

# Tier 5

## Fire & Police Pension Plan Summary Plan Description

June 2009



# LAFPP

Los Angeles Fire and Police Pensions  
To Serve Those Who Protect

## INTRODUCTION

### INTRODUCTION

Welcome to the Fire and Police Pension Plan – Tier 5. This is one of several pension tiers provided to the sworn members of the Fire, Police and Harbor Departments of the City of Los Angeles. The legal text of the Plan is in the City Charter and the Los Angeles City Administrative Code.

The provisions of Tier 5 are different from those in other tiers and plans provided to other City sworn employees and civilian employees, so it is important that you know what tier you are in. On page 1, we provide a brief description of Tier 5 eligibility requirements. **If you are not sure which tier you are in, call Los Angeles Fire and Police Pensions at (213) 978-4522 and we will let you know.**

This booklet is a “Summary Plan Description” (SPD); it describes in informal language the most important provisions and features of Tier 5. It is intended to summarize the plan provisions clearly and concisely to help you understand your benefits. If there is a difference between this SPD and the legal text, the legal text prevails. All references to “you” or “your” in this SPD refer to a Tier 5 member.

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

In addition, a wide range of information is posted on our Web site at [www.lafpp.com](http://www.lafpp.com) to keep both active and retired sworn members up-to-date on pension benefits.

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## **TYPE OF PLAN**

### **TYPE OF PLAN – A DEFINED BENEFIT PLAN**

Tier 5 is a “defined benefit” plan that provides pension benefits based on Final Average Salary (any 12-consecutive-months of service as a Plan member) and years of service. This Plan provides service, disability, and survivor pension benefits as well as retiree health and dental insurance subsidies to eligible sworn members of the Los Angeles Fire, Police and Harbor 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 do not directly relate to the amount of your contributions.

As a member of Tier 5, you do not contribute to or earn Social Security credit.

## **ELIGIBILITY FOR MEMBERSHIP**

### **ELIGIBILITY FOR MEMBERSHIP – TIER 5**

Sworn employees of the Fire and Police Departments of the City of Los Angeles hired on or after January 1, 2002 are members of the Fire and Police Pension Plan – Tier 5. Sworn employees of the Harbor Department hired on or after January 8, 2006 are members of Tier 5.

- Members of Tier 2, Tier 3 and Tier 4 as of January 1, 2002 had the option to transfer to Tier 5 during a one-year transfer period from January 1, 2002 through December 31, 2002.
- Members originally hired under the provisions of Tier 2, Tier 3 or Tier 4 who had a break in service due to resignation or discharge and are rehired after January 1, 2002 are members of Tier 5.
- Those hired before January 1, 2002 who graduated from the Fire Department Drill Tower or Police Academy after January 1, 2002 are members of Tier 4 unless they elected to transfer to Tier 5 during the one-year transfer period or 90 days following their graduation, whichever was later.
- Members of Tiers 2, 3 or 4 who were not active during the Tier 5 transfer period due to service in the armed forces, had 90 days after their return to work or until December 31, 2002, whichever was later, to elect to transfer to Tier 5.
- Members of the Harbor Department appointed prior to January 8, 2006 had the option to transfer to Tier 5 during a transfer period from January 8, 2006 to January 5, 2007.
- Members of the Harbor Department who had not graduated from the academy by October 5, 2006, had 90 days following graduation to make the election to transfer to Tier 5.

## CONTRIBUTIONS TO THE SYSTEM

### YOU CONTRIBUTE

## CONTRIBUTIONS TO THE SYSTEM

### MEMBER CONTRIBUTIONS

After you graduate from the Fire Department Drill Tower or Police Academy (includes Port Police), we begin deducting pension contributions from your salary each pay period (if you were a prior member, deductions begin upon your rehire). If the plan is 100% actuarially funded, then you will pay 8%. If the plan is not at least 100% actuarially funded, your contribution will be 9%.

The contributions you make to the pension plan are placed in an account where interest is posted every six months (for the six-month periods ending June 30 and December 31) while you are an active member.

From the inception of the Plan on January 1, 2002, contributions have been made on a pre-tax basis.

When you reach 33 years of service (and you are entitled to the maximum retirement percentage of 90% based on years of service), your 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 provisions of Tier 5, the member's contributions and interest are refunded to the member's designated beneficiary(ies). You should have an updated beneficiary designation form on file with Los Angeles Fire and Police Pensions (see page 25

In the absence of a designated beneficiary, contributions, if payable, are made to your living survivor(s) in the following order of succession: (1) surviving spouse or State-Registered Domestic Partner, (2) children, (3) parents. If there are no designated beneficiaries or survivors, contributions, if payable, are paid to the executor or administrator of your estate, or any other person legally authorized to collect money due to the decedent. If your contributions must be distributed and there is a spouse or former spouse(s) with a community property interest in the contributions, the community property portion is paid to whomever it is entitled.

If a **retired** member dies leaving no qualified survivors entitled to receive a pension pursuant to the provisions of Tier 5, there is no refund of contributions and all pension benefits cease.

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

## CITY CONTRIBUTES

## CITY CONTRIBUTIONS

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

## PENSION BENEFITS

## PENSION BENEFITS

## SERVICE PENSION

## SERVICE PENSION

## ELIGIBILITY

### Eligibility for a Service Pension

You are eligible for a service pension if you are at least 50 years old and you have completed at least 20 years of service.

## CALCULATING YOUR SERVICE PENSION – FORMULA

### Calculating Your Service Pension

The following is the basic formula for calculating your monthly pension amount:

**Final Average Salary x Years of Service Percentage = Pension Amount**

(Refer to the worksheet on Page 37)

## FINAL AVERAGE SALARY (FAS)

Your **Final Average Salary (FAS)** is the average of your **monthly** pay at your permanent rank over any 12-consecutive-month period you choose (usually the 12 months just prior to your retirement). You have the option to designate which consecutive 12-month period you want to use to calculate your FAS.

- If you do not make a designation, the 12-month period immediately preceding your retirement, termination or death is 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 your full salary due to injury or illness, your FAS is based on the salary you normally would have received.

Final Average Salary includes the following types of compensation actually received during the designated 12-consecutive-month period wherein the member was at permanent rank (i.e., completed probation in that rank):

- **Regular gross monthly pay**

- **Length of service (longevity) pay**
- **Special pay** – additional gross monthly pay for the performance of special non-hazardous duties (examples of special pay positions: Vice Coordinator and Fire Dispatcher)
- **Assignment pay** – pay for special or hazardous duties in a higher class, position, grade or code within a rank (examples are Lieutenant II, Captain II and Police Officer III)
- **Hazard pay** – additional gross monthly pay for the performance of hazardous duties (examples of hazardous duty include Motorcycle Officer and Helicopter Pilot)

If you are not receiving hazard pay during any or all of the 12-month period used in determining your FAS, but you received it previously, prior hazard pay credit is added in the following manner:

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

This provision is applicable to members retiring at a rank not higher than a Captain in the Fire Department or Lieutenant in the Police or Harbor Departments. The total amount of the prior hazard pay credited to your designated FAS may not exceed 100% of the total amount had you been entitled to hazard pay during your designated FAS.

**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**

**You are credited with 50% of your Final Average Salary (FAS) at 20 years of service, plus 3% of your FAS for each additional year of service after 20; except in the 30<sup>th</sup> year when you are credited 4%.**

The maximum percentage of FAS payable is 90% at 33 years of service. (Any partial year of service credit shall be prorated to the last completed payroll period immediately prior to your retirement date.)

**YOS Percentage**

20 yrs. = 50%  
 21 yrs. = 53%  
 22 yrs. = 56%  
 23 yrs. = 59%  
 24 yrs. = 62%  
 25 yrs. = 65%  
 26 yrs. = 68%

**YOS Percentage**

27 yrs. = 71%  
 28 yrs. = 74%  
 29 yrs. = 77%  
 30 yrs. = 81%  
 31 yrs. = 84%  
 32 yrs. = 87%  
 33 yrs. = 90% maximum

## 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, 3 or 4 provided service retirement benefits were not received or contributions were not withdrawn.

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 2 or 3** – provided contributions were previously withdrawn for such service.
- Certain prior service as a **Paramedic** or **Civilian Ambulance Driver** in the City Employees’ Retirement System who became members of Tier 3 or Tier 4 – if you did not transfer the years of service when first eligible.
- Time when you received temporary disability under state **Workers’ Compensation** laws (State Rate).
- **Nonservice-Connected Disability Pension** – time spent on this type of pension can be purchased after returning to active duty.
- **Military Time** - see Public Service Purchase (PSP) provisions.
- **Other Government Time**: federal, state, local or postal service – see PSP provisions.
- **Recruit training time** – time members spent in the Fire Department Drill Tower or Police Academy (includes Port Police)
  - You may request a quote on the cost to purchase your service credit. This quote includes two amounts: the contributions you would have made to the pension plan and the interest that would have accrued on those contributions had they been in your contributions account.
  - Drill Tower or Academy 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, these graduates are responsible for paying the interest.

- Purchase may be made either by one lump sum payment, through payroll deduction or transferred from your Deferred Compensation account. If you choose to pay through payroll deduction, regardless of when the purchase occurs, an 8.0% service charge is applied to the entire contribution and interest amount.

If you die before completing the transactions required to purchase service credit, your Qualified Surviving Spouse or Qualified Surviving Domestic Partner may complete the purchase agreed to by the member in a lump sum payment.

All service credit purchases must be completed prior to retirement or entry into the DROP Program.

## **PUBLIC SERVICE PURCHASE PROGRAM**

### **Public Service Purchase (PSP) Program**

The PSP program allows members who served in the military or were employed by other public agencies to purchase service credit. One of the key provisions is that the program must be cost neutral. This means that you are responsible for paying the *full* cost of increased pension and survivor benefits gained from the additional years of service purchased.

The following are source of the cost factors used to determine the cost for each year of service:

- your age
- date benefits will first become available
- number of survivors
- age(s) of survivor(s)
- Final Average Salary
- investment earnings rate assumed by the Plan
- any other factors that are relevant to cost neutrality

#### Eligible Service:

- Full-time service: minimum of six months uninterrupted service
- Maximum of four years
- Military Service: must have been honorably discharged
- Police or Fire Agency: cannot have been terminated for cause

#### Restrictions:

- Purchased service credit will only count toward increasing your monthly pension allowance and any survivorship benefits.
- Purchased service will not count toward health subsidy credit, eligibility for service retirement or eligibility to enter DROP.

### Steps to Purchase:

1. Obtain a cost estimate using the PSP calculator at [www.lafpp.com](http://www.lafpp.com)
2. If service with a public employer is being purchased, an "Application to Purchase Public Service" is required. If military time is being purchased, an "Application to Purchase Military Service" must be submitted along with a "Form DD-214, Report of Separation".
3. LAFPP staff will verify the service and calculate the cost of the certified time based on information obtained from the member, such as expected retirement date, number of survivors, etc. Members will select their method of payment and process the purchase accordingly.
4. A "true-up" or recalculation of the cost for purchased service will be made prior to the date of retirement on a service pension or the date of DROP entry.
5. Service time will be added to the member's record.

### Methods of Purchasing Service:

- Lump sum
- Contract for payroll deductions
- Transfer from the City of Los Angeles Deferred Compensation Plan
- A combination of the above methods

## **RECIPROCITY**

### **Reciprocity or Civilian Time**

Tiers 2, 3, 4 and 5 of the Los Angeles Fire and Police Pension Plan do not provide for reciprocity of service credit with LACERS, the Water and Power Employees Retirement Plan or any other government agency or municipality.

## **FOR MORE INFORMATION**

### **Contact Information to Purchase Years of Service**

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

## **COST-OF-LIVING ADJUSTMENTS AND COLA BANK**

### **COST-OF-LIVING ADJUSTMENTS AND COLA BANK**

Cost-of-living adjustments (COLAs) are annual adjustments made to pensioners' benefits to reflect changes in the local Consumer Price Index (CPI) for All Urban Consumers as published by the Bureau of Labor Statistics. It is based on a one-year period from March through February for the Los Angeles, Riverside and Orange County areas. 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.

For Tier 5 members and survivors who receive pensions, the annual COLA increase or decrease is "capped" at 3%. A COLA bank "stores" COLA amounts over the 3% cap. In years in which the COLA is below the 3% cap, the difference between the actual CPI and 3% is deducted from the bank, if available, to bring the allocated COLA as close to 3% as possible.

Upon retirement, your COLA bank begins with zero. Each subsequent year's COLA is applied to your benefit on July 1. 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.

#### EXAMPLE

Please refer to the table below. If in the year 2009, you are eligible for a full COLA and the CPI is 2.5%, as a Tier 5 member you will get the full 2.5%. In the next year 2010, the CPI is 3.6%. You will receive a 3% COLA because there is a 3% cap, but the .6% is banked. For 2011, the CPI is 2.4%, but we will use .6% banked the year prior and apply it to the current COLA amount to bring you up the 3% cap.

COLA Year	CPI	Retiree COLA	COLA Bank
July 1, 2009	2.5%	2.5%	0%
July 1, 2010	3.6%	3.0%	.6%
July 1, 2011	2.4%	3.0%	0%

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

In no event will your monthly pension, due to cost-of-living adjustments, be less than your original pension. Your Qualified Surviving Spouse or Qualified Surviving Domestic Partner also receives all the cost-of-living adjustments (not the dollar amounts) that you received, and will continue to receive cost-of-living adjustments according to the provisions of this Plan.

## **STEPS TO CALCULATE YOUR SERVICE PENSION**

### **Steps to Calculate 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 12 months immediately preceding your retirement.

The basic steps to calculate your FAS, are to total your regular biweekly pay for 26 pay periods (one year), divide that figure by 26, and multiply that amount by 2.175. (See page 3 for a detailed explanation of FAS.)

#### **Step 2 – Calculate Your Pension Percentage**

Calculate your pension percentage based on your total years of service. You are credited with 50% of your Final Average Salary (FAS) at 20 years of service, plus 3% of your FAS for each additional year of service after 20; except in the 30<sup>th</sup> year when you are credited 4%. The maximum percentage of FAS payable is 90% at 33 years of service. (See the percentage equivalency chart in the sample on page 4.) When computing your pension, we calculate years of service to the last completed pay period worked.

#### **Step 3 – Calculate Your Monthly Service Pension**

Multiply your FAS by the years of service percentage to determine your estimated monthly benefit.

Please note: There is a worksheet on page 37 that you can use to calculate your own benefit estimates.

You can run a pension estimate which projects your years of service (YOS) and rate of pay to your earliest retirement date, 25, 30 and 33 years of service on our Web site at [www.lafpp.com](http://www.lafpp.com) under “Plan Details”, “Your Personal Information”.

## **APPLYING FOR A SERVICE PENSION**

### **APPLYING FOR A SERVICE PENSION**

An application for service retirement should be submitted at least four to six weeks before your desired retirement effective date to avoid delays in receiving your first pension check. You begin by scheduling an appointment with your department retirement counselor:

- Fire – (213) 978-3750
- Police – (213) 485-4054
- Port Police – (213) 978-4575 (Contact Service Pensions directly)

Your counselor will help you select a pension effective date, provide information regarding the payment of unused sick, vacation and overtime balances, prepare your “Letter of Intent to Retire” and arrange an appointment with a retirement counselor at Los Angeles Fire and Police Pensions (LAFPP). When you file your application with LAFPP, you will be required to submit a signed Letter of Intent to Retire from your employing department and if applicable, the following documents:

- Marriage certificate
- 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 a Declaration of Domestic Partnership.

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

## DEFERRED PENSION

### DEFERRED PENSION

Tier 5 members with 20 or more years of service who terminate employment prior to age 50, for any reason other than disability, are eligible for a deferred 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.

**A deferred pension is calculated in the same manner as a regular service pension using the lower Tier 3\* retirement percentages.**

After you apply for a deferred pension, it is important that you update your address information with Los Angeles Fire and Police Pensions. Approximately six weeks before your 50th birthday, we will contact you to begin the pension application process to 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 die after you terminate active service and before you turn age 50, your qualified survivor(s) do not receive a survivor's pension. Instead, there will be a refund of contributions, plus interest to your designated beneficiary.

#### \*Tier 3 Basic Retirement Formula

Final Average Salary x Years of Service Percentage = Pension Amount

To estimate your Final Average Salary, refer to page 37.

#### Years of Service Percentage Calculation – Deferred Pension

- 2% per year of service up to 20 years of service, plus
- 3% for each additional year of service up to 30 years of service

20 yrs. = 40%	26 yrs. = 58%
21 yrs. = 43%	27 yrs. = 61%
22 yrs. = 46%	28 yrs. = 64%
23 yrs. = 49%	29 yrs. = 67%
24 yrs. = 52%	30 yrs. = 70%
25 yrs. = 55%	30 or more = 70%

## WITHDRAWAL OF CONTRIBUTIONS

### WITHDRAWAL OF CONTRIBUTIONS

If you have 20 years of service or more at the time of termination, you have three years from the date of your termination to elect the Deferred Pension Option discussed in the previous section on page 11. You may request a withdrawal of your contributions and interest immediately upon termination or elect the deferred pension option. *However, keep in mind that upon your termination, your contributions no longer earn interest.*

When contributions are withdrawn, you forfeit rights to all pension benefits, including a disability pension. Contributions remain in the System until you request them. Contact the Active Member Services Section at (213) 978-4522 to apply for a refund of contributions.

## DISABILITY PENSION

### DISABILITY PENSION

#### TYPES OF DISABILITY PENSIONS

#### 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 (including Port Police) recruit training.
- **Nonservice-Connected Disability Pension – *NONWORK-RELATED***  
Eligibility begins after five years of service credit as a member.

#### AMOUNTS

#### Disability Pension Amounts

Amounts are based on the degree of disability as determined by the Board of Fire and Police Pension Commissioners.

- **Service-Connected Disability Pension** – 30% to 90% of your Final Average Salary. The minimum pension is 2% of your Final Average Salary for each year of service or 30% of your Final Average Salary, whichever is greater, with a 3% COLA cap and a COLA bank.
- **Nonservice-Connected Disability Pension** – 30% to 50% of your Final Average Salary with a 3% COLA cap and a COLA bank.

## TAX ON DISABILITY PENSIONS

### Tax on Disability Pensions

The Fire and Police Pension Plan – Tier 5 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 percentage of disability is less than the minimum pension based on years of service to which the member is entitled, the difference is subject to taxation. *(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 used in calculating a minimum disability pension is unique. With this formula, you get 2% per year of service. For example, if you have 26 years of service, you get a minimum disability pension of 52%).*

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

## STATUS REVIEW

### Reviews of Disability Status

Disability pensions normally are paid for a member's lifetime. However, the Board has the authority to review your disability status at any time. You also may request a review of your disability status by the Board. Based on the Board's review, the percentage awarded may remain the same, be increased, decreased or terminated completely. As a disability retiree, you can be restored to active duty within five years if you are found to be no longer disabled. After five years, if you are found to be no longer disabled, your pension can be reduced to 30 percent of your Final Average Salary. Please contact the Disability Pension Section at (213) 978-4500 for an application.

## RETURN TO ACTIVE DUTY (from a Disability Pension)

### Return to Active Duty

If a member is retired on a disability pension for more than five years from the member's pension effective date, the member can never be restored to active duty.

Tier 5 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. After one year of service is completed, one year of credit will be restored for every such year worked, starting on the date of your return to duty. After three years of such completed service, you receive credit for the entire period you were on a service-connected disability pension.

Tier 5 Nonservice-Connected Disability pensioners restored to active duty must purchase this time for years of service credit. However, special rules apply. Contact Active Member Services at (213) 978-4522 if you are interested in purchasing this time.

While you are receiving disability pension benefits, you may not receive service pension benefits under this plan.

## **EFFECT OF WORKERS' COMPENSATION AWARDS**

### **Effect of Workers' 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 Firefighter or Police Officer (including Port Police) 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, including awards not related to the disability for which you were retired.** Current and future Workers' Compensation payments are deducted from your pension benefit in an amount equivalent to your monthly Workers' Compensation payment. In addition to the above, prior awards are recaptured at a minimum of 25 percent of your monthly pension amount.

## **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 application to final Board determination. The process includes a review of applicable medical and personnel records, an examination by at least three LAFPP physicians and a hearing before the Board of Fire and Police Pension Commissioners. Applications may be withdrawn at any time prior to the Board hearing. You may represent yourself at the hearing or retain representation paid at your own expense. 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.

## **HEALTH SUBSIDY FOR DISABILITY PENSIONERS**

If you retire on a disability pension, you must meet all health insurance subsidy requirements in order to qualify for a health subsidy. Please refer to pages 29-30 for health subsidy information.

## **SURVIVOR BENEFITS**

### **QUALIFIED SURVIVING SPOUSE**

## **SURVIVOR BENEFITS**

Survivor pension benefits are payable to the following qualified survivors:

### *1. Qualified Surviving Spouse*

To be qualified, a 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 while active – *be married on the date of death*
- Nonservice-Connected death while active – *be married at least one year prior to the date of death*
- Death while on a Service Pension – *be married at least one year prior to the effective date of the pension or one year prior to DROP Entry.*
- Death while on a Service-Connected Disability Pension – *be married as of the effective date of the pension*
- Death while on a Nonservice-Connected Disability Pension – *be 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 19 through 21).
- Health subsidy benefits (explained in the Health Insurance Subsidy for Qualified Survivors section on pages 30 through 31).

Benefits are paid to the Qualified Surviving Spouse until his/her death.

### **QUALIFIED SURVIVING DOMESTIC PARTNER**

### *2. Qualified Surviving Domestic Partner*

To be qualified, a Domestic Partner must have a confidential Declaration of Domestic Partnership form on file with Los Angeles Fire and Police Pensions (see page 17). A Certificate of Registration of Domestic Partnership filed with the Secretary of State will also be accepted. A declaration or certificate must be on file at the time of the member's death and in the case of the member's:

- Service-connected death while active – *be a Qualified Domestic Partner on the date of death*
- Nonservice-Connected death while active – *be a Qualified Domestic Partner at least one year prior to the date of death*
- Death while on a Service Pension – *be a Qualified Domestic Partner at least one year prior to the effective date of the pension*
- Death while on a Service-Connected Disability Pension – *be a Qualified Domestic Partner as of the effective date of the pension*
- Death while on a Nonservice-Connected Disability Pension – *be a Qualified 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 19 through 21).
- Health subsidy benefits (explained in the Health Insurance Subsidy for Qualified Survivors section on page 30 through 31).

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 reaches age 18 (age 22 if a full-time student) or marries, whichever comes first.

### **Benefits**

- Survivor pension benefits (explained in the Benefits for Children section on page 22).

## **DEPENDENT CHILD**

### *4. Dependent Child*

A "Dependent Child" is the child or adopted child of a deceased member. A Dependent Child must have become mentally or physically disabled before turning age 21 and cannot be capable of earning a living. A Dependent Child whose disability ends is no longer considered a dependent for pension purposes. (Prior to May 1, 2009, a Dependent Child was disqualified if he or she married or had been adopted by a person of the same gender as the deceased Plan member. These disqualifications were eliminated by Charter amendment.)

### **Benefits**

- Survivor pension benefits (explained in the Benefits for Children section on page 22).

## **DEPENDENT PARENT**

### *5. Dependent Parent*

A "Dependent Parent" is a parent of a deceased member. A Dependent Parent must have had at least one-half of his/her necessary living expenses paid 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 had 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 is paid until the Dependent Parent can pay his/her necessary living expenses on his/her 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 23).

## **DOMESTIC PARTNERSHIP**

### **DOMESTIC PARTNERSHIP**

A domestic partnership is established when both partners file a confidential Declaration of Domestic Partnership with **Los Angeles Fire and Police Pensions**, provided all requirements listed below are met.

## **ESTABLISHING A DOMESTIC PARTNERSHIP**

### **Establishing a Domestic Partnership**

- The member must file a Declaration of Domestic Partnership with the Los Angeles Fire and Police Pensions by completing the required form and submitting proof of a common residency.
- In addition, the domestic partners must meet all of the following requirements:
  - Maintain a common residence
  - Be responsible for each other's basic living expenses
  - Not be married or a member of another domestic partnership
  - Not be related by blood
  - Be at least 18 years of age
  - Be of the same sex or the opposite sex
  - Be capable of consenting to the domestic partnership.
- To request a Declaration of Domestic Partnership form, call the Active Member Services Section at (213) 978-4522 or you may print one from our Web site at [www.lafpp.com](http://www.lafpp.com).

The Plan also recognizes State-Registered Domestic Partnerships (SRDP) and will honor the date established with the State for eligibility requirements of LAFPP pension benefits. The SRDP is a partnership that is established when persons who meet the State's eligibility criteria register as domestic partners with the State of California. This partnership is governed by State law and establishes a relationship in which, for most purposes, the domestic partners have the same rights as spouses, including community property rights. This partnership establishes community property interests in your contributions and other pension benefits as provided by State law. For information on filing with the Secretary of State, please visit their Web site at [www.sos.ca.gov/dpregistry](http://www.sos.ca.gov/dpregistry).

## **TERMINATING A DOMESTIC PARTNERSHIP**

### **Terminating a Domestic Partnership**

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

## **FILING A NEW DOMESTIC PARTNERSHIP**

### **Filing a New Domestic Partnership After Terminating a Previous One**

A new Declaration of Domestic Partnership cannot be filed within six months from the date that a Notice of Termination of Domestic Partnership was filed with Los Angeles Fire and Police Pensions. This six-month waiting period does not apply if the prior domestic partnership was terminated because of a partner's death or marriage.

**SURVIVOR  
BENEFITS –  
ACTIVE MEMBER  
DEATH**

**SURVIVOR BENEFITS – ACTIVE MEMBER DEATH**

1. **Service-Connected Death:** The member does not need to meet age or years of service requirements for the qualified survivor to be eligible for this benefit.

Former Tier 2 Members Who Transferred to Tier 5

Your Qualified Surviving Spouse or Qualified Surviving Domestic Partner receives a monthly pension benefit of 75% of your Normal Pension Base (or final salary rate) with a 3% COLA cap and a COLA bank.

Former Members of Tier 3, Tier 4 or Harbor Department Who Transferred to Tier 5 and Members Hired Under Tier 5

Your Qualified Surviving Spouse or Qualified Surviving Domestic Partner receives 75% of your Final Average Salary with a 3% COLA cap and a COLA bank.

2. **Nonservice-Connected Death with at least one year of service**

**Basic Death Benefit**

Your survivors – 1) Qualified Surviving Spouse; or 2) Qualified Surviving Domestic Partner; or 3) Qualified Minor and Dependent Children (if no qualified spouse/domestic partner); or 4) Dependent Parents (if no other qualified survivors) – are entitled to the following:

- If you had at least one year of service, a limited monthly pension: for every year of service, two monthly payments of one-half of your Final Average Salary, not to exceed 12 monthly payments for six or more years of service; and

Your designated beneficiary is entitled to:

- A refund of your pension contributions and accrued interest.

In the absence of a designated beneficiary, the refund of contributions is paid to your living survivor(s) in the following order of succession: (1) surviving spouse or State-Registered Domestic Partner, (2) children, (3) parents. If there is a distribution of contributions and there is a spouse or former spouse(s) with a community property interest in the contributions, the community property portion is paid to whomever it is entitled to. (Please see Page 2 for more information on distribution of contributions.)

3. **Nonservice-Connected Death with more than five years of service:** This benefit is paid to your Qualified Surviving Spouse or Qualified Surviving Domestic Partner as follows:

Former Tier 2 Members Who Transferred to Tier 5

A monthly benefit of 40% of your Nonservice-Connected Pension Base (salary rate for the highest-paid Firefighter's or Police Officer's rank plus longevity pay) with a 3% COLA cap and a COLA bank.

Former Members of Tier 3, Tier 4 or Harbor Department Who Transferred to Tier 5 and Members Hired Under Tier 5

A monthly benefit of 30% of your Final Average Salary or, if at the time of death you were eligible for service retirement based on years of service, 40% of your Final Average Salary with a 3% COLA cap and a COLA bank.

4. **Nonservice-Connected Death while eligible for a service pension based on years of service:** Your Qualified Surviving Spouse or Qualified Surviving Domestic Partner receives a benefit as outlined below.

Former Tier 2 Members Who Transferred to Tier 5

The same monthly benefit you would have received on a service pension, not to exceed 55% of your Normal Pension Base with a 3% COLA cap and a COLA bank.

Former Members of Tier 3, Tier 4 or Harbor Department Who Transferred to Tier 5 and Members Hired Under Tier 5

A monthly benefit of 40% of your Final Average Salary with a 3% COLA cap and a COLA bank.

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

**SURVIVOR  
BENEFITS –  
RETIRED MEMBER  
DEATH**

**SURVIVOR BENEFITS – RETIRED MEMBER DEATH**

**1. Death while retired on a Service Pension:**

Former Tier 2 Members Who Transferred to Tier 5

Your Qualified Surviving Spouse or Qualified Surviving Domestic Partner receives the same monthly pension benefit received, but not to exceed a monthly pension benefit equal to 55% of your Normal Pension Base with a 3% COLA cap and a COLA bank.

Former Members of Tier 3, Tier 4 or Harbor Department Who Transferred to Tier 5 and Members Hired Under Tier 5

Your Qualified Surviving Spouse or Qualified Surviving Domestic Partner receives a monthly pension benefit equal to 60% of your pension benefit with a 3% COLA cap and a COLA bank.

**2. Death while retired on a Service-Connected Disability Pension:**

Former Tier 2 Members Who Transferred to Tier 5

Your Qualified Surviving Spouse or Qualified Surviving Domestic Partner receives: With less than 25 years of service, a monthly pension benefit equal to 50% of your Normal Pension Base with a 3% COLA cap and a COLA bank or, with 25 years of service or more, a monthly pension benefit equal to 55% of your Normal Pension Base with a 3% COLA cap and a COLA bank.

Former Members of Tier 3, Tier 4 or Harbor Department Who Transferred to Tier 5 and Members Hired Under Tier 5

Your Qualified Surviving Spouse or Qualified Surviving Domestic Partner receives a monthly pension benefit equal to 75% of your Final Average Salary if you die within three years of the effective date of the service-connected disability pension; **otherwise**, a monthly pension benefit equal to 60% of your disability pension with a 3% COLA cap and a COLA bank.

**3. Death after Nonservice-Connected Disability Pension:**

Former Tier 2 Member Who Transferred to Tier 5

Your Qualified Surviving Spouse or Qualified Surviving Domestic Partner receives a monthly benefit of 40% of your Nonservice-Connected Pension Base (salary rate for highest-paid Firefighter's or Police Officer's rank plus longevity pay) with a 3% COLA cap and a COLA bank.

Former Members of Tier 3, Tier 4 or Harbor Department Who Transferred to Tier 5 and Members Hired Under Tier 5

Your Qualified Surviving Spouse or Qualified Surviving Domestic Partner receives a monthly benefit of 60% of your pension with a 3% COLA cap and a COLA bank.

## **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 or Qualified Surviving Domestic Partner, your Minor or Dependent Children receive additional benefits (except for the basic death benefit described on page 19). The additional benefits for children are as follows:

- **One Minor or Dependent Child:** receives a total of 25% of the benefit your Qualified Surviving Spouse or Qualified Surviving Domestic Partner receives.
- **Two Minor or Dependent Children:** receive a total of 40% of the benefit your Qualified Surviving Spouse or Qualified Surviving Domestic Partner receives.
- **Three or more Minor or Dependent Children:** receive a total of 50% of the benefit your Qualified Surviving Spouse or Qualified Surviving Domestic Partner receives.

If you have two or more Minor Children, the benefit percentage will decrease accordingly as each child reaches the age of 18 (22 if a full-time student) or marries, whichever comes first. Dependent Children will continue to receive a pension regardless of age unless their disability ends.

The benefit must not exceed 100% of the member's Final Average Salary or 100% of the retired members COLA adjusted Final Average Salary.

## **BENEFITS FOR CHILDREN – NO SURVIVING SPOUSE/ DOMESTIC PARTNER**

### **Benefits for Children When There Is No Qualified Surviving Spouse or Qualified Surviving Domestic Partner**

If you die leaving no Qualified Surviving Spouse or Qualified Surviving Domestic Partner but you have Qualified Minor or Dependent Child(ren), the Minor/Dependent Child(ren) receive a monthly pension benefit equal to that which your Spouse or Domestic Partner would have received for as long as the Minor/Dependent Child(ren) remain qualified. This amount is divided equally among the eligible dependents.

Benefits paid on behalf of Minor/Dependent Children are paid to the court-appointed legal guardian(s). However, the Board may authorize payment that is the property of the Dependent Child be paid directly to the Dependent Child, to the Conservator of the Dependent Child's Estate or to the Dependent Child's trustee of the trust that meets the criteria of 42 U.S.C. Section 1396p(d)(4)(A), (B) or (C) – Special Needs Trust.

## **BENEFITS FOR DEPENDENT PARENTS**

### **Benefits for Dependent Parents**

If you die leaving no Qualified Surviving Spouse or Qualified Surviving Domestic Partner or children but you have Qualified Dependent Parent(s), the Dependent Parent(s) receive the same monthly pension benefit that the Qualified Surviving Spouse or Qualified Surviving Domestic Partner would have received for as long as the Dependent Parent(s) remain qualified.

## **OPTIONAL SURVIVOR ALLOWANCES**

### **OPTIONAL SURVIVOR ALLOWANCES**

## **OPTIONAL SURVIVOR BENEFIT**

### **Optional Survivor Benefit**

When you retire on a service or disability pension, you have the option to provide your qualified surviving spouse or qualified surviving domestic partner with a survivor benefit greater than the basic survivor continuance. You may elect a continuance benefit for your spouse/domestic partner up to 100%, in 5% increments.

If you choose one of these options, your retirement allowance is reduced throughout your lifetime to pay for the difference. The size of the reduction depends on the ages of you and your qualified surviving spouse or domestic partner 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 is reduced to 93.3% of your pension to pay for a 100% continuance to your qualified surviving spouse or qualified surviving domestic partner and it is reduced to 97.4% for a 75% continuance. (Please note that these percentages change periodically and the example above may not be accurate due to our having to use different percentages.)

This option is **irrevocable** and must be elected before you receive your first pension payment. The reduction remains in effect even if your marriage or domestic partnership dissolves or your spouse or domestic partner predeceases you. For more information, call the Service Pensions Section at (213) 978-4575.

## **SURVIVOR BENEFIT PURCHASE PROGRAM**

### **Survivor Benefit Purchase Program**

Retired members have the option to provide a survivor benefit to a spouse married or domestic partner declared in retirement. (This benefit was implemented by Charter amendment in March 2009.) The benefit provides a percentage continuation of the Retired Member's monthly pension benefit payable to the surviving spouse or domestic partner for the survivor's lifetime. The survivor must be either a spouse or domestic partner of the Retired Member at the time he or she elected to provide this benefit and at the time of his or her death. The following provisions apply:

- The Retired Plan Member shall pay the full actuarial cost of the survivor benefit through a reduction in his or her monthly pension benefit.
- The right to benefits under this program shall not vest until the Retired Plan member survives at least one year from the date he or she made an election to provide this benefit, unless the death was determined by the Board to be accidental. If the right to benefits has not vested before the retiree dies, the retiree's payments would be refunded as a lump sum to the spouse or domestic partner; if the spouse domestic partner has predeceased the member, the lump sum shall be paid to the member's estate.
- This election may only be exercised once.
- Once an election is made, it is irrevocable. The Retired Member's monthly pension benefits will be permanently reduced and will not increase if the spouse or domestic partner predeceases the Retired Member or if their marriage or domestic partnership is terminated.
- The survivor is not eligible for health subsidy benefits.

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, there are situations in which there may be a refund of contributions. If there is to be a refund of your 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 one or more beneficiaries so that, in the case of your death, your contributions and interest are paid to the person(s) of your choice. You should update the form during your career to reflect any desired changes in your beneficiary designation.

The Beneficiary Designation form may be obtained by contacting Active Member Services at (213) 978-4522, or you can print one from the "Forms" section of our Web site at [www.lafpp.com](http://www.lafpp.com).

## DEPENDENT CHILD DOCUMENTATION

### DEPENDENT CHILD DOCUMENTATION

Survivor benefits for Dependent Children are discussed in the previous sections. A "Dependent Child" is a child, or adopted child, of a deceased member who, before turning age 21, becomes mentally or physically disabled and cannot be capable of earning a living. A Dependent Child whose disability ends is no longer considered a dependent for pension purposes.

If you have a Dependent Child, we *strongly* encourage you to obtain the documentation that confirms your child's disability as early as possible. This will prevent unnecessary delays in providing a benefit if needed. It may be difficult for you to obtain the confirmation if several years have passed.

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

## **REAPPOINTMENTS REAPPOINTMENTS**

If you were a Tier 1, 2, 3 or 4 member who resigned or was discharged, had a break in service, and rehired after January 1, 2002, you became a Tier 5 member on reappointment.

## **RECALL AFTER RETIREMENT**

### **RECALL AFTER RETIREMENT**

Tier 5 retirees, including those who retired from DROP, may be recalled for a temporary assignment of 90 days without loss of pension benefits. Additional provisions allow Tier 5 Police retirees *only* to be recalled up to 12 consecutive months.

You receive regular pay plus any length-of-service pay from your original retirement. No contributions are deducted from your pay and you continue to receive your pension benefits. If you die, your survivor receives the benefits to which you were entitled when you retired. The recalled member is subject to all provisions of the Recall to Active Duty ordinance.

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.

## **RETURN TO ACTIVE DUTY**

### **RETURN TO ACTIVE DUTY**

A retired member of Tier 5 may file an application with the appointing authority of the department from which he or she retired, to be returned to active duty. The application may be approved if the member:

- Retired at a rank not higher than an Engineer (Fire) or Sergeant (Police, Harbor)
- Has not been retired for more than three years
- Is under the age of 55
- Did not participate in the DROP Program
- Passes a medical exam.

Your original pension is terminated upon the effective date of return to duty. One year after the effective date of return to duty, you can retire as a reactivated member. Your pension would be recalculated – the original pension plus a percentage of the difference of your reactivated Final Average Salary and years of service.

Return to active duty is a privilege and the Appointing Authority of the respective department (LAFD, LAPD or Harbor) may terminate the member's employment at any time. The reactivated member is subject to all provisions of the Return to Duty ordinance.

## TAXES

### TAXES

The Fire and Police Pension Plan – Tier 5 is considered a qualified plan under federal tax law, so 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 tax. Federal income tax is withheld from these pensions unless you instruct the Department otherwise.

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

Member contributions that were made on a post-tax basis, i.e., were taxed when made, are not taxed when received as part of your pension benefit. A portion of your monthly pension may 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.

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 before retirement and receive a refund of contributions, any portion that is refunded to you that was not previously taxed (e.g., pre-tax contributions or interest income) is subject to federal and state income taxes for the year in which you receive it. In addition, if those same nontaxed funds are withdrawn prior to age 50, 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 nontaxed portion of the contributions and interest into an individual retirement account (IRA) or other tax qualified plan.

For information on tax of disability pensions, please see page 13.

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

## **NO COVERAGE UNDER SOCIAL SECURITY**

### **NO COVERAGE UNDER SOCIAL SECURITY**

As a member of the Plan, you neither contribute to nor receive credit for the federal Old Age Survivors and Disability Insurance Program (Social Security) during your City service.

However, employees hired after March 1986 pay the 1.45% Medicare tax even if they are not covered by Social Security.

## **DISSOLUTION OF MARRIAGE AND YOUR PENSION**

### **DISSOLUTION OF MARRIAGE AND YOUR PENSION**

Pension benefits and pension contributions are subject to community property laws and, as assets, they may be subject to division on dissolution of marriage. If the Fire and Police Pension Plan is “joined” in your dissolution of marriage proceeding, the Department will be bound by the court order and may be required to distribute a former spouse’s community property share of the pension or your contributions on termination.

If a member remarries and subsequently dies leaving a qualified survivor, that survivor pension may be subject to division pursuant to the court order.

Under California Law, if a former spouse predeceases the retired member, the former spouse’s share may be passed on to the former spouse’s designated beneficiary.

## RETIREE HEALTH INSURANCE SUBSIDY PROGRAMS

### RETIREE HEALTH INSURANCE SUBSIDY PROGRAMS

Los Angeles Fire and Police Pensions provides a number of subsidies for beneficiaries of the System. The following sections have information on:

- Health Insurance Subsidy for Members
- Health Insurance Subsidy for Qualified Surviving Spouses / Domestic Partners
- Health Insurance Premium Reimbursement Program
- Dental Insurance Subsidy for Members

### HEALTH SUBSIDY FOR MEMBERS

#### Health Insurance Subsidy for Members

As a retired member, you may be eligible for a health insurance subsidy. For eligible retirees, we only subsidize the premiums of health plans offered by:

- Los Angeles Police Relief Association (LAPRA)
- Los Angeles Firemen's Relief Association (LAFRA); and
- United Firefighters of Los Angeles City (UFLAC).

However, Los Angeles Fire and Police Pensions administers the health plans offered by the Los Angeles City Employees' Retirement System for Port Police Tier 5 retirees *only* and subsidizes the premiums.

If your health premium exceeds your maximum subsidy, a monthly deduction will be taken from your pension check to pay for the remaining premium cost. If the premium is less than the subsidy, the City only provides up to the amount of the premium.

As of July 1, 2009, the maximum subsidy for retired members ages 55 to 64, and ages 65 and over if enrolled in Medicare Part B only, is \$958.52 per month. You are allowed 4% of the maximum subsidy for each year of service (YOS) up to 25 years.

For example:  $20 \text{ YOS} \times 4\% \times \$958.52 = \$766.82$

In this example, your subsidy entitlement is \$766.82.

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

- Be at least 55 years of age; and
- Have at least 10 YOS; and
- Be enrolled in a City-approved health plan (offered by LAFRA, LAPRA, UFLAC or City plans).

A subsidy is applied to the premium of the qualified plan that the member selects, and that plan may cover the spouse/domestic partner as well as dependents. The retiree payroll system automatically calculates the subsidy and/or deduction and reflects it in the member's monthly pension payment.

Qualified surviving spouses and qualified surviving domestic partners receiving pension benefits are eligible to enroll in a City-approved health plan. Additionally they may be eligible for a subsidy. Refer to the section titled “Health Insurance Subsidy for Qualified Survivors.”

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, your subsidy will be recalculated due to the change in monthly premium costs and you will be reimbursed for the cost of the Part B basic premium. If you qualify Part B only, your subsidy will remain unchanged and you must pay for the cost of Part B. Any lifetime medical care related to Workers’ Compensation awards is administered by the City Personnel Department.

If you are near retirement and would like additional information on enrolling in a City-approved health plan, you can contact the following associations:

Los Angeles Firemen’s Relief Association	(800) 244-3439
Los Angeles Police Relief Association	(888) 252-7721
United Firefighters of Los Angeles	(213) 895-4006
Los Angeles Fire and Police Pensions	(213) 978-4560

## **HEALTH INSURANCE SUBSIDY FOR QUALIFIED SURVIVORS**

### **Health Insurance Subsidy for Qualified Surviving Spouses and 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, he/she would be eligible to receive a health subsidy if alive today; and
3. The qualified surviving spouse or qualified surviving domestic partner must be enrolled in a City-approved health plan (offered by LAFRA, LAPRA, 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 basic premium.

**HEALTH INSURANCE  
PREMIUM  
REIMBURSEMENT  
PROGRAM**

**Health Insurance Premium Reimbursement Program**

The Health Insurance Premium Reimbursement Program is available to pensioners and qualified surviving spouses/qualified domestic partners who live outside of California or within the state but not within a City-approved HMO medical plan service area.

Members who qualify may receive reimbursement, up to his/her maximum monthly health subsidy. Reimbursement will be paid for health insurance premiums paid to a non-City approved, state regulated health plan.

**Qualifications**

The Department of Fire and Police Pensions Health Insurance Premium Reimbursement Program is available to sworn pensioners and qualified surviving spouses/qualified domestic partners who:

- ❖ Reside outside the State of California; or  
Reside in the State of California, but outside a City-approved medical plan\* zip code service area;

\*City-approved medical plans are administered by:  
Los Angeles Fire and Police Pensions  
Los Angeles Firemen's Relief Association  
Los Angeles Police Relief Association  
United Firefighters of Los Angeles City

**AND**

- ❖ The retiree had at least 10 years of service as a sworn Fire or Police (including Port Police) pension member or the deceased pensioner had at least 10 years of service, if the qualified survivor is applying for reimbursement;

**AND**

- ❖ The retiree must be at least 55 years of age, or if the retiree is deceased and a qualified survivor is applying for the reimbursement, the member would have been at least 55 years of age;

**AND**

- ❖ Are not enrolled in a City-approved health plan. City-approved health insurance must be cancelled prior to a member participating in the Reimbursement Program. Cancellation forms should be obtained from the Association providing insurance.

**DENTAL INSURANCE  
SUBSIDY**

**Dental Insurance Subsidy**

As a retired member you may be eligible for a dental insurance subsidy. We only subsidize the premiums of dental plans for eligible retirees offered by the :

- Los Angeles Police Protective League (LAPPL);
- Los Angeles Police Relief Association (LAPRA); and
- United Firefighters of Los Angeles City (UFLAC).

However, Los Angeles Fire and Police Pensions administers dental plans offered by the Los Angeles City Employees' Retirement System for Port Police Tier 5 retirees *only* and subsidizes the premiums.

Effective January 1, 2002, retirees must meet the following requirements to be eligible for the dental insurance subsidy:

- Be at least 55 years of age; and
- Have at least 10 YOS; and
- Be enrolled in a City-approved dental plan (offered by LAPPL, LAPRA or UFLAC, or City plans.)

Effective January 1, 2009, the subsidy is \$36.16 a month. It is applied to the premium of the qualified plan the member selects. You are allowed 4% of the maximum subsidy for each year of service (YOS) up to 25 years. The maximum subsidy cannot exceed the single-party premium of the dental plan the member is enrolled in. The retiree payroll system automatically calculates the subsidy or deduction and reflects it in the member's direct deposit or pension check each month.

The formula is as follows:

$$YOS \text{ (up to 25)} \times 4\% \times \text{Maximum Subsidy} = \text{Member Subsidy}$$

The maximum subsidy is applicable to the dental insurance premium for the retiree only. This subsidy is not available to dependents, surviving spouses or surviving domestic partners.

**For Additional  
Information**

**For additional information, call our Medical and Dental Benefits  
Section at (213) 978-4560.**

## **DROP – DEFERRED RETIREMENT OPTION PLAN**

### **DROP – DEFERRED RETIREMENT OPTION PLAN**

The Deferred Retirement Option Plan (DROP) is an enhancement to your Fire and Police Pension Plan that can provide you with another way of saving for your retirement years. It is a *voluntary* program that allows you to work and receive pay and benefits as an active employee while accumulating service pension payments in a DROP account. You are considered “retired” for purposes of pension calculations only, for all other purposes you are considered an active member of your respective department.

While in DROP, your monthly pension payment is held in an account with a guaranteed interest rate of 5% per annum. When you decide to leave the DROP program (after 1 day or up to 5 years maximum), you are required to terminate sworn employment with the Fire, Police or Harbor Department. You will then begin to receive your regular pension benefits on a monthly basis. In addition, you will receive your accumulated DROP account balance either in a lump sum or you may roll all or part of your balance into another tax-qualified account.

You may participate in DROP for a maximum of 60 months (5 years). As a Tier 5 member, you are eligible to participate in DROP if you have at least 25 years of service and are at least 50 years of age. For survivor benefit information, please refer to the “Survivor Benefit Handbook” available online at [www.lafpp.com](http://www.lafpp.com).

For more information, please call the DROP/Retired Members Services Section at (213) 978-4495.

## PLAN ADMINISTRATION

### PLAN ADMINISTRATION

Tier 5 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 400, 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 remaining four are elected by the Fire and Police Departments: one retired member and one active member from each respective department. All members serve five-year terms. The Board usually meets in public session two to four times per month on Thursday. 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 | <b>Active Member Services</b> – annual member statements, beneficiary designations, contribution accounts, dissolution-of-marriage information, domestic partnership forms and service time purchases. |
| (213) 978-4530 | <b>Communications &amp; Special Projects Section</b> – pre-retirement seminars, newsletters and web page updates.  |
| (213) 978-4560 | <b>Medical and Dental Plans</b> – health insurance subsidy, dental insurance subsidy and health insurance premium reimbursement program.   |
| (213) 978-4500 | <b>Disability Pensions</b> – disability pension applications/review, determination of dependent children and dependent parent eligibility, survivor pension applications (active member deaths).       |
| (213) 978-4495 | <b>DROP</b> – for information on the Deferred Retirement Option Program.   |
| (213) 978-4495 | <b>Retired Member Services</b> – direct deposit, tax   |
| (213) 978-4575 | <b>Service Pensions</b> – service and survivor pension applications (retired member deaths), retired member records and information. Discontinuance of benefits upon death or other disqualifications. |

## Other Ways to Contact Us

Toll-Free: (800) 787-CITY (2489)  
Fax: (213) 978-4450  
TDD: (213) 978-4455  
E-mail: [Pen.pensions@lacity.org](mailto:Pen.pensions@lacity.org)  
Web site: [www.lafpp.com](http://www.lafpp.com)

## RETIREMENT COUNSELORS

### Police and Fire Department Retirement Counselors

Fire: (213) 978-3750  
Police: (213) 485-4054  
Port Police: (213) 978-4575

## 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 400  
Los Angeles, CA 90012-4203  
(213) 978-4545

## PLAN INFORMATION

### PLAN INFORMATION

Name of Plan	Fire and Police Pension Plan – Tier 5
Type of Plan	Defined Benefit
Effective Date	January 1, 2002
Plan Fiscal Year End	June 30
Employer Sponsoring Plan	City of Los Angeles
Internal Revenue Service Employer Identification Number	95-6000735
Plan Number	003
Plan Administrator	Board of Fire and Police Pension Commissioners
Address	360 East Second Street, Suite 400 Los Angeles, CA 90012-4203

## SAMPLE PENSION CALCULATION

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

**Step 1 – Enter Final Average Salary** **\$5,110.34**

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

YOS	Pension Percentage	YOS	Pension Percentage
20	50%	27	71%
21	53%	28	74%
22	56%	29	77%
23	59%	30	81%
24	62%	31	84%
25	65%	32	87%
26	68%	33+	90%

**Years of Service Percentage for 28 years** **74%**

**Step 3 – Calculate Monthly Service Pension**

Multiply Final Average Salary	\$5,110.34
by Years of Service Percentage	x <u>0.74</u>

**Estimated Monthly Pension Benefit** **\$3,781.65**

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

## Estimating Your Service Pension: Tier 5

This worksheet helps you estimate a monthly pension under Tier 5.

### Step 1 – Compute Your Final Average Salary (FAS)

FAS is used to compute your pension under Tier 5. It is the average of your monthly pay over any 12-consecutive-month period you choose, (usually the 12 months just prior to your retirement). To compute your FAS, use the total amount of gross pensionable pay, before deductions, you received in each month.

Month	Total Pensionable Pay	÷	Number of Paychecks	=	Average Pay
1. _____	_____	÷	_____	=	_____
2. _____	_____	÷	_____	=	_____
3. _____	_____	÷	_____	=	_____
4. _____	_____	÷	_____	=	_____
5. _____	_____	÷	_____	=	_____
6. _____	_____	÷	_____	=	_____
7. _____	_____	÷	_____	=	_____
8. _____	_____	÷	_____	=	_____
9. _____	_____	÷	_____	=	_____
10. _____	_____	÷	_____	=	_____
11. _____	_____	÷	_____	=	_____
12. _____	_____	÷	_____	=	_____

Add the 12 average pay numbers together ..... \_\_\_\_\_ (a)

Multiply (a) by 2.175, the Monthly Conversion Factor ..... x 2.175 \_\_\_\_\_ (b)

Divide (b) by 12 to determine your monthly FAS ..... ÷ 12 \_\_\_\_\_ (c)

## Step 2 – Find Your Pension Percentage

Your pension benefit is a percentage of your FAS. The percentage is based on your years of service (YOS), calculated to the last completed pay period worked.

Enter the age at which you wish to retire  
(age 50 or older to retire under Tier 5) ..... \_\_\_\_\_ (d)

Enter the YOS you will have at the age on line (d) ..... \_\_\_\_\_ (e)

Locate the YOS from line (e) in the table below to find your pension percentage.

YOS	Pension Percentage	YOS	Pension Percentage
20	50%	27	71%
21	53%	28	74%
22	56%	29	77%
23	59%	30	81%
24	62%	31	84%
25	65%	32	87%
26	68%	33+	90%

Enter your pension percentage\*. \_\_\_\_\_ (f)

\*Any partial year of service credit shall be prorated to the last completed payroll period immediately prior to your retirement date.

## Step 3 – Estimate Your Monthly Service Pension

Multiply your FAS by the appropriate pension percentage from line (f) above to estimate your monthly pension benefit.

Enter your FAS from line (c) \_\_\_\_\_ (g)

Multiply line (g) by your  
pension percentage, line (f)            x       \_\_\_\_\_ % (h)

Line (i) is your estimated  
monthly pension benefit                = \$ \_\_\_\_\_ (i)

This estimate represents your initial pension benefit. Each year, a cost-of-living adjustment (COLA) is applied to your pension based on the change in the Consumer Price Index (CPI). Tier 5 has a 3% COLA cap with a COLA bank. This means that if the CPI rises more than 3%, the excess is “banked” and applied to your benefit during years in which the COLA would otherwise be less than 3%.

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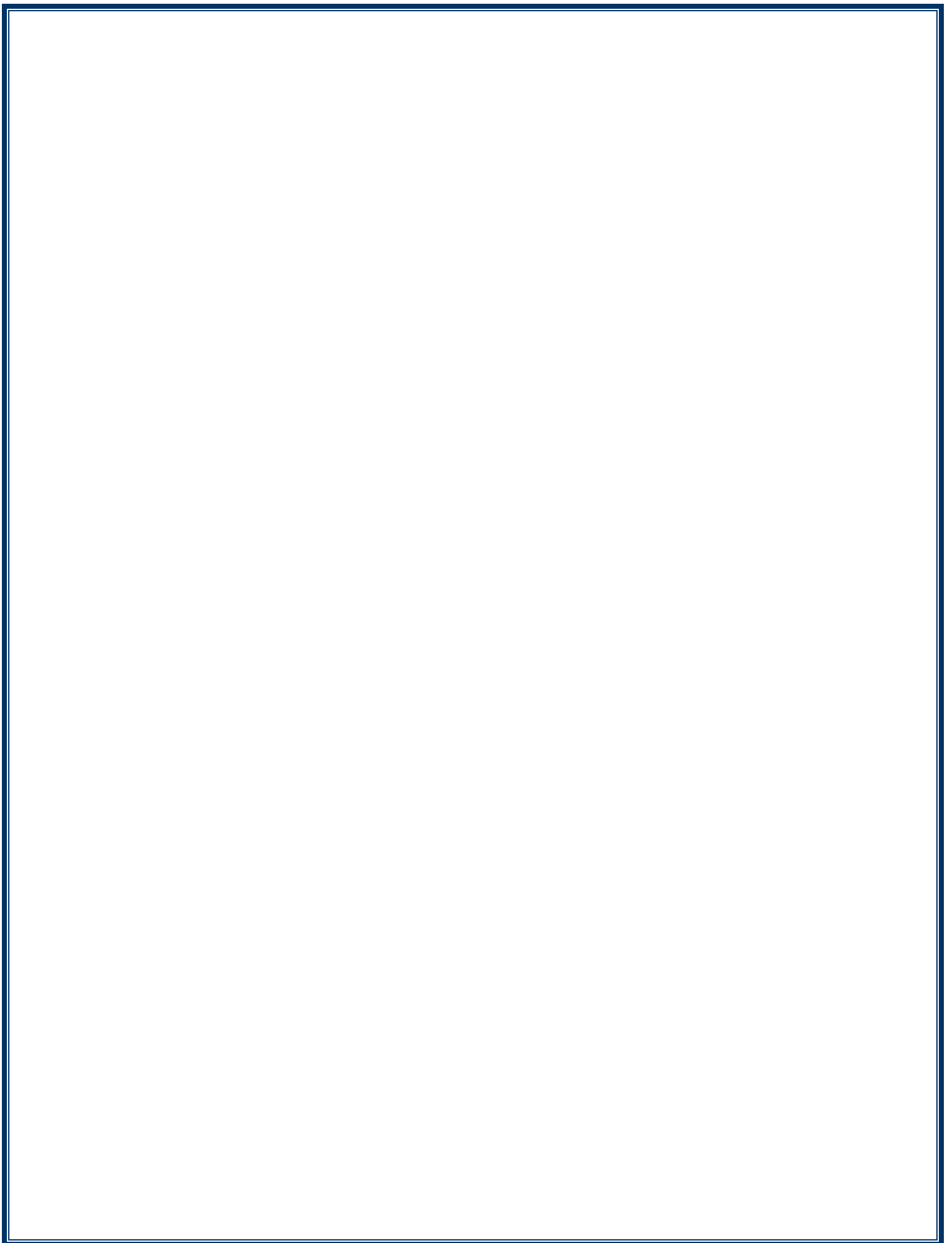
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Los Angeles Fire and Police Pensions

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