



Water and Power Employees' Retirement Plan

Summary Plan Description – Tier 2

Department of Water and Power

City of Los Angeles

Revised May 2021

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IMPORTANT NOTICE

The Summary Plan Description (SPD) is NOT intended to be an excerpt of the Water and Power Employees' Retirement Plan (Plan). Its sole purpose is to be an informational guide only, and it is NOT intended to be an all-inclusive technical description of the Plan, nor is it a contract. Please read it carefully and keep it with other valuable papers so that you can use it as a reference.

Provisions contained in Section 1180 of the Charter of the City of Los Angeles and in the Plan govern all benefits paid. Both the Charter and the Plan have been continually updated and amended throughout the years. Amendments to the Plan must be approved by the Board of Water and Power Commissioners and adopted by the Board of Administration of the Plan (Retirement Board). Amendments to the City Charter must be approved by the voters of the City of Los Angeles.

If there are any conflicts between the SPD and the City Charter or the Plan, the terms of the Charter and the Plan will at all times be the final authority. Therefore, before relying on provisions described in this booklet, you and your beneficiary(ies) are urged to review the specific terms of the Plan in any situation. The Plan and other useful information are available on our website.



WATER AND POWER EMPLOYEES' RETIREMENT PLAN

111 North Hope Street, Room 357

Los Angeles, CA 90012

(213) 367-1712

(800) 367-7164

Monday through Friday from 7:00 a.m. to 4:00 p.m.

Internet: <https://retirement.ladwp.com/>

Email: Retire@ladwp.com

Service of Legal Process: Custodian of Records, 111 North Hope Street, Room 1555, Los Angeles, CA 90012

ADMINISTRATION

THE BOARD OF ADMINISTRATION

The Retirement Board has the sole and exclusive responsibility to administer the Plan for the purpose of providing benefits to Plan members and their beneficiaries, minimize the Los Angeles Department of Water and Power (Department) contributions, and to defray the reasonable expenses of administration. The duty to Plan members and their beneficiaries take precedence over any other duties.

The Retirement Board members serve as trustees and must act in the exclusive interest of Plan members and their beneficiaries. The Retirement Board has seven (7) members: one (1) member of the Board of Water and Power Commissioners, the General Manager, the Chief Accounting Employee of the Department, three (3) active employee members who are elected for three (3) year terms by active members of the Plan, and one (1) retiree who is appointed by the Board of Water and Power Commissioners for a three (3) year term.

The Retirement Board usually meets twice a month on the second and fourth Wednesday. All board and committee meetings are open to the public.

THE RETIREMENT PLAN OFFICE

The Retirement Plan Office is responsible for all administrative details of the Plan, including keeping track of your contributions and interest, management of Plan assets, paying Retirement, Disability, and Death Benefits, and maintaining Plan records. If you have any questions about any part of the Plan, please feel free to contact the Retirement Plan Office. (See Table 8: Retirement Plan Office Telephone Numbers on page 41.)

If you believe that you are NOT receiving the Plan benefits that you are entitled to receive, you may file a written appeal with the Retirement Board. The appeal should be sent or delivered to the Retirement Plan Office. A hearing before the Benefits Committee will be scheduled after you file your appeal, if applicable.

Mission Statement

We provide responsive and efficient service to our members and their beneficiaries through responsible administration of the Plan and prudent management of its assets, in order to ensure that our members receive all Retirement, Disability, and Death Benefits to which they are entitled.

OVERVIEW

In the 1930's, the nation was grappling with the effects of the Great Depression. The Social Security Act was passed in 1938 to provide retirement income for employees in the private sector. Public employers, including the Department, also recognized the difficulty of saving enough money to provide an income after retirement or during periods of disability when you cannot work. In response, the Department established the Plan on October 1, 1938 to promote financial security for you and your families.

TIERS

The Plan has two (2) tiers. Tier 1 members were employed by the Department prior to January 1, 2014. Tier 2 members were employed by the Department on or after January 1, 2014, or were previously employed by the Department and withdrew their contributions from the Plan, or had their funds transferred to the Los Angeles City Employees' Retirement System (LACERS) prior to the suspension of the Reciprocal Agreement. **This booklet describes the benefits for Tier 2 members only.**

FUNDING

The Plan is required to maintain separate trust funds for each of the benefits – Retirement, Disability, and Death. Separate valuation methods and separate accountings are established for each fund. The Retirement Fund is funded on an actuarial basis. The Disability and Death Benefit Funds are funded more like insurance plans; money is set aside for every claim made by members.

Plan members are required to contribute ten percent (10%) of their base compensation to the Retirement Fund. In addition, they also contribute \$1.00 each for Temporary Disability, Permanent Total Disability, and Death Benefits.

The Department is required to contribute any additional amount necessary to fully fund all three (3) benefits as determined annually by the Retirement Board based on information provided by the Plan's actuary.

INVESTMENTS

The Retirement Board invests the funds that are held in trust by the Plan. The Retirement Board is supported in its investment decisions by highly trained in-house investment professionals and external investment consultants.

The Retirement Board must manage Plan assets with the care, skill, prudence and diligence that a prudent person, acting in a like capacity, would use in the conduct of a similar enterprise.

SUSPENSION OF RECIPROCITY

Reciprocity was an agreement between the Department and the City of Los Angeles (City) to automatically transfer a member's Department Service, accrued Service Credit, and contributions between the Plan and LACERS whenever a member transferred and/or promoted between the City and the Department without a break in service.

Reciprocity between the Plan and LACERS was suspended on January 1, 2014. If you transferred between the Department and City anytime on or after this date, your service and contributions and interest will stay on deposit with the pension system you left. If you have funds on deposit with both systems at your retirement, your Department Service with the Plan and your Department Service with LACERS will be combined to compute your Qualifying Service for the Plan. Your Qualifying Service will be used to determine your eligibility for retirement benefits. However, only Service Credit on deposit with the Plan will be used to calculate your monthly retirement allowance payable from the Plan.

Please contact LACERS directly to see how your Department Service and Service Credit with Plan will be treated under their provisions.

GLOSSARY OF TERMS

Department Service: Employment history in the Department or City, including any leaves of absence (disability, Workers' Compensation, military, maternity, personal, suspension, etc.), and purchased time for Other Governmental Services

Service Credit: Pay periods in which contributions are made to the Plan or LACERS, including any purchased time, used to calculate your monthly allowance

Qualifying Service: Combined Department Service for both the Plan and LACERS at retirement, used to determine your eligibility for retirement benefits

MEMBERSHIP IN PLAN

In general, if you are employed by the Department in an eligible position on or after January 1, 2014, even if you transferred from the City, you are a member of Tier 2.

INELIGIBLE FOR MEMBERSHIP

Plan membership is mandatory for all eligible employees; however, you cannot be a member if you are ineligible.

You are ineligible for membership in the Plan if:

- You are an elected officer or an officer appointed by the Mayor; or
- You are employed under a contract for a definite period or for specific duties requiring professional or a high degree of technical skill; or
- You perform work of an intermittent or occasional character; or
- You are employed in certain Civil Service exempt positions.

BECOMING A MEMBER

When you start employment with the Department, you will sign a “Verified Statement of Facts” which provides personal information needed for your membership. It also serves as your first designation of beneficiary(ies) and authorizes the Department to deduct from your salary and pay the required contributions into the Plan.

Generally, membership begins on the first day of the payroll period following your first day of work. Your paycheck for that payroll period will show a deduction for Retirement Plan.

FULL MEMBERSHIP

You become a Full Member of the Plan when you complete 26 weeks (approximately six months) of continuous service. Full Membership means you are eligible for Temporary Disability, Permanent Total Disability, and Death Benefits. (See Disability on page 24 and Death Benefits on page 30.) Deductions for these benefits will begin when you become a Full Member.

If you are transferring from the City after completing 26 weeks of continuous membership with LACERS, you will become a Full Member of the Plan on the first day of the payroll period following your change in employment.

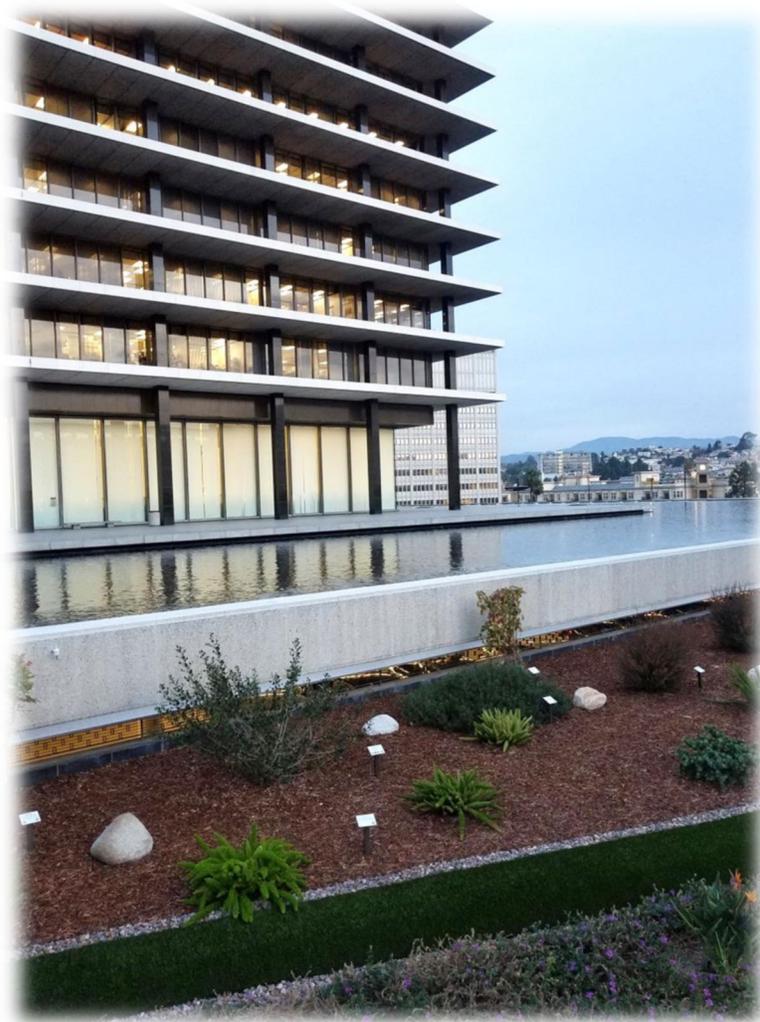
If you are transferring from the City and have NOT completed 26 weeks of continuous membership with LACERS, you will become a Full Member of the Plan on the first day of the payroll period following completion in the Department of the remaining 26 weeks of continuous service.

If you are new to the Department and have no prior City service, you will become a Full Member of the Plan after completing 26 weeks of continuous service in the Department.

TERMINATION OF MEMBERSHIP

Your membership will end if:

- You terminate employment in the Department; or
- You retire; or
- You become ineligible for membership; or
- You are suspended from membership by the Retirement Board for supplying false or misleading personal data.



CONTRIBUTIONS TO THE PLAN

Contributions are deducted from each of your bi-weekly paychecks as a percentage of your base compensation (excluding shift differentials and overtime) and are credited to your account where they earn interest. (*Internal Revenue Code may limit the amount of compensation that can be counted towards your retirement benefit.*)

CONTRIBUTION RATES

If you became a Plan member on or after January 1, 2014, your retirement contribution rate is ten percent (10%) of your base compensation. This applies even if you transferred from the City, were previously employed by the Department and withdrew your contributions, or your funds were transferred to LACERS prior to the suspension of the Reciprocal Agreement.

Once you become a Full Member, in addition to your retirement contributions, the Plan will also collect \$1.00 each for Temporary Disability, Permanent Total Disability, and Death Benefits. (See Disability on page 24 and Death Benefits on page 30.)

You may also contribute up to 10 percent (10%) of your base compensation to the Additional Annuity Program. This contribution is optional. (See Additional Annuity on page 22.)

SUSPENSION OF CONTRIBUTIONS

Your contributions will be suspended for each complete payroll periods you are on a Leave of Absence without pay. (See Coverage While on a Leave of Absence on pages 26 and 31.) Your contributions will also be suspended for each complete payroll periods you are on Disability Leave or Workers' Compensation Leave that is longer than two (2) weeks.

If you receive a regular paycheck for any part of a payroll period, your contributions will be deducted for the entire payroll period.

WITHDRAWING YOUR CONTRIBUTIONS

If you leave the Department and City service before retirement, you may withdraw your retirement contributions plus accrued interest. If you withdraw your contributions and interest, the taxable portion of your withdrawal is subject to mandatory withholding for federal income tax, unless you roll it over to a qualified plan or an Individual Retirement Account (IRA), and you may be subject to additional federal and California state income taxes.

Withdrawing your contributions from Plan when you separate from employment will terminate your rights to Plan benefits. Before requesting a withdrawal, please speak with the Retirement Plan Office about your specific situation, especially if you are receiving Disability Benefits, appealing a discharge for cause, or have a divorce claim or other claims of adverse interests.

Instead of withdrawing your contributions, you may leave your funds on deposit with the Plan, in which case you may become eligible to receive a delayed or Vested Right Retirement. (See Vested

Right Retirement on page 23.) You may also continue to receive Disability Benefits at a reduced rate if you were disabled prior to your termination or separation from Department service; however, your Disability Benefits will NOT continue if your separation from Department service is a result of your transfer or promotion to City service.

If you contributed to the Additional Annuity Program, and you elect to withdraw your retirement contributions and interest when you separate from Department and City service, you must also withdraw your Additional Annuity contributions.

If you choose to leave your contributions on deposit with the Plan, under Internal Revenue Service's rules, you must take a distribution from the Plan no later than April 1 of the year following you reaching age 70 ½. Failure to do so may result in substantial tax penalties.



PURCHASING SERVICE CREDIT

You may be eligible to purchase credit for previous periods of service, which will result in a higher monthly allowance when you retire. If you are eligible to purchase one or more of the service credit types listed below, you should review the possible purchase with the Retirement Plan Office/Membership Section as soon as possible; **significant interest penalties apply to some purchases if they are NOT started within a specified period.**

You may make your purchase in a lump sum, rollover, or by payroll deductions. Regardless of the method you choose, once the purchase is complete, your Service Credit will be restored. If you retire without completing the purchase, you will receive partial Service Credit, even if you retire with a Vested Right Retirement.

If your purchase is calculated using the Full Actuarial Costing method, the Retirement Plan Office is required to complete a “true-up” calculation of your contract at your retirement. (See Full Actuarial Costing on page 13.)

Service credit types that may be eligible for purchase:

- ***Ineligible Department Service Periods***
You may purchase periods that you were employed by the Department in an ineligible position (e.g. Exempt or Part-Time).
- ***Redeposit of Withdrawn Contributions***
If you are re-employed by the Department in an eligible position after previously leaving and withdrawing your contributions and interest from Plan, you may redeposit the amount you withdrew, plus interest due, to restore your retirement service credit.
- ***Other Governmental Service***
You may purchase up to five (5) years of military service if the service is paid, full-time, and for a minimum of six (6) continuous months.
- ***Incomplete Contracts at LACERS***
If you were purchasing service credit through a contract while you were a member of LACERS, you may be able to enter into a new contract with the Plan to purchase the remaining service.

Service credit types that may be eligible for purchase at Full Actuarial Costing:

- ***Eligible City Service Periods***

You may purchase periods that you were employed by the City and contributing to LACERS.

To purchase this time, you must roll over your contributions and interest from LACERS to the Plan or you must withdraw your contributions and interest from LACERS. Generally, the funds on deposit with LACERS will NOT cover the entire cost of the contract.

Remember, you will only receive partial Department Service and Service Credit for the period until you have paid off the entire cost of the contract.

- ***Ineligible City Service Periods***

You may purchase periods that you were employed by the City in an ineligible position (e.g. Exempt or Part-Time).

- ***Maternity Leaves***

You may also purchase any unpaid Department maternity leaves. This does NOT include payroll periods in which you were on paid maternity leave or receiving Disability Benefits from the Plan. (*You cannot purchase periods of maternity leaves from the City.*)

- ***Redeposit of Withdrawn Contributions***

If you are re-employed by the Department in an eligible position after previously leaving and withdrawing your contributions and interest from LACERS, you may purchase the time you withdrew.

- ***Other Governmental Service***

You may purchase eligible prior governmental service credit. The service must be paid, full-time, and must be for a minimum of six (6) continuous months.

If your eligible prior governmental service credit is military service, only the portion in excess of five (5) years will be calculated using the Full Actuarial Costing method.

- ***Incomplete Contracts at LACERS***

If you were purchasing service credit through a contract while you were a member of LACERS, you may be able to enter into a new contract with Plan to purchase the remaining service.

FULL ACTUARIAL COSTING

The Full Actuarial Costing method is calculated based on the present value of your benefit obligation to the Plan using the actuarial assumptions in effect at the time of your purchase and your projected retirement information.

The Plan requires a “true-up” of the cost for this purchase at your retirement if any of the following factors differ from the assumptions used in the contract:

- Change in retirement date; or
- Change in marital status (including change in spouse); or
- Change in final compensation.

If a “true-up” calculation is required at the time of your retirement, you must pay the additional cost required to receive the full Department Service and Service Credit for the contract. If you do not pay the true-up cost of the contract, you will receive pro-rated Department Service and Service Credit for the time purchased.

If a “true-up” calculation results in an overpayment on the contract, you will receive a refund of the overpaid principal amount, but you will NOT receive a refund of any interest credited to the contract as a result of the overpaid principal amount.

Since the Full Actuarial Costing method is costly and complex, you are encouraged to engage in one-on-one counseling with your Membership Counselor prior to initiating a Full Actuarial Costing contract.

RETIREMENT ALLOWANCE

Establishing financial and social goals are keys to a successful retirement. Starting to plan for your retirement, especially how your income requirements will be met, should start early in your career. The Retirement Plan Office is here to help.

QUALIFICATIONS TO RETIRE

You will qualify for a Service Retirement if:

- You are at least 60 years old; and
- You have at least five (5) years of continuous Department Service with the Plan immediately prior to reaching eligibility; and
- You were a contributing member for those five (5) years (or received Disability Benefits from Plan or any Workers' Compensation law).

OR

- You are at least 60 years old; and
- You have at least 10 years of Qualifying Service before your retirement; and
- You were a contributing member for at least five (5) years at any time during your career (or received Disability Benefits from Plan or any Workers' Compensation law).

OR

- You have 30 years of Qualifying Service, regardless of your age; and
- You were a contributing member for at least five (5) years at any time during your career (or received Disability Benefits from Plan or any Workers' Compensation law).

OR

- You are receiving Permanent Total Disability Benefits from Plan, regardless of your age.

Purchase of Other Governmental Service cannot be used to meet the contributing member requirement.

Remember, Department Service, Service Credit, and Qualifying Service are different.
(See Glossary of Terms on page 6.)

If you are convicted or plead guilty/no contest to a work-related felony, you forfeit your rights to a retirement allowance.

RETIREMENT FORMULA

If you meet the qualifications for a Service Retirement or Vested Right Retirement, the Plan will apply a formula to calculate your monthly retirement allowance. (See Vested Right Retirement on page 23.)

$$\text{Service Credit} \times \text{FAS} \times \text{Retirement Factor} \times \text{ERRF}$$

Detailed information on calculating your monthly retirement allowance is available. Please ask the Retirement Plan Office for a copy of “How to Calculate Your Retirement Allowance and Other Information Including the Procedure for How to Retire – Tier 2”. The booklet is also available on our website.

SERVICE CREDIT

Your Service Credit includes the following time on deposit with Plan:

- Payroll periods from January 1, 2014 to your retirement date during which you were a member of the Plan, received a paycheck and had a retirement contribution deducted from that pay. Do NOT include any payroll periods you were on a leave without pay (except for allowable military credit).
- Credited military service.
- Any purchased time. (See Purchasing Service Credit on page 11.)
- Payroll periods during which you received Plan Disability Benefits or Workers’ Compensation benefits from the Department, but only to the extent of the allowable maximums. However, do NOT include any payroll periods for which you received Plan Disability Benefits or Department Workers’ Compensation benefits which exceeds the allowable maximums. (See Table 1: Disability Allowance on page 38.)

FINAL AVERAGE SALARY (FAS)

Your base compensation for the last 78 payroll periods, or any other period of 78 successive payroll periods if your base compensation was higher. Count only payroll periods when you received a paycheck; do NOT count periods in between when you did NOT get a paycheck and, therefore, did NOT make a contribution to the Plan. Shift differentials and overtime are NOT included in your base compensation; however, add-ons will be included with your base pay (e.g. bilingual premium, longevity, and professional licensing, such as Professional Engineer and Certified Public Accountant).

Your Option Full retirement allowance will be limited to 80% of your FAS.

Your compensation, while a member of LACERS, can only be considered if the funds for the periods are on deposit with the Plan.

RETIREMENT FACTOR

The Retirement Factor that the Plan will use to calculate your monthly retirement allowance will be based on your Service Credit (Plan and LACERS) and Age at the time of retirement. However, only the Service Credit on deposit with the Plan will be used to determine your monthly retirement allowance.

The Retirement Factors are as follows:

NORMAL RETIREMENT:

- Age 60/5 Years of continuous Department Service with the Plan = 1.5% unreduced
- Age 60/10 Years of Qualifying Service = 1.5% unreduced
- Age 60/30 Years of Qualifying Service = 2.0% unreduced
- Age 63/5 Years of continuous Department Service with the Plan = 2.0% unreduced
- Age 63/10 Years of Qualifying Service = 2.0% unreduced
- Age 63/30 Years of Qualifying Service = 2.1% unreduced

EARLY RETIREMENT:

- Any Age/30 Years of Qualifying Service = 2.0% reduced
- Age 55/30 Years of Service Credit (Plan and LACERS) = 2.0% unreduced

EARLY RETIREMENT REDUCTION FACTOR (ERRF)

If you are 60 or older at retirement, there is no ERRF. Likewise, if you retire between ages 55 and 60, and you have at least 30 years of Service Credit (Plan and LACERS), there is no ERRF.

If you are younger than 60 years old at retirement, and you have less than 30 years of Service Credit (Plan and LACERS), an ERRF will apply.

The ERRF is determined by your *attained* age on the effective date of your retirement. Every three (3) months of attained age will affect the factor. (See Table 2: Early Retirement Reduction Factor on page 38.)

An ERRF of 1.0000 means that you have NO reduction.

An ERRF of .9400 means that your Option Full amount is reduced by six percent (6%).

EXAMPLES

Employee #1 transferred to the Department from the City with 22 years of City service. He was a contributing member of LACERS for the entire time; therefore, his Service Credit with LACERS is 22 years. His FAS, while he was employed with the City, was \$8,500.

The employee worked for the Department for eight (8) more years and wanted to retire at age 56. He was a contributing member of the Plan for the entire time; therefore, his Service Credit with the Plan is eight (8) years. His FAS, while he was employed in the Department, was \$10,000.

| | Plan | LACERS | Total |
|--------------------|-------------|---------------|--------------|
| Qualifying Service | 8 years | 22 years | 30 years |
| Service Credit | 8 years | 22 years | 30 years |
| FAS | \$10,000 | \$8,500 | |

Since this member is 56-years old, and has 30 years of combined Service Credit, he is eligible to retire with a Retirement Factor of 2.0% without an ERRF. His monthly retirement from the Plan will be based on the Service Credit and FAS that he has on deposit with the Plan as follows:

$$8 \text{ years} \times \$10,000 \times 2.0\% \times 1.0000 = \$1,600$$

Employee #2 transferred to the Department from the City with 22 years of City service. He was a contributing member of LACERS, except for two (2) years that he did NOT work due to a work-related injury; therefore, his Service Credit with LACERS is 20 years. His FAS, while he was employed with the City, was \$8,500.

The employee worked for the Department for eight (8) more years and wanted to retire at age 56. He was a contributing member of the Plan for the entire time; therefore, his Service Credit with the Plan is eight (8) years. His FAS, while he was employed in the Department, was \$10,000.

| | Plan | LACERS | Total |
|--------------------|-------------|---------------|--------------|
| Qualifying Service | 8 years | 22 years | 30 years |
| Service Credit | 8 years | 20 years | 28 years |
| FAS | \$10,000 | \$8,500 | |

Since this member is 56-years old, and has 30 years of combined Qualifying Service, but only 28 years of combined Service Credit, he is eligible to retire with a Retirement Factor of 2.0%. He will have an ERRF. His monthly retirement from the Plan will be based on the Service Credit and FAS that he has on deposit with the Plan as follows:

$$8 \text{ years} \times \$10,000 \times 2.0\% \times 0.9400 = \$1,504$$

Employee #3 transferred to the City from the Department after completing five (5) years of Department service. He was a contributing member of the Plan for the entire time; therefore, his Service Credit with the Plan is five (5) years. His FAS, while he was employed in the Department, was \$10,000.

The employee worked for the City for four (4) more years and wanted to retire at age 60. He was a contributing member of LACERS for the entire time; therefore, his Service Credit with LACERS is four (4) years. His FAS, while he was with the City, was \$12,000.

| | Plan | LACERS | Total |
|--------------------|-------------|---------------|--------------|
| Qualifying Service | 5 years | 4 years | 9 years |
| Service Credit | 5 years | 4 years | 9 years |
| FAS | \$10,000 | \$12,000 | |

Since this member is 60-years old, and has only nine (9) years of combined Qualifying Service, he is NOT eligible for a Service Retirement from the Plan. However, he is eligible for a Vested Right Retirement with a Retirement Factor of 1.5%. He will have no ERRF.

Since he will retire as a vested retirement, he is NOT eligible for an annual cost of living adjustment (COLA), health or dental insurance benefits, or an Eligible Spouse/Domestic Partner continuance. (See Vested Right Retirement on page 23.) His monthly retirement from the Plan will be as follows:

$$5 \text{ years} \times \$10,000 \times 1.5\% \times 1.000 = \$750$$

Employee #4 has never worked for the City and has no Service Credit with LACERS.

The employee started working for the Department at age 55. He worked for five (5) years and wanted to retire at age 60. He was a contributing member of the Plan for the entire time; therefore, his Service Credit with the Plan is five (5) years. His FAS was \$10,000.

| | Plan | LACERS | Total |
|--------------------|-------------|---------------|--------------|
| Qualifying Service | 5 years | 0 years | 5 years |
| Service Credit | 5 years | 0 years | 5 years |
| FAS | \$10,000 | \$0 | |

Since this member is 60-years old, and has five (5) years of continuous service with the Department immediately prior to reaching eligibility, he is eligible to retire with a Retirement Factor of 1.5%. He will have no ERRF.

Unlike Employee #3, he is eligible for a COLA and Eligible Spouse/Domestic Partner continuance. He will not be eligible for health or dental insurance benefits. His monthly retirement from the Plan will be as follows:

$$5 \text{ years} \times \$10,000 \times 1.5\% \times 1.000 = \$750$$

RETIREMENT OPTIONS

The Plan provides several retirement options for you to choose from at retirement. Every option provides an Eligible Spouse/Domestic Partner monthly continuance after your death. Some options provide an Eligible Spouse/Domestic Partner monthly continuance **and** a named Beneficiary monthly continuance after your death. (*Internal Revenue Code may limit the options and continuance percentages available to you.*)

You have up to **ten (10) calendar days** after your retirement to change your option. After the ten (10) days, you will NOT be able to change your option. (See the one exception allowed by Plan in the section for Divorce on page 36.)

For a summary of the Retirement Options, see Table 6 on page 40.

OPTIONS

The options provided by Plan are as follows:

- **Option Full** provides the **largest monthly allowance to you**, and up to 50% monthly continuance to your Eligible Spouse/Domestic Partner after your death.
- **Option A** provides a slightly reduced monthly allowance to you, and up to 50% monthly continuance to your Eligible Spouse/Domestic Partner after your death. The reduction to your monthly allowance will be based on your age at retirement. (See Table 3: Option A Reduction Factor on page 39.)

AND

After your death, your designated beneficiary(ies) will receive a **refund of any unused portion of your employee contributions and interest** as a one-time lump sum payment.

Each month while you are retired, a portion of the total accumulated contributions and interest is used to pay your allowance. Your total accumulated contributions and interest generally last approximately ten (10) years; however, the Plan will continue to pay your monthly allowance for your lifetime. If you pass away before your employee contributions and interest have been exhausted and you chose Option A, whatever monies remain will be paid to whomever you designate as your beneficiary(ies) on your Beneficiary Designation form in a one-time lump sum payment. (See Beneficiary Designation on page 32.)

- **Option B** provides a reduced monthly allowance to you, up to 50% monthly continuance to your Eligible Spouse/Domestic Partner after your death, and **100% monthly continuance to your named Beneficiary** after your death. The reduction to your monthly allowance depends on your nearest age and the nearest age of your named Beneficiary at the time you retire.

You cannot make a change to your Option B named Beneficiary, regardless of a change in status, including death of the named Beneficiary.

- **Option C** provides a reduced monthly allowance to you, up to 50% monthly continuance to your Eligible Spouse/Domestic Partner after your death, and **1% to 99% monthly continuance to your named Beneficiary** after your death. The reduction to your monthly allowance depends on the percentage you want to provide for the continuance, your nearest age and the nearest age of your named Beneficiary at the time you retire. (The greater the continuance percentage provided to your named Beneficiary, the more your allowance will be reduced.)

You cannot make a change to your Option C named Beneficiary, regardless of a change in status, including death of the named Beneficiary.

- **Option D** provides a reduced monthly allowance to you, and **100% monthly continuance to your Eligible Spouse/Domestic Partner** after your death. The reduction to your monthly allowance will be based on your nearest age and the nearest age of your Eligible Spouse/Domestic Partner at the time you retire.
- **Option E** provides a reduced monthly allowance to you, and **51% to 99% monthly continuance to your Eligible Spouse/Domestic Partner** after your death. The reduction to your monthly allowance depends on the percentage you want to provide for a continuance, your nearest age and the nearest age of your Eligible Spouse/Domestic Partner at the time you retire. (The greater the continuance percentage to be provided to your Eligible Spouse/Domestic Partner, the more your allowance will be reduced.)

ELIGIBLE SPOUSE/DOMESTIC PARTNER

To qualify for an Eligible Spouse/Domestic Partner continuance, your spouse/domestic partner must be married to you, registered with the Plan, or registered with the state of California:

- Continuously for at least one (1) year prior to your retirement; and
- On the date of your retirement; and
- At the time of your death.

If your spouse/domestic partner meets the above qualifications, he/she will be eligible for up to 50% continuance after your death under Options Full, A, B, and C. (See Table 4: Eligible Spouse/Domestic Partner Continuance on page 39.)

If your Eligible Spouse/Domestic Partner dies, or if you divorce your spouse or terminate your domestic partnership after retirement, the right to the Eligible Spouse/Domestic Partner continuance will stop.

To register a domestic partner with Plan, please contact the Retirement Plan Office/Retirement Section for a Registration of Domestic Partnership form. Registration of a domestic partner with the Health Plans Office is separate from Plan. You must register your domestic partner with the Retirement Plan Office and meet all other requirements of the Plan for your domestic partner to be eligible for a continuance.

COST OF LIVING ADJUSTMENTS

COLAs help you to keep pace with inflation. You will receive these adjustments only if you are eligible for a Service Retirement. Adjustments are made each July 1 based on the percentage change in the average of the Consumer Price Index for the area in which the City of Los Angeles is located.

The maximum adjustment, up or down, is two percent (2%) in any one (1) year. However, your retirement allowance may never be less than your basic allowance at the time of your retirement.

If there is a change of more than two percent (2%) in a year, the excess will NOT be applied to later years, i.e. there is no COLA bank for Tier 2 members. However, the Retirement Board may grant a special adjustment.

If you are eligible for the COLA because you qualified for a Service Retirement, the monthly continuances you provide after your death will also be eligible for the COLA (e.g. Eligible Spouse/Domestic Partner continuance and/or named Beneficiary continuance).

Additional Annuities and Vested Right Retirements are NOT eligible for the COLA.

You may purchase up to one percent (1%) COLA coverage at retirement. The COLA coverage will be applied in any year during your retirement when the percentage change in the average of the Consumer Price Index for the area in which the City of Los Angeles is located is greater than two percent (2%).

To purchase the COLA coverage, you must pay the full actuarial cost of the coverage at retirement by taking a permanent reduction in your monthly retirement allowance.

The COLA coverage will extend to any continuances you provide after your death (e.g. Eligible Spouse/Domestic Partner continuance and/or named Beneficiary continuance).

ADDITIONAL ANNUITY

The Additional Annuity Program is a voluntary program to help you save additional monies for your retirement. You may contribute up to 10% of your base compensation to provide a monthly annuity at retirement separate from your regular retirement allowance (*subject to Internal Revenue Code limitations*).



Your Additional Annuity account is separate from your normal retirement account.

Additional contributions earn interest while on deposit at the rate specified in the Plan.

There is no Department matching for the amount you contribute.

There is no fee charged to your Additional Annuity account.

You may start, terminate, or change your contributions at any time while you are an active member; however, you cannot withdraw your Additional Annuity contributions prior to retirement unless you terminate and withdraw all your contributions from Plan.

If you die before you retire, the balance in your Additional Annuity account plus

interest will be refunded to your named beneficiary(ies).

At retirement, you will have three (3) disbursements options – monthly annuity, lump sum payout, rollover to another tax qualified plan, or any combination of the three (3).

If you elect to receive the Additional Annuity as a monthly allowance, there is no COLA or Eligible Spouse/Domestic Partner continuance.

Options Full, A, B, and C are available to you. (See Options on page 19.) You may NOT choose Options D or E. Instead you may select Options B or C and name your spouse/domestic partner to receive a continuance after your death, or you may name anyone else. For a summary of the Additional Annuity Options, see Table 7 on page 41.

VESTED RIGHT RETIREMENT

A valuable feature of your Plan benefits is the provision for "vesting". This feature provides that, even if you separate from Department employment before you are eligible for a Service Retirement, you may leave your contributions and interest on deposit with the Plan and receive a Vested Right Retirement if at the time of your separation:

- You are at least 60 years old, and
- You have at least five (5) years of Service Credit with the Plan, and
- You were a contributing member for all five (5) years, and
- You left your contributions on deposit with the Plan at the time you resigned or your employment was terminated.

OR

- You are at least 60 years old, and
- You have at least 15 years of Service Credit (Plan and LACERS) , and
- You were a contributing member for at least 10 years, and
- You left your contributions on deposit with the Plan at the time you resigned or your employment was terminated.

As it is for a Service Retirement, the normal retirement for a Vested Right Retirement is age 60; however, you can receive an enhanced retirement if you wait until age 63.

The Retirement Factors for a Vested Right Retirement are as follows:

- Age 60/5 Years of Service Credit with the Plan = 1.5% unreduced
- Age 60/15 Years of Service Credit (Plan + LACERS) = 1.5% unreduced
- Age 63/5 Years of Service Credit with the Plan = 2.0% unreduced
- Age 63/15 Years of Service Credit (Plan + LACERS) = 2.0% unreduced

A Vested Right Retirement is NOT a Service Retirement, and does NOT include COLA, health or dental insurance benefits, or an Eligible Spouse/Domestic Partner continuance.

Since there is no Eligible Spouse/Domestic partner continuance, only Options Full, A, B, and C are available to you. (See Options on page 19.) You may NOT choose Options D or E. Instead you may select Options B or C and name your spouse/domestic partner to receive a continuance after your death, or you may name anyone else. For a summary of the Vested Right Retirement Options, see Table 7 on page 41.

Under Internal Revenue Service's rules, you must take a distribution from the Plan no later than April 1 of the year following you reaching age 70 ½. Failure to do so may result in substantial tax penalties.

DISABILITY

Good health and the ability to work are assets we usually take for granted. Earnings from work provide financial support for ourselves and our families.

The Plan protects you against financial emergencies that can occur if you are unable to work due to an off-the-job illness or injury. It can also supplement Workers' Compensation payments if you are disabled due to an on-the-job illness or injury while employed by the Department.

You are eligible for Disability Benefits from the Plan if you are a Full Member and you are contributing to the Plan. (See Full Membership on page 7.)

FIRST TWO WEEKS OF DISABILITY LEAVE

The Department will pay you for the first two weeks of your Disability Leave at 100% of your compensation, usually 80 hours or 10 working days.

Generally, you are allotted up to a maximum of 40 hours in any calendar year for sick time. The first two days of your Disability Leave will be deducted from your sick time bank, unless you are hospitalized. (If your Disability Leave requires admittance to a hospital, the first and second days off are NOT charged against your sick time bank.) Any partial sick days are also charged against your sick time bank.

Any unused portion of your sick time bank will be carried over from one (1) calendar year to the next, and added to the maximum to which you are entitled for that year. No more than 40 hours may be carried from one (1) year to the next; so you cannot start any calendar year with more than 80 hours in your sick time bank. In accordance with your Memorandum of Understanding (MOU), any unused sick time in excess of 80 hours will be paid to you at the beginning of each calendar year.

AFTER TWO WEEKS OF DISABILITY LEAVE

If you are absent for more than two (2) weeks, you will need to file a claim with the Retirement Plan Office/Disability Section. Payments for sick time beyond the first two (2) weeks are processed in the Retirement Plan Office and approved by the Retirement Board. The Retirement Board is supported in its review and approval of Disability Benefits by the Department's Medical Director.

TYPES OF DISABILITY BENEFITS

Plan does NOT offer Disability retirement; however, Plan does offer the following Disability Benefits:

- **Temporary Disability**

When you cannot perform the duties of your job because of an illness or injury that did NOT occur as a result of your employment, you may be eligible for Temporary Disability

Benefits. The maximum length for Temporary Disability Benefits is 52 weeks, which includes the first two weeks paid by the Department.

Temporary Disability Benefits are paid as a percentage of your compensation based on your number of years of Continuous Service. (See Table 5: Temporary Disability Percentage on page 40.) You will receive your Temporary Disability Benefits on a bi-weekly basis (same as regular payroll schedule), so long as you meet Plan requirements.

- **Extended Temporary Disability**

After you have exhausted your 52 weeks of Temporary Disability Benefits, if your condition does NOT qualify you for Permanent Total Disability Benefits but you remain disabled due to an illness or injury that did NOT occur as a result of your employment, you may be eligible for Extended Temporary Disability Benefits. The maximum length for Extended Temporary Disability Benefits is an additional 52 weeks.

Extended Temporary Disability Benefits are paid at 33 1/3% of your compensation. You will receive your Extended Temporary Disability Benefits on a bi-weekly basis (same as regular payroll schedule), so long as you meet Plan requirements.

- **Permanent Total Disability**

When you cannot perform any gainful employment, and your disabling condition due to an illness or injury that did NOT occur as a result of your employment, has continued for at least 52 weeks and is reasonably certain to continue for life, you may be eligible for Permanent Total Disability Benefits. You will receive Permanent Total Disability Benefits monthly as long as:

- You are permanently and totally disabled; or
- Until you reach age 65, if your benefits begin before you reach age 60; or
- Up to five (5) years, if your benefits begin after you reach age 60; or
- Until you retire.

Permanent Total Disability Benefits are paid at 40% of your compensation. You will receive your Permanent Total Disability Benefits on a **monthly** basis so long as you meet Plan requirements.

Permanent Total Disability Benefits are subject to the annual COLA. The maximum adjustment, up or down, is two percent (2%) in any one year, in accordance with the percentage change in the Consumer Price Index for the Los Angeles-Riverside-Orange County Metropolitan Area--All Items for All Urban Consumers.

- **Supplemental Disability**

If your disabling condition arises due to an on-the-job illness or injury while employed by the Department, you may be eligible for Supplemental Disability Benefits. The maximum length of time for Supplemental Disability Benefits is the same as Temporary and Extended Temporary Disability Benefits.

Supplemental Disability Benefits are paid from the Disability Fund in addition to your Workers' Compensation benefits. The benefits are calculated so that when they are added to the amount you receive under Workers' Compensation, the total is equal to what you would have received if you had been eligible for Temporary or Extended Temporary Disability Benefits.

To be eligible for Supplemental Disability Benefits from the Plan, the Workers' Compensation Office must certify your time allowance and the weekly rate that you are receiving for your claim. The Retirement Plan Office is unable to pay Supplemental Disability Benefits without a certification from the Workers' Compensation Office.

If your disabling condition is due to an on-the-job illness or injury, you will NOT be eligible for Permanent Total Disability Benefits from the Plan.

No Disability Benefits will be paid by the Retirement Plan Office for any Disability resulting from an illness or injury arising out of employment with any employer other than the Department.

- **Contingent Disability**

If you have filed a claim for Workers' Compensation and your claim is pending, you may be eligible for Contingent Disability Benefits. These payments are considered advances of necessary living expenses. You must agree in writing to reimburse the Plan for any benefits or advances you receive if your claim is ultimately accepted.

Contingent Disability Benefits are paid for the same duration and rates as Temporary and Extended Temporary Disability Benefits. You will receive your Contingent Disability Benefits on a bi-weekly basis (same as regular payroll schedule), so long as you meet Plan requirements.

COVERAGE WHILE ON A LEAVE OF ABSENCE

Once you become a Full Member of the Plan, \$1.00 each is deducted from your paycheck for Temporary Disability, Permanent Total Disability, and Death Benefits. If the Plan is unable to take this deduction in any payroll period, you will lose coverage for your Disability and Death Benefits. However, if you are off work on a paid Disability Leave or Workers' Compensation Leave, even though you do NOT make contributions to the Plan, your coverage will continue automatically.

If you are on a Leave of Absence without Pay (e.g. maternity, family leave, personal, or suspension), your coverage will NOT continue automatically unless you pay for coverage in advance.

You may continue Disability coverage for up to 13 payroll periods (approximately six months) while on leave without pay if you pay the required premium in advance. (This is NOT available to employees who transfer to another City department.) The premiums to be paid consist of your Disability contributions plus the amount that is normally paid by the Department toward these benefits. If you choose to continue your coverage, you must make these payments in advance to the Plan.

To make arrangements for the payments prior to your absence, please contact the Retirement Plan Office/Disability Section.

DISABILITY CLAIMS PROCEDURE

This claim procedure is applicable to Temporary, Extended Temporary, and Contingent Disability Benefits. (The claims procedures for Supplemental Disability Benefits and Permanent Total Disability Benefits are described at the end of this subsection.)

If you are unable to perform the duties of your job due to an illness or injury and require time off, notify your supervisor immediately and follow Department policies and procedures. If your absence extends beyond two (2) weeks, your timekeeper will notify the Retirement Plan Office of your continued absence.

If your timekeeper reports your time off as sick, the Retirement Plan Office/Disability Section will mail you a "Disability Notice/Benefit Claim" form. You must complete the form and return it to us in the self-addressed envelope to open a claim for Disability Benefits. Also enclosed will be a "Doctor's Certificate" for your attending physician to complete and return.

Disability payments cannot be made until the Retirement Plan Office has received both forms. To ensure that you receive your Disability Benefits without delay, you may want to contact the Retirement Plan Office and request the necessary forms as soon as you become aware that you may be off work for more than two (2) weeks due to your illness or injury.

Further, Plan prohibits payments for Disability Benefits if the required forms are NOT received by the Retirement Plan Office within three (3) months from your return to work.

Doctor's Certificate

To qualify for Disability Benefits, you must be under the care of a regularly licensed physician or surgeon, or a licensed chiropractor, psychologist, nurse practitioner, physician assistant or midwife, who is treating your Disability within the scope of his or her license.

Your treating physician must certify in writing, the cause of your illness or injury, and the length of time you are expected to be absent from work. The certification must be verified by the Department's Medical Director, who will provide a recommendation to the Retirement Board to approve or not approve your application for Disability Benefits.

There is no guarantee that you will receive Disability Benefits even with certification from your treating physician.

The Doctor's Certificate provided by the Retirement Plan Office will help to ensure that you provide the necessary information needed to review your Disability claim; however, medical certifications will be accepted on any form commonly used by your treating physician.

In addition, you may be requested to report to the Department's Medical Office or to another physician designated by the Retirement Board for a status examination at any time during your claim for Disability Benefits. Failure to submit to such examinations will result in the suspension of your Disability payments.

Supplemental Disability Claims Procedures

If you qualify for Supplemental Disability Benefits because your disabling condition arises due to an on-the-job illness or injury while employed by the Department and your claim has been accepted by the Workers' Compensation Office, the Retirement Plan Office will receive an invoice from them certifying your time allowance and your rate of pay.

Generally, the Retirement Plan Office will NOT request a claim form or medical certification from you for Supplemental Disability Benefits. However, the Retirement Board has the discretion to request medical certifications when it deems appropriate.

Permanent Total Disability Claims Procedures

If you have a disabling condition that prohibits you from performing any gainful employment and the condition did NOT occur as the result of an illness or injury from your employment, you may apply for Permanent Total Disability Benefits after 52 weeks of Temporary Disability by having your treating physician complete the Doctor's Certificate specifically for Permanent Total Disability (four pages). This form is available in the Retirement Plan Office and will be automatically mailed to you when you are nearing the completion of 52 weeks of your Temporary Disability and you are still off work.

You may be required to submit to an examination by a physician of the Retirement Board's choosing prior to the granting of Permanent Total Disability Benefits.

You will also be requested to submit to periodic re-examination after your Permanent Total Disability claim has been accepted, usually every one (1) to two (2) years.

LIMITATIONS OF RIGHTS TO DISABILITY BENEFITS

If you conceal or fail to disclose material information or submit false or incorrect data pertaining to your Disability, the Retirement Board may terminate or cancel your Disability Benefits.

You may NOT engage in any gainful employment, either full-time or part-time, while you are being paid Disability Benefits, unless such employment is approved in advance by the Retirement Board for rehabilitative purposes.

DEATH BENEFITS

The Plan also helps to protect your beneficiary(ies) against financial hardships that can occur after your death. The Death Benefits that your beneficiary(ies) will be entitled to will depend on whether you die while in active service or if you die after retirement.

DEATH WHILE IN ACTIVE SERVICE

If your death occurs while you are in active service in the Department, your beneficiary(ies) will be eligible for a Death Benefit from the Plan if you are a Full Member of the Plan and you were contributing to the Plan at the time of your death. (See Full Membership on page 7.)

The Death Benefit for an active employee consists of the following:

- 14 times your monthly compensation (no maximum); and
- Refund of the employee contributions and interest; and
- Refund of the Additional Annuity contributions and interest, if applicable; and
- Any unpaid Disability Benefits; if applicable.

Survivor's Optional Death Benefit Allowance

In lieu of a refund of the employee contributions and interest, your surviving spouse/domestic partner may be eligible to receive a monthly allowance for life if you were a contributing Full Member and you meet any of the following conditions on the day prior to your death:

- You were eligible to retire; or
- You completed 25 years of Qualifying Service (Plan and LACERS); and

Your spouse/domestic partner will be eligible to receive a Survivor's Optional Death Benefit Allowance if he/she is the only person entitled to a return of your employee contributions and interest, and he/she elects to receive a monthly allowance instead of a refund.

The contributions and interest in your Additional Annuity account, if applicable, is NOT used toward the Survivor's Optional Death Benefit Allowance. Any monies in your Additional Annuity account will be refunded to your named beneficiary(ies) in a one-time lump sum amount.

The Survivor's Optional Death Benefit Allowance is calculated assuming you had retired the day prior to your death and you elected an Option D retirement. (See Options on page 19.)

Your domestic partner must be registered with the Plan or the state of California at the time of your death to be eligible for the Survivor's Optional Death Benefit Allowance.

The Survivor's Optional Death Benefit Allowance is subject to the annual COLA. The maximum adjustment, up or down, is two percent (2%) in any one year, in accordance with the percentage change in the Consumer Price Index for the Los Angeles-Riverside-Orange County Metropolitan Area--All Items for All Urban Consumers.

COVERAGE WHILE ON A LEAVE OF ABSENCE

Once you become a Full Member of the Plan, \$1.00 each is deducted from your paycheck for Temporary Disability, Permanent Total Disability, and Death Benefits. If the Plan is unable to take this deduction in any payroll period, you will lose coverage for your Disability and Death Benefits. However, if you are off work on a paid Disability Leave or Workers' Compensation Leave, even though you do NOT make contributions to the Plan, your coverage will continue automatically.

If you are on a Leave of Absence without Pay (e.g. maternity, family leave, personal, or suspension), your coverage will NOT continue automatically unless you pay for coverage in advance.

You may continue Death Benefit coverage for up to 13 payroll periods (approximately six months) while on leave without pay if you pay the required premium in advance. (This is NOT available to employees who transfer to another City department.) The premiums to be paid consist of your Death Benefit contributions plus the amount that is normally paid by the Department toward these benefits. If you choose to continue your coverage, you must make these payments in advance to the Plan. To make arrangements for the payments prior to your absence, please contact the Retirement Plan Office/Disability Section.

DEATH AFTER RETIREMENT

If your death occurs after retirement, your beneficiary(ies) will be eligible for a Death Benefit from the Plan if you were receiving a monthly retirement allowance from the Plan at the time of your death, and you had **at least five (5) years of Department Service** with the Plan at the time of your retirement.

The Death Benefit for a retiree consists of the following:

- 14 times your Option Full monthly retirement allowance (up to a maximum of \$20,000); and
- A refund of your employee contributions and interest if you selected Option A at retirement (See Options on page 19); and
- Any accrued retirement benefits, if applicable; and
- Any monthly continuances (See Options on page 19), if applicable.

BENEFICIARY DESIGNATION

It is important to keep your Plan **Beneficiary Designation** form updated. Whenever you experience a life changing event (marriage, divorce, birth of a child, retirement, death, etc.), you should check your current Beneficiary Designation form on file with the Plan. If you need to update your Beneficiary Designation form, please call the Retirement Plan Office/Retirement Section. We will ask for your beneficiary's name, Social Security number, birth date, current address, phone number, and his/her relationship to you.

You should name both a primary and a contingent beneficiary on your Beneficiary Designation form. Should your primary beneficiary predecease you, we will pay the Death Benefit to the contingent beneficiary.

You may name multiple primary and/or contingent beneficiaries. If any of the named beneficiary(ies) predeceases you, and you do NOT provide a new Beneficiary Designation form, the Retirement Plan Office will reallocate your Death Benefits to the remaining beneficiary(ies) after your death.

You may name anyone you wish as your beneficiary, including a Trustee of your Trust, subject to community property interest. If you name a trustee as your beneficiary, the Retirement Plan Office will require a copy of the title page, the page naming the successor trustee(s), and the signature page of the trust, including the notarization page.

Your Beneficiary Designation form is ***CONFIDENTIAL***.

If you die without a proper Beneficiary Designation form on file with the Retirement Plan Office, we will pay your Death Benefits according to the Successive Preference provision of the Plan in order of the following:

- Widow or widower, if living;
- Descendants (children and/or the children of deceased children), if living;
- Father and/or mother, if living;
- Brother(s) and/or sister(s), if living;
- Executor or administrator of your estate.

If the total amount of your Death Benefits exceeds the amounts specified by law, and the Retirement Plan Office must pay your benefits under the Successive Preference provisions, your estate may need to be probated before the Plan can pay any benefits.

FAMILY DEATH BENEFIT

In addition to the Death Benefits previously described, the Plan also provides a monthly allowance for each of your surviving children if the following conditions are met:

- The child is your natural or legally adopted child; and
- The child is under age 18 and unmarried; or
- The child is disabled and over age 18 (only if the Disability occurred before age 18) and unmarried.

The monthly amount payable is \$416 a month per child. If your spouse/domestic partner has the care of one or more of the children, he/she will also be paid an allowance of \$416 per month. The total amount payable for the Family Death Benefit as a result of your death cannot exceed \$1,170 a month.

Your spouse's/domestic partner's portion of the Family Death Benefit will NOT be paid if he/she is receiving a Survivor's Optional Death Benefit Allowance or an Eligible Spouse/Domestic Partner continuance.

To be eligible for the Family Death Benefit, if you die while in active Department service, you must be a Full Member of the Plan and you were contributing to the Plan at the time of your death, unless your coverage is automatically continued while you are off work on a paid Disability Leave or Workers' Compensation Leave.

To be eligible for the Family Death Benefit, if you die after retirement, you must be receiving a monthly retirement allowance from the Plan, and you had at least five (5) years of Department Service with the Plan at the time of your retirement.



SUPPLEMENTAL FAMILY DEATH BENEFIT

In addition to the Family Death Benefit, an optional Supplemental Family Death Benefit is available for your minor surviving children if you die after completing the necessary qualifying period.

The monthly Supplemental Family Death Benefit amount payable is \$520 a month per child. If your spouse/domestic partner has the care of one or more of the children, he/she will also be paid an allowance of \$520 per month. The total amount payable for the Family Death Benefit as a result of your death cannot exceed \$1,066 a month.

| | Family Death Benefit | Supplemental Family Death Benefit | Monthly Total |
|-----------------------------|-----------------------------|--|----------------------|
| Child | \$416 | \$520 | \$936 |
| Spouse/ Domestic Partner | \$416 | \$520 | \$936 |
| Maximum per Member Death | \$1,170 | \$1,066 | \$2,236 |

Contributions

For active members, the contribution for the Supplemental Family Death Benefit is \$2.25 per payroll period. You must enroll and make contributions by payroll deduction for 39 successive bi-weekly payroll periods (approximately 18 months) before coverage becomes effective.

If you are off work on a paid Disability Leave or Workers' Compensation Leave, even though you do NOT make contributions to the Plan, your coverage will continue automatically once you have completed 39 bi-weekly contributions.

If you are off work on an unpaid leave of absence, you may continue coverage for up to 13 payroll periods (approximately 6 months) if you pay the required premium in advance. You will NOT be eligible to pay the premium in advance if you have NOT completed the required 39 bi-weekly contributions.

For retirees, you may continue your coverage into retirement by paying \$4.90 per month. You must have already paid the required 39 bi-weekly contributions at the time of your retirement, and you were contributing to the Supplemental Family Death Benefit at the time of your retirement. To elect to continue your coverage after retirement, please discuss this election with your Retirement Counselor.

You may discontinue coverage at any time by notifying the Retirement Plan Office/Membership Section (active members) or the Retirement Section (retirees). Active members may re-enroll by making contributions by payroll deduction for 39 successive bi-weekly payroll periods before

coverage recommences. However, retirees may NOT re-enroll once he/she has requested to discontinue the benefit.

You must notify the Retirement Plan Office when you want to stop deductions (e.g. your youngest child turns age 18). The Retirement Plan Office will NOT stop the deductions without a written request, and will NOT refund amounts deducted for the Supplemental Family Death Benefit.

TERMINATION OF BENEFIT

The monthly allowance for the Family Death Benefit and Supplemental Family Death Benefit, if applicable, will terminate for your child when:

- Your child reaches age 18; or
- If disabled, your child over age 18 is no longer disabled; or
- Your child marries.

The monthly allowance for the Family Death Benefit and Supplemental Family Death Benefit, if applicable, will terminate for your spouse/domestic partner when:

- Your spouse/domestic partner remarries; or
- Your spouse/domestic partner no longer has the care of at least one (1) of your children; or
- The last of your children is no longer eligible for the benefit.



Only one (1) Family Death Benefit allowance and one (1) Supplemental Family Death Benefit allowance will be paid to or for any one (1) person.

DIVORCE

If you are divorcing before or after retirement, you should contact the Retirement Plan Office for clarification of your benefits. We will follow whatever division of Plan benefits that is ordered by the Court, consistent with the terms of the Plan. Since your retirement benefit is a valuable asset, it is advisable to have the property settlement of your Plan benefits reviewed by the Retirement Plan Office **before** it is filed with the Court. The division of your Plan benefits can be complicated, and there are many issues that you should consider.

For example, if you divorce your spouse or terminate your domestic partnership after retirement, the Eligible Spouse/Domestic Partner continuance will NOT be payable and you will NOT be able to change the retirement option that you selected at retirement. However, since California is a community property state, your former spouse/domestic partner may be entitled to up to 50% of your Plan benefits that are attributable to the time you were married. As part of the divorce proceedings, the Court may mandate that you change your retirement to Option C, naming your ex-spouse/domestic partner to a continuance after your death. This is the one exception that the Plan will allow for the member to change the option after retirement. Any additional costs associated with this change may result in a reduction to your retirement allowance.

Other Plan benefits, such as your Death Benefits and Additional Annuity, may also be affected by a community property claim.

The Retirement Plan Office/Retirement Section has Divorce Counselors, who can review the specifics of your case, and provide you with a sample draft domestic relations order.



HEALTH PLANS

The Department provides retiree health benefits to eligible members. These benefits include the ability to enroll in group health and dental plans, and a subsidy toward the cost of your health care coverage. You must be eligible for a Service Retirement to receive these benefits. You do not qualify for Health Plans benefits if you retire with a Vested Right Retirement.

Generally, if you qualify for retiree health benefits, you may choose from the available retiree health and dental plans. You should carefully assess your health care coverage needs at retirement and the plans and medical facilities that will be available to you.

You may change the health and dental plan you selected only during the annual open enrollment period. However, if you move out of your plan service area, you have 60 days to select another health and/or dental plan within your new service area. You are required to enroll in certain Medicare programs when you become eligible for coverage at age 65.

Part or all of the cost of your health care coverage may be offset by a subsidy from the Department based on your Qualifying Service and age at retirement. **The Tier II retiree healthcare subsidy will be limited to single party coverage.** The subsidy schedule is reviewed periodically and may change at any time.

For additional information, please visit the Health Plans website at <https://ebenefits.ladwp.com>. The Health Plans Office can be reached at (800) 831-4778 or (213) 367-2023 or via email at HealthPlans@ladwp.com.

Benefit Continuances

Surviving spouses/domestic partners and/or dependents, who are eligible to receive a monthly allowance from the Plan and were covered by the member's health or dental plan at the time of the member's death, may continue their health care coverage by re-enrolling in a Department health plan within 31 days of the member's death. If the surviving spouse/domestic partner and/or dependents do not re-enroll during this period, they will lose their eligibility to enroll at any future date.

A surviving spouse/domestic partner, who receives a monthly allowance, may also be eligible for a health subsidy to offset health coverage costs. Surviving spouses/domestic partners are not eligible for a dental subsidy.

The Health Plans Office is a separate division from the Retirement Plan Office. The Retirement Plan Office does NOT administer your health and dental benefits. Please call the Health Plans Office directly for any health or dental coverage issues.

APPENDIX

TABLE 1: DISABILITY ALLOWANCE

| Department Service with Plan | Credit | Department Service with Plan | Credit |
|------------------------------|----------|------------------------------|-----------|
| 10 years | 4 months | 22 years | 10 months |
| 12 years | 5 months | 24 years | 11 months |
| 14 years | 6 months | 26 years | 12 months |
| 16 years | 7 months | 28 years | 13 months |
| 18 years | 8 months | 30 years | 14 months |
| 20 years | 9 months | 32 years | 15 months |

For every additional two years of Department Service with Plan, you get one additional month of Disability Allowance.

TABLE 2: EARLY RETIREMENT REDUCTION FACTOR

| Attained Age at Retirement | Exact Age | +3 Months | +6 Months | +9 Months |
|----------------------------|-----------|-----------|-----------|-----------|
| 48 | .7150 | .7225 | .7300 | .7375 |
| 49 | .7450 | .7525 | .7600 | .7675 |
| 50 | .7750 | .7825 | .7900 | .7975 |
| 51 | .8050 | .8125 | .8200 | .8275 |
| 52 | .8350 | .8425 | .8500 | .8575 |
| 53 | .8650 | .8725 | .8800 | .8875 |
| 54 | .8950 | .9025 | .9100 | .9175 |
| 55 | .9250 | .92875 | .9325 | .93625 |
| 56 | .9400 | .94375 | .9475 | .95125 |
| 57 | .9550 | .95875 | .9625 | .96625 |
| 58 | .9700 | .97375 | .9775 | .98125 |
| 59 | .9850 | .98875 | .9925 | .99625 |
| 60 & over | 1.0000 | | | |

TABLE 3: OPTION A REDUCTION FACTOR

| Nearest Age at Retirement | Factor |
|---------------------------|--------|
| 52 and below | .995 |
| 53 | .994 |
| 54 | .993 |
| 55 | .992 |
| 56 | .991 |
| 57 | .990 |
| 58 | .988 |
| 59 | .986 |
| 60 | .984 |
| 61 | .982 |

| Nearest Age at Retirement | Factor |
|---------------------------|--------|
| 62 | .980 |
| 63 | .977 |
| 64 | .974 |
| 65 | .970 |
| 66 | .965 |
| 67 | .960 |
| 68 | .955 |
| 69 | .948 |
| 70 and over | .938 |

TABLE 4: ELIGIBLE SPOUSE/DOMESTIC PARTNER CONTINUANCE

| Years by which member's age exceeds Eligible Spouse's/Domestic Partner's Age | Percentage of Option Full |
|--|---------------------------|
| Less than 5 years | 50% |
| 5 years but less than 10 years | 47 ½% |
| 10 years but less than 15 years | 45% |
| 15 years but less than 20 years | 42 ½% |
| 20 years but less than 25 years | 40% |
| 25 years or more | 35% |

If you are younger than your Eligible Spouse/Domestic Partner, the continuance will always be 50% of the Option Full.

TABLE 5: TEMPORARY DISABILITY PERCENTAGE

| Period of Continuous Service | 100 %* | 85 % | 60 % | 50% | 40 % |
|-------------------------------------|---------------|-------------|-------------|------------|-------------|
| 6 Months to 3 Years | 2 Weeks | 2 Weeks | 1 Week | 26 Weeks | 21 Weeks |
| 3 Years to 5 Years | 2 Weeks | 4 Weeks | 2 Weeks | 26 Weeks | 18 Weeks |
| 5 Years to 10 Years | 2 Weeks | 6 Weeks | 3 Weeks | 26 Weeks | 15 Weeks |
| 10 Years to 15 Years | 2 Weeks | 18 Weeks | 10 Weeks | 22 Weeks | -- |
| 15 Years to 20 Years | 2 Weeks | 20 Weeks | 12 Weeks | 18 Weeks | -- |
| 20 Years to 25 Years | 2 Weeks | 22 Weeks | 14 Weeks | 14 Weeks | -- |
| 25 Years to 30 Years | 2 Weeks | 24 Weeks | 16 Weeks | 10 Weeks | -- |
| 30 Years to 35 Years | 2 Weeks | 26 Weeks | 18 Weeks | 6 Weeks | -- |
| 35 Years and Over | 2 Weeks | 28 Weeks | 20 Weeks | 2 Weeks | -- |
| * Paid by Department | | | | | |

TABLE 6: SUMMARY OF RETIREMENT OPTIONS

| Option | Monthly Allowance | Eligible Spouse/ Domestic Partner Continuance | Beneficiary Continuance | Refund of Unused Contributions |
|---------------|--------------------------|--|------------------------------------|---|
| Full | Largest | Up to 50% | No | No |
| A | Reduced | Up to 50% | No | Yes |
| B | Reduced | Up to 50% | 100% | No |
| C | Reduced | Up to 50% | 1% to 99% | No |
| D | Reduced | 100% | No | No |
| E | Reduced | 51% to 99% | No | No |

TABLE 7: SUMMARY OF ADDITIONAL ANNUITY OPTIONS

| Option | Monthly Allowance | Eligible Spouse/ Domestic Partner Continuance | Beneficiary Continuance | Refund of Unused Contributions |
|--|-------------------|---|----------------------------|--------------------------------------|
| Full | Largest | No | No | No |
| A | Reduced | No | No | Yes |
| B | Reduced | No | 100% | No |
| C | Reduced | No | 1% to 99% | No |
| * Also applies to Vested Right Retirements | | | | |

TABLE 8: RETIREMENT PLAN OFFICE TELEPHONE NUMBERS

| | |
|------------------|------------------|
| Toll Free Number | (800) 367 – 7164 |
| Reception | (213) 367 – 1712 |
| Membership | (213) 367 – 1695 |
| Disability | (213) 367 – 1680 |
| Retirement | (213) 367 – 1715 |
| Death | (213) 367 – 1721 |

TABLE 9: TIER 2 ELIGIBILITY FOR RETIREMENT

| | | AGE | | | |
|---------------|-------------------|----------------------|----------------------|---|---|
| | | <55 | 55-59 | 60-62 | >63 |
| FACTOR / ERRF | 1.5% Unreduced | N/A | N/A | Vested with 5y SC or 15y QSC Service with 5y DS or 10y QDS | N/A |
| | 2.0% Reduced | Service with 30y QDS | Service with 30y QDS | N/A | N/A |
| | 2.0% Unreduced | N/A | Service with 30y QSC | Service with 30y QDS | Vested with 5y SC or 15y QSC Service with 5y DS or 10y QDS |
| | 2.1% Unreduced | N/A | N/A | N/A | Service with 30y QDS |

QDS = Department Service with WPERP + LACERS

QSC = Service Credit with WPERP + LACERS

DS = Department Service with WPERP only (does not include service purchase for eligibility)

SC = Service Credit with WPERP only

Vested Retirement (Vested) = formula calculation with no COLA, ES/DP or health benefit

Service Retirement (Service) = formula calculation with COLA and ES/DP benefit; possible health benefit with 10y QDS

