



Pension Perspectives

APRIL 2005

Newsletter for Los Angeles City Fire & Police Active Members

TEN QUESTIONS TO ASK WHEN CHOOSING A FINANCIAL PLANNER*

You may be considering help from a financial planner for a number of reasons, including simply not having the time or expertise to get your finances in order. Whatever your needs, working with a financial planner can be a helpful step in securing your financial future whether you are active or retired.

The questions below will help you interview and evaluate financial planners to find the one who's right for you. You will want to select a competent, qualified professional with whom you feel comfortable; one whose business style suits your financial planning needs. An interview checklist is provided for your convenience.

1. What experience do you have?

Find out how long the planner has been in practice and the number and types of companies with which the planner has been associated. Ask the planner to briefly describe their work experience and how it relates to their current practice. Choose a financial planner with a minimum of three years' experience counseling individuals on their financial needs.

2. What are your qualifications?

The term "financial planner" is used by many financial professionals. Ask for the planner's qualifications to offer financial planning advice and a list of any financial planning designations, such as "Certified Financial Planner". Look for a planner who has proven experience in financial planning topics such as insurance, tax planning, investments, estate planning or retirement planning. Determine what steps the planner takes to stay abreast of changes and developments in the financial planning field. If the planner holds a financial planning designation, check the planner's background with the:

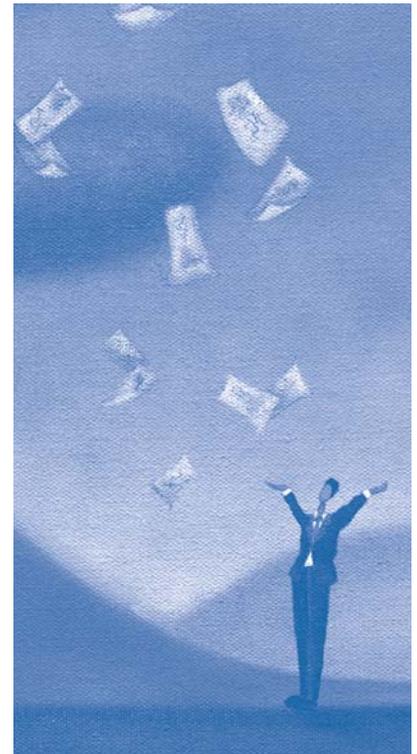
Certified Financial Planner Board of Standards
1670 Broadway, Suite 600
Denver, CO 80202
(888) CFP-MARK (237-6275)
www.cfp.net

* Based on information from the Certified Financial Planning Board website. You can find that and additional information at www.cfp.net.

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3. What services do you offer?

The services a financial planner offers depend on a number of factors, including credentials, licenses and area of expertise. Financial planners cannot sell insurance or securities products such as mutual funds or stocks without the proper licenses, or give investment advice unless registered with state or federal authorities. Some planners offer financial planning advice on a range of topics but do not sell financial products. Others may provide advice only in specific areas such as estate planning or on tax matters.

4. What is your approach to financial planning?

Ask the financial planner about the type of clients and financial situations they typically deal with. Some planners prefer to develop one plan by bringing together all of your financial goals. Others provide advice on specific areas, as needed. Make sure the planner's viewpoint on investing is not too cautious or overly aggressive for you. Some planners require you to have a certain net worth before engaging their services. Find out if the planner will carry out the financial recommendations developed for you or refer you to others.

5. Will you be the only person working with me?

The financial planner may work with you or have assistants to provide services. You may want to meet everyone who will be working with you. If the planner works with other professionals (such as attorneys, insurance agents or tax specialists) to develop or carry out financial planning recommendations, get a list of their names to check their backgrounds.

6. How will I pay for your services?

As part of your financial planning agreement, the financial planner should clearly explain in writing how they are paid. Planners can be paid in any of several ways:

- A company salary. The planner's employer receives payment from you or others, in either fees or commissions, to pay the planner's salary.
- Fees based on an hourly rate, a flat rate, or a percentage of your assets and/or income.
- Commissions paid by a third party from the products sold to you to carry out the financial planning recommendations. Commissions are usually a percentage of the amount you invest in a product.
- A combination of fees and commissions whereby fees are charged for the amount of work done to develop financial planning recommendations and commissions are received from any products sold. In addition, some planners may offset a portion of the fees you pay if they receive commissions for carrying out their recommendations.

7. How much do you typically charge?

Although the amount you pay the planner will depend on your particular needs, the financial planner should be able to provide you with an estimate of possible costs based on the work to be performed. Such costs would include the planner's hourly rates, flat fees or the commission percentage on products you may purchase as part of the financial planning recommendations.

8. Could anyone besides me benefit from your recommendations?

Some business relationships or partnerships that a planner has could affect their professional judgment while working with you, inhibiting

the planner from acting in your best interest. Ask the planner to provide you with a written description of their conflicts of interest. For example, financial planners who sell insurance policies, securities or mutual funds have a business relationship with the companies that provide these financial products. The planner may also have relationships or partnerships that should be disclosed to you, such as commission or fees they receive for referring you to an insurance agent, accountant or attorney for the implementation of planning suggestions.

9. Have you ever been publicly disciplined for any unlawful or unethical actions in your professional career?

Several government and professional regulatory organizations, such as the National Association of Securities Dealers (NASD), your state insurance and securities departments, and the CFP Board keep records on the disciplinary history of financial planners and advisers. Ask what organizations the planner is regulated by, and contact these groups to conduct a background check. (See list.) All financial planners who registered as investment advisers with the Securities and Exchange Commission or state securities agencies, or who associated with a company that is registered as an investment adviser, must be able to provide you with a disclosure form called Form ADV or the state equivalent of that form.

10. Can I have it in writing?

Ask the planner to provide you with a written agreement that details the services that will be provided. Keep this document in your files for future reference.

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TO CHECK THE DISCIPLINARY HISTORY OF A FINANCIAL PLANNER OR ADVISOR

Certified Financial Planner Board of Standards (888) CFP-MARK (237-6275)

North American Securities Administrators Association (888) 84-NASAA (62722)

National Association of Insurance Commissioners (816) 842-3600

National Association of Securities Dealers (800) 289-9999

Securities and Exchange Commission (800) 732-0330

Certified Financial Planner Board of Standards

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DEPENDENT CHILD

Be Prepared!

A Dependent Child is a child of a member who became mentally or physically disabled before turning age 21 and is not capable of earning a living. If you have a dependent child, he or she could be eligible for a pension in the event of your death. However, a dependent child who marries, who is subsequently adopted, or whose disability ends is no longer considered a dependent for pension purposes.

It is important that you collect the information to document the disabling condition such as medical records, school records, assisted living or institutionalization records, etc. It may be difficult for you to obtain documentation

confirming the child's disability if several years have passed. In the event of the member's death, the documents should be readily available to present to the Department of Fire and Police Pensions to prevent unnecessary delays in providing a benefit if eligible. (Documentation cannot be accepted by Pensions until after the member's death.)

Along with providing records to document the disabling condition, you will need to provide other documentation to Pensions where applicable, such as:

- Birth Certificate
- Marriage Certificate

- Dissolution Decree
- Guardianship/Conservatorship papers
- Written request for the child to be granted dependent child status

The actual processing of a claim to establish dependent child status cannot commence until the death of the member, however, the process can be expedited by the member collecting as many of the documents as possible while they are still alive and establishing plans for a guardian/conservator.

If you have any questions regarding dependent child(ren), please contact the Disability Section at (213) 978-4500. ■

BENEFICIARY FORM

Keep it Current

FACT CORNER

Did you know....

... that you are not penalized for using your Deferred Compensation money to purchase time for pension credit (recruit time, prior service, worker's compensation, etc.)?

... that only Tier 2 members can purchase Lost Service Time (a.k.a. "Bad Time")?

... that you must submit a change of address with personnel sections of your department (LAFD/LAPD)? We download your address records from your department so you have to make the change with them. For LAFD: Please complete a roster change "F8 Form" in accordance with the procedures in the Fire Department Manual of Operations. For LAPD: Please contact (213) 485-5245. ■

It is important to keep your Beneficiary Form current and updating your designation is simpler than you think.

First, you can obtain a form by printing it off the website at www.lacity.org/pen, contacting Active Member Services at (213) 978-4522 or walking into the office at 360 E. Second Street, Suite 400 in Los Angeles. We also mail out beneficiary forms with the Annual Statements.

The front page of the form, spaces numbered 2 and 4, requests information regarding your qualified survivors. You will need birthdates, marriage dates, dissolution dates and social security numbers wherever applicable.

On the back side of the form, space number 5 is where you designate your beneficiary. It is important that you name a person or persons in this space who will, upon your death, receive a refund of your retirement contributions plus interest, in the event there is no one qualified for a pension benefit. (A pension benefit and a refund of contributions, including interest, are two different things.) The information you put on the front page of this form does not name a beneficiary, it provides information regarding your qualified survivors. You must fill out space number 5 to name a beneficiary.

Space number 6 is a spousal waiver, which is optional. The member's spouse would complete this portion only if they agree to forfeit their community property interest in the member's retirement contributions. If the member's spouse agrees to sign the waiver, this signature must be notarized.

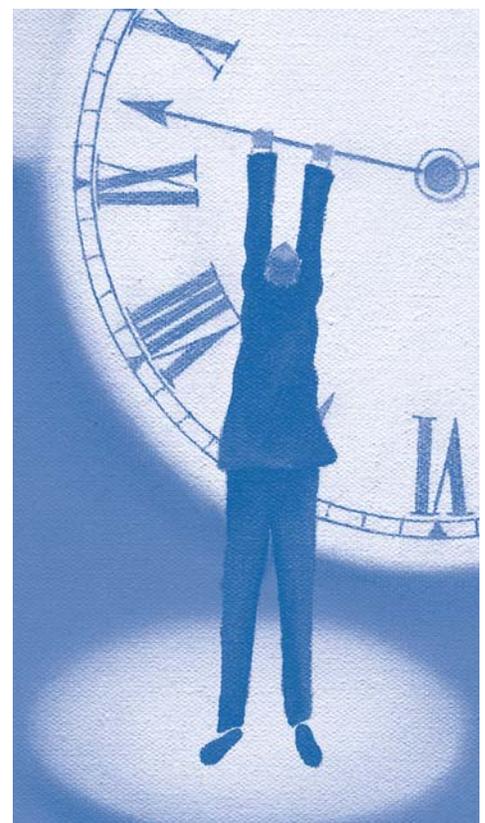
Finally, in space number 7, the member must sign and date the form. (This signature does not need to be notarized.)

Helpful Hints:

- Please read the instructions carefully.
- Fill the form out in ink, not pencil. If you make a mistake, cross it out with one line and initial the correction.
- Even though you filled out the information on the front page, you must specify your beneficiary in space number 5.
- When designating more than one beneficiary, your contributions will be divided equally among your primary beneficiaries, unless you indicate otherwise.
- The primary beneficiary(ies) is your first choice. The contingent beneficiary(ies) is your second choice and is designated in the event your primary beneficiary is unable to collect the refund of contributions.
- Remember to sign and date the form.

Any new beneficiary form you fill out will supersede the last form on file. We update our computer systems to reflect the information on the last beneficiary form the Department received. In April 2005, we will mail blank beneficiary forms with the annual member statements to assist all members to update their beneficiary designation.

If you have any questions on beneficiary designation, please contact Active Member Services at (213) 978-4522. ■



CONTACT INFORMATION

Department of Fire and Police Pensions

Staff is available Monday through Friday (except Holidays) from 8:00 AM and 5:00 PM to assist you. We changed offices and telephone numbers in early 2002. Please refer to the following directory so that a staff member can address your specific need.

(213) 978-4522 Active Member Services

- Annual Member Statements
- Beneficiary Statements
- Contribution Accounts
- Dissolution-of-marriage Information
- Domestic Partnership Forms
- Service Credit and Bad Time (Lost Service Time) Purchases

(213) 978-4523 Member Communications

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

(213) 978-4560 Medical and Dental Plans (for Pensioners only)

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

(213) 978-4500 Disability Pensions

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

(213) 978-4575 Service Pensions

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

(213) 978-4495 Retired Member Services (for Pensioners only)

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

(213) 978-4568 DROP Administration

- 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

Address: 360 E. Second Street, STE 400
Los Angeles, CA 90012

Mail Stop: 390

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

Pending Legislation

Check our website at www.lacity.org/pen for information and an analysis on pending State legislation to change Defined Benefit plans to Defined Contribution plans. ■

OTHER NUMBERS YOU MAY NEED

- | | |
|---|---|
| Deferred Compensation | Police Relief Association |
| ■ Great-West Retirement Services
(888) 457-9460 | (888) 252-7721 |
| Fire Relief Association
(800) 244-3439
(213) 380-8524 | United Firefighters of Los Angeles City
(213) 489-1300 ■ |
| Police Protective League
(213) 251-4554 | |

POLICE DEPARTMENT ACTIVE BOARD MEMBER ELECTION

The term of office for the Police Department Active Member of the Board of Fire and Police Pension Commissioners ends on June 30, 2005. The City Clerk, in conjunction with the Department of Fire and Police Pensions, is conducting an election for the next five-year term.

The election is scheduled for Tuesday, April 26, 2005. The election is open to all qualified, sworn members of the Police Department who are active at least 30 days prior to the April 26 election. Members hired within 30 calendar days of the election may cast ballots in person with the Election Division of the City Clerk's Office, after securing a certificate from the Personnel Department verifying their employment. DROP participants are eligible to vote in this election.

The following is a brief description of the election process:

- Active member candidates from the Police Department must submit nominating petitions signed by at least 100 employees of the LAPD who are active members of the pension plan. Nominating petitions were available in the City Clerk's Office on March 1, 2005. The signed petitions were submitted to the City Clerk by March 14, 2005.
- Candidates had the option to submit a statement to the City Clerk describing their background and qualifications for the position not to exceed 250 words.
- The City Clerk prepares a ballot with the names of all candidates and mails the ballot and the qualification statements to qualified voters.

Please note that we will be conducting the election through the mail. We will use the most current address on file. It is important that you keep your address current. To update your address, please fill out a Form 138 and send it to the Personnel Division of the Los Angeles Police Department, Parker Center, Room 506, Los Angeles, CA 90012.

Questions concerning the election may be directed to the Administrative Services Division of the Department of Fire and Police Pensions at (213) 978-4438. ■

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