



LAFPP

pension perspectives

April 2007

Newsletter for Retired Members of Los Angeles Fire & Police Pensions

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General Manager's Message

We are pleased to tell you that we created a new look that will affect all communications sent to you from our Department, including newsletters, informational bulletins and even our Web site. It standardizes our look, incorporates our logo, mission statement and motto, and helps us to send a clear and consistent message. This is called "branding."

What is a brand? A brand is a promise an organization makes. Our promise is to advance the health and retirement security of those who dedicate their careers to serving and protecting the people of Los Angeles. This promise defines who we are and what we represent at Los Angeles Fire and Police Pensions (LAFPP). We want our members to know what they can expect from us every time we reach out to them (and vice versa).

Why does it matter? If we uphold our brand promise to every member every day, we show members that we value who they are and what they do. It can help us to give something back to those who have given so much to our community over the years. It's our way of "serving those who protect."

We are also working to provide you with benefit information at your convenience. Our Web site has undergone a complete redesign, with easier navigation, updated information and our new brand. Please visit us at our new Internet address, www.lafpp.com.

Sincerely,

Michael Perez
General Manager
Michael.Perez@lacity.org



Health Subsidy Requirements

To qualify for a health subsidy, members must:

- Enroll in Medicare to the full extent of eligibility (usually at age 65)
- Have 10 complete years of service
AND EITHER
 - Be age 55 with a retirement date after June 30, 1998 OR
 - Be age 60 with a retirement date before July 1, 1998.

Members who are between ages 55 and 60 and who retired after June 30, 1988 but before July 1, 1998 may be eligible for a special flat-rate Memorandum of Understanding subsidy.

For qualified surviving spouses/domestic partners to receive a health subsidy, all of the following must apply:

- They must enroll in Medicare to the full extent of eligibility (usually at age 65)
- They must not be receiving an active death health subsidy from the Personnel Department
- The deceased member must have had 10 complete years of service
- The deceased member would have been at least 55 years of age at the time the application is submitted.

Member Dental Subsidy Increase

Effective January 1, 2007, the maximum member dental subsidy increased from \$34.84 to \$37.18. Eligible members receive 4% of this maximum for each year of service completed, not to exceed the single-party cost of the member's dental plan. Members must be at least age 55 and have a minimum of 10 complete years of service to qualify for this subsidy. The chart below lists dental subsidies by years of service.

There is no dental subsidy for surviving spouses/domestic partners. There is also no subsidy paid for dependent coverage.

Member Dental Subsidy					
Years of Service	% of Maximum	Maximum Subsidy	Years of Service	% of Maximum	Maximum Subsidy
10	40%	\$14.87	18	72%	\$26.77
11	44%	\$16.36	19	76%	\$28.26
12	48%	\$17.85	20	80%	\$29.74
13	52%	\$19.33	21	84%	\$31.23
14	56%	\$20.82	22	88%	\$32.72
15	60%	\$22.31	23	92%	\$34.21
16	64%	\$23.80	24	96%	\$35.69
17	68%	\$25.28	25	100%	\$37.18



Non-Medicare Health Subsidies

Effective January 1, 2007, the **Non-Medicare/Medicare Part B Only** health subsidy for **qualified surviving spouses/domestic partners** has increased. The Non-Medicare/Medicare Part B Only health subsidy for **members** did not change at this time.

The table to the right lists the Non-Medicare/Medicare Part B Only health subsidy maximums.

Maximum Health Subsidies for Those Not in Medicare or in Medicare Part B Only					
Members			Qualified Surviving Spouses/Domestic Partners		
Years of Service	% of Maximum	Maximum Subsidy	Years of Service	% of Maximum	Maximum Subsidy
10	40%	\$312.98	10	40%	\$196.94
11	44%	\$344.27	11	44%	\$216.64
12	48%	\$375.57	12	48%	\$236.33
13	52%	\$406.87	13	52%	\$256.03
14	56%	\$438.17	14	56%	\$275.72
15	60%	\$469.46	15	60%	\$295.42
16	64%	\$500.76	16	64%	\$315.11
17	68%	\$532.06	17	68%	\$334.80
18	72%	\$563.36	18	72%	\$354.50
19	76%	\$594.65	19	76%	\$374.19
20	80%	\$625.95	20	80%	\$393.89
21	84%	\$657.25	21	84%	\$413.58
22	88%	\$688.55	22	88%	\$433.28
23	92%	\$719.84	23	92%	\$452.97
24	96%	\$751.14	24	96%	\$472.67
25	100%	\$782.44	25	100%	\$492.36

** All subsidies for qualified surviving spouses/domestic partners are limited to the single-party premium of the surviving spouse's/domestic partner's plan.*



Medicare Health Subsidy Increase

Effective January 1, 2007, the maximum Medicare Health Subsidy increased from \$320.01 to \$364.22. This subsidy increase affects members and qualified surviving spouses/domestic partners enrolled in **both Medicare Parts A and B**. Consult the table below to find out how the higher maximum affects you.

Depending on their health care plan and their years of service, members enrolled in both Medicare Parts A and B may receive an additional subsidy for dependent health care.

The Medicare Health Subsidy for qualified surviving spouses/domestic partners is limited to the single-party cost of their health plan, and no subsidy for dependent health coverage is provided to them.

Medicare Health Subsidy	
Years of Service	Maximum Monthly Subsidy for 2007
Less than 10	No subsidy
10 to 14	The lesser of: <ul style="list-style-type: none"> • \$273.17 • 75% of the single-party premium of the participant's plan
15 to 19	The lesser of: <ul style="list-style-type: none"> • \$327.80 • 90% of the single-party premium of the participant's plan
20 or more	The lesser of: <ul style="list-style-type: none"> • \$364.22 • 100% of the single-party premium of the participant's plan

Medicare Part B Premium Increase

The Centers for Medicare & Medicaid Services announced a premium increase for Medicare Part B, from \$88.50 to \$93.50, for most participants effective January 1, 2007. Those whose incomes exceed \$80,000 per year if single or \$160,000 per year if married will pay Medicare Part B premiums that are greater than \$93.50.

Please contact Medicare at 1-800-MEDICARE or visit its Web site at www.medicare.gov for more information about Medicare Part B premiums.

For members and qualified surviving spouses/domestic partners who are enrolled in both Medicare Parts A and B and receive a health subsidy from Fire and Police Pensions, Medicare Part B is reimbursed at the rate of \$93.50 per month for 2007.

Subsides for members not enrolled in Medicare or enrolled in only Part B of Medicare are not affected by this increase.

An Update from Your Deferred Compensation Plan

Submitted by Steve Harman, Sr. Account Executive, Great-West Retirement ServicesSM

Have you checked out the Deferred Compensation Web site lately? There is a special section for our retirees. Called the "Retiree Corner," it provides information ranging from topical news articles and features to retiree-specific presentations. Also, if you are a traveling retiree, sign up for the Online File Cabinet and we will email you when your quarterly statement is available. You then can download the statement from the Web site, print it out, or save it to your own computer. Get online today!

We also are pleased to announce the availability of direct deposit for partial and full distributions. You now can have your one-time payment deposited directly to your checking or savings account for an additional charge of \$15 per withdrawal from your Deferred Compensation Plan account. You may still receive your payment by check and avoid the fee. Direct deposit of periodic payments will continue to be offered without any additional charge.

Great-West Retirement Services is the administrator of the City's Deferred Compensation Plan. To make changes to your account or contact us, log onto the Web site at www.cityofla457.com or call us at (888) 457-9460. We also have local representatives in Los Angeles to help you in person or over the phone.



Great-West Retirement Services® refers to products and services provided by Great-West Life & Annuity Insurance Company and its subsidiaries and affiliates. Core securities (except OptionsPlus), when offered, are offered through GWFS Equities, Inc., a wholly owned subsidiary of Great-West Life & Annuity Insurance Company, 8525 East Orchard Road, Greenwood Village, CO 80111, (888) 457-9460. Not intended for use in New York. Access to KeyTalk® and the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.



Pension Protection

RULES FOR RETIREE INSURANCE

Under the Pension Protection Act of 2006, Section 845, retired public safety officers who meet the eligibility requirements and file an application with the Plan may receive a tax exclusion from gross income of up to \$3,000 per year for health and dental insurance premiums paid directly by the Plan. This tax exclusion is effective for tax year 2007, but only for payments that are made after you file your application with the Plan. The following is a summary of the rules.

Q. What does the law provide?

A. The law says that qualified public safety employee retirees may deduct insurance premiums paid from their retirement benefits for health care or long-term care up to \$3,000 per year.

Q. Who is a qualified public safety employee retiree?

A. All Los Angeles firefighters and police officers who retired on or after achieving eligibility for normal retirement or who retired on a disability retirement meet the definition. Vested members who left before being able to retire are not covered. If you worked as a police officer or firefighter but retired from the City in a different employment category, you are not covered.

Q. Does the law cover only my individual premiums or does it apply to family members?

A. Retirees can use the payment for their own insurance and/or for the premium to cover a spouse or a dependent.

A dependent has to be someone for whom you can take a deduction on your tax return. Your individual tax advisor or accountant should be consulted regarding an individual's qualification as a dependent.

Q. Is a domestic partner a spouse?

A. No. A domestic partner is not a spouse. A spouse must be a person to whom you are legally married. A domestic partner may be claimed as a dependent if he or she otherwise qualifies as a dependent for tax purposes.

Q. If I am legally married to another retired member of the Fire and Police Pension Plan, do we each get to claim a \$3,000 deduction?

A. Yes, as long as your premiums are at least \$3,000 per year each.

Q. Is there any rule about how the premium is paid?

A. Yes, the pension plan must pay the premium directly to the provider of

Act of 2006

the health or long-term coverage. Money paid directly by the retiree doesn't count. Therefore, Health Insurance Premium Reimbursement participants do not qualify for this tax benefit.

Q. I heard that I can claim the \$3,000 deduction from each of several plans. Is that true?

A. No. The total amount that can be claimed by a retiree for premiums paid for the retiree, spouse, and dependents is the actual amount of the premium up to \$3,000 from all plans combined.

Q. When I die, if I have survivors, do they get to keep deducting the premiums for their health care coverage from survivor payments?

A. No, the benefit "dies" with the retired member.

Q. Are all insurance plans covered under this law?

A. No. The coverage is limited to the plans maintained by the City and the employee organizations.

Q. How will the income paid for insurance be reported to the IRS?

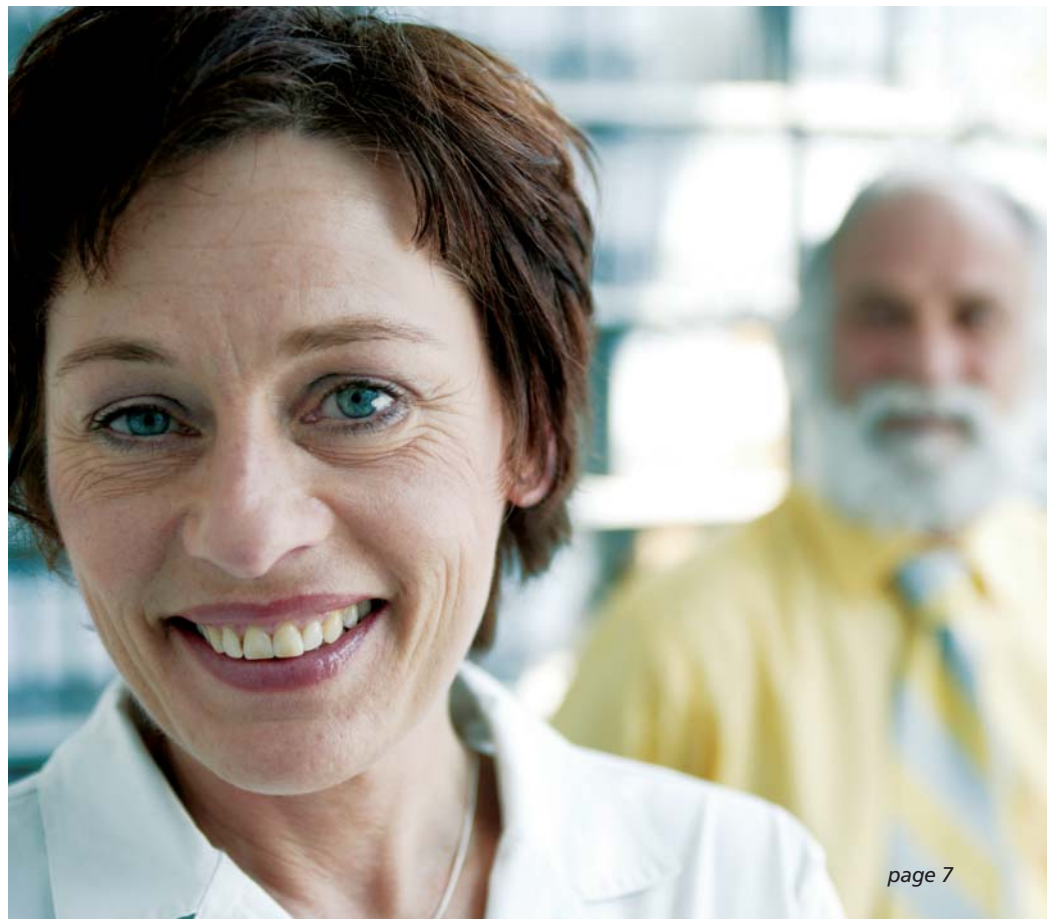
A. Every year you receive a 1099-R form from the Fund. The IRS issued recent guidance concerning the administration of this law, but it created more questions than it

answered. Further clarification is being sought. As we get closer to the end of this year, we expect that additional information will be provided.

Q. Whom do I call if I have questions?

A. Contact the Medical and Dental Benefits Section at (213) 978-4560 between 8:00 am and 5:00 pm.

Qualified public safety employee retirees may deduct insurance premiums paid from their retirement benefits for health care or long-term care up to \$3,000 per year.



Income Tax Withholdings

Pensioners receiving taxable pensions may elect to have federal and California state taxes withheld from their pension payment. Each pensioner decides whether or not taxes will be withheld and can specify the withholding option. Please note: **YOU MAY INCUR PENALTIES IF NOT ENOUGH TAX IS WITHHELD.** You may want to consult your tax advisor to evaluate your tax withholding elections.

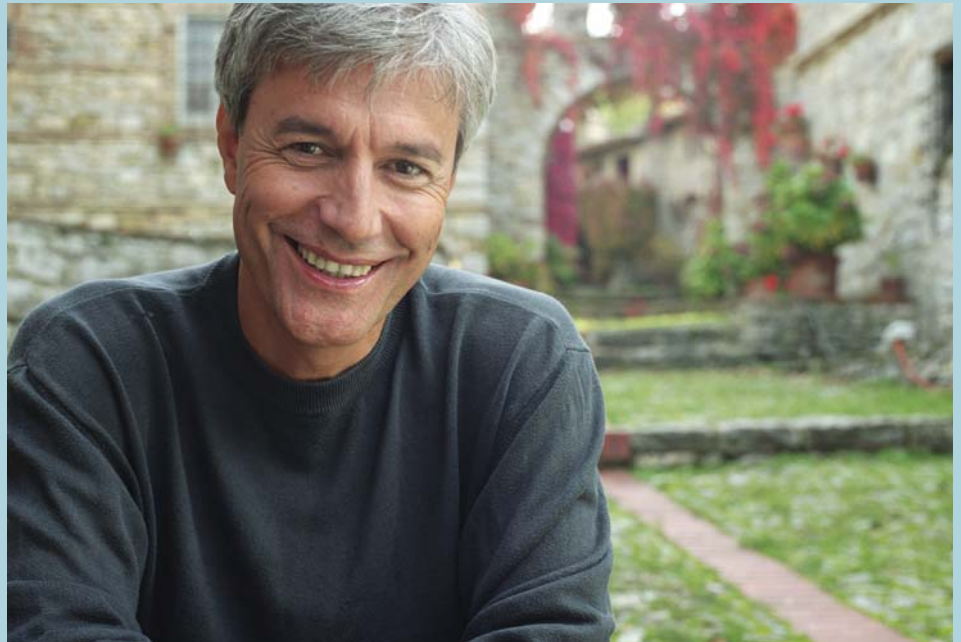
DO YOU NEED AN UPDATE FOR 2007?

The federal government and the State of California (for CA residents only) require that the Department of Fire and Police Pensions withhold taxes unless the pensioner completes an Income Tax Withholding form and requests that no taxes be withheld. If a completed form is not on file with our office, the Department must deduct taxes as if the pensioner were a married individual with three withholding deductions.

You can download an Income Tax Withholding form from our Web site at www.lafpp.com or call Retired Member Services at (213) 978-4495 to request that a form be mailed to you.

To complete the form, select option 1, 2, or 3. (Please refer to the instructions on page 9.) You may change your withholding status at any time by submitting another form.

Important notes: Taxes are withheld on a monthly basis. Your withholding designation should be the amount



that you want deducted each month, not the total amount for the year. Do not check more than one option for Federal Taxes and one option for California State Taxes. Under option 3, the flat dollar amount must be entered as a whole dollar amount with no cents, and not as a percentage.

Contact the Department of Fire and Police Pensions at (213) 978-4495 if you have questions about this form. Mail your completed form to Department of Fire and Police Pensions, Attn: Retired Member Services, 360 East Second Street, Suite 400, Los Angeles, CA 90012.

FUND	SOCIAL SECURITY NUMBER	LAST NAME (PRINT)	FIRST NAME	M.I.
ADDRESS		CITY, STATE		ZIP CODE
PENSIONERS REQUEST FOR INCOME TAX WITHHOLDING				
FEDERAL TAXES			CALIFORNIA STATE TAXES	
1. ____ I elect to have NO taxes withheld			1. ____ I elect to have NO taxes withheld	
2. ____ Withhold using tax tables			2. ____ Withhold California State tax at 10% of my Federal rate	
a. I am ____ Married ____ Single Total number of Deductions ____				
b. Withhold \$ ____ in addition to the tables				
3. ____ Withhold \$ ____ INSTEAD OF using tax tables			3. ____ Withhold \$ ____ INSTEAD OF 10% of my Federal rate	
SIGNATURE _____		PHONE _____	DATE _____	

Instructions for Completing the Pensioner's Request for Income Tax Withholding Card (W4-P)

FEDERAL TAX WITHHOLDING (MONTHLY)

You have three options for withholding federal tax. You may only choose one option. Choosing more than one option may void the card.

OPTION 1 By making this election, no federal taxes will be withheld.

OPTION 2 Making this election means federal taxes will be withheld using the tax tables. Your withholdings will change according to the tax tables. You must also designate a withholding status of Married or Single and indicate the number of allowances. If the number of deductions is left blank, we will assume your Total Number of Deductions is zero.

OPTION 3 Make this election to withhold a monthly whole dollar amount for federal taxes. The dollar amount you elect will not change until you file a new withholding card with Fire and Police Pensions.

CALIFORNIA STATE TAX WITHHOLDING (MONTHLY)

You have three options for withholding California state tax. You may choose only one option. Choosing more than one option may void the card.

OPTION 1 By making this election, no state taxes will be withheld.

OPTION 2 This election authorizes state tax to be withheld at 10% of the federal rate.

OPTION 3 Make this election to withhold a monthly whole dollar amount for state taxes.

If you are a California resident and never submitted a tax withholding card, we deducted taxes as if you were a married individual with three withholding deductions. This applies to your federal tax withholding as well.

The California source tax was repealed January 1, 1996. Pensioners who are not residents of California

no longer have to pay California taxes on their pensions. However, if you would like CALIFORNIA state taxes to be withheld, please elect OPTION 3.

Your election is in effect until Fire and Police Pensions receives a new withholding card. Changes in your withholding election can be made as often as you wish.

The Department of Fire and Police Pensions cannot give you tax advice. Questions regarding your tax liability should be directed to your tax advisor or the taxing agency.



1099-R News Flash

It's that time of year again—tax season! The 1099-Rs for active pensioners and terminated members were mailed on January 26, 2007.

If you have not received your 1099-R, please contact the Accounting Section at (213) 978-4420 or (800) 787-2489 ext. 84420 to request a duplicate copy or if you have any other 1099-R related questions.

LAFPP | Los Angeles Fire and Police Pensions
http://www.lafpp.com/LAFPP/index.html

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Who We Are | Citywide Services Directory | www.lacity.org | In Memoriam | Links | FAQs

Plan Details
Active Members
Retired Members
Commission Information
Qualified Survivors
Financial Reports
Forms
Requests for Proposals

To Serve Those Who Protect

Our mission is to advance the health and retirement security of those who dedicate their careers to serve and protect the people of Los Angeles.

Any questions or comments, fill out the [comments form](#), or email pen.pensions@lacity.org

What's New?
[Self-Service for DROP Members](#)
[New Health Subsidy Ordinance](#)
[New Toll-Free Number](#)
[Pre-Retirement Seminars](#)

RSS [What is an RSS feed?](#)

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Important Information ... At Your Fingertips

Our Web site underwent a complete renovation to provide you with easy access to retirement benefit information when you need it – any time you need it! We even have a new Web site address: www.lafpp.com.

Getting the information you need is important. We created an excellent resource for pension information and services for both active and retired members. At our Web site you will find:

- **User-Friendly Navigation** – Whether you are active or retired, we created an easier path to the information you are looking for.
- **Useful Topics** – We posted current information to assist you in planning for or enjoying a successful retirement.

- **New Look** – We incorporated our new brand into a Web site that defines who we are and what we represent. We asked for member participation, so you may even recognize some familiar faces!

Visit us soon at www.lafpp.com. If you have any questions or comments about the Web site, please contact the Communications & Special Projects Section at (213) 978-4530 or (800) 787-2489 ext. 84530.

Contact Information

Department of Fire and Police Pensions

Our staff is available to assist you Monday through Friday (except holidays) from 8:00 am to 5:00 pm. Please refer to the following directory so that the right staff member can address your specific need. When calling in on the toll-free number, use the extension numbers provided for each section, followed by the pound sign.

Accounting (for Pensioners only)

(213) 978-4420 (or 84420#)

- Workers' compensation (offset inquiries, balances due, etc.)
- 1099-R (current and prior tax years)

Communications & Special Projects

(213) 978-4530 (or 84530#)

- Newsletters
- Web page updates

Medical and Dental Benefits

(213) 978-4560 (or 84560#)

- Health insurance subsidy
- Medicare Part B reimbursement
- Dental insurance subsidy
- Health Insurance Premium Reimbursement Program

Disability Pensions

(213) 978-4500 (or 84500#)

- Disability pension processing and inquiries
- Survivor pensions—active members
- Disability pension reviews
- Review of dependent child/dependent parent qualifications

Service Pensions

(213) 978-4575 (or 84575#)

- Service pension processing and inquiries
- Survivor pensions—retired members
- Retired member records and information
- Change of address (for pensioners only)
- Discontinuance of benefits (on death or other ineligibility)

Retired Member Services (for Pensioners only)

(213) 978-4495 (or 84495#)

- Direct deposit
- Tax withholding
- Cost-of-living adjustments

DROP Administration

(213) 978-4568 (or 84568#)

- Information on the Deferred Retirement Option Program

Other Ways To Contact Us

Toll-Free (800) 787-CITY (2489)

Fax (213) 978-4450

TDD (213) 978-4455

Email pen.pensions@lacity.org

Web Site www.lafpp.com

Address 360 E. Second Street
Suite 400
Los Angeles, CA 90012

For your convenience, the following forms can be printed from our Web site:

Change of Address Form for Pensioners, Direct Deposit Form (for pensioners only), Domestic Partnership Declaration Form, Notice of Termination of Domestic Partnership Form, DROP Beneficiary Form, Health Insurance Premium Reimbursement Claim Form, and Income Tax Withholding Form.

Change of Address

If you move, it's important to keep your address current with the Department of Fire and Police Pensions. Without a current address on file, your pension check, direct deposit statement, and other benefit information could be delayed or not received at all!

For your protection, you must request a change of address in writing. To make it easier, you can access the Change of Address form online and fax it to our office. Download the form from our Web site at www.lafpp.com, fill out the form, and fax it to our office at (213) 978-4450 or mail it to 360 E. Second Street, Suite 400, Los Angeles, CA 90012.

If you don't have Internet access, you can send a brief letter including the following:

- Complete name
- Social Security number (last 4 digits)
- New address
- Telephone number
- Pensioner's signature.

Mail the letter to Department of Fire and Police Pensions, Service Pensions Section at 360 E. Second Street, Suite 400, Los Angeles, CA 90012 or fax it to (213) 978-4450.

Please be sure to sign the form before you mail it. An original signature is required. If you have any questions, please contact the Service Pensions Section at (213) 978-4575.

Attention DROP participants: Unless you terminated your participation in DROP, please send your change of address request to DROP Section, 360 E. Second Street, Suite 400, Los Angeles, CA 90012 or fax it to (213) 978-4450.

Los Angeles Fire and Police Pensions
Mail Stop #390
360 East Second Street
Suite 400
Los Angeles, CA 90012



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