



Pension Perspectives

JUNE 2004

Newsletter for Los Angeles City Fire & Police Active Members

Purchasing Service Credit for Pension Purposes

If you are an active member of Tier 2, 3, 4, or 5 of the Fire & Police Pension Plan, you may be able to increase your years of service credit for pension purposes. The following are the only types of pension credit you can purchase depending on your tier membership.

	Drill Tower Police . Academy Training Time	Prior Service as Paramedic	Workers' Compensation Under State Rate	Time Spent on Nonservice Connected Disabilities	Prior Service	Lost Service Time
Tier 2	N/A ¹	No	N/A ²	N/A ³	Under Tiers 1 & 2	Yes
Tier 3 & Tire 4	Yes	As a paramedic under LACERS	Yes	Yes	Under Tiers 1, 2, 3 or 4	No
Tier 5	Yes	As a paramedic under LACERS ⁴	Yes	Yes	Under Tiers 1, 2, 3, 4 or 5	No

¹ Not applicable – Tier 2 members' recruit training time is included in Years of Service.

² Not applicable – Workers' compensation time is not deducted from Years of Service for Tier 2 members.

³ Not applicable – Under certain conditions, Tier 2 members may be credited for time spent on a disability pension. Please refer to the Tier 2 Summary Plan Description for details.

⁴ Prior Tier 2 members who transferred to Tier 5 cannot purchase prior Paramedic time

Why Purchase the Time?

- Purchasing this time can bring you closer to the minimum years required for a service pension, depending on your Tier.
- Purchasing time will always add to your service pension percentage up to the allowed maximum pension percentage for your Tier.
- Purchasing this time will bring you closer to having five years of service, which is when you become eligible for nonservice-connected disability benefits.

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For example, if you are a member of Tier 3 or Tier 5 with slightly less than five years of service and suffer a nonservice-connected, career-ending injury while skiing, the only benefits provided will be a refund of contributions. (Tier 4 members are not eligible for a refund of contributions upon termination of employment.) If you had purchased your recruit training time, this might have given you five years of service, i.e., enough to qualify for a nonservice-connected disability pension. (Coverage for service-connected

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disability and death benefits begins upon graduation from recruit training.)

- Purchasing this time can bring you closer to the five-year threshold for a nonservice-connected lifetime survivor pension.

How Do I Pay for This Time?

You can purchase your service credit:

- 1 in a lump sum amount by issuing a personal check; or
- 2 in installments through payroll deduction; or
- 3 in a lump sum amount by transferring your Deferred Compensation funds to the Plan.

If a member chooses to purchase service credit through a contract (payroll deduction), the minimum deduction per pay period is \$35. Interest will be added if the purchase is made more than one year after your graduation from recruit training. There also is an 8.5% annual service charge if you pay in installments rather than in a lump sum.

You must be an active member to be able to purchase service credit. If you are facing termination and need to purchase time to meet the minimum requirements to be eligible for a pension or for any other reason, please contact our office prior to the effective date of termination to make arrangements to purchase your service credit.

For further information, please contact the Active Member Services Section at (213) 978-4522. ■

Notice to DROP Participants with Spouses

If you had a marriage that ended in dissolution and your former spouse was awarded any interest in your pension, you may have to split your DROP account with your “ex”.

Once you enter DROP, you do not earn any more pension benefits. So as far as the Fire & Police Pension Plan is concerned, you are considered “retired” except that you continue to work and your service pension is paid into your DROP account instead of being paid directly to you. Unless it is very recent, it is very unlikely the order dividing the community property interest in your pension benefits is going to discuss what happens to your DROP account.

Because most court orders divide the community interest in a member’s service pension entitlement, the Retirement Benefits Division of the City Attorney’s Office has advised the Department that such a division would likewise apply to the DROP account (since the funds contained in the DROP account consist of the member’s service pension entitlement). However, before the City Attorney can advise the Department about how your DROP account is to be split, the City Attorney will need to review the language in your court order. If you have any questions or concerns about how your DROP account will be split and you need these questions answered before you decide whether to enter DROP, be sure to give us a copy of your order. We will forward your paperwork to the City Attorney’s Office. The City Attorney will prepare a memorandum for us, as they do after reviewing all court orders dividing pension benefits, indicating how we should split your DROP account.

If you are currently paying your “ex” his/her share of your pension from your paycheck while you continue to work (a so-called “Gillmore order”), the DROP account may well be your separate property—give us a copy of this order for the City Attorney to review. Also, if you believe you were awarded all the interest in your pension and thus should get all of your DROP account, the order will still need to be reviewed.

If the City Attorney’s Office advises us that your court order is not sufficiently clear to determine how your

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DROP account is to be split, you may have to go back to court.

If you are going through a dissolution now—or go through one in the future—have the order specifically address who gets the DROP account or how it is to be split. The Retirement Benefits Division of the City Attorney's Office has sample provisions that reference the DROP account.

Some members who are paying spousal support to an "ex" believe this entitles them to keep what goes into the DROP account. Usually this is not the case, but it depends on the wording of the order. Bring the order in and we can have the City Attorney review it. If you will be returning to court to look into this issue, you can have the proposed order reviewed by the City Attorney's Office.

The Retirement Benefits Division of the City Attorney's Office can be contacted directly at (213) 978-4400. They will be glad to talk to your attorney to answer any questions. ■

Active Member Pension Statement

The Annual Active Member Pension Statements were mailed on June 15, 2004. The statement includes information about your tier, years of service and the contributions you have made to your Pension System.

The statement can be helpful to you in retirement planning and you can provide the statement to financial institutions that need information on your pension benefits. However, please note that you cannot borrow against your pension account.

If you did not receive a statement, it may have been mailed to an old address. If you have moved, please call your Department's personnel office so they can change your records in the City's Payroll System, as we use City Payroll address information in our database. The number to call at Police Personnel is (213) 485-5245. The number to call at Fire Personnel is (213) 485-6077.

To receive a copy of your pension statement, please call the Active Member Services Section at (213) 978-4522. We can be reached between 8:00 AM to 5:00 PM,

Monday to Friday. Or you may visit our office at 360 East Second Street, Suite 400, Los Angeles, CA 90012 to obtain a copy in person. ■

Seminar Information

Available to Active Employees Only!

The Pre-retirement seminars for 2004 have commenced!

We have two formats specifically designed to meet the needs of our active members at different stages of their career:

- **Fine-Tuning Your Retirement Plans:** Developed for active members within 5 years of retirement and emphasizes investment, life change, and estate planning strategies for your retirement years.
- **Planning For Your Future:** Developed for active members earlier in their career and emphasizes savings and investment opportunities available to you to supplement your pension from the Fire & Police Pension Plan.

Advance reservations are required. Invitations to the seminars are mailed based on years of service. The seminars are held on a weekday from 9:00 AM to 4:00 PM. Your spouse or domestic partner is encouraged to attend the seminar with you.

The schedule for the next three seminars in 2004 is as follows:

- Tuesday, June 29, 2004 – Fine-Tuning – Tier 5**
- Tuesday, August 10, 2004 – Fine-Tuning – Tier 5**
- Friday, August 27, 2004 – Fine-Tuning – Tier 5**

You can check the website at www.lacity.org/pen for updates to the schedule.

If you are interested in attending a Planning For Your Future or Fine-Tuning Your Retirement Plans seminar, or have moved since you last signed up, please call Member Services, Communications Section at (213) 978-4523. You may also mail the form on the following page to:

Carol Tavares
Pre-Retirement Program Coordinator
360 E. Second Street, Suite 400
Los Angeles, CA 90012 ■

2004 Pre-Retirement Seminars

If you are interested in attending either seminar, please complete this form and mail it to: Dept. of Fire and Police Pensions, 360 E. Second Street, Suite 400, Los Angeles, CA 90012 (Mail Stop 390). Print all information. Registrants are selected according to seniority. Details regarding date, time and location are provided when you receive an announcement.

Sign me up for: **PLANNING FOR YOUR FUTURE** (Less than 10 years of service)

Sign me up for: **FINE-TUNING YOUR RETIREMENT PLANS** (Within 3 to 5 years of retiring)

Your Name _____

Last 4 Digits of SS# _____

Home Address _____

City/State _____ Zip _____

Home Phone _____

Work Phone _____

Name of Spouse/Domestic Partner _____

Is your spouse/domestic partner an LAPD/LAFD sworn employee? Yes or No

If yes, are they Active or Retired (circle one)

Check here if you have previously attended an LA Fire and Police Pre-Retirement Planning Seminar

Check here if your spouse/domestic partner has previously attended an LA Fire and Police Pre-Retirement Planning Seminar



Department of Fire and Police Pensions
 Mail Stop #390
 360 East Second Street
 Suite 400
 Los Angeles, CA 90012

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Contact Information For Pension Benefit Services

Staff is available Monday through Friday (except Holidays) from 8:00 AM to 5:00 PM to assist you. Please refer to the following directory so that a staff member can address your specific need.

Active Member Services (213) 978-4522

- Annual Member Statements
- Beneficiary Statements
- Contribution Accounts
- Dissolution of Marriage Information
- Domestic Partnership Forms
- Service Credit and Lost Service Time
- Purchases

Communications Section (213) 978-4523

- Benefit Presentations
- Newsletters
- Pre-retirement Seminars
- Web Page Updates

Medical and Dental Plans (213) 978-4560 (pensioners only)

- Health Insurance Subsidy
- Dental Insurance Subsidy
- Health Insurance Premium Reimbursement Program

Disability Pensions (213) 978-4500

- Active Member Deaths/Survivor Pensions
- Disability Application Processing
- Disability Pension Reviews
- Review of Dependent Children and Dependent Parent Qualifications

Service Pensions (213) 978-4575

- Service and Survivor Pension Processing and Inquiries
- Retired Member Records and Information
- Change of Address
- Discontinuance of Benefits (upon death or other ineligibility)

Retired Member Services (213) 978-4495

- Direct Deposit
- Tax Withholding
- Cost-of-Living Adjustments

DROP Administration (213) 978-4568

- Information on the Deferred Retirement Option Program

Other Ways to Contact Us

Fax: (213) 978-4450
TDD: (213) 978-4455
E-mail: pensions@fppen.lacity.org
Website: www.lacity.org/pen

For your convenience, the following forms can be printed from the website: Beneficiary Form Domestic Partnership Declaration Form, Notice of Termination of Domestic Partnership Form, DROP Beneficiary Form, Request to Purchase Service. ■