

What is a salaried manager?

A salaried manager is an employee whose regular biweekly rate, without bonuses, equals or exceeds the 5th step regular biweekly rate, without bonuses, for the classification of Senior Survey Supervisor (Class Code No. 7288). Note, there are certain positions that exceed this biweekly rate and **not** considered salaried managers. For details, please reference the Footnotes in the MEA MOU identifying Duties Description Records (DDR) to be treated as non-salaried.

What are retirement Options?

At retirement, members of the Plan are eligible to select from various Options for your retirement allowance. Under all Options, after you die your Eligible Spouse/Domestic Partner (ES/DP) will receive a lifetime continuance (up to 50% of your allowance, depending on your age difference) with no reduction to your allowance. For more information on retirement Options, please see our website at <https://retirement.ladwp.com>.

- Option Full is the highest amount payable from the Plan.
- Option A is a reduced allowance, which provides a return of unused contributions after you die, if there are any remaining.
- Under Options B and C, you are selecting a reduced allowance, so that you can provide a lifetime monthly continuance to someone who is not your ES/DP. The continuance under Option B is 100% and under Option C is 1-99%.
- Under Options D and E, you are selecting a reduced monthly allowance, so that you can provide a higher monthly continuance to your ES/DP after you die. The continuance under Option D is 100% and under Option E is 51-99%.

The reduction to your monthly allowance (from the highest amount payable under Option Full) is considered the “cost” to provide for the additional benefit as described above after you die.

What is the Option “D” Allowance Offset (MEA Article 9.10 or ACE Article 9.13)?

Salaried managers who retire with a formula pension (Tier 1) or Service Retirement for Employees (Tier 2) and elect to take a reduced monthly allowance to provide a continuance (Options B, C, D, or E), may be eligible to recover the entire cost or a portion of the cost of the reduced monthly allowance through an Offset amount payable from the LADWP’s Payroll Office. The combined amounts are equivalent to the amount the salaried manager would have received if they had elected an Option Full at retirement.

How is the Offset calculated?

The Offset is calculated by finding the difference between what the salaried manager would have received under Option Full (highest amount payable) minus the amount that is payable under Option D for an ES/DP. The amount so calculated is the maximum Offset amount payable from the Payroll Office. If the manager selects Options B, C or E (instead of Option D), the Offset amount will be equal to the lower of the differences between the Option Full and the Option D, or the Option Full and the Option selected. In no circumstances will the Offset amount be greater than the difference between the Option Full and the Option D.

How is the Offset paid?

If the manager elects a monthly payment, the Payroll Office will pay this amount over the manager's lifetime with an automatic Cost-of-Living Adjustment (COLA) each July equal to 3% (Tier 1) or 2% (Tier 2), regardless of the actual Consumer Price Index (CPI).

Instead, if the manager elects a lump sum payment, the Offset amount will be multiplied by an actuarial factor to determine the present value (PV) required to pay the monthly benefit over the manager's lifetime with COLA. Once determined, the PV amount may be paid as either a one-time payment or over three equal installments. The maximum amount payable under a lump sum election, either one-time or over three installments combined, is capped at \$150,000 (based upon the General Manager's Signature Authority).

What happens to my Offset amount if I select an Option Full or Option A?

An Offset amount is only payable under Option B, C, D, and E. There is no Offset amount under Option Full since there would be no difference between the Option selected and the Option Full. Alternately, there is no provision in the Letter of Agreement or MOU that allows for payment of an Offset amount for the difference when the manager selects an Option A.

What if I don't have an ES/DP at retirement?

For members without an ES/DP at retirement, the Plan will calculate the maximum Offset amount by calculating the reduction that would apply for an Option D if the member had an ES/DP who is the exact same age as the member. Once calculated, the maximum Offset amount may be used by the member to offset the cost of an Option B or C selection for a non-ES/DP.

What if I'm divorced?

If you are divorced, your dissolution decree may require you to select an Option C, naming your ex-spouse as a beneficiary to your monthly continuance after you die, to the extent of the community property interest. The cost of the continuance is either paid by you, by your ex-spouse, or split. This calculation is independent of the Offset amount; however, your Offset amount, whether paid monthly or as a lump sum, may be limited as a result of this Option requirement. Please see the "*Guide to Divorce*" for more information on divorces.

Does my ex-spouse receive a portion of the Offset?

Historically, the divorce decree has not included the Offset in the community property interest. Therefore, the Offset amount, whether paid monthly or as a lump sum, will be paid solely to the manager/member, unless a Court specifically orders for the Offset to also be split.

How will my contributions to the Additional Annuity affect my Offset?

The Offset is separate from your Additional Annuity. Whether you have an Additional Annuity account or not, it will not be considered in calculating your Offset amount.

What other Plan related benefits are provided to salaried managers?

Disability: For full members of the Plan, a disability benefit is provided that is equal to a percentage of pay for a maximum of two years and can be extended for a longer period when the member is determined to be totally disabled from any gainful employment. While the member is receiving disability benefits as a percentage of pay from the Plan, the salaried manager will also receive supplemental payments from the Payroll Office so that the combined payments between the Retirement Plan and the Payroll Office is equal to their regular salary for a **maximum of two years**. (MEA Article 10.3 or ACE Article 10.7)

Death: For full members of the Plan, who are in active service, a death benefit is provided that is equal to 14x the member's monthly salary. There is no cap on this benefit. For salaried managers, there is an additional 16x the member's monthly salary payable by the LADWP through the Risk Management Office. The combined death benefit from the Retirement Office and the Risk Management Office will be equal to 30x the salaried manager's monthly salary. (MEA Article 9.6 or ACE Article 10.5)

Please contact the Risk Management Office for enrollment and beneficiary designation of the Department provided death benefit.

For questions on retirement, disability or death benefits, please call WPERP at (213) 367-1715.