

RECIPROCITY INFORMATION SHEET – ALL MEMBERS

Effective July 14, 1997, the Los Angeles City Employees' Retirement System (LACERS) established a reciprocal agreement with the California Public Employees' Retirement System (CalPERS) that enables Members to benefit by retiring from certain other reciprocal California government entities and the City of Los Angeles at the same time.

Here is how the reciprocal agreement works:

- You must move from one reciprocal government entity to another within a period of six months;
 - **Full reciprocity** applies to Members who transfer between LACERS and another reciprocal entity on or after **July 14, 1997**;
 - **Limited or final compensation reciprocity** applies to Members who transfer prior to **July 14, 1997**;
- You must be **terminated** from employment covered by the first system before becoming a member in a new reciprocal retirement system;
- You must leave your contributions and interest on deposit with each retirement system;
- You must apply for reciprocity and both retirement systems must agree that reciprocity exists; and
- You must retire from both entities at the same time.

Benefits due to reciprocity include:

- For full or limited reciprocity, both retirement systems will calculate your benefits based upon the highest salary you received, even if that salary was paid by the other government entity.
- For full reciprocity only, your reciprocal Service is considered for vesting with the other reciprocal entity.
- For limited reciprocity, you must vest on your own with each entity to qualify for a benefit.

Upon retirement, you will receive a retirement benefit from each entity based on the Service Credit you acquired with that entity and the benefit formula by that retirement system. However, both retirement systems will use the highest salary you received from either entity.

IMPORTANT: Because reciprocity is an agreement between retirement systems and retirement benefit provisions vary, you should make sure that you know the potential advantages and disadvantages of requesting reciprocity before you change employers. In addition, both systems have to agree that reciprocity exists in order to establish reciprocity; therefore, it is important that you are aware of the reciprocity rules affecting both retirement systems.

Questions you might want to ask before moving to a reciprocal retirement system include, but are not limited to:

Is this a retirement system that has reciprocity with LACERS?

LACERS has reciprocity with CalPERS and all the agencies that have full reciprocity with CalPERS. A list of these systems is available on our web site at www.LACERS.org.

How does LACERS handle overlapping Service, if there is any?

Retirement systems treat overlapping Service in different ways. Most systems deny reciprocity if there is any overlapping Service, regardless of the reason. Overlapping Service occurs for various reasons, including: if you were physically working for both employers at the same time; working for one employer while exhausting vacation, sick time, or a leave with pay with another; or, on a leave of absence from your former employer while working for another employer. You may be denied reciprocity if you have overlapping Service while working with the new employer, even if you were on a leave of absence with the City of Los Angeles. To ensure you do not break reciprocity from both employers, make sure to consult and review the overlapping Service rules of both retirement systems, so that you do not violate any overlapping rules.

How will reciprocity affect potential retiree health care benefits? Will the benefits, if any, come from my final employer or the employer I was with the longest?

Reciprocity typically does not apply to retiree health care benefits. Some employers believe that your health care benefit should be provided by your final employer prior to retirement. Eligibility for a LACERS retiree health plan subsidy is defined by the Los Angeles Administrative Code (LAAC). If you meet the requirements in the LAAC, you will be eligible for a subsidy, regardless of who your final employer is or which employer you were with the longest. You should check with the other retirement system so that you know how their retiree health care benefits work.

If I request reciprocity and it is confirmed by the retirement systems, does that guarantee that reciprocity will apply? Does reciprocity mean I will meet retirement eligibility criteria when I retire?

Even if you request reciprocity and the retirement systems confirm that reciprocity exists, reciprocity at the time you retire is not guaranteed. This is because you may do something along the way to violate and invalidate the reciprocity, such as not retiring from each reciprocal system at the same time, not leaving your contributions on account with each system, or not meeting the minimum retirement eligibility requirements.

Is there reciprocity between LACERS and the Department of Water & Power (DWP)?

As of January 1, 2014, reciprocity between LACERS and DWP has been suspended. Your contributions will not be transferred automatically to DWP's Water and Power Employee Retirement Plan (WPERP). If you transfer or promote to DWP, consider the following:

1. Your LACERS Retirement Contributions and Service may stay on deposit with LACERS until you leave City Service through resignation, termination, or retirement. If you are a Member of Tier 1, when you retire, your years of Service with both agencies may be combined for eligibility purposes only, and you will receive a benefit from each plan based on the Service and final average salary earned at each plan.

2. You will be a Tier 2 Member of WPERP. Contact WPERP if you have questions regarding their Tier 2 retirement benefits.
3. If you become a LACERS Member again, your Service, Contributions, and interest earned while working for DWP will stay on deposit at WPERP. If you did not transfer your LACERS funds to WPERP, you will return to the same benefit tier that you belonged to when you left. If you were a Tier 1 Member and transferred your LACERS funds to WPERP, you will return as a Tier 3 Member of LACERS.

If I have a reciprocal agreement with LACERS and another governmental entity for which I worked previously and I transfer my contributions to DWP, will the reciprocity between LACERS and the previous government entity still be in effect?

If you transfer your contributions to DWP, reciprocity between LACERS and the previous government entity for which you worked will be broken. Please contact LACERS staff for further information if you have reciprocity and are considering a transfer to DWP.

How can I apply for Reciprocity?

To apply for Reciprocity complete the *Certification of Service* form and return it to the address on the top of this information sheet. This form is available on our website at www.LACERS.org

Questions?

If you have any questions, or need any assistance in completing the Certification of Service, please contact LACERS at (800) 779-8328; TDD (888) 349-3996.

Note for Tier 3 Members: A membership date in another reciprocal system prior to February 21, 2016, shall not allow a Member to establish an earlier membership date with LACERS for purposes of excluding him or her from membership in Tier 3.

LACERS benefits are governed by the Los Angeles Administrative Code, Los Angeles City Charter, the Rules of LACERS Board of Administration, and the Internal Revenue Code. These Codes and Rules are subject to change. If there are any discrepancies between those governing authorities and the information in this sheet, the governing authorities have precedence.

ADA Notice

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodations to ensure equal access to its programs, services and activities.