



LAFPP

pension perspectives

July 2010

Newsletter for Active Members of Los Angeles Fire & Police Pensions

Inside

Health Corner
page 2

To Serve You Better
page 3

New Benefit Payment System
page 3

2009 Annual Report
page 4

**Purchasing Service Credit
Reminder**
page 4

Who Are We?
page 4

**Dependent Child
Documentation**
page 4

**Workers' Compensation
Program**
page 5

Funding Status
page 6

Real Estate Portfolio Report
page 7

Paperless Annual Statements
page 7

DROP Status
page 8

Pre-Retirement Seminars
page 9

**Board of Fire and Police
Pension Commissioners**
page 10

New E-mail Address for LAFPP
page 10

Contact Information
page 11

General Manager's Message

You often hear the expressions, "You can't take it with you!" or "I'm out spending the kid's inheritance", but forgetting to update your beneficiary is no joke. Designating a beneficiary ensures that your wishes are followed. Keeping your forms updated on a regular basis or when major life changes occur can avoid "unintended" distributions.

So if you have a major life event such as a marriage or birth of a child, please think about whether you need to update any of your beneficiary forms – not just from our System, but also from other places such as Deferred Compensation, the Relief Association and your life insurance company, etc.

Our beneficiary form is on our Web site at www.lafpp.com (under the Forms icon), or call our Active Members Services Section at (213) 978-4522 if you have questions.

Designating a beneficiary offers one of the simplest and most direct ways to efficiently distribute your contributions. I encourage you to take the time now rather than leaving it to your families to figure out later.

Please let me know if you have any questions about your System by e-mailing me at Michael.Perez@LAFPP.com, or calling at (213) 978-4550.

**Sincerely,
Mike Perez
General Manager**

Health Corner

MANAGING STRESS

Researchers are still studying how different types and levels of stress may affect health and the aging process. Each individual needs to find the proper balance of stress and relaxation, work and play and “fight and flight” in his or her own life.



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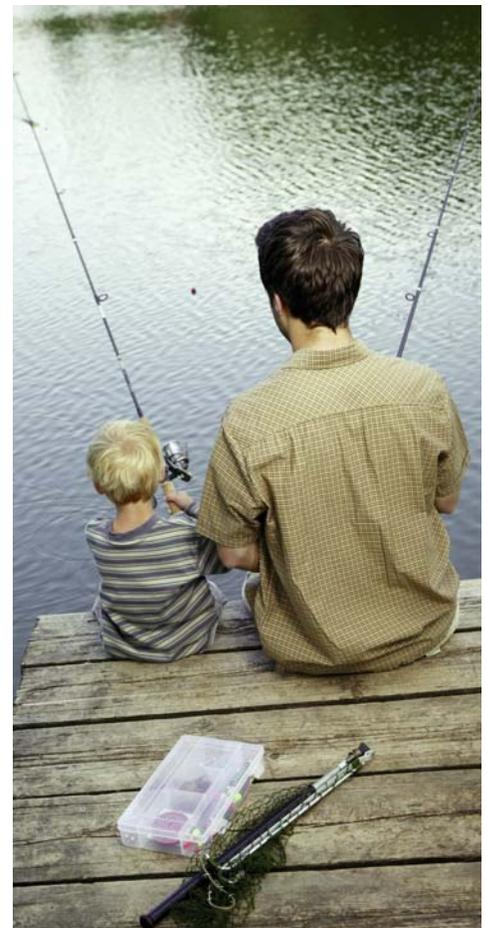
Not all stress is negative. Some people need some of the stress that accompanies challenges, major responsibilities or even deadlines. On the other hand, stress that is positive (for example, due to residential relocation or family events) or negative (for example, due to personal losses or financial worries) and not managed well can increase a person’s vulnerability to hypertension, heart ailments, depression and anxiety.

Some Stress Tips

It is often difficult to escape the stresses in your environment. The alternative is to learn to deal with them. Some ways of doing this are:

- Be alert for signs – in your mind, in your body.
- Do not over commit yourself. Learn to say no. Trying to do too much can create stress.
- Loaf once in a while. Do nothing and don’t feel guilty about it.
- Get adequate rest.
- Maintain nutritional values in your diet.

- Regular exercise, such as a good brisk walk, can do much to relieve tension.
- If something is bothering you, talk it over with a friend, relative, counselor, or member of the clergy.
- Avoid stressful situations when you can. When you cannot, learn to accept them and try to cope. The deep, introspective concentration employed in meditation and yoga is one possible way of dealing with stress.



To Serve You Better...

RETIREMENT SERVICES SECTION

The DROP, Retired Member Services and Service Pension sections have all been combined. A new Retirement Services Section has been created to conveniently assist with all of the following services:



Retirement Services

(213) 978-4495 or (800) 787-2489
ext. 84495#

- DROP Administration
- Service Pensions
 - Service Pension Processing & Inquiries
 - Survivor Pensions
 - Survivor Benefit Purchase Program
- Retired Member Records and Information
- Change of Address
- Discontinuance of Benefits (on death or other ineligibility)
- Cost-of-Living Adjustments
- Direct Deposit
- Tax Withholding

NEW BENEFIT PAYMENT SYSTEM

Changes to Your First Pension Check

To better serve your retirement needs, LAFPP will be changing to a new benefit payment system during the summer of 2010. This new enhanced technology replaces a mainframe system which currently generates monthly pension payments. Some of the advantages of utilizing a benefit payment system include improvements to customer service and staff efficiency. The new system greatly reduces the need for staff to perform data entry and pension payroll adjustments by extending the time period for calculating pensions.

For members planning an upcoming retirement date, it is important that you are aware that the extended calculation period may delay the issuance of your first pension check.

Your pension calculation is based on your active pay (final average salary or normal pension base) and final service credit. Changes such as incurring lost service time, increases/decreases in pay rate or the addition/termination of bonuses, etc., may occur up to the last completed pay period, which can affect the final calculation of your pension.

The new system will now process your first pension payment after your last active pay period has been reflected in the payroll system. This is approximately one week after the end of your final pay period. This allows enough time to include any changes in the final calculation and minimizes manual data entry to make corrections.

As a new retiree, this new timeline means that it will no longer be possible, in most situations, to receive a pension check in the same month you retire. Rather, you can expect your first pension payment at the end of the following month after the effective date of your retirement. For example, if you retire in June, you can expect your first pension check on July 31.

Helpful hint: You may want to be on the payroll for the whole second pay period of the month. This will shorten the time period between your last active paycheck to your first pension payment.

For any questions, please contact Retirement Services at (213) 978-4495.

2009 ANNUAL REPORT

Commemorative Issue

The 2009 Annual Report provides you with detailed information on the status and health of the LAFPP system for the year ending June 30, 2009. In honor of the 110th anniversary of the system, this commemorative issue includes historical photographs which capture the dedication of the members we serve. The report is available online at www.lafpp.com under "What's New".

PURCHASING SERVICE CREDIT REMINDER

Don't wait too long to make your purchase!

If you are planning to retire or enter DROP soon, you must complete all purchases of service credit (buy-back contracts) prior to retirement or your entry to DROP. To ensure that your purchase is processed, please allow at least six months before your anticipated retirement or DROP entry. We would appreciate as much lead time as possible.

WHO ARE WE?

Look us up on lafpp.com. How much do you really know about your pension fund? Information about pension benefits as well as general information about the Department and fund is available on our Web site at lafpp.com.

Take the time to visit "Who We Are" located on the red menu bar at the top of the screen. You will find a quick snapshot of the fund, some interesting statistics, a department directory and organizational chart. Take this crash course to learn about the fund's portfolio, the number of members we serve and information about the staff that serves you.

Dependent Child Documentation

Submit Documentation to LAFPP

If you have a Dependent Child, we encourage you to submit copies of any documentation you may have that declares your child disabled prior to the age of 21 and incapable of earning a livelihood. Eligibility for Dependent Child benefits is determined following a member's death and relies in great part on the availability of such records. If several years have passed it may be difficult to obtain documentation confirming the child's disability.

The information you collect to document the disabling condition may include medical records, school records, social security benefits, assisted living or institutionalization records, etc. The following additional information, where applicable, will also be requested by LAFPP:

- Birth Certificate
- Marriage Certificate
- Dissolution Decree
- Guardianship/Conservatorship papers
- Written request for the child to be granted Dependent Child status

You may submit copies of the documentation in person, or mail to:

Los Angeles Fire and Police Pensions
Disability Pension Section
360 East Second Street, Suite 400
Los Angeles, CA 90012

Please note that determination as to whether your child qualifies for Dependent Child benefits will not be made until after your death, as provided in the Los Angeles City Charter and Administrative Code. However, the process can be expedited by the early submission of the Dependent Child documentation. Be sure to retain the original documents and store them in a secure place where your family and/or your child's conservator will know where to locate them.

A letter confirming our receipt of your documentation is usually mailed within 10 business days. If you do not receive your letter or for more information on submitting Dependent Child documentation, please contact the Disability Pension Section at (213) 978-4500.

Workers' Compensation Program

Contact Information for Inquiries

The Workers' Compensation program for sworn personnel is administered by Tristar Risk Management, a third party administrator. LAFPP staff has become aware of some recent Workers' Compensation issues that impact our members. However, LAFPP staff has no direct authority over Tristar or these issues.

The Workers' Compensation program for sworn personnel is administered by Tristar Risk Management, a third party administrator. LAFPP staff has become aware of some recent problematic Workers' Compensation issues, however, LAFPP staff has no direct authority over Tristar or these issues.

For inquiries or complaints about Tristar, you should first contact Tristar directly by doing the following:

1) Your Tristar Claims examiner or their supervisor directly at (626) 407-0400;

2) If your issue is still unresolved, then contact the Tristar Asst. Manager at (626) 407-0400 ext. 2411.

If you were unable to resolve your issue with Tristar, you may also pursue the additional options listed below:

- The City monitor that oversees Tristar at (626) 407-0400 ext. 2381 or 2382.
- The Personnel Department's Workers' Compensation Division at (213) 473-3374 or 473-3378.

Fire Sworn

Tristar Risk Management
P.O. Box 29104
Glendale, CA 91209-9104
Phone: (626) 407-0400
(866) 842-1547
Fax: (626) 407-0435

Police Sworn

Tristar Risk Management
P.O. Box 29106
Glendale, CA 91209-9106
Phone: (626) 407-0400
(866) 842-1547
Fax: (626) 407-0425



Funding Status

The Los Angeles Fire and Police Pension Plan is 96.2% funded for pension benefits on an actuarial basis for the period ending June 30, 2009.

An actuarial study is conducted once a year to determine whether the plan assets and contributions are sufficient to provide member benefits. Actuaries use a schedule of benefits, membership data and a set of actuarial assumptions (i.e., life expectancy, inflation rates, etc.) to estimate the cost of benefits. The 2009 study determined that health benefits are 39.7% funded and the combined funded status of pension and health benefits is 89.4%.



The actuarial study also includes the calculation of the City's contribution rate. The Charter specifies that the City will make contributions in an amount equal to (1) the City's share

of defined entry-age normal costs (designed to fund a member's total plan benefit over the course of a member's career), (2) the percentage necessary to amortize the "unfunded liability" of the system, and (3) the amount to provide for health plan subsidies. If made by July 15, 2010, the City contribution rate for pension benefits for FY 2010-2011 would be 21.44% of sworn payroll, an increase of 1.59% from FY 2009-2010. The estimated City contribution for health benefits for FY 2010-2011 would be 8.68% of sworn payroll, an increase of 0.23%.

Valuation Year Ending	Pension % Funded	Health % Funded	Combined % Funded	City Contribution	Received for Fiscal Year
6/30/2009*	96.2	39.7	89.4	\$386,504,245	2010-2011
6/30/2008*	99.1	41.8	92.6	\$355,157,137	2009-2010

*Does not include the Harbor Department contribution.

As the nation's largest public pension fund, California Public Employees' Retirement System (CalPERS) manages retirement benefits for more than 1.6 million California public employees, retirees, and their families and more than 2,500 employers. The chart below compares the funding status of LAFPP to CalPERS over the past ten years.

Year-End	LAFPP Funded Status	CALPERS Funded Status
06/30/2000	114.4%	119.5%
06/30/2001	118.9%	111.9%
06/30/2002	108.3%	95.2%
06/30/2003	104.3%	87.7%
06/30/2004	103.0%	87.3%
06/30/2005	94.1%	87.3%
06/30/2006	94.6%	87.2%
06/30/2007	99.2%	87.2%
06/30/2008	99.1%	86.9%
06/30/2009	96.2%	Not Available

Our return was -18.1% for the one-year period ending June 30, 2009. However with a professionally managed asset allocation plan, along with an investment strategy that calls for a well-diversified portfolio, we have achieved positive returns for 21 of the past 25 years, with an average return of 9.39%.

The results of the 2010 actuarial study for the period ending June 30, 2010, should be available by November 2010.

Real Estate Portfolio Report

Like most public pension plans, LAFPP's real estate portfolio was hit hard by the recession. As of fiscal year ending June 30, 2009, the Fund's real estate portfolio suffered a 34% loss in value that resulted in about a 2% decrease in total Fund value. In comparison, the California Public Employees' Retirement System (CalPERS) experienced almost a 50% loss and the California State Teachers' Retirement System (CalSTRS) about a 43% loss in their real estate portfolios during the same time period. While this statement may sound like a student defending a "D" on their report card by revealing that their classmate received an "F", it does place the Fund's performance into perspective. When compared to our peers, LAFPP's real estate portfolio has held up relatively well. None of the Fund's directly owned properties are in jeopardy of foreclosure and, as the real estate market recovers from the



impact of the recession, the Fund's real estate performance is expected to improve.

LAFPP invests in real estate for its long term appreciation and income stream. The Fund's individual properties contribute approximately \$12 million per year in income to help pay for the monthly pension rolls. LAFPP allocates approximately 9% of its assets to real estate. The remaining portion of the Fund's assets are invested in a variety of domestic and international stocks, emerging markets, domestic and high yield bonds, alternative investments, hedge funds and cash

equivalents. While our real estate portfolio suffered losses during the last fiscal year, the domestic bond portfolio experienced positive returns.

During these challenging economic times, it is important to remember that LAFPP is committed to protecting your pension system by utilizing a well-diversified portfolio focused on a long-term horizon. Not only will LAFPP continue to invest in real estate, but it is positioning itself to take advantage of upcoming opportunities to purchase real estate at attractive prices to achieve positive returns in the future.

PAPERLESS ANNUAL STATEMENTS

For Active and DROP members!

In an effort to reduce costs and the risk of identity theft, starting this year, annual and semi-annual statements will no longer be mailed. Instead, we will continue to provide quick and efficient access to your information online at www.lafpp.com! You will be notified by postcard when your statement is available for online viewing.

Active Members

To view your 2009 annual statement and prior years' statements online, take the following steps:

- 1) Go to www.lafpp.com.
- 2) Click on the Plan Details link in the left panel.
- 3) Next, click on the sublink to Your Personal Information.
- 4) Read the instructions for accessing "OnPoint" our pension administration system.
- 5) Next, using your User ID and Pin, log in to OnPoint (link at bottom of page).
- 6) Click on the Benefit Statements link in the left panel to view your statement(s).

While logged in, you may also want to take advantage of the calculators that will estimate a Service Pension, DROP Entry/Exit or a Public Service Purchase (military or government time). Contact LAFPP Active Member Services at (213) 978-4522 for information about your annual statement(s).

DROP Members

You will be notified by postcard when your July semi-annual statement is available for online viewing. Prior semi-annual statements are currently available. To view, follow steps 1 through 5 above, then click on DROP Statement. You can also view your monthly DROP balance under Personalized Information or run a DROP exit calculation under Plan for Retirement. Contact Retirement Services at (213) 978-4495 for information about your semi-annual statement(s).



DROP Status

In these times of economic uncertainty, members want to know the latest on the DROP Program and if changes are being contemplated. The following are answers to questions members have been asking:

What's the end date of the DROP Program?

The DROP Ordinance was amended on November 7, 2008 and removed the "Sunset Clause" for termination of the Program. Therefore, the DROP Program will continue indefinitely until such time as the DROP Program is amended or suspended in the future.

Can DROP be discontinued immediately without any warning?

No, the Program cannot be discontinued without warning.

The Administrative Code, (Section 4.2100(c)) specifically cites the criteria by which DROP can either be amended or suspended. These criteria include maintaining cost neutrality to the City and/or meeting the City's DROP goals of retaining and lengthening the careers of sworn personnel with LAFD, LAPD and the Harbor Department.

Will LAFPP always know the last day that members can enter DROP before it is amended or discontinued?

We would have lead time for us (and the unions) to notify the members that the Program would be amended, which would allow those eligible members to enter the Program before the changes are implemented.

If the City ever wanted to change the Program, they would need to do the following:

1. Have an actuarial study performed to evaluate whether the Program continues to be cost neutral and is meeting the goal of extending the careers of sworn personnel;
2. Meet and confer with the unions to negotiate changes to the Program if the actuarial study determined that changes were warranted. (They would have up to 180 days to negotiate the changes with the unions, with the possibility of an additional 180 days if both sides agree to the extension);
3. Any changes would affect only future entrants to the Program—those who enter the Program after the effective date of the ordinance that amends DROP.

PLEASE NOTE: At this time, we are not aware of any effort to amend or suspend the DROP Program.

For questions, please contact the Communications and Special Projects Section at (213) 978-4530. For information on entering or exiting the DROP Program, please contact the Retirement Services Section at (213) 978-4495.

PRE-RETIREMENT SEMINARS

Don't miss out on the last seminars of 2010!

The goal of our pre-retirement seminars is to help you assess what you have and what you need in order to accomplish the lifestyle you plan for in your retirement. We currently have two types of seminars:

Planning for Your Future

– is designed for members with 10 years of service or less. This is a

great opportunity for members early in their career to get acquainted with pension benefits and long-term financial planning.

Fine-Tuning Your Retirement Plan

– is designed for members who are within 3 to 5 years of retirement eligibility. This format

emphasizes savings and investment opportunities available to you to supplement your pension from Fire and Police Pensions. It also provides the opportunity to take stock of your retirement checklist to determine if you have taken all the steps you need to ensure retirement readiness.

How does the invitation process work?

- Members are invited to seminars by seniority.
- Invitations are sent through the mail (please keep your address current with your department).
- Mail or fax us the response form (included with your invitation).
- If you are selected to attend, you will receive a confirmation letter approximately three weeks prior to the event with directions to the facility.

Remaining Seminars for 2010

- Wednesday, August 18, 2010 - Planning - Tier 5
- Wednesday, October 20, 2010 - Fine-Tuning - Tiers 3 & 4 – Only 1 this year!
- Wednesday, December 1, 2010 - Fine-Tuning - Tier 5



If you have not been invited but would like to attend, please e-mail your request to pensions@lafpp.com. Please type "SEMINAR INTEREST" in the subject line. In your e-mail, include your full name, your employee number and a daytime phone number.

All seminars are held at the Grace Simons Lodge in Elysian Park, from 9:00 a.m. to 3:00 p.m. There is free parking, and a light breakfast and hot lunch are served. For more information, please check our Web site at www.lafpp.com or contact the Communications & Special Projects Section at (213) 978-4530.

BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

Newly Elected

The Office of the City Clerk certified Sgt. Robert von Voigt as the winner of the Police Department Active Member of the Board of Fire and Police Pension Commissioners general election conducted on April 27, 2010. Sam Diannitto was certified as the winner of the Fire Department Retired Member of the Board general election conducted on May 4, 2010. Congratulations, Commissioners Robert von Voigt and Sam Diannitto!

Newly Appointed

Two new members were appointed by the Mayor. Please welcome Commissioners Brenda Maull and Wayne Moore!

If you have questions concerning the election results, please call our Administrative Services Section at (213) 978-4434.

Name	Appointed/Elected	Term Expires
George V. Aliano, President	Elected by Retired Police Members	06/30/2014
Dean Hansell, Vice President	Appointed	06/30/2010
Sam Diannitto	Elected by Retired Fire Members	06/30/2015
Brenda Maull	Appointed	06/30/2012
Wayne Moore	Appointed	06/30/2014
Ruben Navarro	Elected by Active Fire Members	06/30/2012
Raúl Pérez	Appointed	06/30/2013
Robert Von Voigt	Elected by Active Police Members	06/30/2015
Adlai Wertman	Appointed	06/30/2011

Above is a list of all the Board of Fire and Police Pension Commissioners.

NEW E-MAIL ADDRESS FOR LAFPP

All e-mail addresses for Los Angeles Fire and Police Pensions have changed. The new domain of “@lafpp.com” will replace “@lacity.org” domain. For example, “John.Smith@lacity.org” will change to “John.Smith@lafpp.com”. Please update your e-mail address books so that we may receive your correspondence in a timely manner!





CONTACT INFORMATION

Los Angeles 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. Refer to the following directory so that the right staff member can address your specific need. When calling the toll-free number (800-787-2489), use the extension number provided for each section, followed by the pound sign.

Active Member Services

(213) 978-4522 (or 84522#)

- Annual Member Statements
- Beneficiary Statements
- Contribution Accounts
- Dissolution-of-Marriage Information
- Domestic Partnership Forms
- Public Service Purchase Program
- Other Service Credit and Lost Service Time (Bad Time) Purchases

Communications & Special Projects

(213) 978-4530 (or 84530#)

- Actuarial Studies
- Annual Report
- Benefit Presentations
- Newsletters
- Pre-Retirement Seminars
- Department Web Site

Medical and Dental Benefits (for Pensioners only)

(213) 978-4560 (or 84560#)

- Health Insurance Subsidy
- Dental Insurance Subsidy

- Health Insurance Premium Reimbursement Program

Disability Pensions

(213) 978-4500 (84500#)

- Active Member Deaths/Survivor Penions
- Disability Pension Processing
- Disability Pension Reviews
- Review of Dependent Children/Dependent Parent Qualifications
- Dependent Child Documentation

Retirement Services

(213) 978-4495 (or 84495#)

- DROP - Information on the Deferred Retirement Option Plan
- Service Pension Processing and Inquiries
- Survivor Pensions - Retired Members
- Retired Member Records and Information
- Change of Address (for Pensioners only)

- Cost-of-Living Adjustments (for Pensioners only)
- Discontinuance of Benefits (upon death or other ineligibility)
- Direct Deposit (for Pensioners only)
- Tax Withholding (for Pensioners only)

Other Ways to Contact Us

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

Fax: (213) 978-4450

TDD: (213) 978-4455

E-mail: pensions@lafpp.com

Web site: www.lafpp.com

Address: 360 E. Second St.,
Suite 400
Los Angeles, CA 90012

Mail Stop: 390

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

Beneficiary Form, Deferred Compensation Incoming Transfer/Direct Rollover Form, Disability Forms (miscellaneous), Domestic Partnership Declaration Form, Notice of Termination of Domestic Partnership Form, DROP Beneficiary Form, DROP Distribution and Election Form, Public Service Purchase Applications, and Request to Purchase Service Credit Form.



PRESORTED FIRST
CLASS MAIL
US POSTAGE PAID
LOS ANGELES CA
PERMIT NO. 12932

Return Service Requested

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

