERA pension benefits, nor will he or she or the employer pay contributions for this service. To protect our tax-qualified status, LACERA maintains a minimum 90-day waiting period for a retiree under the Normal Retirement Age.** **These conditions are unchanged under PEPRA.**

In addition to these provisions, PEPRA of 2013, section §7522.56 allows the County to hire a LACERA retiree, on a temporary basis, during an emergency. **It also changes a number of the requirements pertaining to the "120-Day Rule." Effective January 1st, the following four rules apply to all retirees, regardless of their retirement date or original LACERA membership date:**

1. Retirees must wait 180 days

from their date of retirement before returning to work for the County on a temporary basis, *except* under the following conditions:

- If the employer can certify it is necessary to fill a critically needed position and the hiring has been approved by the Board of Supervisors (or

the Board of Retirement for LACERA positions) in an open meeting.

- If the retiree is a public safety officer or firefighter.
2. During his or her temporary employment, the retiree shall be paid at a rate not less than the minimum nor greater than the maximum rate paid by the County to other employees performing comparable duties.
 3. Any retired person who, during the 12-month period prior to a temporary appointment described in this section, has received unemployment insurance resulting from prior County employment, is not eligible to be employed and would have to wait 12 months before being eligible. Upon accepting an offer of employment, a retiree must certify in writing that he or she is in compliance with this requirement.
 4. The County cannot hire a LACERA retiree as a contract employee.

**Members who received an Early Separation Program (ESP) payoff or other similar retirement incentive are not eligible for rehire.*

***Visit the Benefits, Retired Member section of lacera.com for more about the waiting period and Normal Retirement Age.*

Pension Forfeiture for Any Public Employee Convicted of a Job-Related Felony

California Government Code §7522.70, currently in effect, provides for the

forfeiture of all retirement rights and benefits by any elected public officer convicted of any felony arising directly out of his or her official duties. However, the statute contains a provision that allows a convicted official to receive his or her retirement benefits if the governing body of the elected official's employer so authorizes.

PEPRA of 2013 broadens section §7522.70 as of January 1, 2013 and establishes pension forfeiture, without exception, for all public employees convicted of a job-related felony.

PEPRA of 2013, section §7522.76 establishes pension forfeiture for any public employee first employed, elected, or appointed to an office before January 1, 2013. PEPRA of 2013, section §7522.74 establishes pension forfeiture for any public employee first employed, elected, or appointed to an office *after* January 1, 2013. Both sections require the forfeiture of "all accrued rights and benefits in any public retirement system" by any public employee convicted of any felony "for conduct arising out of or in the performance of his or her official duties, in pursuit of the office or appointment, or in connection with obtaining salary, disability retirement, service retirement, or other benefits." No exceptions apply.

Our understanding of PEPRA and how it affects LACERA is subject to change as more information becomes available. For PEPRA updates, visit lacera.com.

Open Your Mail!

When mail comes from LACERA, grab the letter-opener! If we've sent mail, it is something about which LACERA is legally required to inform you, time-sensitive material, or information that is critical to your retirement years. LACERA does not send advertising material or junk mail.

It pays - sometimes literally - to know what's going on. The best way to avoid being caught off guard by legislative changes that impact your retirement planning, being unprepared for tax season, or a delay in your receipt of a monthly retirement allowance check? **Please read your LACERA mail!**

Your e-Prescription is Waiting

Don't forget to pick it up!

Increasingly, physicians today are sending prescriptions to pharmacies electronically. It's a faster, more efficient, and accurate way to get your prescriptions filled.

Electronic prescribing is an incentive program established by the Medicare Modernization Act of 2003 and supported by the Centers for Medicare & Medicaid Services (CMS). Your pharmacist likes it because he or she doesn't have to decipher the notoriously poor handwriting of many physicians. And you'll like it too, as e-prescribing ensures that you'll never have to worry about losing an important piece of paper between your doctor's office and the pharmacy.

How Do e-Prescriptions Work?

Very simply, your doctor sends the prescription electronically to your local pharmacist, who sees it on his or her computer within minutes and fills it for you. Your claim is automatically submitted to your insurance carrier, setting in motion a reimbursement payment to you, based on your plan benefits.

What's Your Role?

You need to pick it up! Patients who leave the doctor's office without a prescription in hand sometimes forget to go to their pharmacy and get their medication. If that happens, your pharmacy may return the medication to its

Questions about e-prescriptions? Contact your LACERA-administered medical plan directly. Here are the toll-free phone numbers and website addresses of each carrier responsible for answering your questions about prescription information.

Medical Carriers	Toll-free Numbers	Website Address
Anthem Blue Cross I, II, III, and Prudent Buyer Plan	800-284-1110	anthem.com/ca
Cigna Network Model Plan	800-244-6224	cigna.com
Kaiser Permanente	800-464-4000	kp.org
Kaiser Permanente Senior Advantage	800-443-0815	kp.org
SCAN Health Plan	800-559-3500	scanhealthplan.com
UnitedHealthcare	800-624-8822	uhcwest.com
UnitedHealthcare Group Medicare Advantage (formerly UnitedHealthcare/Secure Horizons)	800-457-8506	uhcretiree.com
CVS/Caremark (Pharmacy Benefit Manager under Anthem Blue Cross Plans I, II, and III)	800-450-3755	caremark.com

shelf and reverse your prescription.* When you pick it up later, the pharmacist will re-fill the prescription, creating a duplicate insurance claim. And you may be asked to pay back your insurance carrier for one of those claims.

Pharmacies have different policies for returning prescriptions to the shelves. Some hold them for a week or two; some for a day or two. To avoid confusion, it's a good idea to:

- Know your pharmacy's policy. Ask your pharmacy how long they will hold your prescription after it's filled.
- Make an effort to pick up your medications the same day your physician submits the prescription to the pharmacy.
- If you're unable to visit right away, call the pharmacy and let them know when you expect to be in so they can accommodate your schedule.

By working with your pharmacy, you can take full advantage of this greener, more convenient way to get prescriptions filled!

** If you are enrolled in a LACERA-administered Kaiser Permanente plan, you may encounter this issue when your prescription is ordered online to be picked up at your local Kaiser Permanente pharmacy.*

Need to See Us In Person?

We invite you to drop by LACERA's all new Member Service Center, featuring private offices to better accommodate our members, in the lobby of Gateway Plaza, at 300 N. Lake Avenue, in Pasadena. Hours are 7:00 a.m. to 5:00 p.m., Monday through Friday. To avoid waiting, the best time to visit is between 7:00 a.m. and 10:00 a.m. or from 2:00 p.m. to 4:00 p.m.

From the Executive Desk

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cubicles on another floor of Gateway Plaza.

The workshop room, where our Outreach team presented new member, mid-career, and pre-retirement workshops, was adjacent to the old Public Counter area. As our workshops continued to gain popularity, the demand outgrew the room's seating capacity.

Hello, Member Service Center. Our new and expanded Member Service Center encompasses 2,500 more square feet than our previous Public Counter. The new facility is equipped with 16 fully enclosed counseling offices where members can discuss their personal information in complete privacy.

Our aim is to serve members as efficiently as possible, but the Member Service Center will still be busier at some times more than others. Here's a tip for you: To avoid waiting, the best time to visit is between 7 a.m. and 10 a.m., or from 2 p.m. to 4 p.m.

The new facility also includes an expanded workshop room with tables and comfortable chairs that seat 30 people. Our Member Service Center has been designed, equipped, and staffed to live up to its name.

New My LACERA Features

In response to member feedback, we challenged our Systems Division to create an easy registration and sign-in process for My LACERA without

sacrificing the security we require - and our programmers rose to the occasion! In late July, thanks to their expertise and ingenuity, we were able to replace the third-party Safe2Login system with an easy-to navigate, highly secure registration and sign-in process.

Based on recent My LACERA registration stats, our members have found the new registration process and sign-in to their liking. My LACERA registrations in August 2012 exceeded August 2011 registrations by 60 percent, while September 2012 registrations skyrocketed by 245 percent over those of September 2011!

During the year, we also expanded the features on My LACERA to allow active members to change and store up to three phone numbers and to allow retirees to register their retirement allowances for direct deposit and store and change up to three phone numbers and addresses.

New Pension Reform Law Takes Effect January 1, 2013

As public interest and the surrounding debate regarding pension reform reached a crescendo this year, I was reminded of the quote attributed to the Greek philosopher Heraclitus, "There is nothing permanent except change." The County Employees Retirement Law of 1937 (CERL), the law upon which LACERA was founded and has successfully operated since its inception in 1938, is one such example.

On September 12, 2012, Governor Brown signed the California Public Employees' Pension Reform Act of 2013 (PEPRA). As of January 1, 2013, LACERA will be governed by both PEPRA and CERL. As I write this, our Legal Office, County Counsel, and the County CEO's office are pouring through the document to determine which provisions of the 60-page law apply to LACERA. Due to the law's length and complexity, accurately analyzing it is a lengthy process. **Interpretation of PEPRA is evolving and may change as more information becomes available.**

Two PEPRA Provisions May Be of Interest to Retirees

PEPRA includes some new rules for current retirees who return to County service on a temporary basis and for public employees or elected officials who are convicted of a job-related felony. Please read "Pension Reform Law Takes Effect January 1st" on page 1 for more information on PEPRA. We will update lacera.com as new information becomes available.

In Closing

Yes, the past year has brought both accomplishment and change. I can assure you that as we move forward, we will continue to accomplish our mission, which is to produce, protect, and provide the promised benefits to our members and their beneficiaries. That will not change.

In 2013, we celebrate LACERA's 75th anniversary. More about that in the next issue...

On behalf of everyone here at LACERA, I wish you all a joyous holiday season.



lacera.com

Payday Calendar

REMINDER:

Your monthly retirement allowance check is payable the last business day of the month.

December 2012

M: December 28

DD: December 31

January 2013

M: January 30

DD: January 31

February 2013

M: February 27

DD: February 28

M = Mailing Date DD = Direct Deposit Date

Don't Sign Up for Non-LACERA Medicare Part D Plans!

You may be aware of the marketing campaigns that companies sponsoring Medicare prescription drug plans conduct in an effort to enroll Medicare-eligible beneficiaries in their Medicare Part D prescription drug programs. As a Medicare-eligible member enrolled in a LACERA-administered healthcare program, we want you to know **you can safely ignore the advertisements of these companies.**

Remember, your prescription drug plan under your LACERA-administered healthcare program is creditable: **This means that it is as good, if not better, than the standard non-LACERA Medicare Part D plan.** Furthermore, signing up for a non-LACERA Medicare Part D plan may conflict with your LACERA-administered healthcare benefit or delay your reenrollment.

For more information about Medicare, visit medicare.gov, or call 800-633-4227 (or 877-486-2048 for TTY users).

Still have questions? Contact LACERA Retiree Healthcare by calling 800-786-6464 and pressing 1; or send an e-mail to healthcare@lacera.com.

New ID Cards for Members Enrolled in the LACERA-Administered Anthem Blue Cross Plan I Residing in California Only.

During November, the LACERA-administered Anthem Blue Cross Plan I members residing in California were sent new ID cards reflecting a new Group

Number (Group No). The purpose of this change was for Anthem's administrative process only and does **NOT** have any impact on your eligibility, plan benefits, or effective dates of coverage. **No action is needed on your part.** Please just replace the card in your purse or wallet and share it with your provider upon your next visit per usual. If you have any questions,

contact the Anthem Blue Cross Customer Service at 800-284-1110.

		
John Q. Member Identification Number MEMBER ID		
Group No:	GROUPNUMBER	
Plan Code(s):	040	
Coverage(s): PLAN DESCRIPTION 1		
WGS Data: PLAN DESCRIPTION 2		
PLAN I PRUDENT BUYER PLAN®		

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, and good health.



Interested in LACERA's Financial Condition and Fiscal Year Accomplishments?

Here's your opportunity to learn more about LACERA's finances: Take a look at the enclosed 2012 Popular Annual Financial Report (PAFR). Want more information? Our full Comprehensive Annual Financial Report will be available in January on lacera.com.

DECEMBER 2012

Spotlight^{on} retirement FEATURED ARTICLE:

PEPRA

ALSO:

e-Prescriptions

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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