

2. BENEFIT DELIVERY

Goal: To provide accurate and timely delivery of Member Benefits.

DESIRED OUTCOMES

To ensure that we have systems in place to administer Members' benefits accurately and provide timely delivery of those benefits. LACERS' fiduciary responsibility includes:

- Providing benefits to system participants and their beneficiaries, and
- Assuring prompt delivery of those benefits and related services – Los Angeles City Charter Section 1106 (a)(1)

INITIATIVES

COMPLIANCE INITIATIVE

Audit, Align and Maintain Operational Compliance with Regulatory Requirements

The purpose of this initiative is to ensure continued compliance with regulatory requirements by conducting a comprehensive review of the regulatory environment affecting LACERS, and ensuring full legal and operational compliance with the required statutes on an ongoing basis.

This Initiative Aims to Ensure:

- Ongoing compliance with the tax requirements for our plan;
- Fulfilling compliance with any changes in law or interpretations of existing law impacting member benefits;
- Aligning legal authorities to support compliant retirement operations;
- Alignment of division policies, procedures, and practices, to requirements





This Initiative Is Measured By:


TYPE	METRIC
Milestone Targets	Identifying and meeting milestone targets
Benefit Calculations and Delivery	Audit on the accuracy of benefits and monitoring processing times
Completion of Compliance Efforts	Identifying and meeting compliance deadlines, as necessary
Codification of Policies and Procedures	Regularly scheduled policies and procedures updates

2017 RESULTS

ACTIONS TAKEN	UPDATE
Operational Compliance – New Enhanced Benefits for the Airport Peace Officers (APO) under Charter Amendment SSS and Ordinance No. 184853	Staff completed the implementation on the counseling requirements for 559 APO Members. Of the total Members who were counseled, 503 (92%) remained at LACERS and 43 (8%) transferred to Los Angeles Fire and Police Pensions. The requirements for this new benefit are currently being incorporated in the Pension Administration System upgrade.
Board Rules	The Board adopted the amendment to the Board Rules in November 2017 to include Enhanced Benefits Rules. The completion of these rules included the review of operational and tax compliance.
Defined Benefit Plan – Voluntary Tax Compliance filing with the Internal Revenue Service (IRS).	Under Announcement 2015-19, effective January 1, 2017, plan sponsors may only file for a determination letter two times in the life of a plan – upon initial qualification and upon plan termination. The IRS/Treasury may determine other limited situations in which a plan sponsor may file for a determination letter.
The Limited Term Retirement Plan (LTRP) – LACERS submitted the determination letter application to the IRS on October 15, 2015.	LACERS received the last determination letter for the LTRP on July 8, 2016. This would have expired on January 31, 2019.

CONTINUING/NEW INITIATIVES FOR 2018

-  **Board Rules and General Manager Policies** – Assembling and assessing Board Rules and General Policies for the next amendment cycle.
-  **Development of Operational Procedures** – There are over 100 procedures that require assessment and update after the Pension Administration (PAS) Project.
-  **Assessment of Converted Data in the PAS to Ensure Alignment with Operational Policies** – Identifying and completing data clean-up after the PAS upgrade.
-  **Workflow Processes** – Completion of operational workflow processes and identifying efficiencies.

 **Tax Compliance** – Staff will be working with the City Attorney and Tax Counsel to determine the next step in ensuring that LACERS maintains its tax qualified status and to identify a process in which LACERS will continue to monitor and comply with new IRS Rules applicable to LACERS.