

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
BOARD RULES**

Revised: December 11, 2012

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LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
BENEFITS-RELATED BOARD RULES
(Revised: September 13, 2011)

CALCULATION OF RETIREMENT ALLOWANCES (CLC)

The compensation earnable shall be and is hereby established as the total salary amount including the adjusted compensation (notes H, J, K, or N) as it appears on the department payroll.

(Resolution: 11; Adopted: August 11, 1964)

(Please note that the hard copy of this resolution could not be located/verified)

Final Compensation

(1) Final compensation shall be computed pursuant to Section 4.1010 of the Los Angeles Administrative Code on the basis of assumed full-time employment (i.e. 80 hours per biweekly payroll period) in the following situations:

- a) for periods of service subsequent to the effective date of this rule, or
- b) for periods of service prior to the effective date of this rule for which credit has been acquired pursuant to paragraphs C and/or D hereof, or
- c) for periods of service prior to the effective date of this rule for members who worked on a full-time basis immediately preceding said effective date.

(2) Final compensation for periods of service prior to the effective date of this rule for members who did not work on a full-time basis immediately preceding said effective date and for which no election was made by the member pursuant to Section D hereof, shall be computed by determining the final compensation in accordance with the foregoing Paragraph (1) above, such final compensation then to be multiplied by a fraction which has as its numerator the number of hours exclusive of overtime, for which the member was compensated (during the period used to determine such final compensation), and which has as its denominator 2,080 hours in 12-month periods with 26 payroll ending dates and 2,160 hours in 12-month periods with 27 payroll ending dates; provided, however, that said fraction shall not be less than 1/2.

(Supersedes the language contained in Section E of Resolution 79121)

(Resolution: 81607; Adopted: May 26, 1981)

On and after December 13, 1994, in the determination of final compensation, the salary rates to be used shall be from records maintained by the City Employees Retirement System which are derived from the City payroll.

(Resolution: 95096; Adopted: December 13, 1994)

Computing Internal Revenue Code Section 415 Limits

The Board Adopts the GATT approved formula for computing the Internal Revenue Code Section 415 limits with the plan beginning July 1, 2000

(Resolution: 00164; Adopted: March 21, 2000)

The Yield of the thirty year Treasury Note for the month of May will be used in computing the limits.

(Resolution: 00164; Adopted: March 21, 2000)

The Yield of the thirty year Treasury Note for the month of May will be used in computing the limits
(Resolution: 00164; Adopted: March 21, 2000)

CERTIFICATION TO PLAN (CRT)

Employees Hired Under Emergency Appointment Authority
New appointments to City employment, hired under emergency payroll status will become eligible for membership upon receipt of certification from the appointing authority that the employment is regular, full time, and continuous and will probably extend for at least one year.
(Resolution: 91035; Adopted: August 14, 1990)

DEPARTMENTAL ADMINISTRATION (ADM)

Use of LACERS' Address Files (Amendment of Address File Policy)

When a written request for distribution to the retired population, accompanied by a sample of the materials to be distributed, is received from an organization for which a payroll deduction option for retirees is available, staff shall, for the purpose of facilitating the distribution while maintaining the confidentiality of retired members' addresses, assist the requesting organization(s) as follows:

1. In consultation with a requesting organization, staff may exercise one of the following options:
 - a. Execute the distribution, manage all aspects, and recover all costs from the requesting organization; or
 - b. Arrange, in coordination with the requesting organization, to have delivered to LACERS' mailing house the appropriate number of packages/material to be distributed, and a sufficient quantity of envelopes to be supplied by LACERS that are designed to cause all undeliverable mail to be returned to LACERS only. The arrangements for postage payment and mailing house processing costs shall be transacted solely between the mailing house and the requesting organization, and LACERS shall recover, from the requesting organization, the cost of providing the electronic file and the return envelopes.
2. This policy to assist with distributions is for the purpose of protecting address information of retired members.

(Resolution: 01132; Adopted: March 1, 2001)

Petty Cash

The Petty Cash Fund authorization is to be increased to \$500 and \$300 be paid from the Office and Administrative Expense Account No. 601-01 and the Manager is authorized to draw the necessary demands to increase to authorized level.

(Resolution: 82483; Adopted: May 25, 1982)

Manager is authorized to establish at a local bank a checking account for the Petty Cash Fund, and that the authorized signatures for said checking account shall be those of the Manager and the two Assistant Managers.

(Resolution: 83163; Adopted: February 8, 1983)

Contracts

Manager shall be authorized to hire a private firm to investigate the possibility of fraud, and to pay costs incurred not to exceed \$3,000.

(Resolution: 91047; Adopted: August 28, 1990)

- 1) Manager granted authority to approve and execute contracts in an amount not to exceed \$20,000, when budgeted funds are available; 2) That the Board be periodically informed of all contracts that the Manager-Secretary enters into under this authority; and 2) that the scope of this authority is limited in that multiple contracts with any one vendor cannot exceed \$20,000 in any fiscal year.

(Resolution: 01158 ; Adopted: May 8, 2001)

Note: This supercedes Resolution 01098; Adopted January 9, 2001

LACERS Employment

Practices Regarding the Employment of Relatives of Current Employees

- 1) No current employee shall participated in the decision to employ his or her relative
- 2) No employee shall supervise or evaluate the work performance of a relative.
- 3) No employee shall certify or audit the work of a relative
- 4) Relatives shall not be appointed if there is any reason to believe that the normal course of business in the office will be affected by such appointments.
- 5) Preferential treatment shall not be given to relatives or friends in hiring for temporary or permanent positions.

(Resolution: 81460; Adopted: March 10, 1981)

Board of Administration

Pursuant to Section 54957.2, Chapter 9 of the California Government Code (The Ralph M. Brown Act), the legislative body of a local agency may, by ordinance or resolution, designate a clerk or other officer or employee of the local agency who shall then attend each closed session of the legislative body and keep and enter in a minute book a record of topics discussed and decisions made at the meeting. The Executive Assistant to the Board of Administration be designated to serve in this capacity; and the Manager-Secretary be designated as the alternate.

(Resolution: 98053; Adopted: September 30, 1997)

Members of the Board shall be compensated for attendance at all Regular and Special meetings of the Board at a rate of \$50 per meeting with a maximum of \$250 per month, except when such Special meeting is concurrently scheduled as a meeting of a Committee of the Board.

(Resolution: 99248; Adopted: May 25, 1999)

The Board hereby approves the change of the official meeting time for regularly scheduled Board meetings to 9 a.m.

(Resolution: 06045; Adopted: September 13, 2005)

DISABILITY RETIREMENT – GENERAL (DRG)

DRG 01: All disability retirement applications shall be processed in a manner designed to protect the privacy rights of the applicant. All medical information shall be retrieved from Board members after each Board meeting. Board members not present at meetings during which an application for disability retirement is considered shall return all medical information to staff at the next regularly-scheduled meeting or dispose of the information in a manner that will protect the privacy rights of the applicant.

(Resolution: 05127; Adopted: June 14, 2005)

DRG 02: When a disability application is denied and the applicant returns to City employment, if the applicant received temporary disability payments from his or her contribution account pursuant to former Los Angeles Administrative Code Section 4.1055.1, staff shall establish the amount to be repaid to the applicant's contribution account by mandatory payroll contributions. The total amount to be repaid shall include the interest, which would have accrued on the contributions from the date of the last temporary disability payment made. Should the member elect to repay the funds through biweekly payroll deductions, interest at a rate consistent with service credit purchases made through biweekly payroll deductions shall also be charged. The minimum biweekly payroll deduction shall be \$25.00 and shall commence with the second full pay period following written notification to the member.

(Resolution: 05127; Adopted: June 14, 2005)

DRG 03: Los Angeles Administrative Code Section 4.1058.1 allows the Board to grant a disability retirement to an applicant who dies before three medical reports can be obtained. In these cases, a finding that the applicant was physically or mentally incapacitated since the discontinuance of service and incapable of performing the duties of his or her position may be made by the Board if (1) the cause of death, as shown on the death certificate, is attributable to the stated disability on the application for disability retirement or (2) if a different cause of death that would have incapacitated the member continuously from his or her discontinuance of service is shown on the death certificate. These findings can be made by the Board based on existing evidence on record at the time of death, if sufficient, or based on evidence obtained subsequent to the member's death

(Resolution: 05127; Adopted: June 14, 2005)

DRG 04: The General Manager is authorized to select the regularly licensed, practicing physicians to whom disability applicants are to be sent for examinations as provided in Los Angeles Administrative Code Section 4.1058.
(*Resolution: 05127; Adopted: June 14, 2005*)

The Board hereby approves a policy authorizing staff to pay, upon the treating physician request, the costs associated with the production of medical records regarding disability retirement applicants requested by LACERS in conjunction with a disability retirement application in an amount not to exceed \$100 per treating physician request; and grant authority to staff to utilize the services of third party vendors to obtain medical records, in an amount not to exceed \$200 per physician per applicant.
(*Resolution: 01089; Adopted: December 12, 2000*)

The Board, pursuant to the Administrative Code requiring disability applicants to be examined by three physicians, hereby authorizes a maximum fee of \$1,200 for medical examinations, plus the cost of laboratory and associated charges authorized by staff and a maximum fee for missed appointments of \$200.
(*Resolution: 01089; Adopted: December 12, 2000*)

DISABILITY RETIREMENT – PROCEDURES (DRP)

Pre-hearing Consideration by the Board

DRP 01: When LACERS staff has gathered all necessary information for the initial consideration by the Board; staff shall promptly schedule the matter before the Board.

(*Resolution: 05128; Adopted: June 14, 2005*)

DRP 02: LACERS staff shall provide verbal and/or written notification to the applicant of the date of scheduled initial consideration by the Board.

(*Resolution: 05128; Adopted: June 14, 2005*)

DRP 03: The applicant may request one continuance as a matter of right. After that, good cause must be shown before other continuances are granted. LACERS' staff shall determine whether good cause exists. Good cause shall not include issues related to a workers' compensation claim, including, but not limited to the status of a workers' compensation claim and/or workers' compensation physician reports.

(*Resolution: 05128; Adopted: June 14, 2005*)

DRP 04: The applicant has the right to be present during the Board's initial consideration of the case, but does not have to be present.

(*Resolution: 05128; Adopted: June 14, 2005*)

- DRP 05: The applicant has the right to be, but does not have to be represented by an attorney or other representative during the initial consideration by the Board.
(Resolution: 05128; Adopted: June 14, 2005)
- DRP 06: When a case is brought before the Board, for initial consideration, the Board may take one of three actions:
(A) Grant the disability retirement;
(B) Request staff to provide further information and bring the case back for further consideration; or
(C) Order a hearing, with or without a request to staff for further information.
(Resolution: 05128; Adopted: June 14, 2005)

Rules for When a Hearing is Ordered by the Board

- DRP 07: When the Board orders a hearing; staff shall promptly schedule the matter before the Board. LACERS' staff shall attempt to schedule the hearing on a mutually agreeable date, not more than 60 days after the Board's initial consideration of the case.
(Resolution: 05128; Adopted: June 14, 2005)
- DRP 08: The applicant may request one continuance as a matter of right. After that, good cause must be shown before other continuances are granted. LACERS' staff shall determine whether good cause exists. Good cause shall not include issues related to a workers' compensation claim, including, but not limited to the status of a workers' compensation claim and/or workers' compensation physician reports.
(Resolution: 05128; Adopted: June 14, 2005)
- DRP 09: Unless otherwise stipulated by all parties, notice of a hearing shall be given at least ten days before such hearing, and shall be given in person or by mail to each party and interested person(s).
(Resolution: 05128; Adopted: June 14, 2005)
- DRP 10: The applicant has the right to be, but does not have to be, represented by an attorney or other representative during the Board hearing.
(Resolution: 05128; Adopted: June 14, 2005)
- DRP 11: The applicant has the right to present written evidence. To minimize delays in processing the case, the applicant is urged to provide any written evidence as early during the case processing as possible.
(Resolution: 05128; Adopted: June 14, 2005)
- DRP 12: The applicant has the right to present testimony at the hearing and to have other witnesses present testimony.
(Resolution: 05128; Adopted: June 14, 2005)

- DRP 13: The applicant has the right to question any witnesses who testify at the hearing.
(Resolution: 05128; Adopted: June 14, 2005)
- DRP 14: The Board has the right to question the applicant and/or any applicant witnesses.
(Resolution: 05128; Adopted: June 14, 2005)
- DRP 15: The Board may direct any person present at the hearing to testify whether or not such person was subpoenaed to testify.
(Resolution: 05128; Adopted: June 14, 2005)
- DRP 16: The Board shall, within its authority, obtain the issuance of a subpoena for the attendance of a witness or the production of evidence upon request of a member of the Board or upon the written demand of any party. Applications for this purpose shall state the name and address of the proposed witness, specify the exact evidence sought and its materiality to the issues involved, and shall state that the witness has the desired evidence in his possession or under his control. For subpoenas requested by Board members, the Board shall also provide for the service of the subpoenas.
(Resolution: 05128; Adopted: June 14, 2005)
- DRP 17: The General Manager of the Los Angeles City Employees' Retirement System is authorized to request the City Clerk to issue subpoenas under the provisions of the Charter. LACERS' staff is authorized to pay witness fees and mileage allowances for subpoenas requested by the Board and in accordance with the provisions of the appropriate City regulations. The applicant shall pay any witness fees, including expert witness fees, and mileage for witnesses subpoenaed by the applicant.
(Resolution: 05128; Adopted: June 14, 2005)
- DRP 18: The Board may grant a re-hearing to reconsider its decision relative to a disability retirement application upon demonstration (A) that material evidence now exists which would have tended to affect the Board's decision had it been available or obtainable at the time of said decision, or (B) that the Board's previous decision was contrary to the evidence and clearly in error. Any request for the Board to reconsider a decision must be submitted in writing not more than 90 days following the date the Board's Findings of Fact are mailed to the applicant and shall include: (A) copies of any additional written evidence, or a general description of the nature of any additional testimony, which it is proposed for the Board to consider; and/or (B) a statement setting forth the nature of the Board's error in arriving at its decision.
(Resolution: 05128; Adopted: June 14, 2005)
- DRP 19: The hearing need not be conducted according to the formal rules relating to evidence and witnesses.
(Resolution: 05128; Adopted: June 14, 2005)

- DRP 20: The Board shall require maintenance of order in the hearing room, may order the exclusion of witnesses, may expel anyone who disturbs the hearing, and may secure the aid of the Chief of Police or security officer for such purpose.
(Resolution: 05128; Adopted: June 14, 2005)
- DRP 21: The Board may continue a hearing at any stage.
(Resolution: 05128; Adopted: June 14, 2005)
- DRP 22: The Board has the power to hear and determine all matters pertaining to the granting or termination of any disability retirement allowance. The determinations of the Board are final and conclusive.
(Resolution: 05128; Adopted: June 14, 2005)
- DRP 23: A hearing reporter shall record all proceedings. The hearing reporter's notes may be transcribed and one copy procured at the request of any party or interested person, upon payment of the fee for such transcription. If notes are transcribed, the original transcript shall be placed on file in the office of the Board. Any other party or interested person may thereafter purchase additional copies of the transcript by paying the cost thereof. LACERS' staff is authorized and directed to prepare the necessary demands for such payments.
(Resolution: 05128; Adopted: June 14, 2005)
- DRP 24: Petition for judicial review of the Board's final decision must be made within the time limits specified in Section 1094.6 of the California Code of Civil Procedure, which has been adopted by the Board of Administration. Any such petition must be filed not more than 180 days after the Board's Findings of Fact are mailed to the applicant, unless the applicant timely requests reconsideration, in which case the decision is final 90 days after the request for reconsideration is rejected.
(Resolution: 05128; Adopted: June 14, 2005)

DISABILITY RETIREMENT – RE-EXAMINATION (DRR)

- DRR 01: LACERS shall only initiate reexaminations to determine whether disability retirees remain disabled if the retirees are under age 55 and not more than five years have passed since the Board of Administration granted their disability retirements.
(Resolution: 05032; Adopted: October 26, 2004)
- DRR 02: Unless the Board specifies a shorter period of time or permanently precludes a disability retiree from reexamination, the reexamination shall be conducted five years after the date on which the disability retirement was granted.
(Resolution: 05032; Adopted: October 26, 2004)

DRR 03: For reviews initiated by LACERS, the General Manager or his/her designee shall have the authority to make a finding to continue a disability retirement allowance if at least one examining physician opines that the retiree remains disabled.

(Resolution: 05032; Adopted: October 26, 2004)

DRR 04: If a disability retiree believes that he/she is no longer disabled, he/she may request to have his/her case reviewed. LACERS staff shall determine whether to review the case based on (1) the presence of medical evidence of a significant change in his/her condition and/or (2) the length of time since the last review.

(Resolution: 05032; Adopted: October 26, 2004)

FAMILY DEATH BENEFIT INSURANCE PLAN (FDB)

FDB 01: Membership in the Family Death Benefit Insurance Plan shall automatically continue during all temporary leaves of absence, including leaves pending retirement. Premiums should be collected at the termination of the leaves, by restoration to duty, death, retirement, or other separation.

(Resolution: 05020; Adopted: July 27, 2004)

FDB 02: Family Death Benefit Insurance Plan premiums received in error shall be refunded.

(Resolution: 05020; Adopted: July 27, 2004)

FDB 03: The Board authorizes the General Manager to waive collections of member premiums for the Family Death Benefit Insurance Plan for amounts of \$25.00 or less.

(Resolution: 05020; Adopted: July 27, 2004)

FDB 04: Upon the death of a Family Death Benefit Plan Member who has completed at least 18 months of Death Benefit Plan Service:

(a) The widow/ widower of such member, having the care and custody of such member's child or children under the age of 16, shall receive a monthly allowance as provided in LAAC Section 4.1063 for him/her self plus the child/children, until such time as he or she shall remarry.

(b) The widow/widower, natural parent or adoptive parent of a member's child or children under the age of 18, having care and custody of such child/children, shall receive a monthly allowance for each child as provided in LAAC Section 4.1063.

(c) In the event there are surviving children under the age of 18, who are not in the care or custody of the member's widow/ widower, or in the care or custody of the child's natural or adoptive parent, there shall be paid to the legally appointed guardian of the member's child or children a monthly allowance as provided in LAAC Section 4.1063.

The phrase “child or children under the age of 18” shall include, in addition to a child who has not attained its 18th birthday as of the date of the member’s death, any child who, before reaching the age of 22, has become unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death, or to be of long continued and indefinite duration.

The phrase “child or children under the age of 18” shall include any child who is 18 years of age and a full-time student in an elementary or secondary school.

The phrase “child or children” shall include adopted children. It shall also include grandchildren, stepchildren, and stepgrandchildren for whom the deceased member paid at least ½ of their necessary living expenses during the member’s last year of service. The children and grandchildren of a member’s domestic partner shall be considered the member’s stepchildren and stepgrandchildren provided the domestic partnership has been established under LAAC Section 4.1044.4.

The term “widow/ widower of such member” shall also include the domestic partner of the member on the date of the member’s death provided the domestic partnership has been established pursuant to LAAC Section 4.1044.4.

(Resolution: 05020; Adopted: July 27, 2004)

FDB 05: Disabled child benefits terminate the third month following the month in which the disability ceases.

(Resolution: 05020; Adopted: July 27, 2004)

FDB 06: Child benefits terminate the month preceding the month in which any of the following occurs: the child dies, marries, or reaches the age of 18 (except for disabled children and children in full-time elementary or secondary school).

(Resolution: 05020; Adopted: July 27, 2004)

FDB 07: Benefits to a child who is 18 years of age and full-time student in an elementary or secondary school shall be paid to the child and terminate on the earlier of the month before the first full month in which the child is not a full-time student or the month before the child attains the age of 19.

(Resolution: 05020; Adopted: July 27, 2004)

FDB 08: Upon the death of a Family Death Benefit Plan Member who has completed at least 120 months of Death Benefit Plan Service:

(a) Upon reaching age 60, a widow/widower of such member, if she or he has not remarried, shall be paid a monthly pension as provided in LAAC Section 4.1063.

Actuarially reduced widow/widower benefits may be paid to a qualified widow/widower who has attained age 50, but not age 60, and was disabled at least one month prior to the member's death.

Widows/widowers, who would otherwise be eligible for widow/widower benefits under the Family Death Benefit Insurance Plan except for having remarried, upon subsequently having that marriage end via dissolution, death, or annulment prior to age 60, shall again become eligible to receive benefits.

Widows/widowers, who are otherwise eligible for widow/widower Family Death Benefit Insurance Plan benefits, shall receive their benefits even if they remarry at, or after, age 60.

- (b) In the event such member is not survived by a widow, widower or child who is eligible to receive Family Death Benefit Insurance Plan benefits, but is survived by a parent or parents who during the last year of the member's service had received at least 1/2 of their necessary living expenses from such member, there shall be paid to each such parent a monthly pension as provided in LAAC Section 4.1063; provided, however, that no such payment shall be made to a parent who has remarried subsequent to the member's death, nor shall such payments begin before the parent has reached age 62, nor shall any payment be continued to a parent who remarries.

In order to qualify for the benefit provided in Subparagraph (b) of this rule, the parent or parents, as the case may be, must within a period of six months following the member's death, file with the Board of Administration a claim for such benefit payable at age 62, regardless of age at the time of such death, and establish to the satisfaction of said Board the fact of dependency as provided in said subparagraph.

The term "widow/ widower of such member" shall also include the domestic partner of the member on the date of the member's death provided the domestic partnership has been established pursuant to LAAC Section 4.1044.4.

(Resolution: 05020; Adopted: July 27, 2004)

- FDB 09: Widow/widower benefits terminate the month preceding the month in which he/she remarries (prior to age 60 and stays married past age 60) or dies. If the widow/widower is receiving benefits as a disabled widow/widower the benefit shall continue through the third month following the month in which the disability ceases.

(Resolution: 05020; Adopted: July 27, 2004)

FDB 10: Disabled Family Death Benefit Insurance Plan recipients, whose disabilities are not determined to be permanent, shall be reviewed every 3 years in order to assess whether their disabilities continue to exist.

(Resolution: 05020; Adopted: July 27, 2004)

FDB 11: Dependent parent benefits terminate in the month preceding the month in which such parent dies or remarries.

(Resolution: 05020; Adopted: July 27, 2004)

FDB 12: The General Manager is authorized to administer an annual earnings test to Family Death Benefit Insurance Plan beneficiaries and enact reductions where applicable.

(Resolution: 05020; Adopted: July 27, 2004)

FDB 13: Rules for overpayment recovery:

1) When an overpayment is recovered through an offset against one or more monthly benefit payments, the offset will be limited to 25% of the monthly Family Death Benefit Insurance Plan benefit.

2) The General Manager may waive certain recovery of overpayments made to beneficiaries in instances where the person is without fault and if such recovery would defeat the purpose of the insurance plan or would be against equity and good conscience. "Without fault" shall mean the overpayment was not due primarily to the person's lack of care in fulfilling his or her responsibilities under FDBIP.

(Resolution: 05020; Adopted: July 27, 2004)

GENERAL MANAGER AUTHORIZATIONS (GMA)

The Board hereby delegates authority to approve benefit payments to the Manager-Secretary. Additionally, the Board hereby declares that the date the Manager-Secretary approves the retirement benefit payment shall be deemed the date that the Board approves the retirement application for purposes of Los Angeles Administrative Code Sections 4.1066–4.1067 (Separate Accounts and Former Spouse Life Annuity).

(Resolution: 01030; Adopted: August 8, 2000)

The Manager-Secretary, upon receipt of appropriate (domestic relation) orders of the court, may make payments pursuant thereto to beneficiaries other than retired employees, and the Manager-Secretary is hereby authorized and directed to draw appropriate demands.

(Resolution: 84052; Adopted: September 13, 1983)

When LACERS staff can verify that a member has filed a Declaration of Domestic Partnership with the Employee Benefits Section of the Personnel Department of the City of Los Angeles, the date that Declaration was filed with the Employee Benefits Section

may be accepted by LACERS staff as the date of filing for the purpose of the member's retirement benefits provided that the domestic partnership was not terminated subsequent to the Declaration date and that the member completes LACERS' Declaration prior to his/her retirement effective date.

(Resolution: 04028; Adopted: September 23, 2003)

LARGER ANNUITY PROGRAM (LAP)

Cash payments by members to provide a larger annuity are not authorized when it is the stated intent of the member to shelter the funds from creditors.

(Resolution: 77147; Adopted: February 22, 1977)

...rules for administering the larger annuity benefit...shall be as follows:

1. Additional contributions for a larger annuity may be made by payroll deduction or by lump sum contribution.
2. Only one refund of additional contributions and accumulated interest is permitted during a term of membership.

(Resolution: 95193; Adopted: June 13, 1995)

(Changes to Larger Annuity Program)

1. Active members electing to participate in the Larger Annuity Program shall complete the Election to Participate in Larger Annuity Program form, designating the structure of the additional voluntary contributions from among the following three methods:

- a. Payroll deduction on an after tax basis; or
- b. Lump-sum payment on an after tax basis; or
- c. Direct transfer or rollover from a qualified plan on a pre-tax basis.

Note: Larger Annuity contributions made on an after-tax basis are limited by Internal Revenue Code Section 415 (currently \$40,000 for 2002). No limitation exists for contributions made on a pre-tax basis

2. Larger Annuity contributions will receive a return on investment. Participating members may elect to:
 - a. Receive the same return and in the same manner as is posted for regular member contributions; or
 - b. Receive a return based on investment earnings of the fund, to be determined as follows:
 - i. The return shall be computed based on the return of the publicly-traded assets of LACERS. The custodian bank will compute the monthly return.
 - ii. The monthly return shall be posted at the end of the month and applied to the balance at the beginning of each month. The rate of return could be positive or negative.
 - iii. Participating members may change their investment option once a year effective the first working day of the month following the change request.

3. Upon a change in the investment option, the member's entire Larger Annuity account shall be transferred to the new option.
4. At the time of retirement, participating members may elect to receive either a refund of their Larger Annuity account, or a Larger Annuity based on the selection of the following options:
 - a. Single Life with a cash refund feature;
 - b. Single Life annuity without a cash refund feature;
 - c. Joint and survivor at any percentage consistent with Internal Revenue Code Section 401(a)(9) continuance percentage restrictions) with a cash refund feature;
 - d. Joint and survivor annuity at any percentage consistent with Internal Revenue Code Section 401(a)(9) continuance percentage restrictions) without a cash refund feature.

(Resolution: 070724-B; Adopted: July 24, 2007, modified "4." above)

(Resolution: 02094; Adopted: May 28, 2002, modified entire section)

LOAN PROGRAM FOR DISABILITY APPLICANTS (DLN)

- DLN 01: The amount of the loan cannot exceed $\frac{1}{2}$ (one-half) of the amount of contributions and interest in the member's LACERS account.
(Resolution: 03024; Adopted: September 10, 2002)
- DLN 02: The term of the loan is 4 years.
(Resolution: 03024; Adopted: September 10, 2002)
- DLN 03: The member may repay the loan early without a penalty.
(Resolution: 03024; Adopted: September 10, 2002)
- DLN 04: The amount of the loan cannot exceed \$50,000.
(Resolution: 03024; Adopted: September 10, 2002)
- DLN 05: The amount of the loan cannot exceed more than 4 pay periods of salary.
(Resolution: 03024; Adopted: September 10, 2002)
- DLN 06: The annual interest rate is 8%.
(Resolution: 03024; Adopted: September 10, 2002)
- DLN 07: The payment schedule can be quarterly, monthly or biweekly depending on the member's circumstances.
(Resolution: 03024; Adopted: September 10, 2002)
- DLN 08: There is a 90-day grace period.
(Resolution: 03024; Adopted: September 10, 2002)
- DLN 09: LACERS retains a security interest in the member's LACERS account until the loan is repaid.
(Resolution: 03024; Adopted: September 10, 2002)

MEMBER ACCOUNTS (ACC)

The Board authorizes the Manager-Secretary to waive collection of member contributions of less than \$25; and to waive refunds of less than \$10.

(Resolution: 97161; Adopted: February 11, 1997)

The Manager-Secretary shall be authorized to use the following criteria to process over/unders:

1. Over-refund of \$50 or less – write off the over refund immediately.
2. Over-refund of \$50 or more – Written request to former member
3. Over-refund of \$100 or more – Written request to former member. If no response, 2nd written request referencing City Attorney intervention.
4. Over-refund of \$500 or more – If previous efforts are not successful, forward case to City Attorney.

(Resolution: 95107; Adopted: December 27, 1994)

SUBJECT: Approved the Beta Formula

In conformity with the requirements of said Section 4.1031, and as recommended in the report of the Board's Consulting Actuaries, contribution rates for all members of this system entitled to the Beta Formula be and they are hereby ~~were~~ established effective October 25, 1975, and thereafter are as follows:

Members not entitled to the Beta Formula pursuant to said section 4.1021, those now or hereafter employed in one of the Civil Service classification listed below, shall, while so employed, contribute at the rates established by Resolution No. 112, adopted February 7, 1974, unless they become employed in a Civil Service classification the members of which are entitled to the Beta Formula, at which time they shall contribute in accordance with the provisions of the preceding paragraph thereof.

(Resolution: 76048; Adopted: September 26, 1975)

SUBJECT: Defrayal of Member Contribution

Ordinance 147686 adds Section 4.1031.1 to the Los Angeles Administrative Code. Ordinance No. 147,707 authorizes the City to defray one-half of members' contributions except as to those members excluded by the provisions of Section 4.1021 of the Los Angeles Administrative Code; and

Section 4.1031.1 authorizes the Board to discount the amount defrayed to offset savings expected to accrue from employee terminations and withdrawals of accumulated contributions.

The Board's Consulting Actuaries have computed this expected savings to be at the rate of 25.37% of the amount so defrayed;

In accordance with said Section 4.1031.1, the amount payable to the City Employees' Retirement Fund from City funds shall be ~~This resolution authorized and directed the~~

~~Controller to pay to the CERS fund~~ 74.63% of the amount of employee contributions so defrayed.

The Controller is hereby authorized and directed to reduce members' contributions, save and except those of members employed in the Civil Service classifications listed below, by one-half, and to pay to the City Employees' Retirement Fund 74.63% of the amount so defrayed.

(Resolution: 76049; Adopted: September 26, 1975)

SUBJECT: Contribution Rate Table for All Members Beg., Pay Period August 26, 1978
The firm of Towers, Perrin, Forster and Crosby, the Board's Consulting Actuaries, has compiled a contribution rate table for all members of this System entitled to the Beta Formula in conformity with the requirements of Section 4.1031 effective with the payroll period ending August 28, 1978.

(Resolution: 79017; Adopted: July 25, 1978)

Contribution rates established for an age at entry of 16 shall be applicable to members age 16 and under.

(Resolution: 79175; Adopted: January 9, 1979)

Member Contributions, Retirement Credit and Final Compensation

In the case of employment on a regular full-time basis, the established rate of contribution shall be applied to the rate of salary established for the position held at the close of each bi-weekly payroll period.

The first contribution shall be taken at the end of the first bi-weekly payroll period in the month in which membership begins.

In the case of members who terminate and elect a deferred service retirement, or who terminate by disability or service retirement or death, a full contribution shall be taken for the last payroll period, and full service credit granted for said period in which the member is compensated.

For service rendered prior to July 1, 1937, retirement credit shall be allowed on the basis of 1/24 of one year's service for each semi-monthly payroll period provided, however that should all days of absence without pay in one calendar year exceed fifteen days in the aggregate, then any such aggregate number of days shall be deducted from the total amount of prior service credit at the rate of 1/24 of one year of service for each such fifteen days of absence without pay.

For service rendered subsequent to July 1, 1937 and prior to July 1 1956, retirement credit shall be allowed on the basis of 1/24 of one year's service for each semi-monthly payroll period for which the required contributions are on deposit at the time of retirement.

For service rendered on and after July 1, 1956, retirement credit shall be allowed on the bases of 1/26 of one year's service for each bi-weekly payroll period for which the required contributions are on deposit at the time of retirement, provided, however, that in

those years in which there are 27 payroll periods, the retirement credit shall be allowed on the basis of 1/27 of one year of service for each bi-weekly payroll period.

For service on a regular full-time basis, or on a regular part-time basis of half-time or more, service credit shall accrue as follows for each payroll period in which a member receives compensation, whether the compensation earnable established for the position held is at an hourly, daily, weekly, monthly or annual rate.

In all calculations required for the determination of the amount of any retirement allowance, the respective fractions, 1/24, 1/26, and 1/27 shall be expressed as the decimal equivalent of one year whenever a fractional part of one year of service is involved.

(Supersedes Resolution 18, dated August 21, 1956)

(Resolution: 89322; Adopted: May 23, 1989)

SUBJECT: Crediting Of Member Accounts

Member accounts, constituting the contributions made by members and accumulated interest therein, shall be credited monthly with interest.

The interest rate to be credited shall be the monthly average rate for 5-year Treasury Notes based on the previous third month as provided by Bloomberg divided by twelve. This rate shall be applied to the prior month ending balance of the member accounts. No other interest shall be credited thereon to a member's account.

(Supersedes Resolution 83014, dated July 13, 1982)

(Resolution: 97126; Adopted: December 23, 1996)

RECIPROCITY (REC)

Reciprocity with the Department of Water and Power Employees Retirement Plan:

The City Council has passed and the Mayor has approved an ordinance amending Division 4 of the Los Angeles City Administrative Code by adding Section 4.1060 to Chapter 10 thereof so as to aid in the implementation of a reciprocal arrangement between the City Employees' Retirement System and the Department of Water and Power Employees Retirement Plan

This Board establishes March 9, 1980 as the effective date of implementation of the Reciprocity Agreement, and:

Members of the Department of Water and Power Employees Retirement Plan who become members of the City Employees Retirement Plan subsequent to this effective date shall immediately begin making contributions based on the entry age established by the Department of Water and Power Retirement Plan or the earliest entry age applicable in accordance with existing Charter and Administrative code provisions, whichever is less, providing there has not been a break in service of more than 3 years and the employee meets all the requirements established by this ordinance and consistent with the Charter and other sections of the Administrative Code, if applicable,

Current members of the City Employees' Retirement System who were formerly members of the Department of Water and Power Employees Retirement Plan and otherwise meet the requirements for reciprocity as established by this ordinance, may have their entry age adjusted as previously described, effective March 9, 1980; providing they make application to do so prior to December 31, 1980; otherwise the effective date of adjustment will be the earliest date administratively feasible after the application has been filed, and;

Members who qualify to participate in the reciprocity agreement and so avail themselves of this opportunity, shall qualify for benefits based upon total service credits in both the City Employees' Retirement System and the Water and Power Employees Retirement Plan in accordance with the provisions of the ordinance and beginning with the aforementioned effective dates;

The resolution previously adopted by this Board establishing rules for the payment of back contributions shall be applicable to the purchase of "Death Benefit Plan Service" by members who participate in reciprocity and avail themselves of this opportunity, and;

The Manager-Secretary is hereby authorized to prescribe forms, transfer funds, and perform or assign all the administrative duties necessary to fully implement the reciprocity agreement described in the ordinance.

(Resolution: 80307; Adopted: March 11, 1980)

Transfer of Funds between LACERS and the Water and Power Employees' Retirement Plan:

1. When LACERS is notified a Member has transferred from WPERP to LACERS, staff shall request a transfer of the Member's contribution account from WPERP without regard to the 7 month negative election period available to the member.
2. If the Member negatively elects reciprocity between LACERS and WPERP, staff shall remove any interest accredited to the transferred amount and reverse the transfer.
3. If LACERS receives a request from WPERP for a transfer of a Member's contribution account on account the Member has transferred employment to the Department of Water and Power, staff shall process that transfer request without regard to the 7 month negative election period available to the member.
4. If the Member negatively elects reciprocity between WPERP and LACERS, staff shall request a reversal of the Member's account balance from WPERP and upon receipt shall credit the account, together with any accrued interest as if the transfer had not taken place.

(Resolution: 03043; Adopted: October 22, 2002)

Reciprocity with Certain Other California Retirement Systems:

Two payroll periods of overlapping coverage of both employment dates and service credits will not disqualify a member from eligibility for reciprocity.

(Resolution: 00175; Adopted: April 11, 2000)

Any overlapping service credits beyond two payroll periods will be deducted and the corresponding contribution will be refunded.

(Resolution: 00175; Adopted: April 11, 2000)

For purposes of reciprocity, overlapping service between the Los Angeles City Employees' Retirement System and a reciprocal agency will not disqualify a member from reciprocity as long as the member did not physically work for -both agencies at the same time.

(Resolution: 03025; Adopted: September 10, 2002)

A member's decision to participate in reciprocity is revocable.

(Resolution: 04029; Adopted: September 23, 2003)

If a member with reciprocity is participating in a Deferred Retirement Option Plan, LACERS will begin to pay the member a retirement allowance based on when the reciprocal system considers the member to be retired.

(Resolution: 04029; Adopted: September 23, 2003)

If a member with reciprocity is participating in a Deferred Retirement Option Plan, LACERS will determine his/her Final Compensation for the purpose of calculating his/her retirement allowance based on his/her highest twelve months of compensation prior to being considered as retired by the reciprocal system.

(Resolution: 04029; Adopted: September 23, 2003)

If a member is employed by a reciprocal entity for less than one year and wants LACERS to recognize that period for his/her Final Compensation, that period will be blended with the member's other contiguous period of highest compensation to develop a twelve-month Final Compensation amount.

(Resolution: 04029; Adopted: September 23, 2003)

REFUNDS (RFD)

RFD 01: The General Manager of the Los Angeles City Employees' Retirement System (LACERS) is hereby authorized and directed to refund accumulated contributions and interest pursuant to Los Angeles Administrative Code Sections 4.1051.1 and/or 4.1059 to members who execute and file written applications with LACERS.

(Resolution: 0626; Adopted: August 9, 2005)

RFD 02: When LACERS staff realizes that it has erroneously collected retirement contributions from members; staff shall refund the contributions collected in error along with any regular interest credited to those contributions.
(*Resolution: 0626; Adopted: August 9, 2005*)

RETIREE HEALTH SUBSIDY (RHS)

Retired members who qualify for federally funded parts A and B of Medicare shall be reimbursed for the premium cost of Medicare part B and that amount of \$15.50 be reimbursed to eligible members each month beginning with the retirement roll for the month of December 1984.

This reimbursement shall be paid in addition to the Health Insurance Subsidy provided under Resolution #84232 dated May 22, 1984.

Upon the death of the retired member, no further reimbursement for the premium cost of part B of Medicare be paid on behalf of such members, and that the provisions of this resolution shall remain in effect until modified or cancelled by subsequent action of the Board.

(*Resolution: 85087; Adopted: January 8, 1985*)

The maximum health insurance premium subsidy, as described in Section 4.1103 of the Los Angeles Administrative Code, payable on behalf of retired members of the City Employees' Retirement system and their eligible dependents (as such term is defined in the Board-approved health insurance plans), shall be \$261.

Retired members of age 55 and above with 10 or more years of service and retired members who were compulsorily retired, who do not qualify for Part A of Medicare shall have paid to their respective approved health insurance carriers, on behalf of said members and their eligible dependents, a monthly health insurance subsidy of \$10.44 for each whole year of City service; said subsidy to be applied first to that portion of that premium applicable to the retired members, with any remainder to be applied to the premium applicable to dependent or dependents of said member. Those covered by Part A of Medicare shall have paid to the health carrier a subsidy and dependents same as above. No subsidy is paid after member's death.

(*Rescinds Resolution 86152, Adopted May 13, 1986*)

(*Supersedes Resolution 96153*)

(*Resolution: 87160; Adopted: May 12, 1987*)

SERVICE CREDIT PURCHASES (SCP)

Re-deposits for Terminated Members Who Successfully Appeal Discharges

Retirement System members who are discharged from City employment and refunded their accumulated contributions, and who also appealed such discharge and had their appeal upheld, shall upon reinstatement to membership, have the right to redeposit their previously withdrawn accumulated contributions in accordance with City Charter Section 512A and Administrative Code Section 4.1051 (b).

(*Rescinds Resolution 79194, dated January 23, 1979*)

(*Resolution: 89224; Adopted: February 28, 1989*)

Calculating Back Contributions For Part-Time Service Credit

The methodology of calculating the cost is to use the calendar year ending pay period to determine the total number of hours worked and the first pay period of the calendar year to determine the salary rate for the prior year. For purposes of calculating the service credit for use in determining medical subsidy entitlement the General Manager is authorized to determine years of service credit based on work patterns of the civil service class in order to preserve member entitlements to the health subsidy.

(Resolution: 99062; Adopted: September 22, 1998)

Upon electing a deferred retirement, a former member shall be entitled to make a lump sum cash settlement of a contract to purchase past service at any time prior to Board approval of an application for a retirement allowance; and

The amount of such lump sum cash payment shall include the regular interest which would have been credited between the member's termination date and the time that the lump-sum payment is received.

(Resolution: 84248; Adopted: June 26, 1984)

For purposes of satisfying the vested right retirement eligibility requirements regarding dates of LACERS membership only, the employment dates associated with service credit purchased under the re-deposit and back contribution provisions contained in the Los Angeles Administrative Code may be used to establish LACERS membership dates. This will apply to re-deposits regardless of the length of the break in service.

(Resolution: 04030; Adopted: September 23, 2003)

Any member eligible to: (1) make up back contributions, (2) re-deposit contributions, (3) buy back service credit, or (4) make up contributions for periods during which Workers' Compensation was received, may make full or partial payment for these purposes by a direct trustee-to-trustee transfer of funds from any eligible retirement plan as permitted under current federal and State law or under these laws as amended in the future.

(Resolution: 03034; Adopted: October 8, 2002)

This case establishes a precedent with respect to all future members that apply to purchase military service credit, that payments they may receive for said military service shall not constitute retirement benefits as defined in the ordinance establishing the Government Service Buyback program if such payments are 1) issued to the member by the Veterans' Administration irrespective of age or years of service, and 2) the member does not receive retirement benefits from one of the armed forces.

(Resolution: 98208; Adopted: May 26, 1998)

Buyback of LACERA Plan E Under the Government Service Buyback Program

Active CERS members are entitled to buyback LACERA Plan E non-vested services under the GSB program if they are ineligible for reciprocity. The cost of the buyback will be the current CERS contribution rate times the current salary times the years purchased.

(Resolution: 00112; Adopted: December 14, 1999)

Administrative Rules For Public Service Buyback

A member may elect to purchase or enter into an agreement to purchase retirement credit for any qualifying periods of service only once during a term of membership; and any refund prior to termination or retirement shall terminate the right to enter into additional contracts during that term of membership.;

When a member's retirement date differs from the projected date used in the original buyback calculation, the cost of the buyback will be recalculated using the actual retirement date and the same salary used in the original calculation, but current actuarial assumptions;

The same method of calculation will apply to any public service buyback contract applicable to any survivors' benefits payable at the death or a member who is eligible to retire;

When adjustments are required as a result of the above calculations, the following options will apply:

1. If the recalculation results in excess contributions, a refund of the excess amount will be made.
2. If the recalculation results in a requirement for additional contributions, the member may make a lump sum payment of the additional amount due or receive pro-rata service credit for the amount paid.

A member is entitled to amend the original contract once to pay off the remaining balance and it shall be recalculated by the following method:

1. If a percentage of pay option was elected the member will receive pro-rata service credit for the amount paid;
2. The additional service credit to be paid on the contract shall be recalculated using the original salary and retirement date but current actuarial assumptions;
3. If a fixed payment method was elected the principal balance will be determined using standard amortization tables.

A member who transfers to the Department of Water and Power is entitled to amend the original contract to change from a percentage-of-payment method to a fixed-dollar-amount method and it shall be recalculated by the following method:

1. The member will receive pro-rata service credit for the amount paid;
2. The additional service credit to be paid on the contract shall be re-calculated using the original salary and retirement date but current actuarial assumptions.

Military service will be documented by a Department of Defense Form 214 (DD214); evidence of other qualifying service must be certified by the government agency for whom the service was rendered; it will be the member's responsibility to provide the City Employees' Retirement System with the name and address of the qualified agency; the agency must return the certification directly to the City Employees' Retirement System.
(Resolution: 96197; Adopted: April 9, 1996)

SURVIVOR BENEFITS (SRV)

Manager authorized to refund survivor contribution upon the written request of a member or surviving spouse provided in Subsections C and D of Sec. 508.2.
(Resolution: 72; Adopted: March 14, 1967)
(Note: This Resolution could not be located so it is not known whether the wording above is the actual wording contained in the Resolution.)

The Manager-Secretary is hereby authorized to draw the demands necessary to pay beneficiaries the accumulated contributions, not exceeding \$100, in the accounts of those deceased members whose accounts were intended to be fully liquidated at the time of the initial Board action after the member's death.
(Resolution: 80097; Adopted: September 11, 1979)

Calculation for 508.2 refund shall be member's accumulated contribution amount multiplied by the ratio which the member's survivor contribution rate bears to member's total contribution rate (ratio calculated to five decimals-no round off).
(Resolution: 21; Adopted: August 8, 1967)
(Note: This Resolution could not be located so it is not known whether the wording above is the actual wording contained in the Resolution.)

Administrative Code Section 4.1044.3 allows the surviving spouse of a deceased retired member to elect to participate in the 50% Continuance-To-Surviving Spouse benefit provided in Charter Section 508.2 if the deceased member did not elect to participate in that benefit. Such a spouse must pay the additional contributions the member would have paid if the member had elected this benefit.

1. The allowance provided to a surviving spouse under Administrative Code Section 4.1044.3 shall be calculated as though the deceased member had retired under Charter Section 508.2
2. Any unused contributions which remain at the member's death shall be used to provide the annuity portion of the continuing allowance when a surviving spouse elects this benefit.
3. That the required additional contributions the surviving spouse must pay shall be calculated on the basis of what the member would have contributed up to the retirement date, including the interest which would have been credited to those

contributions, and further including such interest as would have been credited to those additional contributions between the retirement date and the date they are paid by the surviving spouse if they had been transferred to the Reserve for Annuities on the retirement date.

4. That allowances previously granted under Section 4.1044.3 shall be recalculated in accordance with the foregoing provisions and any necessary adjustment to the accounts shall be made, and the additional amount due retroactive to the effective date shall be paid to the surviving spouse. In such cases wherein unused contributions were refunded to a surviving spouse, the receipt of a recalculated allowance shall be contingent upon the redeposit of those contributions.

(Resolution: 84247; Adopted: June 26, 1984)

HEALTH BENEFITS ADMINISTRATION

HBA 1.0 Delegation of Authority

To the extent permitted by law, the Board may delegate authority to act on its behalf in accordance with Board policies to the General Manager, a health plan provider, a third party administrator, or to other such entities as it deems necessary or reasonable for the effective and efficient administration of its Retired Member health plans. However, nothing in this rule shall permit the Board to delegate its powers regarding the adoption of the health subsidy, plan design, or the selection of health plan providers. (LAAC 4.1101)

HBA 2.0 Enrolling a Retired Member or Eligible Surviving Spouse/Domestic Partner and Their Dependents

- (a) A Retired Member or Eligible Surviving Spouse/Domestic Partner shall be eligible to enroll in a LACERS' medical/dental plan if he or she is receiving a monthly retirement allowance from LACERS (LAAC 4.1100) and otherwise meets all additional eligibility requirements as stated in carrier contracts and administrative policy. Such individuals must file LACERS' Medical and Dental Plan Enrollment Form (and any other required forms) within 60 days of the effective date of their retirement.
- (b) At the time of the death of the Retired Member, an Eligible Surviving Spouse/Domestic Partner enrolled as a dependent may continue health plan coverage in the same plan(s). Enrollment must occur within 60 days of the Board approving the Eligible Surviving Spouse/Domestic Partner allowance.
- (c) If a Member or an Eligible Surviving Spouse/Domestic Partner was not enrolled in a LACERS health plan at the time of the Retired Member's death, he or she may enroll in a plan during an Open Enrollment period.
- (d) Eligibility to enroll in a LACERS HMO plan requires that individuals reside in an authorized zip code service area. (Federal and State Rules)
- (e) The Fund does not provide separate health plan coverage for dependents. (LAAC 4.1100) Should the Retired Member or Eligible Surviving Spouse/Domestic Partner become ineligible for enrollment or coverage, the LACERS health insurance plan(s) becomes null and void.

- (f) At age 65 (or sooner if eligible for Medicare insurance), individuals must enroll in a LACERS Medicare plan. (LAAC 4.1103.2)
- (g) New dependents must be added to the Retired Member's or Eligible Surviving Spouse's/Domestic Partner's medical and/or dental plan within 30 days of becoming a Retired Member's or Eligible Surviving Spouse's/Domestic Partner's dependent; if this requirement is not met, the next opportunity to enroll the dependent is the annual Open Enrollment period.
- (h) Retired Members or Eligible Surviving Spouses/Domestic Partners whose medical coverage has been terminated due to a lapse in Medicare Part B enrollment may re-enroll themselves and their dependents in their LACERS medical plan within 30 days of re-establishing Medicare Part B enrollment.
- (i) Medical plan dependents whose medical coverage is terminated due to a lapse in Medicare Part B coverage may be re-enrolled in the primary subscriber's (Retired Member's or Eligible Surviving Spouse's/Domestic Partner's) medical plan within 30 days of re-establishing Medicare Part B enrollment.

[Resolution: 120110-B; Adopted: January 10, 2012; added "(h), (i)" above]

HBA 3.0 Eligible Dependents (Health Plan Administrator, Health Plan Contracts)

Eligible Dependents include:

- (a) Those of the living Retired Member or Eligible Surviving Spouse/Domestic Partner:
 - (1) Lawful Spouse
 - (2) Domestic Partner
- (b) An unmarried child or children who are:
 - (1) Under 19 years of age.
 - (2) 19 to 25 years of age, attending an accredited educational institution as a full-time student (as defined by the accredited school) and primarily supported by the Retired Member or Eligible Surviving Spouse/Domestic Partner.
 - (3) 19 years of age or older, and wholly unable to engage in any gainful occupation due to a mental or physical disability that existed prior to reaching age 19. Retired Member or Eligible Surviving Spouse/Domestic Partner must submit proof of the child's disability to the health plan within 30 days after the date the child fails to qualify under items (a) or (b) above. Reevaluation of eligibility may be required, periodically.
- (c) Grandchild provided the Retired Member or Eligible Surviving Spouse/Domestic Partner is the legal guardian or has legal custody of the grandchild, or the grandchild is the child of an enrolled dependent's child.
- (d) A child for whom the Retired Member or Eligible Surviving Spouse/Domestic Partner must provide health benefit coverage under the terms of a Qualified Medical Child Support Order.

HBA 4.0 Enrollment Periods

A member may enroll in a LACERS-sponsored medical/dental plan or the Medical Premium Reimbursement Plan:

- Within 60 days of the date the Member's name is placed on the Retirement Roll
- During the Retiree annual open enrollment period
- Within 60 days of turning age 55 (City Retiree) or upon turning age 50 (City Retiree) and retired under the 50/30 retirement provision

- Within 60 days of turning age 65 (City Retiree)
- Within 30 days of relocation out of or into a LACERS HMO or Senior Plan authorized zip code service area not previously available
- Within 30 days of involuntary termination of a non-LACERS medical plan (proof required)
- Within 30 days of re-establishing his/her Medicare Part B after a lapse in Medicare Part B enrollment

(Resolution 120110-B; Adopted: January 10, 2012; modified first and last bullet points above)

HBA 5.0 Medical Premium Reimbursement Program

The Medical Premium Reimbursement Program (MPRP) is available to Retired Members and Surviving Spouses/Domestic Partners who are unable to access a LACERS HMO medical plan. (LAAC 4.1106) In addition to the requirements set forth in LAAC 4.1106, eligibility for reimbursement is subject to the following:

- (a) Dental coverage is exempt from this program.
- (b) Once Members begin participating in the MPRP, they may change their individual medical plan at any time provided that they furnish all enrollment/disenrollment/payment information to LACERS.
- (c) Members may receive reimbursement for their supplemental Medicare Part D basic premium in order to maintain creditable coverage. Reimbursement for the supplemental Medicare Part D basic premium, when added to the reimbursement for the Member's primary medical plan, will not exceed the maximum subsidy available to that Member.
- (d) Provided they meet all the program qualifications, Members who are enrolled in one of the following types of plan, and are paying all or a portion of the premium, will be eligible for participation in the MPRP:
 1. a plan sponsored by an active employer
 2. a plan sponsored by a retirement system other than LACERS
 3. a partially subsidized health plan
- (e) Members qualified for MPRP and enrolled in Medicare Parts A and B who receive health coverage premium-free will be eligible for Medicare Part B premium reimbursement."
- (f) Members may receive reimbursement for separate vision plan insurance if their existing medical plan does not provide vision coverage, or the vision services provided are not equivalent to LACERS vision benefits. Reimbursement for separate vision plan insurance, when added to the reimbursement for the Member's primary medical plan and Medicare Part D, will not exceed the maximum subsidy available to that Member.

(Resolution: 090127-A; Adopted: January 27, 2009)

[Resolution: 110913-C; Adopted: September 13, 2011; modified "(c)" above]

HBA 6.0 Insufficient Funds for Premium Deductions

- (a) Effective November 1, 2003, a Retired Member or Eligible Surviving Spouse/Domestic Partner may submit to LACERS the contribution shortage between their monthly deduction and the monthly premium owed for the next Plan Year, effective January 1. The total contribution shortage for the 12-month period

beginning January 1 of the following year is due to LACERS no later than November 30. LACERS shall send a notice of the contribution shortage amount to the Retired Member or Eligible Surviving Spouse/Domestic Partner at his or her last known address within 15 days of October 10 (dates are subject to change depending on when the Board adopts the next plan year's health plan premium rates).

- (b) If the member fails to make full payment by November 30 (regardless of whether a notice of contribution shortage is received by the member), the Retired Member/Dependent(s) shall not have coverage effective January 1 of the next Plan Year.
- (c) Cancellation of the Member's coverage pursuant to this rule shall not affect LACERS right to collect any and all contribution shortages from the beneficiary or the estate of the beneficiary.

HBA 7.0 Notice to the Fund (LACERS)/Recovery of Benefits

If an event occurs which makes a person ineligible for continued enrollment or coverage in the health plan(s) offered or sponsored by LACERS, the Retired Member, Eligible Surviving Spouse/Qualified Domestic Partner or their representative shall notify LACERS of the event as soon as is reasonable.

All such notices shall be in writing and shall be sent to LACERS. LACERS shall be entitled to seek recovery of any benefits that were provided to any person after an event that terminated the person's enrollment or that otherwise made that person ineligible for continued enrollment in or coverage by the health plans offered or sponsored by LACERS. In seeking to recover benefits under this rule, the Fund shall have the right of offset, including without limitation, the right to recover amounts from and out of any and all future benefits payable to the person whose enrollment was terminated or who otherwise ceased to be eligible for continued enrollment or coverage in a LACERS health plan.

HBA 8.0 Authority of the General Manager to Waive Rule Provisions

Subject to statutory requirements and limitations, the General Manager may waive a Retired Member's or Eligible Surviving Spouse's/Qualified Domestic Partner's compliance with any provision of these Board rules when it is determined that:

- (a) Good cause exists for such a waiver;
- (b) Strict enforcement of such provision would impose a manifest injustice upon the member who has substantially complied with these rules in good faith;
- (c) Such waiver does not involve a significant increase in the obligations or liabilities of the Fund beyond that which would have been involved if the member had fully complied with these rules; and
- (d) Such waivers do not conflict with existing health plan contract provisions.

The City Attorney must review any waivers that are contrary to Board policy. Each waiver by the General Manager must be in writing and include support documentation of the pertinent facts and grounds. Notice of each waiver shall be submitted to the LACERS Board.

HBA 9.0 Responsibilities of Retired Member or Eligible Surviving Spouse/Domestic Partner

Retired Member(s) or Eligible Surviving Spouse(s)/Domestic Partner(s) are responsible for:

- (a) Providing current and accurate personal information.
- (b) Paying the premium contributions in the amount or amounts required above any subsidy paid by LACERS for the applicable health benefit plan
- (c) Paying the premium contributions at the times and in the manner prescribed by LACERS
- (d) Complying with these Board Rules, Administrative Policies and Procedures and carrier contract provisions.
- (e) Enrolling in all parts of Medicare for which they are eligible if enrolled in a LACERS health plan.

HBA 10.0 Required Proof of Medicare Insurance

Proof and/or assignment of Medicare is required for all individuals eligible for various Medicare insurance coverages regardless of the age of the individual(s) (LAAC 4.1103.2 and 4.1103.3). Members are eligible for Medicare at 65 years of age, but may become eligible before age 65 if they have a Medicare-qualifying disability (such as End Stage Renal Disease).

- (a) Notwithstanding any other provision for these rules to the contrary, a Retired Member, Eligible Surviving Spouse/Domestic Partner or dependent who is eligible to enroll in Medicare (Parts A&B or Part B only) shall not be eligible for coverage under any health benefit plan offered or sponsored by LACERS until such individual enrolls in Medicare and submits proof to LACERS. "Proof" of Medicare enrollment shall be defined as a Medicare card or an eligibility printout from the Social Security Administration.
- (b) The Board may require enrollment in other parts of Medicare to ensure the financial stability of its health plan offerings and to be in compliance with carrier contract provisions.
- (c) The same Medicare insurance requirements apply to the Medical Premium Reimbursement Program (MPRP).
- (d) The medical plan premiums of a LACERS Senior Plan will only include the Medicare Part D "basic" premium, which is that portion of the Medicare Part D premium that does not include any Income-Related Monthly Adjustment Amounts (IRMAAs).
- (e) LACERS will not cover member costs or provide reimbursement for any Medicare premium-related IRMAAs.

[Resolution: 110913-C; Adopted: September 13, 2011; modified "(c), (d), (e)" above]

HBA 11.0 Reimbursement for Medicare Part B

LAAC 4.1104 and 4.1104.1 state that retired employees enrolled in Medicare Parts A and B who are participating in a LACERS medical plan or the MPRP be entitled to reimbursement of the Medicare Part B basic premium. To clarify, "basic" premium shall be defined as Medicare Part B's monthly actuarial rate, which is 25% of the cost of the plan. It shall not take into account late enrollment penalties or Income Related Monthly Adjustment Amounts.

Reimbursements shall be paid to such eligible retirees once the following requirements have been met:

- (a) Retiree submits current proof of enrollment in Medicare Parts A and B.
- (b) Retiree submits all applicable Senior Plan Enrollment Forms.

Reimbursements shall become effective the same month the retiree's senior plan (Medicare Advantage or Medicare Supplement) enrollment becomes effective.

HBA 12.0 Enforcement Actions

LACERS shall have the right and authority to file actions in any court, including but not limited to the courts of the State of California and United States of America to enforce the foregoing obligations and to collect premium contributions. Nothing in this rule is intended to limit or restrict the rights or remedies otherwise available to the Fund.

HBA 13.0 Improper Receipt of Benefits or Reimbursement

Any Retired Member or Eligible Surviving Spouse/Domestic Partner who receives benefits or reimbursement for themselves or their dependents from a LACERS-sponsored health plan or the Medical Premium Reimbursement Program, based on a false, deceptive or otherwise improper act will be billed for any subsidy or reimbursement paid for an ineligible dependent or claim. If payment is not received, LACERS may pursue legal action to collect any monies owed.

HBA 14.0 Appeals by Retired Member or Eligible Surviving Spouse/Domestic Partner

A Retired Member or Eligible Surviving Spouse/Domestic Partner may file an administrative appeal to the General Manager requesting relief from a decision regarding one of the following:

- (a) A determination that the aggrieved person is not a Retired Member or Eligible Surviving Spouse/Qualified Domestic Partner, or the person is not eligible to enroll in or be covered by a health plan offered or sponsored by the Fund;
- (b) A determination that the person cannot make a change in enrollment, a change in coverage, or a change in health plans;
- (c) A cancellation or termination of the person's enrollment in or coverage by a health plan, offered or sponsored by the Fund; or
- (d) A refusal to reinstate the Retired Member's, Eligible Surviving Spouse's/Domestic Partner's or dependent's enrollment in or coverage by a health plan offered or sponsored by the Fund.

HBA 15.0 Eligible Surviving Spouse/Domestic Partner Maximum Monthly Subsidy

The Eligible Surviving Spouse/Domestic Partner health subsidy provided in Chapter 11, Article 7 of the Los Angeles Administrative Code shall only be used to pay the single-party premium cost for approved health insurance plans. Any unused subsidy amount cannot be received as cash compensation, nor can it be applied toward the cost of dependent coverage. This applies to Eligible Surviving Spouses/Domestic Partners who are enrolled in a LACERS medical plan or participate in the Medical Premium

Reimbursement Program (MPRP). In addition, for Eligible Surviving Spouses/Domestic Partners who are MPRP participants, the maximum reimbursement amount will not exceed the lesser of the maximum amount available to an Eligible Surviving Spouse/Domestic Partner enrolled in a LACERS plan, or the single-party cost of the plan the Eligible Surviving Spouse/Domestic Partner is enrolled in.

HBA 16.0 Medicare Part D Late Enrollment Penalty

Retired Members or Eligible Surviving Spouses/Domestic Partners subject to a Medicare Part D Late Enrollment Penalty charged by the Centers for Medicare and Medicaid Services (CMS) shall have this penalty amount deducted from their monthly LACERS allowance. In addition, the Medicare Part D Late Enrollment Penalty charged for any covered dependents shall be deducted from the Retired Member's or Eligible Surviving Spouse's/Domestic Partner's monthly LACERS allowance.

HBA 17.0 Determination of Total Annual Premium Cost for Discretionary Benefit Changes

In order to determine if a benefit change meets the one-half of one percent total annual premium cost threshold described in LAAC Section 4.1102.3, staff will use the following as source data and a benchmark to measure the cost impact related to discretionary health plan benefit changes:

- For a mid-year benefit change – staff will utilize the enrollment and premium cost data associated with the health plan premium renewal report adopted by the Board for the plan year in which the discretionary benefit change is being recommended;
- For a new plan year benefit change - staff will utilize the enrollment and premium cost data associated with the proposed final premiums that will be recommended to the Board for the upcoming new plan year in which the discretionary health plan benefit change is being recommended.

“Total annual premium cost” shall refer to the estimate annual premium cost of the Health and Welfare Program administered by the LACERS Board;
(Resolution: 110913-C; Adopted: September 13, 2011)

LIMITED TERM RETIREMENT PLAN – GENERAL (LTRP)

Limited Term Retirement Plan – Distribution Payments (DP)

LTRP DP 01: 2009 Required Minimum Distributions

A Participant or Beneficiary who would have been required to receive required minimum distributions for 2009 but for Code Section 401(a)(9)(H) ("2009 RMDs"), and who would have satisfied that requirement by receiving distributions that are (i) equal to the 2009 RMDs or (ii) one or more payments in a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancy) of the Participant and the Participant's designated Beneficiary, or for a period of at least ten (10) years ("extended 2009 RMDs") will receive those distributions for 2009 unless the Participant or Beneficiary chooses not to receive such distributions. Participants and beneficiaries described in the preceding sentence will be given the opportunity to elect to stop receiving the distributions described in the preceding sentence. In addition, solely for purposes of applying the direct rollover provisions of L.A.A.C. § 4.1850(g), 2009 RMDs and Extended 2009 RMDs will be treated as eligible rollover distributions in 2009.