

Section 4.0 BENEFITS AND MEMBER ADMINISTRATION

4.1 BOARD RULES

Revised: October 8, 2013; September 9, 2014

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CALCULATION OF RETIREMENT ALLOWANCES (CLC)

- CLC 01: 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;
(Note: Hard copy of Resolution 11 could not be located/verified)
- CLC 02: 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)
- CLC 03: 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)
- CLC 04: 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)
- CLC 05: 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)
- CLC 06: 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)

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CERTIFICATION TO PLAN (CRT)

- CRT 01: **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)

- ADM 01: 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; May 14, 2013)

- ADM 02: 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; Affirmed May 14, 2013)

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- ADM 03: 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; Affirmed May 14, 2013)
- ADM 04: The Board hereby approves the official meeting time for Regular Meetings of the LACERS Board of Administration as 10 a.m. on the second and fourth Tuesdays of each month, in the LACERS Boardroom at 202 West First Street, Suite 500, as the official place for Regular Meetings.
(Resolution: 06045; Adopted: September 13, 2005)
(Resolution: 130423-B; Adopted: April 23, 2013; Updated Official Time and Place)

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)

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- 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)
- DRG 05: 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)
- DRG 06: *DRG 06 was eliminated by action of the Board on September 9, 2014.*
- DRG 07: All disability retirement applicants shall have the option of having their application considered by the Board in either an open or closed session.
(Resolution: 130326-B; Adopted: March 26, 2013)
- DRG 08: Prior to accepting any application for a disability retirement from a former member, staff shall first request review of the application from the Office of the City Attorney.
(Resolution: 130326-B; Adopted: March 26, 2013)
- DRG 09: An Applicant for a disability retirement must submit within 120 days of filing an application with all medical documentation (including the names of all physicians and medical providers) he or she believes supports the application. Additionally, he or she must cooperate with staff's processing of the application by, among other things, attending medical examinations. Failure to submit supporting documentation within 120 days, and/or failure to otherwise reasonably cooperate with the processing of the application, may result in a recommendation to the Board to deny the application.
(Resolution: 130326-B; Adopted: March 26, 2013)

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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)

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- 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. Applicants shall submit written evidence not in LACERS' possession, but relevant to the Applicant's case, to LACERS at least 15 business days prior to their scheduled hearing date.
(Resolution: 05128; Adopted: June 14, 2000)
(Resolution: 130326-B; Adopted: March 26, 2013, Last Sentence Added)
- 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. Subpoena requests from the Applicant must be submitted 15 business days prior to the member's scheduled hearing date.
(Resolution: 05128; Adopted: June 14, 2005)
(Resolution: 130326-B; Adopted: March 26, 2013, Last Sentence Added)
- 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)

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- 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)
- DRP 25: If a disability retirement applicant requests an official certified transcript of a hearing proceeding, the applicant is responsible for bearing the entire cost of said official certified copy.
(Resolution: 130326-B; Adopted: March 26, 2013)

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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 under Administrative Code Section 4.1055, the General Manager or his/her designee is authorized to make a finding to continue a disability retirement allowance where at least one examining physician opines that the retiree remains disabled. Where upon re-examination, the examining physician finds that the retiree is no longer disabled; the retiree shall then be examined by two additional physicians before the matter is referred to the Board for further determination.
(Resolution: 05032; Adopted: October 26, 2004)
(Resolution: 130326-B; Adopted: March 26, 2013, Amended Language)
- 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:

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- (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: 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)
(Resolution: 130326-B; Adopted: March 26, 2013, Format Change)

FDB 06: 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)
(Resolution: 130326-B; Adopted: March 26, 2013, Format Change)

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FDB 07: 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)

(Resolution: 130326-B; Adopted: March 26, 2013, Format Change)

FDB 08: 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)

(Resolution: 130326-B; Adopted: March 26, 2013, Format Change)

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- FDB 09: Dependent parent benefits terminate in the month preceding the month in which such parent dies or remarries.
(Resolution: 05020; Adopted: July 27, 2004)
(Revised: March 26, 2013 by Resolution: 130326-B, Format Change)
- FDB 10: 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)
(Revised: March 26, 2013 by Resolution: 130326-B, Format Change)
- FDB 11: 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)
(Revised: March 26, 2013 by Resolution: 130326-B, Format Change)

FAMILY DEATH BENEFIT INSURANCE PROGRAM – BENEFITS FOR A DISABLED CHILD/ADULT (FDBD)

- FDBD 01: Disabled child benefits terminate the third month following the month in which the disability ceases. (Formerly FDB 05)
(Resolution: 05020; Adopted: July 27, 2004)
(Revised: March 26, 2013 by Resolution: 130326-B, Format Change)
- FDBD 02: Disabled Family Death Benefit Insurance Plan recipients, whose disabilities are determined not to be permanent, shall be reviewed every three years in order to assess whether their disabilities continue to exist. (Formerly FDB 10)
(Resolution: 05020; Adopted: July 27, 2004)
(Revised: March 26, 2013 by Resolution: 130326-B, Format Change)
- FDBD 03: LACERS shall initiate an examination to determine whether an FDBIP applicant's disability is of such a nature as to qualify for eligibility for the benefit under the terms of the Plan. Benefit applicants shall be required to undergo examination by three physicians specializing in the field of the claimed disability. The disability determination shall be based on the benefit recipient's inability to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment which can be expected to result in death or to be long continued and indefinite in duration.

Re-examination shall be required for a disabled child at age 18 and shall continue as required pursuant to FDBD 02 or as determined by the Board of Administration.

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Surviving Spouse/Domestic Partners who receive a benefit prior to age 60, due to disability, pursuant to FDB 07(a) shall be examined only at the time of benefit determination. Subsequent re-examination shall not be required.
(Resolution: 130326-B; Adopted: March 26, 2013)

GENERAL MANAGER AUTHORIZATIONS (GMA)

- GMA 01: 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)
- GMA 02: 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)
- GMA 03: 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 – GENERAL (LAG)

- LAG 01: 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)
(Resolution: 130326-B; Adopted: March 26, 2013, Format Change)

LARGER ANNUITY – CONTRIBUTIONS (LAC)

Contributions by Members

- LAC 01: Additional contributions for a Larger Annuity may be made by payroll deduction or by lump sum contribution.
(Resolution: 95193; Adopted: June 13, 1995)
(Resolution: 130326-B; Adopted: March 26, 2013, Format Change)
- LAC 02: Only one refund of additional contributions and accumulated interest is permitted during a term of membership.
(Resolution: 95193; Adopted: June 13, 1995)
(Resolution: 130326-B; Adopted: March 26, 2013, Format Change)

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LAC 03: 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 \$51,000 for 2013). IRS limitations may apply to contributions made on a pre-tax basis.

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

(Resolution: 130326-B; Adopted: March 26, 2013, Last Sentence Added)

LARGER ANNUITY - INVESTMENT OPTIONS (LAI)

Member Investment Options

LAI 01: 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 (i.e., five-year Treasury Note); 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.

(c) Participating members may change their investment option once a year effective the first working day of the month following the change request.

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

(Resolution: 130326-B; Adopted: March 26, 2013, Format Change)

LAI 02: Upon a change in the investment option, the member's entire Larger Annuity account shall be transferred to the new option.

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

(Resolution: 130326-B; Adopted: March 26, 2013, Format Change)

LARGER ANNUITY – OPTIONS AT RETIREMENT (LOR)

Member Options at Retirement

LOR 01: 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;

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- (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)

(Resolution: 130326-B; Adopted: March 26, 2013, Format Change)

LOR 02: At the time of retirement, active participating and non-participating members desiring to purchase a Larger Annuity shall submit an application to purchase to LACERS prior to their retirement effective date.
(Resolution: 130326-B; Adopted: March 26, 2013)

LOR 03: At the time of retirement, active participating and non-participating members desiring to purchase a Larger Annuity through the direct rollover from a qualified retirement plan shall be required to roll over said funds prior to their retirement effective date. (Note: Rollovers from Deferred Compensation are exempt pursuant to LAAC Sec. 4.1031.3(2).)
(Resolution: 130326-B; Adopted: March 26, 2013)

LOR 04: At the time of retirement, active participating and non-participating members desiring to purchase a Larger Annuity, through the direct rollover of funds from the City of Los Angeles 457 Deferred Compensation Plan, shall be required to roll over said funds within 90 days of their retirement effective date. Failure to roll over the funds within the prescribed rollover period will result in the cancellation of the member's Larger Annuity application.
(Resolution: 130326-B; Adopted: March 26, 2013)

LARGER ANNUITY – ROLLOVER AND TRANSFER PROCEDURES (LRP)

Rollover Procedures

LRP 01: Funds received from the City of Los Angeles 457 Deferred Compensation Plan, more than 90 days after a member's retirement effective date, shall be returned to the Deferred Compensation Plan and the member's application to purchase a Larger Annuity canceled.
(Resolution: 130326-B; Adopted: March 26, 2013)

LRP 02: Former members who leave their mandatory contributions on deposit with LACERS may also leave their Larger Annuity funds on deposit with LACERS. At the time of retirement, the former member may choose to purchase an annuity, roll their funds into a qualifying retirement plan, or take a refund.
(Resolution: 130326-B; Adopted: March 26, 2013)

LRP 03: Former members with funds on deposit may not roll over additional funds from Deferred Compensation or another qualified retirement plan to augment their Larger Annuity purchase at the time of retirement. The Larger Annuity purchase shall be

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limited to the use of funds on deposit with the Plan prior to the member's separation from City service.

(Resolution: 130326-B; Adopted: March 26, 2013)

LRP 04: Participating former non-vested members, who terminate their employment and receive a refund of their mandatory contributions, shall be required to also take a refund of their Larger Annuity contributions.

(Resolution: 130326-B; Adopted: March 26, 2013)

LRP 05: Pre-tax rollovers from other qualified plans for the purpose of purchasing Service under Plan provisions exceeding the cost for the Service purchase will be placed into a Larger Annuity Program account on behalf of the member. The excess funds and any earnings thereon shall not be eligible for refund to the member unless there is a termination of employment, death, retirement, or an event otherwise permitted by Federal tax law.

(Resolution: 130326-B; Adopted: March 26, 2013)

LRP 06: Transfers from other City plans for the purpose of purchasing Service under Plan provisions exceeding the cost for the Service purchase will be placed into a Larger Annuity Plan account for the member and the funds and earnings thereon shall not be refunded to the member unless there is a termination of employment, death, retirement, or an event otherwise permitted by Federal tax law.

(Resolution: 130326-B; Adopted: March 26, 2013)

LRP 07: Members, who transfer their accumulated contributions to WPERP, upon becoming employed by the Department of Water and Power, must take a refund or roll over their Larger Annuity Program funds to another qualified plan.

(Resolution: 130326-B; Adopted: March 26, 2013)

LARGER ANNUITY – PARTICIPATION RESTRICTIONS (LAR)

LAR 01: Participation in the Larger Annuity Program shall be limited to City employees as defined in the Los Angeles Administrative Code Sections 4.1002 (Tier 1) and 4.1052 (Tier 2).

(Resolution 130326-B; Adopted: March 26, 2013; Revised October 8, 2013)

LAR 02: Non-member benefit recipients may not purchase a Larger Annuity. A non-member benefit recipient's participation shall be limited and based upon joint and survivor Plan provisions.

(Resolution 130326-B; Adopted: March 26, 2013)

LAR 03: A deferred vested member who qualifies for reciprocity may roll over funds to purchase a Larger Annuity.

(Resolution 130326-B; Adopted: March 26, 2013)

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LARGER ANNUITY – ANNUAL FIXED 3% INCREASE (LAF)

LAF 01: On the July 1st following the initiation of each annuitized sum, participants and applicable beneficiaries will receive a prorated increase of 3% per annum, calculated as 1/12th of 3% for each full month of participation in each annuity. Thereafter, participants and applicable beneficiaries will receive a 3% increase each July 1st for the duration of the benefit.
(Resolution 131008-B; Adopted October 8, 2013)

RETIREMENTS – GENERAL (RG)

Missing Contributions at Retirement

RGM 01: At the time of retirement, any missing contributions due totaling less than \$150 shall be deducted from a retiree's first monthly allowance payment. Amounts due greater than \$150 shall be deducted from the retiree's monthly allowance over the course of no more than a three-month period. Exceptions shall be made for payment amounts due that would exceed 25% of the retiree's monthly allowance.
(Resolution 130326-B; Adopted: March 26, 2013)

VESTED RETIREMENTS – GENERAL (VRG)

VRG 01: Applicants who file for retirement must, within 60 days, submit all required documentation and complete the retirement application process. If the applicant fails to meet this requirement, his or her application for retirement shall be canceled. Should the applicant re-apply at a later date, the retirement effective shall be no earlier than the date of the re-application. A retroactive retirement effective date shall not be applicable.
(Resolution 130326-B; Adopted: March 26, 2013)

LOAN PROGRAM FOR DISABILITY APPLICANTS (DLN)

DLN 01: The amount of the loan cannot exceed ½(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)

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- DLN 06: The annual interest rate for a disability loan shall be the published assumed rate of return for LACERS' investments at the time the loan is issued.
(*Resolution: 130326-B; Adopted: March 26, 2013, Amended Language*)
- 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)

- ACC 01: 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*)
- ACC 02: 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*)
- ACC 03: 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 be 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*)

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ACC 04: 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)

ACC 05: 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)

ACC 06: 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)

ACC 07: 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,

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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)

ACC 08: 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)

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RECIPROCITY (REC)

REC 01: 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 describer in the ordinance.

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

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- REC 02: 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)
- REC 03: 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)
- REC 04: Any overlapping service credits beyond two payroll periods will be deducted and the corresponding contribution will be refunded.
(Resolution: 00175; Adopted: April 11, 2000)
- REC 05: 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)
- REC 06: A member's decision to participate in reciprocity is revocable.
(Resolution: 04029; Adopted: September 23, 2003)
- REC 07: 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)
- REC 08: 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)

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REC 09: 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)

RHS 01: 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)

RHS 02: 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.

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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)

- SCP 01: 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)
- SCP 02: 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)
- SCP 03: 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)
- SCP 04: 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)
- SCP 05: 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

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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)

SCP 06: 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)

SCP 07: 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)

SCP 08: 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 if 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:

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- 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)

- SRV 01: 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.)
- SRV 02: 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)
- SRV 03: 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.)

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SRV 04: 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)

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

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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:

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- (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.

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- (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]
- (g) Any member who receives a rebate of any portion of his/her health plan premium for which the member has been reimbursed by LACERS under the MPRP shall report the rebate to LACERS and provide supporting documentation.
- (h) LACERS will calculate the portion of any medical plan rebate that is due to be refunded to LACERS. LACERS will first apply any such rebate to the portion of the MPRP-eligible medical plan premium the member paid but which was not reimbursed by LACERS for the period covered by the rebate. The remainder of the rebate shall be the amount due to LACERS.
- (i) Should LACERS become aware of a rebate made to a member for medical plan premiums reimbursed under the MPRP, and should the member refuse to reimburse LACERS for its portion of the rebate as calculated in HBA 5.0(h), the portion of the rebate due to LACERS shall be included in the member's taxable income as reported to the IRS and the State of California (if applicable).
- (j) Effective September 1, 2013, all members participating in the MPRP shall attest the following on each claim form submitted:

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- The member will inform LACERS if he/she receives a rebate of any portion of his/her health plan premium for which LACERS has reimbursed the member under the MPRP and provide supporting documentation for such a rebate;
- The member agrees to reimburse LACERS in the amount of the rebate received less any portion the member paid for his/her MPRP-eligible medical plan coverage that was not reimbursed by LACERS.
- The member agrees to repay LACERS its portion of any medical plan premium rebate through personal check, withholding from future MPRP payments, or deduction from the member's Retirement or Continuance Allowance.

(Resolution 130514-G; Adopted May 14, 2013; added Items g, h, i, j)

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.

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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

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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.

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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

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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.

(Resolution: 121211-C; Adopted: December 11, 2012)

REQUIRED MINIMUM DISTRIBUTION – GENERAL (RMDG)

RMDG 01: LACERS will pay all benefits in accordance with the requirements of Internal Revenue Code Section 401(a)(9) as applicable to governmental plans, as defined by 414(d) of the Internal Revenue Code (IRC).

(Resolution 130326-B; Adopted: March 26, 2013)

RMDG 02: The initial RMD must be paid by the later of April 1st, the calendar year following the attainment of age 70½, or April 1st of the year following termination of City Service. In each subsequent year, the RMD must be made on or before December 31st.

(Resolution 130326-B; Adopted: March 26, 2013)

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- RMDG 03: If a former member fails to apply for retirement benefits or requests a refund, as provided in Section 4.10151.1 of the Los Angeles Administrative Code (LAAC), by the later of the articulated above in RDMG 02, the Board shall begin distribution as prescribed by the IRC.
(Resolution 130326-B; Adopted: March 26, 2013)
- RMDG 04: The RMD shall be calculated in a manner to allow for even distribution over a time period not extending beyond the life expectancy of the former member and his or her qualified survivor or designated beneficiary.
(Resolution 130326-B; Adopted: March 26, 2013)
- RMDG 05: Pursuant to a court order, a portion of a member's RMD benefit may be paid to a non-member.
(Resolution 130326-B; Adopted: March 26, 2013)

REQUIRED MINIMUM DISTRIBUTION – SURVIVOR BENEFITS (RMDS)

- RMDS 01: If a former member dies after the RMD has begun, the remaining portion of the member's interest must be distributed at least as rapidly as under the method of distribution before the member's death.
(Resolution 130326-B; Adopted: March 26, 2013)
- RMDS 02: If a member or former member dies before the RMD has commenced, the member or former member's entire interest must be either:
- (i) Distributed (in accordance with federal regulations) over the life or life expectancy of the qualified survivor, with the distributions beginning no later than December 31st or the calendar year following the calendar year of the member's death, or
 - (ii) Distributed within five years of the member or former member's death.
(Resolution 130326-B; Adopted: March 26, 2013)
- RMDS 03: The amount of an annuity paid to a member's beneficiary may not exceed the maximum determined under the incidental death benefit requirement of Section 401(a)(9)(G) of the IRC, and the minimum distribution incidental benefit rule under Treasury Regulation Section 1.401(a)(9)-6, Q & A-2.
(Resolution 130326-B; Adopted: March 26, 2013)
- RMDS 04: The death and disability benefits provided by LACERS are limited by the incidental death benefit rule set forth in Section 409(a)(9)(G) of the IRC, and Treasury Regulation Section 1.401(b)(1)(i), or any successor regulation thereto. The total death or disability benefits payable may not exceed 25% of the cost for all the member's benefits received from LACERS.
(Resolution 130326-B; Adopted: March 26, 2013)
- RMDS 05: Benefit options may continue so long as the option satisfies Section 401(a)(9) of the IRC based on a reasonable and good faith interpretation of that Section.
(Resolution 130326-B; Adopted: March 26, 2013)

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TAX COMPLIANCE REQUIREMENTS (IRC)

415 LIMITATIONS ON CONTRIBUTIONS AND BENEFITS

IRC 415 01: Limitations on Contributions and Benefits

Pursuant to Section Chapter 10, Division 4 of the Los Angeles Administrative Code regarding limits to member contributions and benefits paid from LACERS, the following provisions shall apply as required by the Internal Revenue Service (IRS) for compliance with Internal Revenue Code (IRC) Section 415:

Pursuant to Section 4.1061(d), regarding limits to member contributions and benefits paid from LACERS, the following provisions shall apply.

(a) Participation in Other Qualified Plans: Aggregation of Limits.

- (1) The 415(b) limit with respect to any member who at any time has been a member in any other defined benefit plan as defined in section 414(j) of the Internal Revenue Code maintained by the member's employer in this plan shall apply as if the total benefits payable under all such defined benefit plans in which the member has been a member were payable from one (1) plan.
- (2) The 415(c) limit with respect to any member who at any time has been a member in any other defined contribution plan as defined in section 414(i) of the Internal Revenue Code maintained by the member's employer in this plan shall apply as if the total annual additions under all such defined contribution plans in which the member has been a member were payable from one (1) plan.

(b) Basic 415(b) Limitation.

- (1) Before January 1, 1995, a member may not receive an annual benefit that exceeds the limits specified in section 415(b) of the Internal Revenue Code, subject to the applicable adjustments in that section. On and after January 1, 1995, a member may not receive an annual benefit that exceeds the dollar amount specified in section 415(b)(1)(A) of the Internal Revenue Code, subject to the applicable adjustments in section 415(b) of the Internal Revenue Code and subject to any additional limits that may be specified in the retirement system. In no event shall a member's benefit payable under the plan in any limitation year be greater than the limit applicable at the annuity starting date, as increased in subsequent years pursuant to section 415(d) of the Internal Revenue Code and the regulations thereunder.
- (2) For purposes of section 415(b) of the Internal Revenue Code, the "annual benefit" means a benefit payable annually in the form of a straight life annuity (with no ancillary benefits) without regard to the benefit attributable to after-tax employee contributions (except pursuant to section 415(n) of the Internal Revenue Code) and to rollover contributions (as defined in section 415(b)(2)(A) of the Internal Revenue Code). The "benefit attributable" shall be determined in accordance with Treasury Regulations.

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(c) Adjustments to Basic 415(b) Limitation for Form of Benefit.

If the benefit under the plan is other than the form specified in subsection (c)(2), then the benefit shall be adjusted so that it is the equivalent of the annual benefit, using factors prescribed in Treasury Regulations.

- (1) If the form of benefit without regard to the automatic benefit increase feature is not a straight life annuity or a qualified joint and survivor annuity, then the preceding sentence is applied by either reducing the section 415(b) of the Internal Revenue Code limit applicable at the annuity starting date or adjusting the form of benefit to an actuarially equivalent amount [determined using the assumptions specified in Treasury Regulation section 1.415(b)-1(c)(2)(ii)] that takes into account the additional benefits under the form of benefit as follows:
 - (A) The annual amount of the straight life annuity (if any) payable to the member under the plan commencing at the same annuity starting date as the form of benefit to the member, or
 - (B) The annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the member, computed using a 5% interest assumption (or the applicable statutory interest assumption) and (i) for limitation years prior to January 1, 2009, the applicable mortality tables described in Treasury Regulation section 1.417(e)-1(d)(2) (Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Rulings 2001-62), and (ii) for limitation years after December 31, 2008, the applicable mortality tables described in Internal Revenue Code section 417(e)(3)(B) (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing Internal Revenue Code section 417(e)(3)(B)).
- (2) For a benefit paid in a form to which section 417(e)(3) of the Internal Revenue Code does not apply [a monthly benefit], the actuarially equivalent straight life annuity benefit that is the greater of (or the reduced Limit applicable at the annuity starting date which is the "lesser of" when adjusted in accordance with the following assumptions):
 - (A) The annual amount of the straight life annuity (if any) payable to the member under the plan commencing at the same annuity starting date as the form of benefit to the member, or
 - (B) The annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the member, computed using a 5% interest assumption (or the applicable statutory interest assumption) and (i) for limitation years prior to January 1, 2009, the applicable mortality tables described in Treasury Regulation section 1.417(e)-1(d)(2) (Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Rulings 2001-62), and (ii) for limitation years after December 31, 2008, the applicable mortality tables described in Internal Revenue Code section 417(e)(3)(B) (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing Internal Revenue Code section 417(e)(3)(B)).
- (3) For a benefit paid in a form to which section 417(e)(3) of the Internal Revenue Code applies [a lump sum benefit], the actuarially equivalent straight life annuity benefit that is the greatest of (or the reduced section 415(b) of the Internal Revenue Code limit applicable at the annuity starting date which is the "least of" when adjusted in accordance with the following assumptions):

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- (A) The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using the interest rate and mortality table, or tabular factor, specified in the plan for actuarial experience;
 - (B) The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using a 5.5 percent interest assumption (or the applicable statutory interest assumption) and (i) for years prior to January 1, 2009, the applicable mortality tables described in Treasury Regulation section 1.417(e)-1(d)(2) (Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Rulings 2001-62), and (ii) for years after December 31, 2008, the applicable mortality tables described in Internal Revenue Code section 417(e)(3)(B) (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing Internal Revenue Code section 417(e)(3)(B)); or
 - (C) The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable (computed using the applicable interest rate for the distribution under Treasury Regulation section 1.417(e)-1(d)(3) (using the rate in effect for the third month prior to the beginning of the plan year with a one-year stabilization period) and (i) for years prior to January 1, 2009, the applicable mortality tables described in Treasury Regulation section 1.417(e)-1(d)(2) (Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Rulings 2001-62), and (ii) for years after December 31, 2008, the applicable mortality tables described in Internal Revenue Code section 417(e)(3)(B) (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing Internal Revenue Code section 417(e)(3)(B)), divided by 1.05.
- (4) The actuary may adjust the 415(b) limit at the annuity starting date in accordance with the above subsections (2) and (3).
- (d) Benefits Not Taken into Account for 415(b) Limitation.

For purposes of this section, the following benefits shall not be taken into account in applying these limits:

- (1) Any ancillary benefit which is not directly related to retirement income benefits;
- (2) That portion of any joint and survivor annuity that constitutes a qualified joint and survivor annuity;

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(3) Any other benefit not required under section 415(b)(2) of the Internal Revenue Code and Treasury Regulations thereunder to be taken into account for purposes of the limitation of section 415(b)(1) of the Internal Revenue Code.

(e) Other Adjustments in 415(b) Limitation.

(1) In the event the member's retirement benefits become payable before age sixty-two (62), the limit prescribed by this section shall be reduced in accordance with Treasury Regulations pursuant to the provisions of section 415(b) of the Internal Revenue Code, so that such limit (as so reduced) equals an annual straight life benefit (when such retirement income benefit begins) which is equivalent to a one hundred sixty thousand dollar (\$160,000) (as adjusted) annual benefit beginning at age sixty-two (62).

(2) In the event the member's benefit is based on at least fifteen (15) years of service as a full-time employee of any police or fire department or on fifteen (15) years of military service, or is based on a fifteen (15) years combination, the adjustments provided for in (1) above shall not apply.

(3) The reductions provided for in (1) above shall not be applicable to members who receive disability retirement benefits or survivors who receive survivors' benefits prior to the date the member reaches age sixty-two (62).

(f) Less than Ten (10) Years of Participation or Service Adjustment for 415(b) Limitations.

The maximum retirement benefits payable to any member who has completed less than ten (10) years of participation shall be the amount determined under subsection (c), as adjusted under subsection (c) and/or (e) multiplied by a fraction, the numerator of which is the number of the member's years of participation and the denominator of which is ten (10). The limit under subsection (g) concerning the \$10,000 limit shall be similarly reduced for any member who has accrued less than ten (10) years of service, except the fraction shall be determined with respect to years of service instead of years of participation. The reduction provided by this subsection cannot reduce the maximum benefit below 10% of the limit determined without regard to this subsection. The reduction provided for in this subsection shall not be applicable to pre-retirement disability benefits or pre-retirement death benefits. The reductions provided for in this subsection (f) shall not be applicable to members who receive disability retirement benefits or survivors who receive survivors' benefits prior to the date the member reaches age sixty-two (62).

(g) Ten Thousand Dollar (\$10,000) Limit.

Notwithstanding the foregoing, the retirement benefit payable with respect to a member shall be deemed not to exceed the 415 limit if the benefits payable, with respect to such member under this plan and under all other

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qualified defined benefit pension plans to which the member's employer contributes, do not exceed ten thousand dollars (\$10,000) for the applicable limitation year and for any prior limitation year and the employer has not any time maintained a qualified defined contribution plan in which the member participated.

(h) Effect of COLA without a Lump Sum Component on 415(b) Testing.

Effective on and after January 1, 2009, for purposes of applying the limits under section 415(b) of the Internal Revenue Code (the "Limit") to a member with no lump sum benefit, the following will apply:

- (1) a member's applicable 415(b) Limit will be applied to the member's annual benefit in the member's first limitation year without regard to any cost of living adjustments under LAAC § 4.1040, et seq.;
- (2) to the extent that the member's annual benefit equals or exceeds the Limit, the member will no longer be eligible for cost of living increases until such time as the benefit plus the accumulated increases are less than the Limit; and
- (3) thereafter, in any subsequent limitation year, a member's annual benefit, including any cost of living increases under LAAC § 4.1040, et seq., shall be tested under the then applicable benefit Limit including any adjustment to the section 415(b)(1)(A) of the Internal Revenue Code dollar limit under section 415(d) of the Internal Revenue Code, and the regulations thereunder.

(i) Effect of COLA with a Lump Sum Component on 415(b) Testing.

On and after January 1, 2009, with respect to a member who receives a portion of the member's annual benefit in a lump sum, a member's applicable Limit will be applied taking into consideration cost of living increases as required by section 415(b) of the Internal Revenue Code and applicable Treasury Regulations.

(j) Section 415(c) limitations on contributions and other additions.

After-tax member contributions or other annual additions with respect to a member may not exceed the lesser of \$40,000 (as adjusted pursuant to section 415(d) of the Internal Revenue Code) or 100% of the member's compensation.

- (1) Annual additions are defined to mean the sum (for any year) of employer contributions to a defined contribution plan, member contributions, and forfeitures credited to a member's individual account. Member contributions are determined without regard to rollover contributions and to picked-up employee contributions that are paid to a defined benefit plan.
- (2) For purposes of applying section 415(c) of the Internal Revenue Code and for no other purpose, the definition of compensation where

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applicable will be compensation actually paid or made available during a limitation year, except as noted below and as permitted by Treasury Regulation section 1.415(c)-2, or successor regulation; provided, however, that member contributions picked up under section 414(h) of the Internal Revenue Code shall not be treated as compensation.

- (3) Compensation will be defined as wages within the meaning of section 3401(a) of the Internal Revenue Code and all other payments of compensation to an employee by an employer for which the employer is required to furnish the employee a written statement under sections 6041(d), 6051(a)(3) and 6052 of the Internal Revenue Code and will be determined without regard to any rules under section 3401(a) of the Internal Revenue Code that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in section 3401(a)(2) of the Internal Revenue Code).
 - (A) However, for limitation years beginning after December 31, 1997, compensation will also include amounts that would otherwise be included in compensation but for an election under section 125(a), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b) of the Internal Revenue Code. For limitation years beginning after December 31, 2000, compensation shall also include any elective amounts that are not includible in the gross income of the member by reason of section 132(f)(4) of the Internal Revenue Code.
 - (B) For limitation years beginning on and after January 1, 2008, compensation for the limitation year shall also include compensation paid by the later of 2½ months after a member's severance from employment or the end of the limitation year that includes the date of the member's severance from employment if:
 - (I) the payment is regular compensation for services during the member's regular working hours, or compensation for services outside the member's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar payments, and, absent a severance from employment, the payments would have been paid to the member while the member continued in employment with the employer; or
 - (II) the payment is for unused accrued bona fide sick, vacation or other leave that the member would have been able to use if employment had continued; or
 - (III) payments pursuant to a nonqualified unfunded deferred compensation plan, but only if the payments would have

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been paid to the member at the same time if the member had continued employment with the employer and only to the extent that the payment is includible in the member's gross income.

Any payments not described in paragraph (B) above are not considered compensation if paid after severance from employment, even if they are paid within 2½ months following severance from employment, except for payments to the individual who does not currently perform services for the employer by reason of qualified military service (within the meaning of section 414(u)(1) of the Internal Revenue Code) to the extent these payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the employer rather than entering qualified military service.

An employee who is in qualified military service (within the meaning of section 414(u)(1) of the Internal Revenue Code) shall be treated as receiving compensation from the employer during such period of qualified military service equal to (i) the compensation the employee would have received during such period if the employee were not in qualified military service, determined based on the rate of pay the employee would have received from the employer but for the absence during the period of qualified military service, or (ii) if the compensation the employee would have received during such period was not reasonably certain, the employee's average compensation from the employer during the twelve month period immediately preceding the qualified military service (or, if shorter, the period of employment immediately preceding the qualified military service).

- (C) Back pay, within the meaning of Treasury Regulation section 1.415(c)-2(g)(8), shall be treated as compensation for the limitation year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included under this definition.
- (4) If the annual additions for any member for a plan year exceed the limitation under section 415(c) of the Internal Revenue Code, the excess annual addition will be corrected as permitted under the Employee Plans Compliance Resolution System (or similar IRS correction program).
- (5) For limitation years beginning on or after January 1, 2008, a member's compensation for purposes of subsection (j) shall not exceed the annual limit under section 401(a)(17) of the Internal Revenue Code.

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(k) Service Purchases under Section 415(n).

Effective for permissive service credit contributions made in limitation years beginning after December 31, 1997, if a member makes one or more contributions to purchase permissive service credit under the plan, then the requirements of section 415(n) of the Internal Revenue Code will be treated as met only if:

- (1) the requirements of section 415(b) of the Internal Revenue Code are met, determined by treating the accrued benefit derived from all such contributions as an annual benefit for purposes of section 415(b) of the Internal Revenue Code, or
- (2) the requirements of section 415(c) of the Internal Revenue Code are met, determined by treating all such contributions as annual additions for purposes of section 415(c) of the Internal Revenue Code.
- (3) For purposes of applying this section, the system will not fail to meet the reduced limit under section 415(b)(2)(C) of the Internal Revenue Code solely by reason of this subparagraph and will not fail to meet the percentage limitation under section 415(c)(1)(B) of the Internal Revenue Code solely by reason of this section.
- (4) For purposes of this section the term "permissive service credit" means service credit—
 - (A) recognized by the system for purposes of calculating a member's benefit under the system,
 - (B) which such member has not received under the system, and
 - (C) which such member may receive only by making a voluntary additional contribution, in an amount determined under the system, which does not exceed the amount necessary to fund the benefit attributable to such service credit.

Effective for permissive service credit contributions made in limitation years beginning after December 31, 1997, such term may include service credit for periods for which there is no performance of service, and, notwithstanding clause (B), may include service credited in order to provide an increased benefit for service credit which a member is receiving under the system.

- (5) The system will fail to meet the requirements of this section if—
 - (A) more than five years of nonqualified service credit are taken into account for purposes of this subparagraph, or
 - (B) any nonqualified service credit is taken into account under this paragraph before the member has at least five years of participation under the system.

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- (6) For purposes of paragraph (5), effective for permissive service credit contributions made in limitation years beginning after December 31, 1997, the term "nonqualified service credit" means permissive service credit other than that allowed with respect to—
- (A) service (including parental, medical, sabbatical, and similar leave) as an employee of the Government of the United States, any State or political subdivision thereof, or any agency or instrumentality of any of the foregoing (other than military service or service for credit which was obtained as a result of a repayment described in section 415(k)(3) of the Internal Revenue Code),
 - (B) service (including parental, medical, sabbatical, and similar leave) as an employee (other than as an employee described in clause (A)) of an education organization described in section 170(b)(1)(A)(ii) of the Internal Revenue Code which is a public, private, or sectarian school which provides elementary or secondary education (through grade 12), or a comparable level of education, as determined under the applicable law of the jurisdiction in which the service was performed,
 - (C) service as an employee of an association of employees who are described in clause (A), or
 - (D) military service (other than qualified military service under section 414(u) of the Internal Revenue Code) recognized by the system.

In the case of service described in clause (A), (B), or (C), such service will be nonqualified service if recognition of such service would cause a member to receive a retirement benefit for the same service under more than one plan.

- (7) In the case of a trustee-to-trustee transfer after December 31, 2001, to which section 403(b)(13)(A) of the Internal Revenue Code or section 457(e)(17)(A) of the Internal Revenue Code applies (without regard to whether the transfer is made between plans maintained by the same employer)—
- (A) the limitations of paragraph (5) will not apply in determining whether the transfer is for the purchase of permissive service credit, and
 - (B) the distribution rules applicable under federal law to the system will apply to such amounts and any benefits attributable to such amounts.
- (8) For an eligible member, the limitation of section 415(c)(1) of the Internal Revenue Code shall not be applied to reduce the amount of permissive service credit which may be purchased to an amount less

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than the amount which was allowed to be purchased under the terms of a Plan as in effect on August 5, 1997. For purposes of this paragraph an eligible member is an individual who first became a member in the system before January 1, 1998.

(l) Modification of Contributions for 415(c) and 415(n) Purposes.

Notwithstanding any other provision of law to the contrary, the system may modify a request by a member to make a contribution to the system if the amount of the contribution would exceed the limits provided in section 415 of the Internal Revenue Code by using the following methods:

- (1) If the law requires a lump sum payment for the purchase of service credit, the system may establish a periodic payment plan for the member to avoid a contribution in excess of the limits under section 415(c) or 415(n) of the Internal Revenue Code.
- (2) If payment pursuant to subparagraph (1) will not avoid a contribution in excess of the limits imposed by section 415(c) or 415(n) of the Internal Revenue Code, the system may either reduce the member's contribution to an amount within the limits of those sections or refuse the member's contribution.

(m) Repayments of Cashouts.

- (1) Any repayment of contributions (including interest thereon) to the plan with respect to an amount previously refunded upon a forfeiture of service credit under the plan or another governmental plan maintained by the retirement system shall not be taken into account for purposes of section 415 of the Internal Revenue Code, in accordance with applicable Treasury Regulations.
- (2) In the case of any repayment of contributions and interest to the system with respect to an amount previously refunded upon a forfeiture of service credit under another California State or local governmental plan maintained with the State of California, any such repayment with the system shall not be taken into account for purposes of this section.

(n) Reduction of Benefits Priority.

Reduction of benefits and/or contributions to all plans, where required, shall be accomplished by first reducing the member's benefit under any defined benefit plans in which the member participated, such reduction to be made first with respect to the plan in which the member most recently accrued benefits and thereafter in such priority as shall be determined by the plan and the plan administrator of such other plans, and next, by reducing or allocating excess forfeitures for defined contribution plans in which the member participated, such reduction to be made first with respect to the plan in which the member most recently accrued benefits

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and thereafter in such priority as shall be established by the plan and the plan administrator for such other plans provided, however, that necessary reductions may be made in a different manner and priority pursuant to the agreement of the plan and the plan administrator of all other plans covering such member. The Board of Administration is authorized to create administrative rules necessary to facilitate different manners for reduction of benefits.