



# LA FPP

# pension perspectives

July 2007

Newsletter for Retired Members of Los Angeles Fire & Police Pensions

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*\*Members who are between the ages of 55 and 60 and who retired after July 1, 1988 but before July 1, 1998 may be eligible to receive a flat-rate special MOU health subsidy. Please contact us for details.*

## Health Subsidy Increase

The Board of Fire and Police Pension Commissioners has the authority to increase non-Medicare health subsidies annually by the Fire and Police Pension Plan's Actuarial Medical Trend Rate or 7%, whichever is less. The Actuarial Medical Trend Rate is a long-term projection of the average rise in health costs per year.

The Actuarial Medical Trend Rate for the fiscal year beginning July 1, 2007 is 12%. Therefore, the Board approved an increase of 7% for the maximum non-Medicare health subsidy from \$782.44 to \$837.21 per month.

### How we determine your subsidy

You are eligible for a medical subsidy if you meet the following requirements:

- Age 55 or older and retired after June 30, 1998, **OR** age 60 or older and retired before July 1, 1998\*;
- Have a minimum of 10 whole years of service;
- Are enrolled in a City-approved health plan;

- Are enrolled in Medicare Parts A and B to the extent of your eligibility (you are normally not eligible for Medicare until age 65).

**Please be aware that this increase affects non-Medicare subsidies only. If you are enrolled in Medicare Parts A and B, your subsidy will not be affected.** Subsidies for members enrolled in Medicare Parts A and B are different for each health plan. Medicare subsidy calculations will not change.

For eligible members who are not enrolled in Medicare Parts A and B, or who are enrolled in Medicare Part B only, your new subsidy beginning July 1, 2007 will be based on the maximum of \$837.21. For 10 whole years of service, you receive 40% of the maximum. For each whole year of service after that, you receive an additional 4% up to 100% of the maximum subsidy for 25 years of service.

If you have any questions regarding your health subsidy, please contact the Medical & Dental Benefits section at (213) 978-4560, or e-mail at [pen.pensions@lacity.org](mailto:pen.pensions@lacity.org).

# LAFPP

To Serve Those Who Protect

LOS ANGELES FIRE AND POLICE PENSIONS



## Cost of Living Adjustment

Effective July 1, 2007

The **Cost-of-Living Adjustment (COLA)** for 2007 is 3.5%. All increases for eligible pensioners effective July 1, 2007 will be reflected in the pension payment dated July 31, 2007.

Eligible pensioners will receive COLAs as follows:

**Tiers 1 and 2: 3.5% adjustment**

**Tiers 3, 4, 5: a capped 3.0% adjustment**

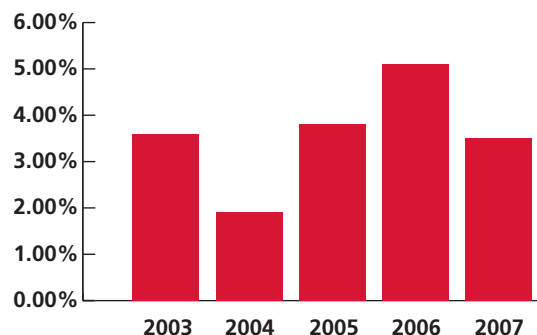
**DROP members: a capped 3.0% adjustment**

In addition, eligible Tier 5 pensioners, including Tier 5 pensioners in DROP, will have 0.5% deposited in the COLA bank. Pensioners in Tiers 3, 4 or 5 (including DROP) with an effective pension date of July 2, 2006 or later may be subject to a prorated percentage.

COLAs for eligible retirees are based on the movement in the Consumer Price Index (CPI). In accordance with the Charter and the Administrative Code, we use the CPI changes in the

Los Angeles-Riverside-Orange County area for all urban consumers. We look at the change in the CPI from March 1 of the previous year through the end of February of the current year. To obtain that information we call (310) 235-6884, the Bureau of Labor Statistics' hot line or check their Web site at [www.bls.gov/ro9/pachist.html](http://www.bls.gov/ro9/pachist.html).

### History of COLA Percentages



If you have COLA questions, please call Retired Member Services at (213) 978-4495, (800) 787-2489 ext. 84495# or email us at [pen.pensions@lacity.org](mailto:pen.pensions@lacity.org).

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

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

## A Look at Our Current Asset Allocation Plan

At a recent meeting with delegates from the Los Angeles Police Protective League, we were asked about how Los Angeles Fire and Police Pensions (LAFPP) invests the assets of your pension system. In investing the funds of the Pension System, LAFPP follows the asset allocation plan recommended by a consultant and adopted by the Board of Fire and Police Pension Commissioners in 2006. Note that the consultant recommending this plan to us does not have a monetary interest in where we actually invest our assets.

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. This plan is primarily responsible for our long-range investment performance. Over 90% of our performance is due to this plan. The rest is based on the particular managers we select.

# Contact Information: Department of Fire and Police Pensions

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

## Accounting

(for pensioners only)  
(213) 978-4420 (or 84420#)

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

## Communications & Special Projects

(213) 978-4530 (or 84530#)

- Newsletters
- Web page updates

## Medical and Dental Benefits

(213) 978-4560 (or 84560#)

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

## Disability Pensions

(213) 978-4500 (or 84500#)

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

## Service Pensions

(213) 978-4575 (or 84575#)

- Service pension processing and inquiries
- Survivor pensions—retired members
- Retired member records and information

- Change of address (for pensioners only)
- Discontinuance of benefits (on death or other ineligibility)

## Retired Member Services

(for pensioners only)  
(213) 978-4495 (or 84495#)

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

## DROP Administration

(213) 978-4568 (or 84568#)

- Information on the Deferred Retirement Option Program

## Other Ways to Contact Us

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

**Fax** (213) 978-4450

**TDD** (213) 978-4455

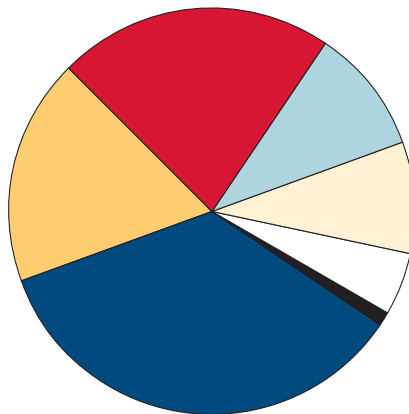
**Email** pen.pensions@lacity.org

**Web Site** www.lafpp.com

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

Assets are periodically rebalanced to achieve the target percent per asset class. All of the System's assets are managed by investment managers, which number approximately 36. As of June 2007, the total assets of the Pension System totaled over \$15.6 billion.

Information on our current asset allocation plan is provided to the right.



- Domestic Stocks: 35%
- International Stocks: 18%
- Bonds: 22%
- Private Equity: 10%
- Real Estate: 9%
- Hedge Fund of Funds: 5%
- Cash: 1%

# Millennium Bill Emergency Care for Veterans

The Department of Veteran Affairs (VA) has the authority to pay for emergency care in non-VA facilities for eligible veterans who are enrolled in the VA health care system. The VA will pay 70% of the rates that Medicare considers "allowable" and the non-VA facility will accept VA payment as payment in full.

## Eligibility

This benefit does not apply to all veterans.

You qualify if you answer "yes" to the following:

- Are you enrolled in VA health care?

- Have you been seen by a VA health care professional within the preceding 24 months?

**And**, you answer "no" to the following:

- Do you carry any form of health insurance coverage, including Medicare, Medicaid or workers' compensation?

This benefit was established as a safety net for veterans who have no other health insurance. The VA strongly encourages veterans to retain any current health care coverage for the following reasons:

- Not all care provided in an emergency room may be considered emergency care;

- Spouses generally do not qualify for VA health care and if insurance is cancelled, the spouse may lose coverage too;
- Veterans could be personally liable for medical bills if they decided to drop their Medicare Part B coverage or their personal health insurance coverage.

Veterans, who have any questions concerning eligibility, should contact their local VA medical center. Call VA's Health Benefit Service Center at (877) 222-VETS (8387) to locate your local medical center.

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Return Service Requested

Los Angeles Fire and Police Pensions  
Mail Stop #390  
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Suite 400  
Los Angeles, CA 90012

