

# PENSION PERSPECTIVES

SUMMER 2000

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Department of Fire & Police  
Pensions  
360 E. Second Street, Suite 600  
Los Angeles CA 90012

## NEW RETIRED BOARD MEMBERS

*The Results Are In!*



One of the Charter changes that the electorate approved in the June 1999 municipal elections was the addition of two **retired** members to the Board of Fire and Police Pension Commissioners. The number of Board members has increased from seven to nine. The Mayor appoints five of the members. The active members of the respective Departments elect the active Fire and the active Police Board members. The retired members of the respective Departments elect the retired Fire and the retired Police Board members.

The Election Division of the City Clerk's Office conducted two elections to select both the Fire and Police retired Board members. Sam Diannitto was elected as the Fire retired Board member on May 9. Ken Staggs was elected as the Police retired Board member on May 23.

The Board exercises the prudent person standard in the

discharge of its duties. It has sole and exclusive fiduciary responsibility to administer the Fire and Police Pension System and its assets. The Board also has the authority to set and adopt investment policies for the over \$12 billion in fund assets and the duty to establish actuarial assumptions and adopt rules and regulations necessary to administer the System.

The Board meets on Thursdays at 9:00 am, except for the first Thursday of the month. If you want to communicate with the Board, you may write to:

**Board of Fire and Police Pension Commissioners**  
360 E. Second Street, Suite 600  
Los Angeles, CA 90012 ♦

## HEALTH SUBSIDY BENEFITS

*Paid to Qualified Surviving Spouses/ Qualified Domestic Partners*

Extra money is almost always a benefit. Many qualified surviving spouses should have noticed an increase in their May pension payment. The new health subsidy benefit for qualified surviving spouses/ qualified domestic partners was reflected on the pension payment for the month of May (check dated 5/31/2000).

# Long-Term Care

As a retiree, purchasing a Long-Term Care Insurance Policy may have already crossed your mind. But what is Long-Term Care? Long-term care is the extended care of a chronically ill, injured or frail individual who needs help to perform the basic activities of daily living such as bathing, dressing or eating. Long-Term Care services are provided by both institutional and non-institutional facilities. Some of the non-institutional services are home health care, personal care, homemaker services, adult day care, hospice and respite care. Institutional services are provided in nursing facilities and residential facilities.

Because the current annual cost of a nursing home in California averages \$47,000, who will pay the bill is a concern.

Medicare and the HMOs typically provide little or no long-term coverage. These plans are designed to pay for hospital and doctor care – not long-term care. Some of them may cover nursing home care or home care but typically only on a short term or limited basis. The Disability insurance does not cover it either since the purpose of this type of insurance is to replace earned income and so once one retires, he/she may not be eligible for disability income benefits.

Medi-Cal may cover long-term care if the individual qualifies under the income and resource requirements

and restrictions.

## WHY DO I NEED LONG-TERM CARE COVERAGE?

Long-term care coverage will provide you financial protection. It lets you preserve your assets for your use, inheritance for your children or spouse or to just ensure the quality of lifestyle you want. Long-term care coverage pays for your long-term care so you don't have to use the money you have saved for your long-term care needs.

## WHO OFFERS LONG-TERM CARE COVERAGE?

Below is a list of some organizations that offer long-term care coverage. There are other organizations that can provide you long-term care coverage. The Department of Fire and Police Pensions does not endorse any of the listed organizations.

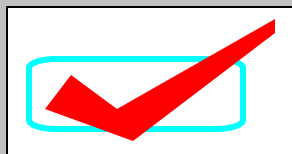
- CalPERS Long-Term Care Program – call (800) 266-1050 for more information
- Los Angeles City Employees Association (LACEA) – call (800) 464-0452 for more information
- California Partnership for Long-Term Care (a program of the State of California, Dept of Health Services) - call (800) CARE445 for more information

## WHO CAN I CALL TO REQUEST COUNSELING ASSISTANCE?

You may call HICAP (The Los Angeles County Health Insurance Counseling and Advocacy Program) at (800) 434-0222. HICAP can also provide you with a copy of the Department of Aging's Guide to Long-Term Care. ♦

## Y2K PREPARED

### *Pensions in Check*



In the previous issue, we briefed members on our efforts to prepare for Y2K. Some of the preparations completed involved reviewing operating systems, identifying changes where necessary, testing and implementing the changes and developing contingency plans. On the weekend of January 1, 2000, we performed needed checks to ensure that the Y2K bug did not affect our operations.

Ensuring the timely crediting of accounts and mailing of the January 2000 pension checks was one aspect of operations that was emphasized in the Y2K preparations. Because of the work done by the Department, other City departments and financial institutions, there were no disruptions in the normal operations.

The Department's Y2K preparations were well planned and well executed.

**HEALTH SUBSIDY Continued from Page 1**

Prior to January 1, 2000, only sworn members were qualified to receive a health subsidy. A health subsidy is now available to qualified surviving spouses and qualified surviving domestic partners. You do not have to apply for this benefit. Our computer system is programmed to provide it to any eligible qualified surviving spouse/domestic partner. Only those who need to provide additional information to the Department were contacted in writing.

REQUIREMENTS

If you meet ALL of the following qualifications you should be eligible for a health subsidy:

- You must be in a City approved health plan (one offered by Fire Relief, Police Relief, UFLAC or the Personnel Department) ;
- Your sworn member spouse/domestic partner must have had at least 10 years of service;
- Your sworn member spouse/domestic partner must have been receiving a health subsidy at the time of death; or you will be eligible when your sworn member spouse/domestic partner would have been 55 years old.

If you are not currently in a City approved health plan and need information on how to enroll, you may contact the following associations:

- Personnel Department (213) 847-6032
- Fire Relief Association (800) 244-3439
- Police Relief Association (888) 252-7721
- United Firefighters of Los Angeles (213) 895-4990

Note: If your sworn spouse/domestic partner's death as an active Police Officer or Firefighter is duty-related, the City's Personnel Department will administer your health subsidy/plan. Additional information on this program may be obtained by calling the City Personnel Department's Employee Benefits Section at (213) 485-2440.

SUBSIDY AMOUNT

The calculation of your subsidy amount differs depending on whether or not you are enrolled in Medicare.

NOT ENROLLED IN MEDICARE PLAN, OR ENROLLED IN PART B ONLY

- Subsidy is based on sworn member spouse/domestic partner's years of service;
- You are entitled to 4% per year of service (maximum of 25 years) of the single party cost of your health plan;
- Subsidy amount cannot exceed the current maximum of \$302.22.

*Example:* Your deceased spouse/domestic partner had 20 years of service and you are in a single-party medical health plan. If the monthly cost of your plan \$182.70, then your available subsidy will be \$146.16 as calculated below:

20 years times 4% = 80%  
 80% times \$182.70 = \$146.16  
 Your monthly out-of-pocket expense will be \$36.54.

ENROLLED IN MEDICARE PARTS A & B

If *you ARE* enrolled in Medicare Parts A & B, you will be entitled to a percentage of the single-party cost of the plan you are enrolled in, based on the chart below:

Years of Service	%
10-14 year	75%
15-19 years	90%
20 years & over	100%

However, the subsidy amount cannot exceed the current maximum of \$214.20.

*Example:* Your sworn member spouse/domestic partner had 18 years of service, and you are in a single-party medical health plan. If the monthly cost of your plan is \$157.94, then your subsidy would be \$142.15.

90% of the premium of \$157.94 (18 years is 90% - See above equivalency chart) + \$142.15  
 Your out-of-pocket expense will be \$15.79.

If you qualify for a health subsidy and are in a Medicare A & B plan, you will receive a reimbursement for the Part B monthly premium as well. This reimbursement will be included in your monthly pension payment. As of January 1, 2000, the amount of reimbursement for Part B is \$45.50.

*Continued on Page 6*

## Making a Difficult Time A Little Easier

### Reporting Death of Pensioners

When a death in the family occurs, attending to the arrangements can be difficult and stressful. To make things easier, there's one important detail that should be remembered. When a death of a pensioner occurs, it is necessary that the Department of Fire and Police Pensions be contacted immediately.

The advantage of reporting a death at once is the immediate processing of pension checks for qualified survivors eligible to receive pension benefits. Once the death is reported, the

Department can expedite the payment of the deceased pensioner's last check and begin the paperwork to process the pension benefits of the qualified survivors.

A pensioner's entitlement to the pension benefit ceases upon that pensioner's death. Therefore it is important that the death is reported immediately. Depending on the date of the pensioner's death, the Department will provide instructions on the necessary adjustments or arrangements that must be made with the pension check or direct deposit payment.

If the death is not reported at once, there may be an overpayment and that amount will have to be repaid to the

Pension Fund. Additionally, this may result in remitting more taxes than necessary to the Federal and State agencies, creating an additional burden for the survivors' to rectify this problem with the IRS and State Tax Board.

Avoid any unnecessary hardship on your loved ones. Inform your survivors ahead of time of the importance of immediately notifying the Department of Fire and Police Pensions of your death. You may also designate someone such as an attorney, or the executor of your estate to contact us. The Service Pensions Section can be reached at (213) 485-2836. ♦

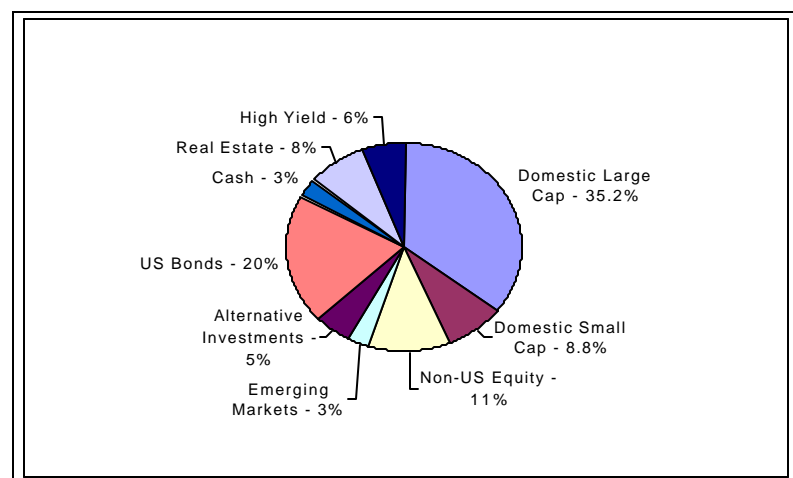


## HOW IS YOUR PENSION FUND BEING INVESTED?

### A Look at our Current Asset Allocation Plan

In every investment activity, managing risk and aiming to achieve a high return are always given importance. In investing the funds of the Pension System, the Department of Fire and Police Pensions follows the asset allocation plan recommended by a consultant and adopted by the Board of Fire and Police Pension Commissioners in December 1998. The asset allocation plan establishes the blueprint for investing the System's assets because it states how much of the System's assets may be invested in

a particular asset class. The asset allocation plan below directs the current investments of the System:



Assets are periodically rebalanced to achieve the target percent per asset class. Most of the System's assets are managed by investment managers, which number approximately 36. As of the end of May 2000, the total assets of the Pension System totaled over \$12 billion. ♦

# OUR NAME HAS CHANGED

*And So Has the Title of Your Plan!*

It's official. We are now called the Department of Fire and Police Pensions. In the June 1999 election, the Charter was reformed with the intent to make it easier to read and use. The new Charter includes a name change for our Department to take effect July 1, 2000. Since we are one of three retirement systems in the City of Los Angeles, the name change makes it easier to identify us as the administrator of the pension system for the sworn personnel of the Fire and Police Departments.

The new Charter also changed the titles of the four pension systems, effective July 1, 2000. All article titles have been changed and are now called "tiers". The chart below outlines the new changes:

TIER NO.	COVERS MEMBERS HIRED BETWEEN DATES SPECIFIED BELOW*	FORMER TITLE
TIER 1	On or before January 28, 1967	Article XVII
TIER 2	January 29, 1967 to December 7, 1980 inclusive. (Members hired prior to January 29, 1967 had the option of transferring to this plan.)	Article XVIII
TIER 3	December 8, 1980 to June 30, 1997. (Plan II members hired between July 1, 1997 and December 31, 1997 were given a certain time to transfer to Plan I.)	Article XXXV, Plan I
TIER 4	July 1, 1997 and later. In addition, certain members of Article XXXV, Plan I transferred to Plan II	Article XXXV, Plan II

\*Certain exceptions occur based on personnel actions such as reappointments, reinstatements and elections to transfer plans.

Although our name has changed, our address, telephone numbers and hours are the same. Please refer to the last page of this newsletter for more information on how to contact us. ♦

## COST OF LIVING ADJUSTMENT

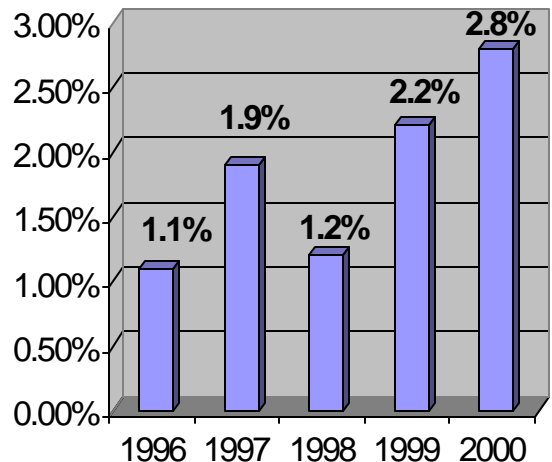
*Increase Effective July 1, 2000*

Effective July 1, 2000, those pensioners eligible for a cost-of-living adjustment (COLA) will receive a 2.8% increase to their pensions. The percentage was determined by the Consumer Price Index change for Los Angeles, Riverside and Orange County for the one-year period from February 1999 to February 2000. The increase will be reflected on the July 31 payment.

*For members of Tiers 3 and 4 (formerly Article XXXV), if you received your first pension check during this fiscal year (July 1, 1999 to June 30, 2000) the increase you receive will be prorated by the number of full months you have been on the pension roll.*

The chart presented to the right provides a COLA history for the past five years. ♦

## HISTORY OF COLA PERCENTAGES (Effective July 1)



### Direct Deposit

*Don't Delay!*

Direct Deposit is a safe and secure way of making sure that your pension funds are where you need them, when you need them. If you're thinking of joining direct deposit or you need to make any changes to your direct deposit information, such as a bank change, contact Member Services and we'll send you a direct deposit card right away. Please return the card with the requested information, as soon as possible or use the adjacent schedule. If you submit your information to us by the dates indicated, your direct deposit will be available as early as the first working day of the next month, provided your financial institution posts the deposit to your account as scheduled.

### SCHEDULE (for remainder of 2000)

SUBMIT INFO BY	DEPOSITED BY
July 7, 2000	August 1, 2000
August 9, 2000	September 1, 2000
September 8, 2000	October 2, 2000
October 6, 2000	November 1, 2000
November 6, 2000	December 1, 2000
December 6, 2000	January 2, 2001

#### HEALTH SUBSIDY Continued from Page 3

In the Winter 1999 issue of Pension Perspectives we announced that the new health subsidy benefit would be effective January 1, 2000. Staff is currently working to process the retroactive payments for the health subsidy. Since the subsidy was not processed until the May pension payment, retroactive payments will date back to the effective date. It is not necessary to contact the Department to receive the retroactive payments. We are in the process of modifying our computer program to process a retroactive payment to any eligible surviving spouse/domestic partner.

We will continue to post updates on the status of your retroactive payments as well as other important benefit information on our web site at:

[www.cityofla.org/pen/index.htm](http://www.cityofla.org/pen/index.htm) ♦



#### Any Bright Ideas???

If there are any topics you would like us to cover in future newsletters, ideas to add to or update our website, or any subject you would like to comment on, please contact the Member Services Section. We welcome any ideas or suggestions you may have. You can call (213) 485-4493, write to us at 360 E. Second Street, Suite 600, Los Angeles, CA 90012-4203 or take advantage of our Email address: [pensions@fppen.lacity.org](mailto:pensions@fppen.lacity.org)

VISIT OUR WEB SITE AT  
[WWW.CITYOFLA.ORG/PEN](http://WWW.CITYOFLA.ORG/PEN)

## Avoid the Delay..

*...of Information!*



Important information regarding your pension benefits could be delayed or not received at all if you don't have a current address on file with the Department of Fire and Police Pensions. If you are planning to move or have moved, please send us a letter which includes the Pensioner's complete name, social security number, complete new address and telephone number. The letter must have the pensioner's signature. Send the letter to Dept. of Fire & Police Pensions, 360 E. 2<sup>nd</sup> Street, Suite 600, Los Angeles CA 90012, Attention: Service Pensions Section. Make sure to submit any changes to your mailing address to keep your records current. Avoid receiving your benefit information late or not at all.

## WE'RE HERE TO SERVE YOU!

### DEPARTMENT OF FIRE AND POLICE PENSIONS

Our office is open from Monday through Friday,  
8:00 a.m. to 5:00 p.m.

Location: 360 East Second Street, Suite 600  
Los Angeles, CA 90012-4203

Email Address: [pensions@fppen.lacity.org](mailto:pensions@fppen.lacity.org)

Web Page: [www.cityofla.org/pen](http://www.cityofla.org/pen)

Member Services	(213) 485 - 4493
Service Pensions	(213) 485 - 2836
Disability Pensions	(213) 485 - 2748
Facsimile	(213) 847 - 3529

## Did You Know???

As of December 5, 1996, pension benefits to the qualified surviving spouse of a deceased Police Officer or Firefighter continue even if the spouse remarries.



SUMMER 2000

DEPARTMENT OF FIRE AND POLICE PENSIONS  
360 EAST SECOND STREET, SUITE 600  
LOS ANGELES CA 90012-4203

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