



FIRE & POLICE PENSION PLAN TIER 2

(FORMERLY ARTICLE XVIII)

SUMMARY PLAN DESCRIPTION

CITY OF LOS ANGELES
Department of Fire and Police Pensions
360 East Second Street, Suite 400
Los Angeles, California 90012-4203

Tel: (213) 978-4545 or (800) 787-CITY (2489)
Fax: (213) 978-4450
www.lafpp.com

August 2000

INTRODUCTION

INTRODUCTION

Welcome to the Fire and Police Pension Plan - Tier 2 (formerly Article XVIII, New Pension System)! 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 described in the City Charter* and various ordinances adopted by the City Council.

Tier 2 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 2. **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 2 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, legal texts shall prevail. All references to "you" or "your" in this SPD refer to a Tier 2 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 to keep both active and retired sworn members up-to-date on pension benefits.

*Volume II, Article XI, Fire and Police Pension Plans – Tier 2

Table of Contents

Type of Plan	1
Eligibility for Membership	1
Contributions to the System	2
Service Pension	3
Eligibility for Pension	3
Normal Pension Base	3
Years of Service	5
Purchase of Lost Service Time	5
Calculating Your Service Pension	6
Calculating Your Service Pension - A Sample	7
Application for Service Pension	8
Nonservice-Connected Pension Base	8
Disability Pension	9
Survivor Benefits	11
Domestic Partnership	14
Designating a Beneficiary	17
Dependent Child Documentation	17
Cost of Living Adjustments	18
Reactivated Members	19
Recalled Members	20
Reciprocity	20
Taxes	21
Dissolution of Marriage and Your Pension	22
Health Insurance Subsidy Program	23
Plan Administration	25
How to Reach Us	25
Pension Estimate Worksheet	27
Index	28

TYPE OF PLAN

TYPE OF PLAN – A DEFINED BENEFIT PLAN

Tier 2 is a “defined benefit” plan that provides pension benefits based upon final 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 2, you do not contribute to or earn Social Security credit.

MEMBERSHIP ELIGIBILITY

ELIGIBILITY FOR MEMBERSHIP – TIER 2

- Sworn Firefighters and Police Officers – Sworn employees of the Fire and Police Departments of the City of Los Angeles hired from January 29, 1967 through December 7, 1980, became members of Tier 2 on their date of hire.
- Transfers – The plan is now closed to new employees, however persons hired prior to January 29, 1967 had the option of transferring to this plan. Active employees of Tier 1 who have not already transferred, can request in writing to become a member of Tier 2 and pay the additional 1% contribution amount that would have been paid into the system as a Tier 2 member plus interest that would have been accrued from that additional amount.

CONTRIBUTIONS TO THE SYSTEM

You CONTRIBUTE

MEMBER CONTRIBUTIONS

As an active member of Tier 2, you contribute seven percent (7%) of your pay each pay period through automatic payroll deductions. Since inception of this plan, contributions have been made on both a pre-tax and post-tax basis.

From adoption of the plan in 1967 through June 1982, contributions were made on a pre-tax basis until a member reached 20 years of service, after which the continued contributions were made on a post-tax basis. During this period contributions were not refundable. From July 1982 through December 1996 contributions for all members were made on a post-tax basis and since July 1982 all contributions have been refundable upon termination or resignation prior to retirement if the individual was a system member on July 1, 1982. Starting January 1997, contributions of all members are 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 7% pension deduction is discontinued.

If an **active** member dies leaving no qualified survivors entitled to receive a pension pursuant to the Tier 2 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 17).

If a **retired** member dies leaving no qualified survivors entitled to receive a pension pursuant to the Tier 2 Charter provisions, there is no refund of contributions, and all pension benefits cease.

CITY CONTRIBUTES

CITY CONTRIBUTIONS

Each year, the City makes contributions to the Plan to insure there will be sufficient funds available to pay current and future 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

SERVICE PENSION

Eligibility for a Service Pension

You may apply for a service pension, at any age, after having completed 20 years of aggregate service as a sworn employee of the Fire or Police Department.

Salary Used for Your Pension

A service pension is based upon your *Normal Pension Base* and *Years of Service*.

Normal Pension Base

The Normal Pension Base is used to calculate Service Pensions and Service-Connected Disability Pensions. (See Page 8 for explanation of Nonservice-Connected Pension Base.)

The Normal Pension Base includes the following components of pay:

- **Regular gross monthly salary** – received during the pay period immediately preceding retirement. You must have completed probation to receive a pension based upon pay at that rank.
- **Length of Service (Longevity) Pay** – included only if you were receiving it at the time of retirement.
- **Special Pay** – additional gross monthly pay for performance of special non-hazardous duties, such as **Vice Coordinator or Fire Dispatcher**. Special Pay is included only if it is being received at the time of retirement. Non-regularly assigned hourly special pay is not included.
- **Hazard Pay** – additional gross monthly pay for performance of hazardous duties, such as **Motorcycle Officer or Helicopter Pilot**. Hazard Pay is included if it is being received at the time of retirement or if it was received, *at any rank*, previously during your career.

If you are not receiving Hazard Pay at the time of retirement but had received it previously, pension credit is given by multiplying the amount of hazard pay when it was last earned by 10% for each completed year it was received, up to a maximum of 100% (10 years credit).

- **Assignment Pay** – additional pay for special or hazardous duties in a higher pay grade or eligible position, such as **Police Officer III or Captain II**. Assignment Pay is included if it is being received at the time of retirement or if it was received previously during your career, *and at the same rank in which you retire.*

The calculation for prior assignment pay is the same as for prior hazard pay, except that you must have earned it in the rank from which you are retiring.

OVERTIME PAY IS NOT INCLUDED IN YOUR NORMAL PENSION BASE

YEARS OF SERVICE*Years of Service*

Years of Service credit is received for those periods during which you are a member of the plan and:

- Received regular pay; or
- Received full IOD (Injured on Duty) pay or temporary disability pay under State Worker's Compensation laws; or
- Served as a member of the Fire and Police Pension Plan – Tier 1; or
- Received a disability pension, provided that the member had been restored to active duty for at least one year, with no time off the job due to reasons related to the disability; or
- Served in the military while a member.

A partial year of service is calculated to the pay period ending date immediately prior to the effective date of the member's pension.

**PURCHASE OF
LOST SERVICE
TIME****Lost Service Time – Purchase of Lost Service Time for Pension Purposes**

Time for which you are not compensated such as suspensions or leaves of absence are deducted from your years of service. Such lost service time can be purchased if you have received documented cash overtime any time during your career by paying pension contributions on that *cash* overtime. Such purchases must be made in a lump sum.

Purchasing this lost service time may enable you to be eligible to retire earlier or to increase the amount of your pension. Purchasing time for pension purposes does not alter your employing department's records and will not change your seniority for other purposes.

**CALCULATING
YOUR
SERVICE
PENSION**

Calculating Your Service Pension

Step 1 – Normal Pension Base

Calculate your Normal Pension Base for the completed pay period immediately preceding the effective date of retirement, including all eligible compensation such as longevity, hazard or assignment pay. You should exclude non-regularly assigned hourly Special Pay.

Step 2 – Years of Service

Calculate your pension percentage based on your total years of service (YOS). You must have a minimum of 20 years of service credit. You receive 2% per year for the first 24 years of service, 7% for the completed 25th year of service, and 3% per year for years over 25, up to a maximum of 70% with 30 years of service.

Step 3 – Calculate Your Service Pension

Multiply the Normal Pension Base by the Years of Service Percentage to determine the estimated monthly benefit. Page 7 shows a sample pension calculation.

SAMPLE PENSION CALCULATION

EXAMPLE: A member retires with exactly 28 years of service at a bi-weekly salary of \$2,350.

Enter the gross bi-weekly pay amount	\$2,350.00
--------------------------------------	------------

Multiply this amount by 2.175 (the monthly equivalent factor):	x 2.175
--	---------

This equals the Normal Pension Base (monthly):	\$5,111.25
---	-------------------

Enter the correct pension percentage based on estimated years of service
(Use the chart below to obtain the pension percentage)

20 = 40%	21 = 42%	22 = 44%	23 = 46%	24 = 48%
25 = 55%	26 = 58%	27 = 61%	28 = 64%	29 = 67%
30 = 70%				

The corresponding Years of Service Percentage for 28 YOS:	= 64%
--	--------------

Multiply the Normal Pension Base	\$5,111.25
By the Years of Service Percentage	x 0.64

This equals the estimated monthly pension benefit:	= \$3,271.20
---	---------------------

This example does not take into account lost service time, salary changes, hazard pay or assignment pay

A sample worksheet for your use can be found on Page 27. A pension estimate calculator is also available on our website at www.lafpp.com.

**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.

**NONSERVICE-
CONNECTED
PENSION BASE**

NONSERVICE-CONNECTED PENSION BASE

This is the pension base used to calculate pension benefits for Nonservice-Connected Death or Nonservice-Connected Disability pensions (explained on Page 9). It differs from the Normal Pension Base because it is unrelated to your pay or years of service. The Nonservice-Connected Pension Base is:

- The highest monthly salary of a department member holding the basic rank of Firefighter III or Police Officer III; and the highest length of service (longevity) pay as of the member's date of death or effective date of disability.

OVERTIME PAY IS NOT INCLUDED IN THE NONSERVICE-CONNECTED PENSION BASE.

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 hire.
- **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** – The Board determines the percentage within a range of 50% to 90% of your Normal Pension Base, but no less than the amount you would be eligible to receive if retired on a Service Pension.
- **Nonservice-Connected Disability Pension** – The amount of the pension is equivalent to 40% of the Nonservice-Connected Pension Base, i.e. the highest monthly salary and length of service pay for a Police Officer III or Firefighter III when the pension becomes effective. If you are eligible for a Service Pension with over 20 years of service when a Nonservice-Connected Disability Pension is awarded, you can elect to take a Service Pension instead.

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 either upward, downward, or terminated completely. A disability retiree would be restored to active duty if the disability pension were terminated.

**EFFECT OF
WORKER'S
COMPENSATION**

Effect of Worker's Compensation Awards on Disability Pensions

The existence of impairment or a workers' 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 workers' 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.

BENEFITS FOR SURVIVORS

Qualified Surviving Spouse

SURVIVOR BENEFITS

Survivor pension benefits are payable to the following 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 the effective date of the pension*

Benefits:

- Survivor pension benefits (explained in the Survivor Benefits Section on Pages 15-16)
- Health subsidy benefits (explained in the Health Insurance Subsidy for Qualified Survivors Section on Page 24)

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 surviving 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 14) at the time of the member's death** and in the case of a 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 pension*
- **Death while on a Nonservice-Connected Disability Pension** – *be a domestic partner at least one year prior to the 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 15-16)
- Health subsidy benefits (explained in the Health Insurance Subsidy for Qualified Survivors Section on Page 24)

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

Minor Child

3. Minor Child

A legitimate or adopted child of a deceased member is considered a "minor child" for purposes of receiving a pension benefit until the time he or she reaches the age of 18 or marries, whichever comes first.

Benefits:

- Survivor pension benefits (explained in the Benefits for Children Section on Page 16)

Dependent Child4. 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 16)

Dependent Parent5. 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 16)

DOMESTIC PARTNERSHIP

Establishing Domestic Partnership

Terminating a Domestic Partnership

Filing for 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.

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.

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 equal to 50% of your Normal Pension Base, or 55% if you completed 25 or more years of service.
2. **Nonservice-Connected Death before becoming eligible for a Service Pension:** Your qualified surviving spouse/qualified surviving domestic partner will receive a monthly pension benefit equal to 40% of the Nonservice-Connected Pension Base at the time of your death.
3. **Nonservice-Connected Death while eligible for a Service pension:** Your qualified surviving spouse/qualified surviving domestic partner will receive the same monthly pension benefit you would have received up to a maximum of 55% of your Normal Pension Base.

**SURVIVOR
BENEFITS –
RETIRED MEMBER
DEATH****Survivor Benefits – Retired Member Death**

1. **Death while retired on a Service Pension:** Your qualified surviving spouse/qualified surviving domestic partner will receive the same monthly pension benefit you were receiving up to a maximum of 55% of your Normal Pension Base.
2. **Death while retired on a Service-Connected Disability Pension:** Your qualified surviving spouse/qualified surviving domestic partner will receive a monthly pension benefit equal to 50% of your Normal Pension Base, or 55% if you had completed 25 or more years of service.
3. **Death while retired on a Nonservice-Connected Disability Pension:** Your qualified surviving spouse/qualified surviving domestic partner will receive a monthly pension benefit equal to 40% of the Nonservice-Connected Pension Base as of the effective date of your retirement.

Your qualified surviving spouse/qualified surviving domestic partner will also retain all the cost of living percentage increases (not the dollar amounts) that accrued while you were receiving a pension.

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 as follows:

- 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 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 or 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 or dependent child(ren) remain qualified. This amount will be equally divided among the eligible dependents. Benefits paid on behalf of minor or dependent child(ren) are paid to the court appointed legal guardian(s).

BENEFITS FOR DEPENDENT PARENTS

Benefits for Dependent Parents

If you die leaving no qualified surviving spouse/qualified surviving 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.

**DESIGNATING
A
BENEFICIARY**

DESIGNATING A BENEFICIARY

As noted in the Contributions section on Page 2 of this SPD, there are situations where no one is qualified to receive a survivor pension benefit but there may be a refund of the member's contributions and accumulated interest. These contributions and interest will be distributed to a beneficiary(ies) that you designate. You should update the beneficiary designation form during your career to reflect any changes in your beneficiary designation.

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

**DEPENDENT
CHILD
DOCUMENT-
ATION**

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 Pensions Disability Pension Section at (213) 978-4500 for more information on the types of documentation needed.

COST OF LIVING ADJUSTMENTS

COST OF LIVING ADJUSTMENTS (COLA)

Cost of Living Adjustments (COLA) are annual adjustments made to pensioners' benefits to reflect changes in the local Consumer Price Index 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.

WHEN COST OF LIVING ADJUSTMENTS BEGIN

FOR THE MEMBER:

Service Pension with 25 or more years of service or a Service-Connected Disability Pension	Adjustments will begin on the July 1 following the effective date of your pension.
Service Pension – Less than 25 years of service	Adjustments will begin on the July 1 following the date on which you would have had 25 years of service.
Nonservice-Connected Disability Pension	Adjustments will begin on the July 1 following the date on which you had 25 years of service, would have had 25 years of service, or the fifth anniversary of the effective date of your pension, whichever is earlier.

FOR THE QUALIFIED SURVIVOR:

Active member's Service-Connected death	Adjustments will be applied to your Qualified Survivor's Monthly benefit on the July 1 following the effective date of your Qualified Survivor's pension.
Active member's Nonservice-Connected death or Nonservice-Connected death while eligible for a service pension	Adjustments will be applied to your Qualified Survivor's monthly benefit on the July 1 following the date on which you had 26 years of service, would have had 26 years of service, or the fifth anniversary of your Qualified Survivor's pension, whichever is earlier.
Retired member's death while on a Service-Connected Disability Pension, Nonservice-Connected Disability Pension, or Service Pension.	Adjustments will be applied to your Qualified Survivor's monthly benefit on the July 1 following the date on which you had 26 years of service, would have had 26 years of service, or the fifth anniversary of the effective date of your pension, whichever is earlier.

MINIMUM PENSION

MINIMUM PENSION

In no event will your monthly pension or that of your qualified surviving spouse/qualified surviving domestic partner be less than \$350. The minimum amount of \$350 is the initial pension amount before any cost-of-living increase is applied.

REACTIVATED MEMBERS

REACTIVATED MEMBERS

If you retire on a Service Pension, you may apply for reactivation if you meet the following requirements:

- Retired while holding a rank no higher than that of Engineer (Fire Department) or Sergeant (Police Department); and
- Retired for less than three years; and
- Are not age 55 or older; and
- Passed a medical examination within 30 days prior to your original retirement.

Your request to return to active duty must be filed in writing with the Chief Engineer or Chief of Police and approved by both the department from which you retired and the Board of Fire and Police Pension Commissioners. Following approval, your pension benefits will cease on the date you return to active duty.

For every year completed as a reactivated member, you will add to the years of service acquired prior to the effective date of your original retirement.

Pension contributions will be deducted while you are a reactivated member.

If you are reactivated, you forfeit all rights to any nonservice-connected disability pension benefits or nonservice-connected survivor benefits for your beneficiaries. You may be eligible for a service-connected disability pension and upon your death, your qualified survivors may be eligible for Service-connected survivor pension.

Once you again retire, your normal pension base will be the original base when you first retired plus a percentage of the difference between that base and your current salary.

RECALLED MEMBERS

RECALLED MEMBERS

Under certain circumstances, a retired member may be recalled to active duty, provided he or she voluntarily consents to the recall. The active duty is limited to 90 days for recalled members of the Fire Department and not more than 12 consecutive months for recalled members of the Police Department.

As a recalled member, you will be paid your regular monthly salary plus any length of service pay from your original retirement. No contributions will be deducted from your pay and your service pension will continue to be paid while you are a recalled member.

If you die while serving as a recalled member, your qualified survivors will be entitled to benefits paid when a retired member dies.

RECIPROCITY

RECIPROCITY

The Fire and Police Pension Plan – Tier 2 does not provide for the reciprocity of service credit from the Los Angeles City Employees’ Retirement System (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 2 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 must 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.

Service-Connected Disability Pensions are not subject to federal income tax. Survivor pensions of members who retired on Service-Connected Disability Pensions are not subject to Federal income tax up to 50% of the member’s Normal Pension Base.

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 and/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 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 changes in the Internal Revenue Code or other tax laws.

**DISSOLUTION
OF
MARRIAGE
AND YOUR
PENSION**

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 the pension 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 may 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 also receiving a pension.

HEALTH INSURANCE SUBSIDY PROGRAM

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 in order 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 of 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 2 is administered by the Department of Fire and Police Pensions of the City of Los Angeles, which is located at 360 East 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 one more member. The retired sworn members of the Fire Department elect another 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 parents 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
 Website: 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

PLAN IDENTIFICATION INFORMATION

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

Name of the Plan	Fire and Police Pension Plan -Tier 2
Type of Plan	Defined Benefit
Effective Date	Jan. 29, 1967 – Dec. 7, 1980
Plan Fiscal Year End	June 30
Employer Sponsoring the Plan	City of Los Angeles
Employer Internal Revenue Service Identification Number	95-6000735
Plan Number	002
Plan Administrator	Board of Fire and Police Pension Commissioners
Address	360 East Second Street Suite 600 Los Angeles, CA 90012-4203

MEMBER PENSION ESTIMATE WORKSHEET

Please use the following worksheet to help determine what your estimated pension benefit will be.

Member Pension Estimate Worksheet

Estimating your Normal Pension Base

Enter your gross bi-weekly pay amount \$ _____

Multiply this amount by 2.175 (the monthly equivalent factor): x 2.175

Equals your Normal Pension Base (monthly): =\$ _____

Estimating your Years of Service and Pension Percentage

20 = 40% 21 = 42% 22 = 44% 23 = 46% 24 = 48%
25 = 55% 26 = 58% 27 = 61% 28 = 64% 29 = 67%
30 = 70%

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

Now multiply the Normal Pension Base by the Pension Percentage to estimate your monthly pension benefit

Normal Pension Base \$ _____

Multiplied by Years of Service Pension Percentage x _____ %

Equals your estimated monthly pension benefit **\$ _____**

INDEX

A		P	
Administration of Your Plan	25	Phone Numbers for Department Services	25
B		Plan Identification Information.....	26
Beneficiary Designation	17	Q	
C		Qualified Survivors	
Contributions		Dependent Child	13
City Contributions	2	Dependent Parents	13
Member Contributions	2	Domestic Partner	12
Cost of Living Adjustments (COLA).....	18	Minor Child	12
D		Surviving Spouse	11
Defined Benefit Plan.....	1	R	
Dependent Child Documentation.....	17	Reactivation	19
Disability Pension		Recalled Members	20
Application Process	10	Reciprocity	20
Disability Pension Amounts	9	Retirement Counselors	25
Review of Disability Status	9	S	
Types of Disability Pension.....	9	Service Connected Disability Pension	9
Workers' Compensation Effect on Disability	10	Service of Legal Process	26
Dissolution of Marriage	22	Service Pension	
Domestic Partnership		Application for Service Pension	8
Establishing a Domestic Partnership	14	Calculating Your Service Pension.....	6
Filing a New Domestic Partnership After		Eligibility for a Service Pension	3
Termination.....	14	Pension Estimate Worksheet.....	27
Terminating a Domestic Partnership	14	Survivor Benefits	
E		Active Member Death.....	15
Eligibility for Membership.....	1	Children.....	16
H		Children - No Surviving Spouse/Domestic	
Health Insurance Subsidy Program		Partner	16
Health Subsidy for Members	23	Dependent Parents	16
Health Subsidy for Surviving Spouse/		Retired Member Death.....	15
Domestic Partners	24	T	
L		Taxes	21
Lost Service Time – Purchase.....	5	Y	
M		Years of Service.....	5
Minimum Pension	19	Years of Service - Purchase	5
N			
Nonservice-Connected Disability Pension.....	9		
Nonservice-Connected Pension Base	8		
Normal Pension Base	3		
Assignment Pay	4		
Hazard Pay	3		
Length of Service Pay.....	3		
Regular Gross Monthly Pay.....	3		
Special Pay	3		