



# **FIRE & POLICE PENSION PLAN TIER 3**

## **SUMMARY PLAN DESCRIPTION**

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## INTRODUCTION

### INTRODUCTION

Welcome to the Fire and Police Pension Plan – Tier 3 (formerly Article XXXV, Plan 1, Safety Members' Pension Plan)! This is one of several pension plans provided to Police Officers and Firefighters of the City of Los Angeles. The legal text of the plan is in the City Charter\* and various ordinances adopted by the City Council.

Tier 3 plan provisions are different from those provided to other City sworn employees and civilian employees, so it is important that you know what tier you are in. We have a brief description on Page 1 of who is in Tier 3. **If you are unsure of the tier you are in, call the Department of Fire and Police Pensions at (213) 978-4522 and we will give you that information.**

This booklet, which is called a “Summary Plan Description” (SPD), describes in informal language the provisions of Tier 3 as of July 1, 2000. This document is intended to summarize legal texts in a clear and concise manner to help you understand your benefits. It describes the most important features. If there is a difference between this SPD and the legal texts, the legal texts shall prevail. All references to “you” or “your” in this SPD refer to a Tier 3 member.

This pension plan may be amended at any time to comply with changes in the Internal Revenue Code or other tax laws.

There is also a variety of information posted on our website at [www.lafpp.com](http://www.lafpp.com) to keep both active and retired sworn members up-to-date on pension benefits.

\* Volume II, Article XI, Fire and Police Pension Plans - Tier 3.

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## TYPE OF PLAN

### TYPE OF PLAN - A DEFINED BENEFIT PLAN

Tier 3 is a "defined benefit" plan that provides pension benefits based upon final average pay and years of service. This plan provides service, disability and survivor pension benefits as well as retiree health insurance subsidies to eligible sworn members of the Los Angeles Fire and Police Departments and certain qualified survivors of these members.

While you are employed, both you and the City make contributions to the plan. The benefits you and your qualified survivors receive are not directly related to the amount of your contributions.

As a member of Tier 3, you do not contribute to or earn Social Security credit.

## MEMBERSHIP ELIGIBILITY

### ELIGIBILITY FOR MEMBERSHIP - TIER 3

- [Sworn Firefighters and Police Officers](#) - Sworn employees of the Fire and Police Departments of the City of Los Angeles hired on or after December 8, 1980 through June 30, 1997 became members of the Fire and Police Pension Plan - Tier 3 upon graduation from the Police Academy or Fire Department Drill Tower.
- [Paramedics and civilian ambulance](#) – employees who were originally hired as members of the Los Angeles City Employees' Retirement System (LACERS) transferred to Tier 3 on November 28, 1982.
- [Rehires](#) – Members originally hired under the provisions of Tier 1 or Tier 2 who had a break in service and were rehired between December 8, 1980 and June 30, 1997 are members of Tier 3.
- [Transfers](#) – Members hired on or after July 1, 1997 are covered under the provisions of Tier 4. However, members hired from July 1, 1997 through December 31, 1997 had the option to transfer to Tier 3 during a six-month application period beginning February 5, 1999 through August 6, 1999.

## CONTRIBUTIONS TO THE SYSTEM

### YOU CONTRIBUTE

#### MEMBER CONTRIBUTIONS

When you graduate from the Police Academy or Fire Department Drill Tower, we begin deducting 8% of your salary each pay period (if you were a prior member deductions begin upon rehire). These contributions you make to the pension plan are placed in an account to which interest is posted every six months (for the periods ending June 30 and December 31) while an active member.

From inception of the plan in December 1980 through December 1996, member contributions were made on a post-tax basis. Starting in January 1997 to present, contributions have been made on a pre-tax basis.

After you reach 30 years of service (when you acquire the maximum retirement percentage of 70% based on years of service), the 8% pension deduction is discontinued.

Your contributions and accrued interest are refundable if you terminate your employment without taking a pension.

If an **active** member dies leaving no qualified survivors entitled to receive a pension pursuant to the Tier 3 Charter provisions, the member's contributions and interest will be refunded to their designated beneficiary(ies). You should have an updated beneficiary designation form on file with the Department of Fire and Police Pensions (see Page 22). In the absence of a designated beneficiary, contributions, if payable, will be provided to your living survivor(s) in the following order of succession: surviving spouse, children, or parents. If there are no designated beneficiaries or survivors, contributions, if payable, will be paid to the executor or administrator of your estate. If your contributions must be distributed and there is a spouse or former spouse(s) with community property interests in the contributions, the community property portion will be paid to whoever is entitled to them.

If a **retired** member dies leaving no qualified survivors entitled to receive a pension pursuant to the Tier 3 Charter provisions, there is no refund of contributions, and all pension benefits cease.

### CITY CONTRIBUTES

#### CITY CONTRIBUTIONS

Each year, the City makes a contribution to the Plan to insure there will be sufficient funds available to pay current and future member benefits. The City contribution varies each year depending upon a variety of factors such as investment fund performance, inflation or changes in mortality experience. The combination of member and City contributions, interest and earnings on fund assets pays for your pension benefits.

When a pension is paid on your behalf, your contributions are exchanged for lifetime monthly benefits.

# PENSION BENEFITS

## SERVICE PENSION

### ELIGIBILITY

### CALCULATING YOUR SERVICE PENSION

## SERVICE PENSION

### Eligibility for a Service Pension

You are eligible for a service pension starting at the age of 50, after having completed at least 10 years of service.

### Calculating Your Service Pension

The following is the basic formula to calculate your monthly pension amount.

**Years of Service % x Final Average Salary = Pension Amount**  
(Refer below)

You receive 2% of your Final Average Salary (FAS) for each year of service (YOS) for the first 20 years; 3% of your FAS for each additional YOS after 20 years. **The maximum percentage of FAS payable is 70% at 30 years of service.**

<u>YOS</u> %	<u>YOS</u> %	<u>YOS</u> %
10 = 20%	17 = 34%	24 = 52%
11 = 22%	18 = 36%	25 = 55%
12 = 24%	19 = 38%	26 = 58%
13 = 26%	20 = 40%	27 = 61%
14 = 28%	21 = 43%	28 = 64%
15 = 30%	22 = 46%	29 = 67%
16 = 32%	23 = 49%	<b>30 = 70% (Max)</b>

**FINAL AVERAGE  
SALARY**

The **Final Average Salary** is usually the average **monthly** pay you received in the last 12 consecutive months prior to retirement. Upon retirement, you also have the option to designate which consecutive 12-month period you want to use for your FAS.

- If you do not make a designation, the 12-month period immediately preceding your retirement, termination or death will be used;
- If you have not completed 12 consecutive months, your FAS is based on the monthly average of all consecutive calendar months completed.
- If you received less than full salary due to injury or illness, the FAS would be based on the salary you normally would have received.

Final Average Salary includes the following types of compensation actually received during the designated 12-month period:

- **Regular gross monthly salary**
- **Length of Service (Longevity) Pay**
- **Special Pay** –additional gross monthly pay for performance of special non-hazardous duties. Examples of special pay positions: **Vice Coordinator or Fire Dispatcher.**
- **Assignment Pay** - pay for special or hazardous duties in a higher class, position, grade or code. Examples are Lieutenant II, Captain II, or Police Officer III.
- **Hazard Pay** – additional gross monthly pay for performance of hazardous duties. Examples of hazard pay include **Motorcycle Officer or Helicopter Pilot.**

Applicable to members retiring on or after July 1, 2000 at a rank not higher than a Captain in the Fire Department or Lieutenant in the Police Department:

If you are not receiving Hazard Pay during any or all of the 12-month period used to determine your Final Average Salary, but you received it previously, pension credit will be added in the following manner:

- You will receive 10% for each completed year of service in the hazardous assignment, up to a maximum of 100% (10 years credit).
- The appropriate percentage will then be applied to the hazard pay rate when it was last received.

Before July 1, 2000, prior hazard pay credit was only included in your Final Average Salary if it was earned within the same rank you retired from.

**Overtime pay for all members and the Patrol Bonus for Police Officers are not included in your Final Average Salary**

## CREDIT FOR YEARS OF SERVICE

### Years of Service

Years of Service credit, calculated by calendar day, is received for periods when a member:

- Received regular pay; or
- Received full IOD (Injured on Duty) pay; or
- Received a service-connected disability pension, if restored to duty under certain circumstances; or
- Served in the military while a member; or
- Was a member of Tier 2, provided contributions were not withdrawn upon termination from that plan.

You do not earn Years of Service credit for suspensions or unpaid leaves of absence. This is referred to as “lost service time” or “bad time.”

## PURCHASE OF YEARS OF SERVICE

### Years of Service Credit That Can Be Purchased

- Prior service as a member of **Tier 1, 2 or 3** - provided contributions were previously withdrawn for such service.
- Prior service as a **Paramedic** or **Civilian Ambulance Driver** in the City Employee's Retirement System - if you did not transfer the years of service when first eligible.
- For time when you received temporary disability under State **Worker's Compensation** laws (State Rate).
- **Nonservice-Connected Disability Pension** – time spent on this type of pension can be purchased after returning to active duty.
- **Recruit training** - You may purchase service credit for your recruit training time by:
  - ❖ Contacting Member Services at (213) 485-4493 to request a quote of the cost to purchase your recruit training time.
  - ❖ This quote will include two amounts. One amount is the contributions you would have made to the Pension Plan had you been a member during the recruit training time. The other amount is the interest that would have accrued on those contributions and credited to your account. Academy or Drill Tower graduates are given a one-year grace period from the date of graduation to pay this amount without interest. If however, the contributions are paid after the one-year grace period, you will be responsible for paying the interest.
  - ❖ If you choose to purchase recruit training time, you must decide whether to purchase it in one lump sum amount or through payroll deductions.

All service credit purchases may be made either by one lump sum or through payroll deduction. If you choose to pay through payroll deduction, regardless of when the purchase occurs, an 8.5% service charge will be applied to the entire contribution and interest amount.

The Charter does not allow for reciprocity or purchase of civilian time. You cannot purchase military time for time served while you were not a sworn member but you will receive years of service credit if you served time in the military while you were a sworn member.

Contact the Member Services Section at (213) 978-4522 for information on purchasing time.

**CALCULATING  
YOUR  
SERVICE PENSION****Calculating Your Service Pension****Step 1 – Compute Your Final Average Salary**

Your Final Average Salary (FAS) is the monthly average of the 12 consecutive month period you choose, usually the period just prior to your retirement.

A simple approach that is very close to how we calculate your FAS would be to total your regular bi-weekly pay for 26 pay periods (one year), divide that by 26, and multiply by 2.175 to arrive at your monthly FAS. (See Page 4 for detailed explanation of FAS.)

**Step 2 - Years of Service**

Calculate your pension percentage based on your total years of service. You receive 2% of your Final Average Salary per year of service for the first 20 years and 3% of your Final Average Salary per year of service for each year thereafter, up to a maximum of 30 years. At 30 years of service you reach the 70% maximum pension percentage. (See percentage equivalency chart in the Sample on Page 8.) As a member of **Tier 3** you must have both a minimum of 10 years of service and attain age 50 to be eligible to receive service pension benefits. When computing your pension we calculate years of service to the last completed pay period worked.

**Step 3 – Calculate Your Service Pension**

Multiply the Final Average Salary by the Years of Service Percentage to determine the estimated monthly benefit.

Page 8 shows a sample pension calculation. There are worksheets on the last page of this Summary Plan Description so you can calculate your own estimates.

**SAMPLE PENSION CALCULATION**

EXAMPLE: A member retires with exactly 28 years of service and his age is more than 50. His final average salary is \$5,110.34.

**Step 1 – Enter the Final Average Salary amount (monthly):** **\$5,110.34**

**Step 2 – Enter the Years of Service** **28**

Corresponding years of service percentage:

10 = 20%	17 = 34%	24 = 52%
11 = 22%	18 = 36%	25 = 55%
12 = 24%	19 = 38%	26 = 58%
13 = 26%	20 = 40%	27 = 61%
14 = 28%	21 = 43%	28 = 64%
15 = 30%	22 = 46%	29 = 67%
16 = 32%	23 = 49%	<b>30 = 70% (Max)</b>

**Equates to Years of Service percentage:** **64%**

**Step 3-Calculate Your Service Pension**

Multiply the Final Average Salary	\$5,110.34
by the Years of Service Percentage	x <u>0.64</u>

**This equals the estimated monthly pension benefit:** **\$3,270.62**

*This example does not take into account lost service time, hazard pay or assignment pay.*

## **APPLYING FOR A SERVICE PENSION**

### **APPLICATION FOR SERVICE PENSION**

An application for service retirement should be submitted at least four to six weeks before your desired effective date to avoid delays in receiving your first pension check. You should begin the process by scheduling an appointment with your department retirement counselor: Fire at (213) 978-3750 and Police at (213) 485-3243. They will assist you in selecting a pension effective date, provide information regarding payment of unused sick, vacation and overtime balances, prepare your "Letter of Intent to Retire" and arrange an appointment with the retirement counselor in the Department of Fire and Police Pensions. When you file your application with the Department of Fire and Police Pensions, you will need to submit the following documents along with your application:

- A signed Letter of Intent to Retire from your employing department
- Marriage certificate (if applicable)
- Proof of dissolution of prior marriage(s), such as a final dissolution of marriage decree or death certificate
- Birth certificate(s) for your minor or dependent children
- Letter from the Department of Fire and Police Pensions confirming the filing of the Declaration of the Domestic Partnership (if applicable)

During your application interview you will receive information regarding tax withholding, direct deposit and voluntary deductions upon your retirement.

# DEFERRED PENSION

## DEFERRED PENSION

Tier 3 members with 10 or more years of service who terminate employment prior to age 50 for any reason other than disability are eligible for a deferred service pension. To receive this benefit you must leave your contributions in the system and make an irrevocable election within three years of your termination date to take a deferred pension. A deferred service pension is calculated in the same manner as a regular service pension. Once you have applied for a deferred pension, it is important that you update your address information with the Department of Fire and Police Pensions so that approximately six weeks prior to your 50th birthday we may contact you to begin the pension application process and have your pension approved by the Board of Fire and Police Pension Commissioners immediately following your birthday.

You do not receive cost of living increases on your Final Average Salary during the time your pension is deferred. If you should die prior to age 50, your designated beneficiary will receive a refund of your accumulated contributions and interest from the date of your termination of employment. Your qualified survivor(s) would not receive a pension if you were to die before turning 50.

**WITHDRAWAL  
OF  
CONTRIBUTIONS**

**WITHDRAWAL OF TIER 3 CONTRIBUTIONS**

If you have 10 years of service at the time of termination, you have three years to elect the deferred pension option discussed in the previous section. As such, you may request a withdrawal of your contributions and interest immediately upon termination or may consider waiting a while to decide if you want to take the deferred service pension option. However, keep in mind that your contributions cease earning interest upon your termination.

Once contributions are withdrawn, you forfeit any kind of pension benefit, including a disability pension. Contributions will remain in the System until you request them. However, if they are not withdrawn within ten years from the termination date they may be forfeited. Contact the Member Services Section at (213) 978-4522 to apply for a refund of contributions.

## DISABILITY PENSION

### SERVICE-CONNECTED OR NONSERVICE-CONNECTED

### AMOUNTS

### STATUS REVIEW

#### DISABILITY PENSION

##### Types of Disability Pensions

Pensions are granted for disabling impairments resulting from injuries or illnesses:

- **Service -Connected Disability Pension - *WORK RELATED***  
Eligibility begins from the date of graduation from Fire or Police recruit training.
- **Nonservice-Connected Disability Pension - *NOT WORK RELATED***  
Eligibility begins after five years of service credit as a member.

##### Disability Pension Amounts

Amounts are based on the degree of disability.

- **Service-Connected Disability Pension** - 30% to 90% of the member's Final Average Salary (Minimum pension would be 2% of Final Average Salary for each year of service or 30% of Final Average Salary, whichever is greater)
- **Nonservice-Connected Disability Pension** – 30% to 50% of the member's Final Average Salary

##### Reviews of Disability Status

Disability pensions are normally paid for a member's lifetime. However, the Board has the authority to review disability status at any time. Pensioners may also request a review of their disability status by the Board. As a result of the review, the percentage awarded may remain the same or may be adjusted upward, downward, or terminated completely. A disability retiree would be restored to active duty if the disability pension were terminated.

## RETURN TO ACTIVE DUTY

### Restoration to Active Duty

TIER 3 Service-Connected Disability pensioners restored to active duty begin to earn time toward a service pension after one year back on the job provided no time is lost due to the disabling condition. One year of credit is restored for every such year worked starting from the date of the member's return to duty. However, after three years of such completed service you receive credit for the entire period you were on a service-connected disability pension.

TIER 3 Nonservice-Connected Disability pensioners restored to active duty must purchase this time for years of service credit. However, special rules apply. Contact Member Services at (213) 978-4522 if you are interested in purchasing this time.

While you are receiving disability pension benefits, you cannot also receive service retirement benefits under this Plan.

## EFFECT OF WORKER'S COMPENSATION

### Effect of Worker's Compensation Awards on Disability Pensions

The existence of impairment or a worker's compensation award does not guarantee a disability pension. You may have impairment(s) but not be disabled from performing the duties of a Police Officer or Firefighter if your department can accommodate your work restrictions.

**If you retire on any disability pension, you must repay all Workers' Compensation Awards received during your career regardless of whether the award was related to the disability for which you were retired.** In addition, current and future worker's compensation payments will be deducted from your pension benefit. The minimum payment must be at least 25% of your monthly pension amount until all awards have been repaid.

## APPLICATION PROCESS

### Disability Pension Application Process

The disability application process is time consuming. It may take **up to a year or more** from the date of filing an application until the final Board determination. The process includes review of applicable medical and personnel records, examination by a minimum of three physicians and a hearing before the Board of Fire and Police Pension Commissioners. Applications may be withdrawn at any time prior to Board determination. Members who believe they may have incurred a disabling injury or illness should contact the Disability Pension Section at (213) 978-4500 for further information regarding the process.

## **SURVIVOR BENEFITS**

### **WHO ARE QUALIFIED?**

### **QUALIFIED SURVIVING SPOUSE**

#### **SURVIVOR BENEFITS**

Survivor pension benefits are payable to the following qualified survivors.

#### **Definitions of Qualified Survivors**

##### *1. Qualified Surviving Spouse*

A qualified surviving spouse must be legally married to the member at the time of the member's death and in the case of a member's:

- Service-Connected Death – *married on the date of death*
- Nonservice-Connected Death – *married at least one year prior to the date of death*
- Death while on a Service Pension - *married at least one year prior to the effective date of the pension*
- Death while on a Service-Connected Disability Pension - *married as of the effective date of the pension*
- Death while on a Nonservice-Connected Disability Pension - *married at least one year prior to effective date of the pension*

#### **Benefits:**

- Survivor pension benefits (explained in the Survivor Benefits Section on Pages 18-21)
- Health subsidy benefits (explained in the Health Insurance Subsidy for Qualified Survivors Section on Page 28)

Benefits are paid to the qualified surviving spouse until his/her death. (Prior to December 5, 1996 pension benefits of surviving spouses who had remarried were terminated.)

**QUALIFIED SURVIVING DOMESTIC PARTNER***2. Qualified Surviving Domestic Partner*

A qualified domestic partner must have a declaration form from the Los Angeles Fire and Police Pension System on file with the Department of Fire and Police Pensions (see Page 17) at the time of the member's death and in the case of the member's:

- Service-Connected Death - *be a domestic partner on the date of death*
- Nonservice-Connected Death - *be a domestic partner at least one year prior to the date of death*
- Death while on a Service Pension - *be a domestic partner one year prior to the effective date of the pension*
- Death while on a Service-Connected Disability Pension - *be a domestic partner as of the effective date of the pension*
- Death while on a Nonservice-Connected Disability Pension - *be a domestic partner at least one year prior to effective date of the pension*

**Benefits:** Effective January 17, 2000, qualified Domestic Partners are eligible to receive the following benefits:

- Survivor pension benefits (explained in the Survivor Benefits Section on Pages 18-21)
- Health subsidy benefits (explained in the Health Insurance Subsidy for Qualified Survivors Section on Page 28)

Benefits are paid to the qualified surviving domestic partner until his/her death.

**MINOR CHILD***3. Minor Child*

A child or adopted child of a deceased member is considered a "minor child" for purposes of receiving a pension benefit until the child becomes age 18 (22 if a full-time student) or marries, whichever comes first.

**Benefits:**

- Survivor pension benefits (explained in the Benefits for Children Section on Page 20)

**DEPENDENT CHILD***4. Dependent Child*

A "dependent child" is a child of a deceased member who, prior to turning age 21, became mentally or physically disabled and cannot earn a livelihood. A dependent child who marries, is subsequently adopted, or whose disability ends is no longer considered dependent for pension purposes.

**Benefits:**

Survivor pension benefits (explained in the Benefits for Children Section on Page 20)

**DEPENDENT PARENT**

5. *Dependent Parent*

A "dependent parent" is a natural parent of a deceased member. The dependent parent must have had at least one-half of his or her necessary living expenses provided by the deceased member for one year or more prior to the member's death, and be unable to pay necessary living expenses without the pension. (Prior to July 1, 2000, the dependent parent was required to live in the United States at the time of the member's death to qualify. The residency requirement was eliminated by Charter amendment). This pension will be paid until the dependent parent can pay their necessary living expenses on their own.

A dependent parent is eligible for a benefit only if there is no qualified surviving spouse, qualified surviving domestic partner or qualified surviving child(ren) to receive benefits at the time of the member's death.

**Benefits:**

- Survivor pension benefits (explained in the Benefits for Dependent Parents Section on Page 20)

## DOMESTIC PARTNERSHIP

### Establishing a Domestic Partnership

### Terminating a Domestic Partnership

### Filing a New Domestic Partnership

## DOMESTIC PARTNERSHIP

A domestic partnership shall be established when both partners file a Declaration of Domestic Partnership **with the Department of Fire and Police Pensions**, provided all requirements listed below are met.

### Establishing a Domestic Partnership

- File a Declaration of Domestic Partnership with the Department of Fire and Police Pensions by completing a form and providing a copy of the driver's license of each partner showing common residence.
- In addition, the domestic partners must meet all the following requirements:
  - have a common residence
  - be jointly responsible for each other's basic living expenses
  - not married or a member of another domestic partnership
  - not related by blood
  - at least 18 years of age
  - both may be of the same sex or the opposite sex
  - capable of consenting to the domestic partnership
- To request a Declaration of Domestic Partnership form, call Member Services at (213) 978-4522 or print the form from our website at [www.lafpp.com](http://www.lafpp.com).

### Terminating a Domestic Partnership:

- A domestic partnership automatically terminates when any one of the following occurs:
  - One partner gives or sends by certified mail to the other partner a written notice that he or she is terminating the partnership
  - One of the domestic partner dies
  - One of the domestic partner marries
  - The domestic partners no longer share a common residence
- Upon termination of the domestic partnership, one of the domestic partners must file a Notice of Termination of Domestic Partnership with the Department of Fire and Police Pensions.
- To request a Notice of Termination of Domestic Partnership form, call the Member Services Section at (213) 978-4522 or print the form from our website at [www.lafpp.com](http://www.lafpp.com).

### Filing a New Domestic Partnership After Terminating the Old

A new Declaration of Domestic Partnership can only be filed after six months from the date that a Notice of Termination of Domestic Partnership was filed with the Department of Fire and Police Pensions. This six-month waiting period does not apply where the domestic partnership was terminated because of death or marriage.

**SURVIVOR  
BENEFITS –  
ACTIVE  
MEMBER DEATH**

**Survivor Benefits - Active Member Death**

1. **Service-Connected Death:** Your qualified surviving spouse/qualified surviving domestic partner will receive a monthly pension benefit of 75% of your Final Average Salary.
2. **Nonservice-Connected Death with at least one year of service**

**Basic Death Benefit:**

Your qualified survivors: spouse, domestic partner or minor and dependent children (if no qualified spouse/domestic partner), or dependent parents (if no other qualified survivors), are entitled to the following benefits:

- (a) a refund of your pension contributions and accrued interest; and
- (b) if the member had at least one year of service, a limited monthly pension. For every year of service, two monthly payments of 1/2 the Final Average Salary are made, not to exceed 12 monthly payments for six or more years of service.

Note that the refund of contributions portion of the Basic Death Benefit will be paid to a named beneficiary but in the absence of a designated beneficiary, the refund of contributions will be paid to your qualified survivor(s). If there is a distribution of contributions, and there is a spouse or former spouse(s) with community property interests in the contributions, the community property portion will be paid to whoever is entitled to them.

3. **Nonservice-Connected Death with over five years of service:** Your qualified surviving spouse/qualified surviving domestic partner will receive a monthly pension benefit of 30% of your Final Average Salary.
4. **Nonservice-Connected Death while eligible for a Service Pension based on years of service:** Your qualified surviving spouse/qualified surviving domestic partner will receive the greater of a monthly pension of 30% of your Final Average Salary or 80% of the pension you would have received at the time of your death. However, the maximum benefit under this provision is 40% of your Final Average Salary. This benefit is only available if you were married to your spouse or had a declared domestic partner for at least one year prior to the date of death.

Any survivor who is entitled to benefits outlined in number 3 or 4 above can elect number 2 instead.

**SURVIVOR  
BENEFITS-  
RETIRED  
MEMBER DEATH**

**Survivor Benefits - Retired Member Death**

1. **Death while Retired on a Service Pension or on a Nonservice Connected Disability Pension:** Your qualified surviving spouse/qualified surviving domestic partner will receive 60% of your monthly pension benefit.
  
2. **Death while retired on a Service-Connected Disability Pension:** Your qualified surviving spouse/qualified surviving domestic partner will receive 60% of your monthly pension benefit.
  
3. **Death within three years of your Service-Connected Disability Pension effective date and your death is the result of service-connected causes:** Your qualified surviving spouse/qualified surviving domestic partner will receive a monthly pension benefit equal to 75% of your Final Average Salary.

**BENEFITS FOR CHILDREN**

**Benefits for Children**

If you have minor or dependent children at the time of your death in addition to a qualified surviving spouse/qualified surviving domestic partner, your minor or dependent children will receive additional benefits (except for the Basic Death Benefit described on Page 18). Additional benefits for children are described below:

- One minor or dependent child - 25% of the benefit your qualified surviving spouse/qualified surviving domestic partner receives.
- Two minor or dependent children - 40% of the benefit your qualified surviving spouse/qualified surviving domestic partner receives.
- Three or more minor or dependent children - 50% of the benefit your qualified surviving spouse/qualified surviving domestic partner receives.

**BENEFITS FOR CHILDREN – No SURVIVING SPOUSE/ DOMESTIC PARTNER**

**Benefits for Children When There is No Qualified Surviving Spouse/Qualified Surviving Domestic Partner**

If you die leaving no qualified surviving spouse/qualified surviving domestic partner, but you have qualified minor or dependent child(ren), the minor/dependent child(ren) will receive the monthly pension benefit equal to that which your spouse/domestic partner would have received for as long as the minor/dependent child(ren) remain qualified. This amount will be equally divided among the eligible dependents. Benefits paid on behalf of minor/dependent children are paid to the court appointed legal guardian(s).

**BENEFITS FOR DEPENDENT PARENTS**

**Benefits for Dependent Parents**

If you die leaving no qualified spouse/qualified domestic partner or children, but you have qualified dependent parent(s), the dependent parent(s) will receive the same monthly pension benefit that the qualified surviving spouse/qualified surviving domestic partner would have received for as long as the dependent parent(s) remain qualified.

**OPTIONAL  
SURVIVOR  
ALLOWANCES**

**OPTIONAL SURVIVOR ALLOWANCES**

At the time you retire on a service or disability pension, you have an option to provide your eligible spouse/domestic partner with a survivor benefit greater than the basic 60% of your pension. You may elect a continuance benefit for your spouse/domestic partner from 60% up to 100%, in 5% increments.

If you choose one of these options, your retirement allowance will be reduced throughout your lifetime to pay for the difference. The reduction amount will be based on your and your spouse's/domestic partner's ages at the time you retire and on current percentages provided to us by our actuaries. For example, if you are 55 and your eligible spouse/domestic partner is 51, your retirement allowance would be reduced to 93.3% of your pension for a 100% continuance to your qualified surviving spouse/qualified domestic partner and reduced to 97.4% for a 75% continuance. Please note these percentages are changed periodically and the example above may not be accurate due to our having to use updated percentages.

This option is **irrevocable** and must be selected prior to receiving your first pension payment. The reduction remains in effect even if your marriage dissolves or your spouse predeceases you. For more information call the Service Pensions Section at (213) 978-4575.

**DESIGNATING  
A  
BENEFICIARY**

**DESIGNATING A BENEFICIARY**

As noted in the Contributions Section on Page 2 of this SPD, there are situations where there may be a refund of contributions. If there is to be a refund of member contributions, the Beneficiary Designation form will be used to determine the beneficiary or beneficiaries entitled to receive your contributions and interest earned. It is very important that you take the time to designate them so that in the case of your death, your contributions and interest will be provided to the person(s) of your choice. You should update the beneficiary form during your career to reflect any changes in your beneficiary designation.

The Beneficiary Designation form may be obtained by contacting Member Services at (213) 978-4522 or you can print one from our website at [www.lafpp.com](http://www.lafpp.com).

**DEPENDENT  
CHILD  
DOCUMENTATION**

**DEPENDENT CHILD DOCUMENTATION**

Survivor benefits for dependent children are identified in the previous sections. A "dependent child" is a child of a deceased member who, prior to turning age 21, became mentally or physically disabled and cannot earn a livelihood. A dependent child who marries, is subsequently adopted, or whose disability ends is no longer considered dependent for pension purposes.

If you have a dependent child, we *strongly* encourage you to provide us documentation to prevent unnecessary delays in providing a benefit if needed. Please call the Department of Fire and Police Pension Disability Pension Section at (213) 978-4500 for more information on the types of documentation needed.

**COST OF LIVING ADJUSTMENTS**

**COST OF LIVING ADJUSTMENTS**

Cost of Living Adjustments (COLA) are annual adjustments made to pensioners' benefits to reflect changes in the local Consumer Price Index (CPI) for the one-year period March through February. Your monthly benefit is adjusted on July 1 of each year to reflect the change in the cost of living published by the Bureau of Labor Statistics. However, the adjustment cannot exceed 3% per year.

When you become a pensioner, the first year's COLA is prorated and based on the number of completed months you have been on the pension roll. Each subsequent year's COLA thereafter will be applied to your benefit on July 1.

Once every three years, the City Council may grant a discretionary COLA. The discretionary COLA cannot exceed one half the difference between the CPI and the actual increase granted during the preceding three years.

In no event will your monthly pension, due to cost of living adjustments, be less than your original pension. Your qualified surviving spouse/qualified surviving domestic partner will also receive all the cost of living percentage adjustments (not the dollar amounts) that you had received, and will continue to receive cost of living adjustments according to the provisions of this plan.

**REAPPOINT-  
MENTS**

**REAPPOINTMENTS**

If you were a Tier 1, 2 or 3 plan member who resigned or was discharged, you will become a Tier 4 member upon reappointment.

However, if you were a former Tier 3 plan member with ten (10) years of service who again becomes a plan member, you have the option of becoming a Tier 4 member only if both of the following conditions are met:

- 1) You did not make an election to take a deferred pension under provisions of Tier 3; and
- 2) Three years have not elapsed since the effective date of your resignation or discharge.

You also need to apply to become a Tier 4 member within 90 days of your return to duty. Call Member Services at (213) 978-4522 for application forms to transfer to Tier 4.

**SERVICE  
AFTER  
RETIREMENT**

**SERVICE FOLLOWING RETIREMENT**

There is no provision for the reactivation or temporary recall of Tier 3 members who retire on a service pension from sworn service. As a retired member you may be employed by the City in a civilian position and become a member of the Los Angeles City Employees' Retirement System (LACERS) or Water and Power Employees' Retirement Plan.

**RECIPROCITY**

**RECIPROCITY**

The Fire and Police Pension Plan - Tier 3 does not provide for the reciprocity of service credit from LACERS, Water and Power Employees Retirement Plan, or any other government agency or municipality. The pension plan does not allow the purchase of prior government or prior military service.

## TAXES

### TAXES

The Fire and Police Pension Plan - Tier 3 is considered a qualified plan under Federal tax laws, which means you are not taxed on your pension benefits until they are paid to you. Service Pensions, Nonservice-Connected Disability Pensions and most Survivor Pensions are subject to federal income taxes. Unless you otherwise instruct the Department, federal income tax will be withheld from these pensions.

Member contributions that were made on a pre-tax basis, i.e., were “tax free” when contributed, are fully taxable when you receive them at retirement.

Member contributions that were made on a post-tax basis, i.e., were taxed when contributed, are not taxed when received as part of your pension benefit. A portion of your monthly pension will not be taxed based on an Internal Revenue Code formula using your post-tax contributions and age when you begin to receive your pension. This amount is called the “General Rule” amount.

The Fire and Police Pension Plan - Tier 3 Service-Connected Disability Pensions generally are not subject to state or federal income tax. However, a portion of this type of pension may be taxable. If the percent of disability is less than the minimum pension based upon years of service the member is entitled to, the difference will be subject to taxes. *(For example, a member is 30% disabled, but due to years of service, receives a minimum pension of 40%. The amount between 30% and 40% is taxable as ordinary income. Please note that the years of service credit formula to calculate a minimum Disability pension is unique. In this formula, you get 2% per year of service. If you had 26 years of service, you get a minimum Disability pension of 52%).*

Nonservice-Connected Disability Pensions are fully taxed as ordinary income.

State tax laws vary. As of January 1996, pensioners who are not residents of California are not subject to California taxes on any type of pension.

If you terminate prior to retirement and receive a refund of contributions, any portion that is refunded to you that has not been previously taxed (e.g., pre-tax contributions or interest income), will be subject to Federal and State income taxes for the year in which you receive them. In addition, if those same non-taxed funds are withdrawn prior to age 59½, they are subject to an excise tax penalty of 10% to the Federal Government and 2½% to the State. To postpone the income tax and avoid the excise tax at the time of withdrawal, you may roll over the entire amount of the non-taxed portion of the contributions and interest into an Individual Retirement Account (IRA) or qualified pension plan.

Note: This pension plan may be amended at any time to comply with

**DISSOLUTION  
OF MARRIAGE  
AND YOUR  
PENSION**

changes in the Internal Revenue Code or other tax laws.

**DISSOLUTION OF MARRIAGE AND YOUR PENSION**

Pension benefits and pension contributions are subject to community property laws, and that as assets, they may be subject to division when dissolution of marriage occurs. If your pension plan is “joined” by the courts during a dissolution of marriage proceeding, the Department of Fire and Police Pensions may be required to distribute a former spouse’s community property share of the pension or a member’s contributions upon termination.

If a member remarries and subsequently dies leaving a qualified survivor, that survivor pension can also be subject to a split with a former spouse. The former spouse’s share can be passed on to a beneficiary, as long as a member or qualified survivor is alive and receiving a pension.

## HEALTH INSURANCE SUBSIDY

### HEALTH SUBSIDY FOR MEMBERS

#### HEALTH INSURANCE SUBSIDY PROGRAM

##### Health Subsidy for Members

As a pensioner you may be eligible for a health insurance subsidy. The Department of Fire and Police Pensions does not administer the health programs provided by Fire Relief, Police Relief or the United Firefighters of Los Angeles City (UFLAC). For eligible retirees, we subsidize premiums of health plans offered by the City, the employee organizations and the Fire and Police Relief Associations.

Eligibility and subsidy amounts are established in the Los Angeles Administrative Code and various Memoranda of Understanding. Amounts vary depending upon rank, years of service, age, and effective date of retirement. Note that you must be at least age 55 to receive any type of health subsidy.

Effective July 1, 1998, the retired member must meet the following requirements to be eligible for a health subsidy:

- Be at least 55 years old; and
- Have at least 10 years of service; and
- Be enrolled in a City approved plan (offered by Fire Relief, Police Relief, UFLAC or City Plans).

A subsidy is applied to whatever qualified plan premium the member selects and that plan may cover the spouse/domestic partner as well as dependents. The retiree payroll system will automatically calculate the subsidy or deduction in the member's direct deposit or pension check. Please note that the member must cover the difference between the cost of their premium and the subsidy they are allowed.

Qualified surviving spouses/qualified surviving domestic partners receiving pension benefits may continue their existing health coverage, and may be eligible for a health insurance premium subsidy.

At age 65, you are required to enroll in Medicare to the full extent of your entitlement to continue receiving your health subsidy. If you are eligible for both Part A and Part B of Medicare, the City will reimburse you for the cost of the Part B premium.

Any lifetime medical care related to Workers' Compensation awards is administered by the City Personnel Department.

**HEALTH SUBSIDY FOR QUALIFIED SURVIVORS**

**HEALTH INSURANCE SUBSIDY FOR QUALIFIED SURVIVING SPOUSES OR QUALIFIED SURVIVING DOMESTIC PARTNERS**

Effective January 1, 2000, qualified surviving spouses or qualified surviving domestic partners are eligible to receive a health subsidy if all the following conditions are met:

- 1) The deceased member had at least 10 years of service; and
- 2) At the time of the retired member's death, the member was receiving a health subsidy **or** if the member died prior to receiving a health subsidy, the qualified surviving spouse/qualified surviving domestic partner will be eligible when the member would have been age 55; and
- 3) The qualified surviving spouse or qualified surviving domestic partner must be enrolled in a City approved health plan (offered by Fire Relief, Police Relief, UFLAC or City Plans).

At age 65, the qualified surviving spouse or qualified surviving domestic partner is required to enroll in Medicare to the full extent of entitlement to continue receiving a health subsidy. If the qualified surviving spouse or qualified surviving domestic partner is eligible for both Part A and Part B of Medicare, the City will reimburse the cost of the Part B premium.

## PLAN ADMINISTRATION

### PLAN ADMINISTRATION

Tier 3 is administered by the Department of Fire and Police Pensions of the City of Los Angeles, which is located at 360 E. Second Street, Suite 600, Los Angeles, California 90012.

The Department of Fire and Police Pensions is under the control and management of a nine-member Board of Fire and Police Pension Commissioners. The Mayor appoints five members. The active sworn members of the Fire Department elect one member and the active sworn members of the Police Department elect another member. The retired sworn members of the Fire Department elect one more member and the retired sworn members of the Police Department elect the remaining member. All members serve five-year terms and the Board usually meets in public session two to four times per month on Thursdays. A General Manager is responsible for the day-to-day administration of the Department.

## HOW TO REACH US

### Phone Numbers for Department Services

(213) 978-4522      **Active Member Services:** Active member services and information - beneficiary statements, contribution accounts, dissolution of marriage information, domestic partnership forms, service time purchases, pre-retirement seminars, and newsletters

(213) 978-4495      **Retired Member Services:** Retiree services and information – health insurance subsidies, direct deposit, tax withholding, and cost of living adjustments

(213) 978-4500      **Disability Pensions:** Disability pension applications and reviews of dependent children and dependent parent qualifications

(213) 978-4575      **Service Pensions:** Service and survivor pension applications, retired member records and information

Fax Number: (213) 978-4450

TDD Number: (213) 978-4455

E-mail: [PEN.PENSIONS@LACITY.ORG](mailto:PEN.PENSIONS@LACITY.ORG)

Website: [www.lafpp.com](http://www.lafpp.com)

## RETIREMENT COUNSELORS

### Police and Fire Department Retirement Counselors

(213) 978-3750      Fire  
(213) 485-3243      Police

**AGENT FOR  
SERVICE OF LEGAL  
PROCESS**

**AGENT FOR SERVICE OF LEGAL PROCESS**

Custodian of Records  
Department of Fire and Police Pensions  
360 East Second Street, Suite 600  
Los Angeles, CA 90012-4203  
(213) 978-4545

**PLAN  
IDENTIFICATION  
INFORMATION**

**PLAN IDENTIFICATION INFORMATION**

Name of the Plan	Fire and Police Pension Plan - Tier 3
Type of Plan	Defined Benefit
Effective Date	December 8, 1980 – June 30, 1997
Plan Fiscal Year End	June 30
Employer Sponsoring the Plan	City of Los Angeles
Employer Internal Revenue Service Identification Number	95-6000735
Plan Number	003
Plan Administrator	Board of Fire and Police Pension Commissioners
Address	360 East Second Street, Suite 600 Los Angeles, CA 90012-4203

MEMBER FINAL AVERAGE SALARY WORKSHEET

In calculating the average bi-weekly salary we take each of the pay periods within a month and average them together. For example, if a member gets paid three times in a month and also receives a step increase in the second pay period this is how we would calculate: \$1,250 + \$1,350 + \$1,350 = \$3,950 divided by 3= \$1,316.67. \$1,316.67 becomes the average bi-weekly salary for that month.

Month	Average Bi-weekly Salary	Times	Monthly Conversion Factor	Equals	Average Monthly Salary
June		X	2.175	=	
July		X	2.175	=	
August		X	2.175	=	
September		X	2.175	=	
October		X	2.175	=	
November		X	2.175	=	
December		X	2.175	=	
January		X	2.175	=	
February		X	2.175	=	
March		X	2.175	=	
April		X	2.175	=	
May		X	2.175	=	
<b>Annual Average Salary</b>					
					÷
<b>Divided by 12</b>					12
					=
<b>Equals monthly Final Average Salary</b>					

MEMBER PENSION ESTIMATE WORKSHEET

**Estimating your Final Average Salary**

Enter the Final Average Salary amount (monthly): \$ \_\_\_\_\_ \*

**Estimating your Years of Service and Pension Percentage**

10= 20%; 11= 22%; 12= 24%; 13= 26%; 14= 28%; 15= 30%;  
16= 32%; 17= 34%; 18= 36%; 19= 38%; 20= 40%; 21= 43%;  
22= 46%; 23= 49%; 24= 52%; 25= 55%; 26= 58%; 27= 61%;  
28= 64%; 29= 67%; and 30 YOS = 70%, the maximum pension  
percentage.

Enter the Years of Service Percentage that corresponds to the number of years you are planning to work: = \_\_\_\_\_ %

**Now multiply the Final Average Salary by the Pension Percentage to estimate your monthly pension benefit.**

Final Average Salary \$

Multiplied by Years of Service Percentage x

**Equals your estimated monthly pension benefit:** = \$

*\*You may either complete the worksheet herein provided and enter the Final Average Salary monthly pay amount or simply enter in your most recent monthly pay amount. If you choose to use your most recent monthly amount, understand that the corresponding average monthly amount during the past year is probably lower and that your most current monthly pay amount will likely be less than what you will be earning in the future.*

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