

LAFPP Website
is Getting a
New Look!

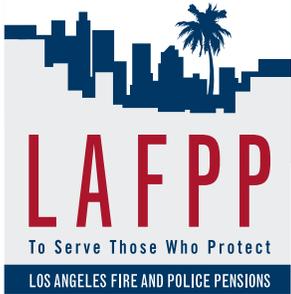
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New DROP
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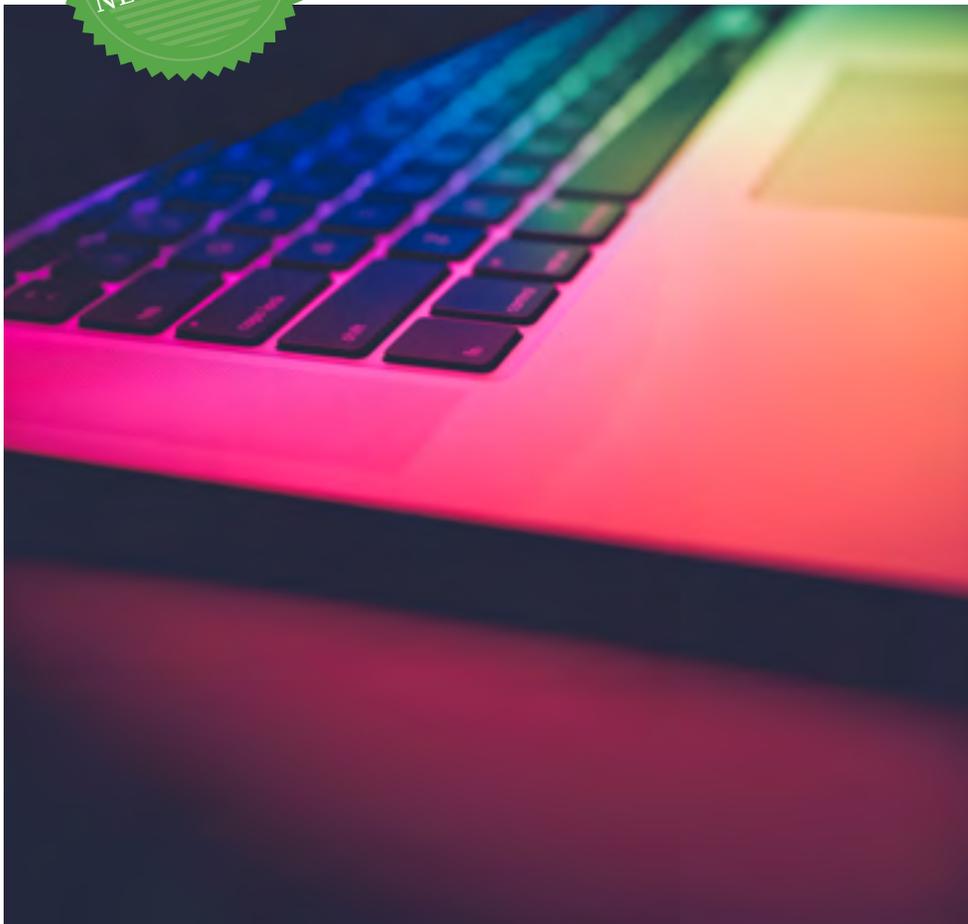


Pension Perspectives



LOS ANGELES FIRE & POLICE PENSIONS

MARCH 2019



A New MyLAFPP is on the Way!

The projected Go-Live date is Spring of 2019!

We are working to bring together one online system for all our participants (Active/DROP, Retired, and beneficiaries) to view their personalized information and access services. Previously, two separate web portals were available to members to access information and services. As a result, MyLAFPP is temporarily disabled (blackout period) until Spring 2019.

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2018 Annual Report is
Available at LAFPP.com

General Manager's Message



Greetings and welcome to the Spring edition of Pension Perspectives! This edition contains a number of key articles and announcements that will keep

members informed of the recent activities of LAFPP.

First, we want to welcome Commissioner Paul Weber to the Board of Fire and Police Pension Commissioners. Commissioner Weber is the new Police Department Employee Member of the Board after Commissioner Robert von Voigt resigned (and retired) at the end of September 2018. LAFPP is looking forward to Commissioner Weber's tenure on the Board and we also want to wish Commissioner von Voigt the best in retirement.

Additionally, we are pleased to announce the fund's rate of return for the Fiscal Year ending June 30, 2018 was 9.91% and our assets totaled \$22.3 billion at year end! For more investment and other information, please visit our website to view our 2018 LAFPP Annual Report for the fiscal year ending June 30, 2018.

Staff continues to work diligently to update the new and improved MyLAFPP, our member self-service portal. MyLAFPP will allow both Retired and Active/DROP members to log in and view their personalized pension plan information. Our goal is to present the new MyLAFPP by Spring of 2019. Look for future announcements via U.S. mail and email.

As always, please do not hesitate to contact us should you have questions regarding your pension benefits or retiree medical and dental plan options.

Ray Ciranna, General Manager

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In the coming weeks, you will receive a special notice with instructions on how to log into MyLAFPP and the information and services that will be available to you in the new system. Be sure to keep your mailing address and email address updated with us.

For assistance with information not accessible from MyLAFPP during this blackout period, please contact the appropriate section found on page 11.

We thank you in advance for your patience and understanding as we work through the upgrade of MyLAFPP.

LAFPP.com is getting a **New Design!**

The goal of our new website is to provide you with an easy-to-navigate design to quickly find the information you need. You will have better access to:



- Benefit information
- Current pension topics
- Newsletters, Summary Plan Descriptions, Handbooks
- Seminars, Workshops and other services offered
- Board Meeting information and news
- Investment Information and Financial Reports
- Pension benefit information videos

The new LAFPP.com will also provide access to MyLAFPP, our member self-service portal, which will be prominently displayed on the homepage.

We will continue to communicate regularly through our current website and social media accounts for any updates and information while the new website is being developed.

FOLLOW US

 @lafirepolicepensions

 @lafpp

 @lafpp

NEW DROP REQUIREMENTS

New requirements are in effect for members who enter the DROP Program on or after February 1, 2019:



- Any member who enters DROP on or after February 1, 2019, shall have his or her participation in DROP suspended for any calendar month in which he or she does not spend at least 112 hours on active duty status;
- For any participant who sustains a serious injury on duty and is admitted to the hospital for a minimum of 3 consecutive days as a direct result of that injury, participation shall not be suspended during the first 12 calendar months following the date of injury;
- Any member whose participation is suspended shall be eligible to participate in DROP for a maximum of 30 additional months beyond the original participation period. The participation period shall only be extended for as many months as the member's participation was suspended;
- No interest accrues on the DROP account following the initial 5-year/60-month participation period, including any periods of participation suspension.

Frequently Asked Questions

Q. What if I am already in DROP, do these changes affect me?

A. No. The changes only affect members who enter DROP on or after February 1, 2019.

Q. Is the 112-hour active duty requirement counted in calendar or work hours?

A. Calendar hours.

Q. What time counts as a working hour?

A. You can use hours worked (HW), vacation (VC), preventative medicine (PM) and time off (TO) as part of the 112 hours. The City and labor unions have agreed on the list of timekeeping codes that will count toward the 112-hour active duty requirement.

Q. What time does not count as a working hour?

A. Sick time (SK), family illness (FI) and Injury on Duty/Workers' Comp time will not count towards your 112 working hours. There is an exception, however, if you are hospitalized for 3 or more days as a direct result of an on-duty injury (see above summary).

Q. Does overtime count toward my working hours?

A. You cannot use overtime toward your working hours, but if you bank your hours and take them as TO, those hours will count.

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Q. If I don't work the 112 hours will I be immediately terminated from the DROP Program?

A. No. A participant can work up to the full 5 years while in DROP. Within the 5 years, any month with less than 112 active duty hours is not eligible for DROP pension accrual (i.e., your participation is suspended for that month and nothing is "deposited" to your DROP account that month). The months ineligible for pension accrual can be made up at the end of the 5-year standard DROP period, for up to a maximum of 30 additional months beyond the original 5-year participation period.

Q. Where does my money go if I fail to meet the 112-hour active duty requirement?

A. While it is common to refer to DROP credit being earned in the form of a payment or check, it is not in fact a payment or a check. While in DROP, you get credit in your individual DROP account once you have earned the credit; but the actual money stays in the LAFPP trust fund. If you fail to meet the 112-hour requirement during a calendar month, your DROP account will not receive a pension credit for that month. However, the funds remain in the LAFPP trust fund.

Q. Will the months I make up be subject to the 5% interest?

A. No. The 5% interest is only for the first five years in DROP. Any extension beyond the five-year DROP period would not earn the 5% interest. Extensions beyond the five-year DROP period would only receive cost of living adjustments to your pension.

Q. Will my DROP account from the initial 5-year period continue to accrue interest while I'm making up any months?

A. No. Your DROP balance from the initial 5-year period will be frozen and not collect interest during your extended make-up time.

Q. What if I enter DROP in the middle of the month or exit DROP in the middle of the month?

A. You must be on "active duty status" for a minimum of 112 hours in a calendar month to be credited with a DROP deposit for that month, regardless if it is at the beginning or end of your DROP period.

Q. Will the timing of DROP payouts be impacted by these new provisions?

A. Yes, under the new provisions LAFPP must confirm with the City's payroll system (PAYSR) that you met the 112-hour active duty threshold in your final pay period. Depending upon your DROP exit date, this may delay the payout of your DROP lump sum for a *minimum of 1 month*.

Q. Will I earn interest on my DROP balance while the final pay period is being verified?

A. No. The terms for crediting interest remain unchanged. No interest accrues after a member's DROP exit effective date.

Q. If I do not agree with the changes to the DROP Program, can I appeal?

A. No. The DROP Program is an optional, voluntary program that provides LAFPP sworn members with an additional way to save for their retirement years. No member is required to participate.

For more information on the DROP Program, please visit our [DROP Information page](#).

NEW HEALTH AND DENTAL PLAN CONTRACTS

For many years, the administration of health and dental insurance plans for LAFPP retired members and eligible beneficiaries has been provided by the Los Angeles Firemen's Relief Association (LAFRA), the Los Angeles Police Relief Association (LAPRA), the United Firefighters of Los Angeles City (UFLAC), and the Los Angeles Police Protective League (LAPPL) via operating agreements. As of November 1, 2018, formal contracts were established with LAFRA, LAPRA, UFLAC, and LAPPL (collectively, "the Associations"), as the LAFPP Board-approved health and dental plan administrators. With the new contracts in place, for the current enrollment year, previously approved PPO, HMO, or Kaiser plans will continue to be eligible for health and/or dental subsidies paid on a member's behalf.

LAFPP looks forward to a more solidified relationship with the Associations. Throughout the year, the Board of Fire and Police Pension Commissioners (Board) will work with the Associations to meet the contractual obligations agreed upon by all parties. New methods of communication between LAFPP and the Associations will provide tools to advance retiree health and dental benefits, as well

as improve opportunities to reduce any disparities among members. As a result, the Board will be able to provide the appropriate oversight necessary to ensure a fair and affordable healthcare program for you and your family.

One of the most significant anticipated outcomes of the new working relationship between LAFPP and the Associations is increased transparency. LAFRA, LAPRA, UFLAC, and LAPPL have agreed to present annual reports to the Board in advance of the start of each health/dental plan year. These annual reports will include critical information on the health and dental plans that each Association administers, including plan pricing and cost reimbursement, pharmaceutical benefits, plan design, and any premium and administrative fee changes. This timely information will allow the Board to consider and approve each health and dental plan as eligible for subsidies to be paid on behalf of members. All presentations will be provided in an open, publicly-noticed Board meeting so that plan participants can receive additional insight about their medical and dental plan coverage, benefit level changes, and other factors that impact their benefits.

All four Associations are anticipated to present their health and dental plans to the

Board by June 30, 2019. If you are interested in attending a future retiree health/dental plan presentation, please check the LAFPP website at lafpp.com for updates and posted Board meeting agendas.

In cooperation with each Association, for further transparency, LAFPP will also have the opportunity to review claims data. All information shared will be treated with the highest level of sensitivity and confidentiality. First, and foremost, claims data will be aggregated and de-identified to ensure the privacy of members. Secondly, the majority of claims data will be provided in the form of non-individual financial reporting. Ultimately, it is the Board's hope that the provided information will confirm the value of each health and dental plan available to members, explain any inequities among plans, and support the need for any cost increases to participants and the Plan.

LAFPP has contacted each Association and is currently working with all of them to begin the claims data analysis process, as specified in their current contracts. LAFPP looks forward to working with the Associations collaboratively and effectively towards the shared goal of providing fair, high-quality, affordable health plans for all LAFPP members and eligible beneficiaries.

2018 VALUATION Results

FOR THE FISCAL YEAR ENDING JUNE 30, 2018, ON AN ACTUARIAL BASIS, LAFPP IS 92.9% FUNDED FOR PENSION BENEFITS AND 51.3% FUNDED FOR HEALTH BENEFITS, AN INCREASE OF 1.4% FOR PENSION BENEFITS AND 2% FOR HEALTH BENEFITS. THE COMBINED FUNDED STATUS OF PENSION AND HEALTH BENEFITS IS 86.9%, AN INCREASE OF 1.3% FROM THE PREVIOUS YEAR.

An actuarial valuation is conducted once a year to determine whether the Plan's assets and the employer (which is the City) and member contributions are sufficient to provide member benefits.



A schedule of benefits, membership data, and a set of actuarial assumptions (e.g., life expectancy, inflation, salary increases, etc.) are used to estimate the cost of benefits. The study also includes the calculation of the City's contribution rate for the next fiscal year. The City will contribute an amount equal to: 1) the employer's share of defined entry-age normal costs (designed to fund a member's total plan benefit over the course of his/her career); 2) the percentage necessary to amortize the unfunded liability of the System (the Plan's obligations in excess of the Plan's projected assets); and 3) the amount to provide for health and dental plan subsidies.

The aggregate employer contribution rate (the City, the Harbor Department, and the Airport Department combined) for FY 2019-20 is as follows (assumes payment is made on July 15, 2019):

PENSION BENEFITS – 34.37% of sworn payroll, an increase of 0.3% from FY 2018-19

HEALTH BENEFITS – 12.82% of sworn payroll, an increase of 0.16% from FY 2018-19

Based on the City's, Harbor Department's, and Airport Department's budgeted sworn payroll for FY 2018-19 of \$1.5 billion, the total employer contribution for FY 2019-20 is estimated to be \$702.2 million. The final contribution amount will be determined in late May 2019 when the budget is adopted by the Mayor and City Council. We will present the final budget to the Board on June 20, 2019.

**2018 ANNUAL
REPORT IS
AVAILABLE AT
LAFPP.COM**



The 2018 Annual Report for the fiscal year ending June 30, 2018, is available on our website. Please check the *Financial Reports* section of www.lafpp.com, located under the *About LAFPP* menu, to view this and other reports.

PURCHASE SERVICE CREDIT REMINDER

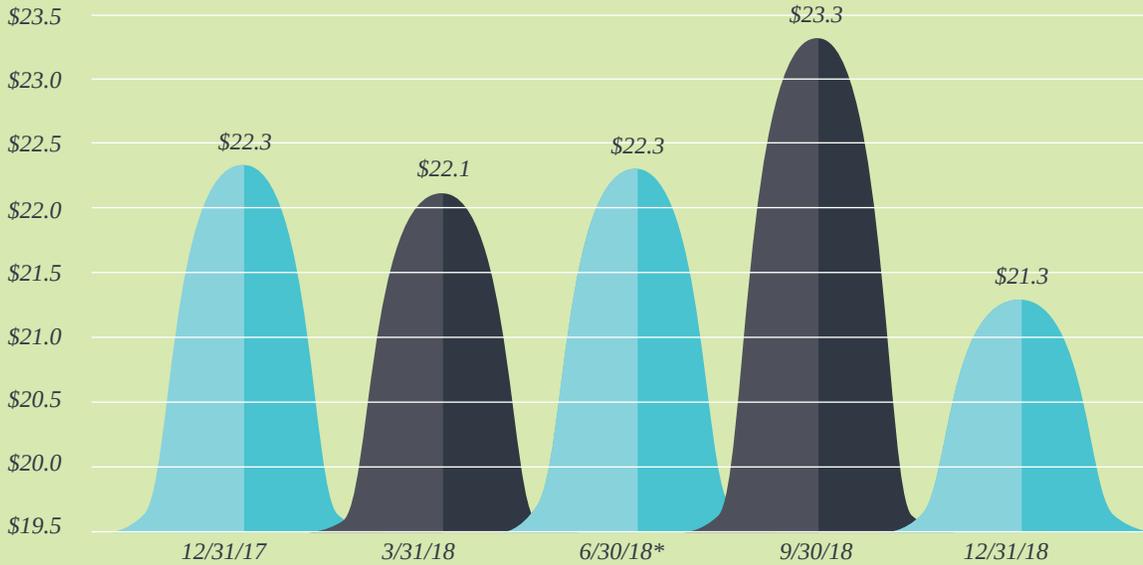
If you are planning to retire on a service pension or enter DROP soon, you must complete all purchases of service credit prior to retirement or your DROP entry. The entire process could take 2-3 months! If you have any service purchase questions or would like a cost estimate, please contact Active Member Services at (213) 279-3140 or by email at amssection@lafpp.com.

Fast Facts!

As of December 31, 2018*

INVESTMENT PORTFOLIO

MARKET VALUE (IN BILLIONS)



Except where noted, the information is unaudited.

More information for this period is available at lafpp.com in the About LAFPP and Investments sections.

*Market value for 6/30/2018 is audited.

DROP PROGRAM

Total Entries <i>FY thru 12/31/2018</i>	226
Fire	74
Police	152
Harbor Port Police	0
Airport Police	0
Total Exits <i>FY thru 12/31/2018</i>	66
Fire	13
Police	52
Harbor Port Police	1
Airport Police	0
Total Current Participants	1,604

MEMBERSHIP

Total Membership	26,180
Active Members (including DROP)	13,070
Service Pensioners	8,655
Disability Pensioners	1,987
Qualified Survivors	2,468

*This information is unaudited.

SPECIAL ELECTION *Results*

POLICE DEPARTMENT EMPLOYEE MEMBER OF THE BOARD

LAFPP welcomes Commissioner Paul M. Weber, the Police Department Employee Member of the Board of Fire and Police Pension Commissioners! Commissioner Weber is a 34-year veteran of the Los Angeles Police Department and currently serves as a Captain at the Devonshire Station. On October 4, 2018, Commissioner Weber was sworn-in at the Board meeting to fulfill his fiduciary responsibilities as a Board member.

On August 28, 2018, a special election was held to fill the vacancy created by former Commissioner Robert von Voigt, who resigned from the Board effective September 30, 2018, as a result of his retirement from the LAPD. Commissioner Weber won a plurality of the votes cast in the special election and will serve the remaining 21 months of a 5-year term ending June 30, 2020.

Commissioner Weber has a strong background in public safety labor management

issues. For 11 years, he was a Director with the Los Angeles Police Protective League, representing pension matters among many others, on behalf of over 9,900 dedicated and professional sworn members of the Los Angeles Police Department. For several years, he also served as the Union President.

Welcome Commissioner Weber and congratulations on your election!

BOARD DIRECTORY

The Board of Fire and Police Pension Commissioners consists of nine members: five members appointed by the Mayor and four members elected by active and retired Plan members. In governing the System, the Board is committed to acting in strict accordance with its fiduciary duties, including those of prudence, loyalty and care.

COMMISSIONER	APPOINTED/ELECTED	TERM EXPIRATION
Corinne T. Babcock PRESIDENT	Appointed by the Mayor	June 30, 2019
Adam Nathanson VICE PRESIDENT	Appointed by the Mayor	June 30, 2020
George V. Aliano	Elected by Retired Police Members	June 30, 2019
Kenneth E. Buzzell	Elected by Retired Fire Members	June 30, 2020
Ruben Navarro	Elected by Active Fire Members	June 30, 2022
Brian Pendleton	Appointed by the Mayor	June 30, 2023
Pedram Salimpour, MD	Appointed by the Mayor	June 30, 2022
Belinda M. Vega	Appointed by the Mayor	June 30, 2021
Paul M. Weber	Elected by Active Police Members	June 30, 2020

For additional Board information, please visit www.lafpp.com/board.

2019 CALENDAR

HOLIDAY SCHEDULE

May 27	Memorial Day
July 4	Independence Day
September 2	Labor Day
October 14	Indigenous Peoples Day
November 11	Veterans Day
November 28–29	Thanksgiving
December 25	Christmas Day

Our offices will be closed on these holidays, but you can still find information on our website.

BOARD MEETINGS

April 4 & 18	September 5 & 19
May 2 & 16	October 3 & 17
June 6 & 20	November 7 & 21
July 3* & 18	December 5 & 19
August 1 & 15	

Please check the *Board of Administration* section of lafpp.com/calendar/month for meeting information.

*Special Board Meeting

Our staff is available to assist you Monday through Friday (excluding City holidays) from 8:00 am to 5:00 pm PT. Please refer to the following information to contact us. When calling our toll-free number, (844) 88-LAFPP, please enter the extension number as detailed below.

DEPARTMENT DIRECTORY

ACTIVE MEMBER SERVICES

(213) 279-3140
(toll-free ext.: 93140)
(213) 628-7716 (Fax)

- Annual Member Statements
- Beneficiary Designations
- Contribution Accounts
- Dissolution of Marriage Information
- Domestic Partnership Filing
- Refund of Contributions
- Request to Purchase Service Credit
 - Military or Other Government Service (PSP)
 - Recruit Training Time
 - Other Service Credit

COMMUNICATIONS & EDUCATION

(213) 279-3155
(toll-free ext.: 93155)
(213) 628-7716 (Fax)

- Annual Report
- MyLAFPP
- Newsletters
- Social Media (e.g., Facebook, Twitter)
- Website
- Financial Planning Education Seminars & Benefit Presentations

DISABILITY PENSIONS

(213) 279-3165
(toll-free ext.: 93165)
(213) 628-7782 (Fax)

- Disability Pension Inquiries, Processing and Reviews
- Review of Dependent Children/Parent Qualifications

DROP/SERVICE PENSIONS

(213) 279-3100
(toll-free ext.: 93100)
(213) 628-7716 (Fax)

- DROP – Information on the Deferred Retirement Option Plan
 - DROP Entry/Exit Inquiries & Processing
 - DROP Member Beneficiary Designation
- Service and Deferred Pension Inquiries and Processing

CONTACT US

Address	701 East 3rd Street Suite 200 Los Angeles, CA 90013
Main	(213) 279-3000
Fax	(213) 628-7716
Toll Free	(844) 88-LAFPP (52377) (For calls originating inside the USA only.)
TDD	(213) 628-7713
Email	pensions@lafpp.com
Website	www.lafpp.com