



# Pension Perspectives

FEBRUARY 2004

Newsletter for Los Angeles City Fire & Police Retired Members

## Upcoming Board Election ...Retired Police Employee Member

The term of office for the Retired Police Employee Member of the Board of Fire and Police Pension Commissioners ends on June 30, 2004. 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 27, 2004. The election is open to all qualified retired sworn members of the Police Department.\*

If you are interested in running for the position of the Retired Police Employee Member, the "Notice of Intent to Run" forms will be sent out by mid-February. The following is a brief description of the election process:

- Notice of Intent to Run forms are mailed to eligible retired Police voters.
- Voters must submit Notice of Intent to Run forms to the City Clerk's Election Division. The prospective nominee can also submit an optional Qualification Statement (100 words maximum) to be included on the Nominating Ballot.
- Nominating Ballots will be mailed to voters.
- The three candidates with the highest number of votes from the Nominating Ballot will be placed on the Final Ballot along with an optional Final Qualification Statement (250 words maximum).
- Eligible retired members vote on the Final Ballot.

Please note that we will be conducting the election through the mail. We will use the current address on file for retirees. It is important that you keep your address current. To update your address, please send a signed address change request to the Department of Fire and Police Pensions, Service Pensions Section, 360 East Second St., Ste 400, 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.

\* *DROP participants are not eligible to vote in the Retired election.* ■

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## 1099-R News Flash

It's that time of the year again, Tax Season. The 1099-R for active and terminated pensioners were printed in the 3rd week of January 2004 and mailed on February 2, 2004.

If you do not receive your 1099R, please allow at least 5 working days from the mailing date before calling for duplicates. To request a duplicate copy or any other related 1099-R inquiries, call the Accounting Section at (213) 978-4420. ■

# The City of Los Angeles Deferred Compensation Plan Retiree Update

Submitted by Steven Harman, Great-West/BenefitsCorp

## Distribution Options

Did you know that there are flexible distribution options with your Deferred Compensation Plan? Federal legislation permits you to make changes to your distribution once you've started. When you retire, you no longer have to make an irrevocable decision. You have many choices of how to receive your distribution and if you need to change it in the future, you can!

- Leave your funds in the account\*
- Partial lump-sum or full lump-sum
- Periodic payments
  - You choose the amount or period of time
  - Monthly, quarterly, semi-annual or annually
  - Choose any day of the month (except the 29th, 30th, or 31st)
  - Choose how your distribution is taken out (i.e. which investments to deplete)
- Annuity payments
  - Generally payments for your lifetime and your spouse's lifetime
  - Annuities are irrevocable

Distributions from Deferred Compensation are exempt from the under-age 59-1/2 federal and state tax penalty. This means it doesn't matter what age you are when you take a distribution, you don't pay an additional tax penalty (you always pay income tax on the money, though). IRA's, 401(k)'s and other types of retirement plans do have the under-age penalty! Call a Great-West representative for more details or download the "Distribution Options" booklet from the Plan's web site.

## How to Reach Us

Contact Great-West, the City's Deferred Compensation Plan Administrator, for more information at:

- Local Office:** Employee Benefits, City Hall  
200 N. Spring St. Room 867, LA 90012
- Hours:** 8 am to 12:30 pm and 1:30 pm to 4 pm
- Phone:** (888) 457-9460
- Website:** [www.cityofla457.com](http://www.cityofla457.com)

## Making Changes to Your Account

If you are already in the Plan and wish to make changes, log onto Great-West's website at [www.cityofla457.com](http://www.cityofla457.com) or call KeyTalk® at (888) 457-94601. Since changes are done the same day or next business day, there are no forms required. It's as easy as picking up the phone or logging on!

## Have You Moved?

If you have moved, or haven't been receiving statements from the Deferred Compensation Plan, please call Great-West, the Plan's administrator, at (888) 457-9460 to update your address (no form is required). You may also press "0" at the prompt during normal business hours to talk with a representative in the national service center.

## Considering Rolling Out Your Deferred Compensation Funds?

Participants should be cautious about rolling funds out. Any funds rolled into outside plans (other than another 457 plan) may, upon distribution of the account, be subject to a 10% early distribution penalty if withdrawn prior to age 59-1/2. 457 plans

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\*The Deferred Compensation Plan does have a minimum distribution requirement (MDR) as outlined under the IRS guidelines. You must begin distribution no later than April 1 following the year in which you turn age 70-1/2. Therefore, if you elect to not receive money, you must start distribution when you turn 70-1/2. Great-West will send a reminder notification in the year you turn age 70 to remind you of this requirement. Great-West also offers an automated calculation distribution method to pay out your MDR. Please contact Great-West for more information and specific details.

do not contain an early distribution penalty. In addition, higher administrative fees may apply if you use a broker to manage your account. Higher investment management fees are likely to apply on non-institutionally priced investment funds versus the low-cost investment options available to you in the City's Plan.

### Is Your Beneficiary Updated?

Please call (888) 457-9460 (press "0" during business hours) to confirm your beneficiary(ies) is on file or to request a Beneficiary Designation Form to make changes. By completing this form, this updates your account with your new designation. In some cases, when Great-West assumed the record-keeping responsibilities in 1999, the previous provider(s) may not have obtained or forwarded your beneficiary designation, so it is important to verify and update your beneficiary designation.

Core securities (except the OptionsPlus Self-Directed Brokerage Option) are offered through GWFS Equities, Inc., a wholly-owned subsidiary of Great-West Life & Annuity Insurance Company. For Plan investment option information, including fees and expenses, you may obtain applicable prospectuses and/or disclosure documents from your registered representative. Read them carefully before investing. Representatives of GWFS Equities, Inc. are not Registered Investment Advisers, and cannot offer legal or tax advice. Please consult with your financial planner, attorney and/or tax advisor as needed. Due to unforeseen events, Great-West representatives on rare occasions may not be available at the service center. Not for use in New York.

<sup>1</sup>Access to KeyTalk® or the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades, maintenance or for other reasons. Transfer requests received prior to 1 pm Pacific Time on business days will be initiated at the close of business. Transfer requests received after 1pm Pacific Time on business days, any time on a non-business day, or on days when the market closes early, will be initiated at the close of business the next day. The actual effective date of your transaction may vary depending on the investment option selected.

<sup>2</sup>Securities offered through the Self-Directed Brokerage (SDB) option are offered by First Trust Corporation, not GWFS Equities, Inc. For more information about the SDB option including prospectuses on available investment options, please contact First Trust at (800) 863-2393. ■

## Dental Subsidies to Increase Effective January 2004

Dental subsidies administered by the Department of Fire and Police Pensions were increased effective January 2004. The subsidy was increased from \$38.38 to \$39.86. The new subsidy amount was reflected on the December 2003 pension payment. To qualify for a dental subsidy, the retired member must have had at least 10 years of service and be age 55.

Dental subsidies are paid toward the single party premium of a dental plan administered by the Police Protective League, the Police Relief Association, or the United Firefighters of L.A. City. The dental subsidy is for the member only; surviving spouses/domestic partners and dependents are not eligible for this benefit.

The monthly subsidy amount is calculated based on years of service multiplied by 4%. Take that percentage and multiply it by the maximum allowable subsidy of \$39.86.

$$\text{Years of Service} \times 4\% \times \$39.86 = \text{Subsidy Amount}$$

For further information on the Dental Subsidy program, contact the Medical and Dental Section at (213) 978-4560 or e-mail at [cpayne@fppen.lacity.org](mailto:cpayne@fppen.lacity.org). ■

## Medicare Part B Premium and Reimbursement Increase Effective January 2004

The U.S. Department of Health and Human Services increased Part B monthly premiums from \$58.70 to \$66.60 effective January 1, 2004. The Part B reimbursement this Department provides to eligible retirees and beneficiaries was changed to reflect the increase. The \$7.90 increase was reflected on your December 2003 payment dated December 31, 2003.

The Part B premium covers medically necessary doctor services, outpatient hospital care, and some other medical services that Part A does not cover, such as the services of physical and occupational therapists, and some home health care. The Part B

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premium covers 25 percent of estimated program costs for enrollees aged 65 and older. General revenue tax dollars cover the other 75 percent of the costs.

For more information, visit the Department of Health and Human Services Web Page at [www.hhs.gov](http://www.hhs.gov) or call 1-800-MEDICARE. ■

## Missing Your Direct Deposit?

**W**e need your assistance. If you plan to change your direct deposit to another institution or account, please let us know by completing the Direct Deposit Authorization Card, and please do not close your old account until a successful direct deposit is made into the new account.

Pensioners who close accounts prior to the processing of their request may go without funds for a few weeks or a month. Yes, one whole month without a pension payment! Why? Because the City has to wait until your former institution returns the funds to the City and this may not be a priority for that institution. We urge you to help us so we can help you receive your funds as expected. Don't close your account until you have the money!

To receive a direct deposit form, please call Retired Member Services at (213) 978-4495 or request a copy by fax at (213) 978-4450. ■

## Do You Need to Update Your Tax Withholdings for 2004?

**T**he form is available on our website at [www.lacity.org/pen](http://www.lacity.org/pen) under Print Forms or you can call (213) 978-4495 to request a withholding card. The card must be received with an original signature. Please mail the signed form to the Department of Fire & Police Pensions, Retired Member Services, 360 E. Second Street, Suite 400, Los Angeles, CA 90012-4203. ■

## DROP Statement Update

**R**egular semi-annual statements for DROP members are scheduled to be mailed the end of January 2004. The statements will contain information for the period of July 1, 2003 thru December 31, 2003.

These statements will be mailed to the address you last submitted to us when you joined DROP. If you need to update your address, you can fax a letter to the DROP Section at (213) 978-4450. In your letter please include:

- 1 Member's Name
- 2 Last four digits of Member's social security number
- 3 New address
- 4 New telephone number (if applicable)
- 5 Effective date of address change
- 6 Member's signature

If you have any questions, please contact the DROP Section at (213) 978-4568. ■

### Funding Status

Based on 2002-2003 Actuarial Valuation Report

**F**or the fifth year in a row, your pension plan remains fully funded! For the period ending June 30, 2003, on an actuarial basis and combining pension and health benefits, the plan is 101.1% funded. The actuarial value of assets is determined by phasing in the market value of assets over a five-year period.

The chart below reflects the actuarial funding progress from June 30, 1999.

FY Ending	Benefits % Funded	Health % Funded	Combined % Funded
6/30/2003	104.4	63.9	101.3
6/30/2002	108.3	66.4	105.1
6/30/2001	118.9	68.3	115.0
6/30/2000	114.4	65.6	110.7
6/30/1999	104.7	66.5	102.1

Although our pension plans are fully funded, our health plans are not. We started pre-funding the health plans in 1989. Since that time, we have achieved 64% funding. Your health subsidy is a negotiated benefit and is not dependent upon the funding status.

Please note that even though we are fully funded, the active members and the City continue to contribute to the pension system. ■

# Reporting the Death of a Firefighter and the Role of the Relief Association

Submitted by Ted Aquaro, Los Angeles Firemen's Relief Association

This is an enhancement to the article in the spring edition of Pension Perspectives on how to report the death of a pensioner.

The Los Angeles Firemen's Relief Association was started over 100 years ago to assist members of the Fire Department and their families. Since that time the services have increased and become more refined. When a firefighter joins the Association upon graduation from the Drill Tower, a whole world of support opens to them and their family. The Association membership entitles the member to make up pay for NIOD illnesses or injuries, disability benefits and there is a death benefit. We also publish the finest fire service magazine in the country keeping the members of the Association informed about their benefits and about what's happening in the Los Angeles Fire Department.

When an active or retired firefighter passes away we want the family to contact us immediately so we can be a part of the initial process of helping with arrangements and to dispatch a Chaplain if necessary. We have mortuary referrals and we maintain an inventory of cemetery property for sale to members and their families at the time of need. I like to tell people to call 911 and then call the Relief Association. We work in concert with the Fire Department to coordinate uniform details, fire apparatus and the Fire Department Bagpiper for funeral services in the area. The Chaplain Corps of the Fire Department is always available for the needs of members and their families and we try to involve them wherever possible. We also send flowers to the funeral.

Once the family is settled and the funeral arrangements are finalized we take over the entire notification process. Every entity that a firefighter may have dealt with while on the Department is contacted formally to give them the appropriate information to process the death. The list includes: the Fire Department, the Pension Department, UFLAC, the Credit Union, the California State Firefighters

Association, the Retired Fire and Police Association, the Fire Commission, Workers Compensation, the L.A. Times, and the Senior Chaplain. All notifications are in writing and sent by FAX with confirmation sheets filed for verification. This service does away with the need for the family to make all these notifications separately and all the necessary information for claims is part of the notification. The survivors only need to wait to be contacted by the concerned parties; one phone call to the Relief Association does it all.

In the case of the loss of a spouse or widow/er we also like to be called even though there are no death benefits owed. We can help with arrangements and notify the Pension Department, the Credit Union and UFLAC for the survivors. Our assistance and that of the chaplains is always available for the whole family to help lighten the load. At the Relief Association office the information is spread internally to update benefits and to make necessary changes for the Grapevine. We also have an email network for notification of concerned parties and the funeral information is posted on the Association website: [www.lafra.org](http://www.lafra.org).

After all the notifications are completed and if the widow/er is in the L.A. area, we arrange with the Department of Pensions to pick up the pension papers and take them to the house where a representative of the Association assists in completing the forms and notarizes the documents. The pension application is then hand carried back to the Department of Pensions for final disposition.

When all is said and done the Los Angeles Firemen's Relief Association remains as a life-long safety net for the surviving spouse regardless of their pension status. Medical benefits can be carried over and the monthly Firemen's Grapevine magazine continues to arrive on the first of each month.

The member may pass on but the Relief Association sticks around forever for the survivors. To contact LAFRA, please call (800) 244-3439. ■



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. 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.

### Communications Section (213) 978-4523

- Newsletters
- Web Page Updates

### Medical and Dental Plans (213) 978-4560

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

### Disability Pensions (213) 978-4500

- 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) 978-4504 or  
(213) 978 4450

**TDD:** (213) 978-4455

**E-mail:** [pensions@fppen.lacity.org](mailto:pensions@fppen.lacity.org)

**Website:** [www.lacity.org/pen](http://www.lacity.org/pen)

**For your convenience, the following forms can be printed from the website:** Domestic Partnership Declaration Form, Health Insurance Premium Reimbursement Claim Form, Notice of Termination of Domestic Partnership Form, and Income Tax Withholding form (for pensioners). ■