



Pension Perspectives

MAY 2006

Newsletter for Los Angeles City Fire & Police Active Members

MESSAGE FROM THE GENERAL MANAGER

Member Service is a priority for us. We strive to answer your questions and service needs promptly and efficiently. Just as the public relies on you, we are here to provide the pension based services you have earned and deserve, and to improve on those services in a cost effective and useful manner.

For example, over the next few months, we will be working on changes to our Web page and systems to provide you an easy to use data base where you will have 24/7 access to such information as your contributions to the system, years of service and DROP account balances. By the time we send out our next newsletter, we should have this information available to you in a secure Internet environment, similar to the way you access online services from your credit union.

For information on one of our Pre-Retirement Planning Seminars, visit our Web site at www.lacity.org/pen, or call Carol Tavares at (213) 978-4523. If you are having a training day and would like a presentation from a member of our Communications and Special Projects Section, give Carol a call.

We are committed to giving you the best service a pension plan can provide. A listing of the variety of services we provide, with contact names and phone numbers, is provided on page 7 of this newsletter. Should you have a concern about a service issue and need to contact me, my e-mail address is mperez@fppen.lacity.org. ■

Michael A. Perez
General Manager
Department of Fire and Police Pensions

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DROP—Now and Looking Ahead to 2007

DROP Update

DROP is currently available for **ALL** eligible members until April 30, 2007 and you may participate in DROP up to a maximum of 60 months (5 years). Current eligibility requirements are:

Tier 2 or Tier 4: at least 25 years of service, no age minimum

Tier 3 or Tier 5: at least 25 years of service and at least age 50.

The City Administrative Officer (CAO) and the Los Angeles Police Protective League (LAPPL), the United Firefighters of Los Angeles City (UFLAC) and the Los Angeles Port Police Association (LAPPA*) have signed Letters of Agreement to extend DROP for a five-year period (until April 30, 2012) for *only* the following members of the Fire and

Police Pension Plan, if all other eligibility requirements have been met:

Police Department - Classifications of Lieutenant and below;

Fire Department - Classifications of Fire Captain and below;

Harbor Department - Classifications of Port Police Sergeant and below.

An actuary will evaluate DROP at the end of the first five-year period (April 30, 2007). If the actuary determines that DROP is not cost neutral, the City and the unions will negotiate adjustments to the program. These adjustments would be effective on May 1, 2008. If the City and the unions cannot agree on necessary plan adjustments by

March 1, 2008, the City will suspend new entrants into DROP until an agreement is reached.

** The LAPPA represents sworn members of the Harbor Department who have transferred to Tier 5.*

For Participants Exiting DROP in 2006

Please contact your employing department to make an appointment to obtain a "Letter Of Intent to Exit DROP" (LOI), if you plan to terminate active employment and your participation in DROP during the calendar year 2006. Fire Department members should call (213) 978-3750 and Police Department members should call (213) 485-4054. (A LOI is not required for Harbor Department

If elected DROP exit date is:	the close of September 30, 2006	the close of September 16, 2006
Contact Employing Department to make appointment to obtain LOI to exit DROP	June 1-21, 2006	June 1-21, 2006
Contact LAFPP to make appointment to receive personal counseling or have forms mailed to exit DROP	June 22-July 15, 2006	June 22-July 15, 2006
Meet with LAFPP staff for DROP exit counseling	by July 30, 2006	by July 30, 2006
Submit LOI to exit, DROP Distribution Election Forms, tax withholding card, direct deposit card	by September 1, 2006	by September 1, 2006
Last day interest accrues/credited to account	September 30, 2006	September 16, 2006
Check for DROP distribution will be mailed on	September 30, 2006	September 30, 2006
1st Service Pension check will be mailed on	October 31, 2006 (benefits earned for Oct. 1 through 31)	September 30, 2006 (benefits earned for Sept. 17 through 30)

members). You also will need to contact Fire and Police Pensions (LAFPP) by calling (213) 978-4568 to schedule an appointment for personal counseling or request that forms be mailed to you to exit DROP. You may also access forms online at www.lacity.org/PEN to download, complete and return by mail or in person at your counseling appointment.

The table on page 2 illustrates the recommended time frames to complete these steps in order to receive your check in a timely manner. Keep in mind, it is your personal decision as to what day you will choose to terminate your employment and exit DROP. This decision will impact the crediting of interest to your DROP account, the length of time to process your DROP account balance check and your monthly service pension check.

Note that in the example on page 2, if you terminate the close of September 30th you will have interest credited to your DROP account through September 30th and your DROP distribution check will be mailed the same day. However, if you terminate the close of September 16th you will earn interest only through September 16th and your DROP distribution check will still not be mailed until September 30th.

For Participants Exiting DROP in 2007

A large number of participants will be required to terminate their DROP participation from April through December 2007 because they will have reached their maximum 60-month participation period. If you are required, or voluntarily elect, to terminate active employment and

your participation in DROP within the calendar year 2007, your process will differ from those outlined in the example on page 2. Plans are underway to offer seminar-style group information sessions to all participants who exit DROP during the 2007 calendar year. Invitations will be mailed targeting those required to exit during 2007. Anyone who contacts LAFPP wishing to terminate their DROP participation before they reach their 60-month maximum participation period will be provided information regarding available exit information sessions. After attending an information session, individual counseling will be provided to those who require or request it. LAFPP anticipates announcing the DROP exit information sessions schedule in late 2006 and begin offering sessions early in 2007. ■

WEB REDESIGN IN PROGRESS!

Log on before May 29

We need your help! The Department of Fire and Police Pensions is currently in the midst of redesigning our Department's Web site to better serve our members.

Please take a few minutes between May 8 and May 29, 2006, to log on to the Web site at www.lacity.org/pen and click on the link "Web Site Survey" to complete the survey. We want your feedback on what information and services you want to see on the pension's Web site.

Your input is a key component to designing a successful Web site! For any questions, please contact the Communications and Special Projects Section at (213) 978-4530. ■



IMPORTANT HEALTH CARE INFORMATION FOR ACTIVE SWORN MEMBERS

Did you know your health insurance coverage choices today could affect your health insurance options as a retiree?

Active sworn members in City Personnel Department health insurance plans will not be able to continue with their Personnel plans in retirement. So, who provides health insurance plans for retirees?

Port Police Retiree Health Plans

Port Police members have the opportunity to transfer to the Fire and Police pension system through January 5, 2007. Retiree health plans for Port Police transferees into Tier 5 of the Fire and Police Pension Plan are administered by the Department of Fire and Police Pensions. Please contact our Medical and Dental Section at (213) 978-4560 or e-mail cpayne@fppen.lacity.org for more information. (Port Police transferees also may enroll in a Los Angeles Police Relief Association retiree dental plan.)

Health Plans for Retired Fire and Police Members

Sworn Fire and Police Department retirees may be eligible to obtain health insurance from the Los Angeles Firemen's Relief Association (LAFRA), the Los Angeles Police Relief Association (LAPRA), or the United Firefighters of Los Angeles City (UFLAC). However, you must make yourself

aware of the eligibility requirements that each of these associations has for their health plans.

Important Health Plan Information for Fire Members

To participate in LAFRA's Fire Medical Plan, you must have been enrolled in the plan for a minimum of seven years as an active member immediately preceding your retirement. If you do not meet the seven year requirement for the Fire Medical plan, you can "make up" this time, but you will have to pay a significantly higher monthly premium.

LAFRA's Kaiser HMO also requires that you be enrolled as an active member to continue with this plan in retirement. You may only participate in LAFRA's Kaiser HMO if you continue to live in an approved service area in California. If you move out of California, or a Kaiser approved service area in California, you may or may not be eligible to enroll in the Fire Medical Plan. If you are eligible to enroll in the Fire Medical Plan, you will have to pay significantly higher premiums for your first seven years in the plan.

UFLAC requires that you be enrolled in one of their health plans as an active member and at the date of your retirement to be eligible for their health plans as a retiree. If you voluntarily cancel your UFLAC health plan at any time after retirement, you will not be allowed to re-enroll in any UFLAC health plan.

Why do you have to enroll in LAFRA's and UFLAC's health plans as an active member to participate as a retiree?

Health care costs have risen dramatically over the past few years, and will continue to rise for the foreseeable future. Retiree health costs tend to be greater than the health costs for active employees. To provide the best rates possible to their members, LAFRA, LAPRA, and UFLAC need active member participation in their health plans to balance the overall plan experience.

Reminder to All Fire and Police Members

Keep in mind that if you live in a ZIP code covered by a City-approved HMO (most of California), you can only receive a retiree health subsidy if you are in a LAFRA, LAPRA, or UFLAC health plan.

For More Information . . .

To learn more about specific requirements for sworn retiree health plans, please contact LAFRA, LAPRA, and/or UFLAC. Contact information for each association is listed below:

Los Angeles Firemen's Relief Association (LAFRA)

2900 W. Temple Street
Los Angeles, CA 90012

Phone: (800) 244-3439 (toll-free)
or (213) 380-2900

Web site: www.lafra.org

Los Angeles Police Relief Association (LAPRA)

1308 W. 8th Street, Suite 100
Los Angeles, CA 90017

Phone: (888) 252-7721 (toll-free)
or (213) 674-3701

E-mail: benefits@lapra.org

Web site: www.lapra.org

United Firefighters of Los Angeles City (UFLAC)

1571 Beverly Blvd., Suite #201
Los Angeles, CA 90026

Phone: (800) 252-8352 (toll-free),
or (213) 977-9014

Web site: www.uflac.org

Note: This article deals specifically with medical plans

offered by the above listed organizations. Please contact either LAPRA or UFLAC for dental plan eligibility requirements.

If you have any questions about the content of this article, please contact Medical and Dental Section staff at (213) 978-4560 or cpayne@fppen.lacity.org. ■

DOMESTIC PARTNERSHIP UPDATE

By Mary Jo Curwen, Deputy City Attorney

If you have a Domestic Partner, you should be aware that the State of California and the Fire and Police Pension Plan (the Plan) have separate registration programs for domestic partnerships with different requirements, rights and responsibilities. Registration with either the state or the Plan makes your domestic partner eligible to qualify for benefits provided to a surviving spouse by the Plan.

In order for a domestic partner to qualify for survivor benefits, eligibility requirements must be met.

In the event of a member's:

- nonservice-connected death
- retirement on a nonservice-connected disability pension
- retirement on a service pension
- entry into DROP

the domestic partner must be registered with the state or the Plan at least one year prior to the date of death and still be registered as a domestic partner or legally married on the date of death.

- In the event of a member's:

- service-connected death
 - retirement on a service-connected disability pension
- the domestic partner must be registered as a domestic partner on the date of death.

Registering your domestic partnership with the Personnel Department of the City does not make your domestic partner eligible for survivor benefits from the Plan.

Registering with the State

The state domestic partner registration provisions are set forth in the California Family Code. State registration is available to same sex couples. Opposite sex couples are not eligible to register unless one or both of the persons meet specified eligibility criteria and are over the age of 62. Further information and the state registration form can be obtained from any county clerk or at the office of the Secretary of State (www.ss.ca.gov/).

State registration, effective January 1, 2005, gives registered couples rights, protections, benefits and responsibilities similar in most aspects to those of married couples. Besides entitling your state-registered

domestic partner to survivorship benefits available to a surviving spouse under the Plan, state registration makes your Plan benefits subject to community property law.

Registering with the Plan

Same sex couples and opposite sex couples meeting the Plan's domestic partnership requirements are eligible to register with the Plan. To register, you and your partner need to complete the Plan's Declaration of Domestic Partnership form and file it with the Plan. This form and further information can be obtained by contacting the Active Member Services Section of the Plan at (213) 975-4522 or on the Plan's Web site at www.lacity.org/pen.

Registration of your domestic partnership with the Plan does not create community property rights in your pension benefits.

For more information about filing a Declaration of Domestic Partnership with LAFPP, please contact Active Member Services at (213) 978-4522 or visit www.lacity.org/pen. ■

REMINDER – TIER 5 MEMBERS ONLY

EMPLOYEE CONTRIBUTION TO INCREASE ONE PERCENT

The mandatory employee pension contribution will increase from eight to nine percent for all Tier 5 members who have less than 33 years of service. This increase will be effective on July 1, 2006; however, since July 1st falls in the middle of the pay period, the deduction will begin with the payroll period ending July 22, 2006. Your pay

check for pay period ending July 22 will reflect a 9% deduction for July 9 through July 22, and also include the additional 1% for July 1 through July 8, 2006. You should start to plan on making the necessary adjustments to your personal budget to allow for this increase.

For any questions, please contact the Communications & Special Projects Section at (213) 978-4530. ■

BENEFICIARY FORMS

Frequently Asked Questions

We continue to stress the importance of having a current Beneficiary Designation Form on file with the LAFPP. Beneficiary forms are mailed to members each year with annual statements and are available online for easy access. Fill out the information on the front of the form to help us identify any qualified survivors eligible to receive a pension. It is important that you fill out Number 5 on the back of the form to designate a beneficiary and finally sign and date at the bottom. The following are questions frequently asked by members.

Q.What is the difference between a primary beneficiary designation and a contingent beneficiary designation?

A. Your primary beneficiary would receive the refund of contributions (plus interest) in the event of your death. The contingent beneficiary would receive the refund if your primary beneficiary did not survive you.

Q.Can I list more than one beneficiary as primary or contingent?

A. You can list more than one beneficiary as primary or contingent. If you choose to do so, please list the distribution amounts. Please note that if you choose three beneficiaries whom you wish to share the contributions (plus interest) equally, you should list two at 33% and one at 34%, for a total of 100%. The distribution for multiple primary and contingent beneficiaries must each equal 100%.

Q.Can I name my trust as a beneficiary?

A. Yes, list the name of the trust as it appears on your trust document. If you are the current trustee, please provide the name and the contact information for the successor trustee who would take over in the event of your death, so the plan knows whom to contact.

Q.Section 3 of the Form asks to list any minor or dependent children. What is the difference between minor and dependent children?

A. For Tier 2: a *minor child* is a natural or adopted child of the member who is under the age of 18.

For Tiers 3, 4 & 5: a *minor child* is a natural or adopted child of the member, who is under the age of 18 or under the age of 22 if they are a full-time student.

For all tiers, a *dependent child* is a natural or adopted child of the member who was disabled prior to Age 21.

Q.Do I have to have the form notarized?

A. No, we do not require that a notary witness your signature.

You can obtain a Beneficiary Designation Form on our Web site at www.lacity.org/pen. You can also contact Active Member Services at (213) 978-4522 to have a form mailed out to you or if you need more information. ■

CONTACT INFORMATION

Department of Fire and Police Pensions

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.

(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) 978-4530 **Communications and Special Projects**

- Benefit Presentations
- Newsletters
- Pre-retirement Services
- Department Web Site

(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

Web site: 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 Web site:

Beneficiary Form, Domestic Partnership Declaration Form, Notice of Termination of Domestic Partnership Form, DROP Beneficiary Form, and Request to Purchase Service Credit Form. ■

RETURN TO ACTIVE DUTY

A New Provision for Retirees

Retirees of Tiers 3, 4 and 5 now have the option to return to active duty. In March 2005, the voters approved a ballot measure. The City Council then approved Ordinance No. 177116, which was effective November 16, 2005 and which outlines the requirements for reactivation.

To be reactivated you must file a written application with the Chief of the department from which you retired. Your return to active duty is subject to the following conditions:

- Return to the tier from which you originally retired
- Retired on a service pension (not disability pension)
- Retired at rank no higher than Engineer (Fire) or Sergeant (Police)
- Return to a vacant position in the rank held at original retirement
- As of the filing date of the application, you must have been

retired less than three (3) years and be under age 55. However, if your three-year period expired between January 1, 2004 and November 16, 2005, you are eligible to file an application no later than March 31, 2006

- You did not participate in DROP
- You passed a medical examination
- You have certified in writing that you understand the provisions of the Return to Active Duty Section of the Charter (Tiers 3 & 4) or Administrative Code (Tier 5)
- Approved by the Appointing Authority of your original employing department
- Approved by the Board of Fire and Police Pension Commissioners

In addition, the following are some of the provisions included in the ordinance:

- Your original pension is terminated as of the effective date of the return to active duty
- You shall resume making pension contributions:
 - Tier 3 or Tier 4: until 30 years of service
 - Tier 5: until 33 years of service
- If you are reactivated you are not eligible to participate in DROP until three (3) years following your return to active duty

The ordinance has other provisions that may be important to consider if you wish to return to active duty. We encourage you to call the Department of Fire and Police Pensions prior to making a decision to return to active duty.

Should you have any questions, please call Active Member Services at (213) 978-4522. ■

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