

Tiers 1 and 2 Comparison Chart

The purpose of this chart is to inform former Tier 2 (now Tier 1) Members about the differences between their previous and current tier of LACERS benefits.

Features	Tier 1	Tier 2
RETIREMENT BENEFITS		
Type of Plan	Defined benefit plan for eligible Members hired prior to February 21, 2016.	Defined benefit plan for eligible Members hired on or after July 1, 2013.
Member Contribution Rate	Most Members contribute at a rate of 11%.	The initial contribution rate is 10% for the first four years (2013 to 2017); thereafter the contribution rate will be established to cover 75% of Normal Cost and 50% of Unfunded Liability. (The LACERS' Board establishes the contribution rate every three years thereafter.)
City (Employer) Contribution Rate	Actuarially defined based on active Member payroll.	Determined annually by the Board in a percentage that when combined with the Members contribution is sufficient to fully meet actuarial funding requirements.
Vesting	Five years of Continuous City Service.	Five years of Continuous City Service.
COLA	Based on CPI; 3% maximum, with COLA bank.	Based on CPI, maximum 2%; no COLA bank; Members may purchase at the full actuarial cost additional COLA coverage, not to exceed 1% per year.
Final Average Compensation	Annual compensation earnable during Member's last 12 months or any other consecutive 12 months that Member designates.	Annual compensation earnable during Member's last 36 months or any other consecutive 36 months that Member designates.
Active Member Benefits – Retirement Formulas	Retirement allowance may not exceed 100% of final compensation. <u>Normal Retirement</u> 2.16% X 12-month final average compensation X years of Service Credit. <u>Early Retirement</u> 2.16% X 12-month final average compensation X years of Service Credit X early retirement adjustment factor.	Retirement allowance may not exceed 75% of final compensation. <u>Normal Retirement:</u> 2.00% X 36-month final average compensation X years of Service Credit. <u>Early Retirement:</u> Early Retirement Factor based on age X 36-month final average compensation X years of Service Credit.

Features	Tier 1	Tier 2
<p>Deferred Vested Member Benefits – Retirement Formulas</p>	<p>Retirement allowance may not exceed 100% of final compensation.</p> <p><u>Normal Retirement</u> 2.16% X 12-month final average compensation X years of Service Credit.</p> <p><u>Early Retirement</u> 2.16% X 12-month final average compensation X years of Service Credit X early retirement adjustment factor.</p>	<p>Retirement allowance may not exceed 75% of final compensation.</p> <p><u>Normal Retirement:</u> 2.00% X 36-month final average compensation X years of Service Credit.</p> <p><u>Early Retirement:</u> Early Retirement Factor based on age X 36-month final average compensation X years of Service Credit.</p>
<p>Eligibility for Retirement Benefits (Active Full-time Members)</p> <p>Note: Eligibility for Part-time Members may differ</p>	<p><u>Normal Retirement</u></p> <ul style="list-style-type: none"> - Age 55 and 30 years of Service - Age 60 and 10 years of Continuous Service - Age 70 regardless of years of Service <p><u>Early Retirement</u></p> <ul style="list-style-type: none"> - Age 55 and 10 years of Continuous Service - Any age with 30 or more years of Service <p>Reduction Factor will be applied based on age.</p>	<p><u>Normal Retirement:</u></p> <ul style="list-style-type: none"> - Age 65 and 10 years of Continuous Service - Age 70 <p><u>Early Retirement:</u></p> <ul style="list-style-type: none"> - Age 55 and 10 years of Continuous Service <p>Early Retirement Factor will be applied based on age.</p>
<p>Eligibility for Retirement Benefits (Deferred Vested Full-time Members)</p> <p>Note: Eligibility for Part-time Members may differ</p>	<p><u>Normal Retirement</u></p> <ul style="list-style-type: none"> - Age 55 and 30 years of Service - Age 60 and 10 years of Continuous Service - Age 70 with 5 years Continuous Service <p><u>Early Retirement</u></p> <ul style="list-style-type: none"> - Age 55 and 10 years of Continuous Service - Any age with 30 or more years of Service <p>Reduction Factor will be applied based on age.</p>	<p><u>Normal Retirement:</u></p> <ul style="list-style-type: none"> - Age 65 and 10 years of Continuous Service - Age 70 <p><u>Early Retirement:</u></p> <ul style="list-style-type: none"> - Age 55 and 10 years of Continuous Service <p>Early Retirement Factor will be applied based on age.</p>
<p>Disability Benefits</p>	<p>5 years of Continuous Service</p> <p>Retirement Allowance: 33.333% of final average compensation or 1/70 X Service Credit</p> <p>Must apply within one year of the last day on active payroll (some exceptions apply). Disability retirees, who were employed under Tier 1 and return to work, remain in Tier 1.</p>	<p>10 years of Continuous Service</p> <p>Retirement Allowance: 1/90 (1.111%) X Service Credit</p> <p>Must apply within one year of the last day on active payroll (some exceptions apply).</p>

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Death Benefits	<p>Survivor benefits are available for both duty and non-duty related deaths and will depend on the length of the Member's City Service.</p> <p><u>Active Death</u> Refund of contributions Family Death Benefit Program (FDBP) Limited Pension Optional Retirement Allowance Duty related death Service, Disability, or Deferred Survivorship</p> <p><u>Retired Death</u> Refund of contributions Optional Retirement Allowance Continuance to Spouse/Domestic Partner Funeral Expense Allowance: \$2,500</p> <p><u>Deferred Vested Death</u> Refund of contributions Optional Retirement Allowance Deferred or future retirement</p>	<p>Limited survivor benefits funded by the plan are available and will depend on the length of the Member's City Service.</p> <p><u>Active Death</u> Refund of contributions Family Death Benefit Program (FDBP) Limited Pension Optional Retirement Allowance</p> <p><u>Retired Death</u> Generally, no automatic continuance to spouse; however, continuance is available if the Member elects to take a reduced allowance at retirement.</p> <p>Refund of unused contributions and/or accrued allowance (if applicable) Funeral Expense Allowance: \$2,500 (may designate only one beneficiary)</p>
Service Credit Purchases/ Reciprocity	<p>Service Credit purchases and/or reciprocity may be possible.</p> <ul style="list-style-type: none"> - Back Contributions - Redeposit - Government Service Buyback - Public Service Buyback - Reciprocity 	<p>Service Credit purchases (limited) and/or Reciprocity may be possible. The cost to purchase service may be calculated differently for Tier 2 Members.</p> <p>Note: Re-deposits and Back Contributions of Tier 1 funds do not allow a Tier 2 Member to qualify for membership in Tier 1.</p>
Community Property Payment Options	<p>The following payment options are available, as applicable.</p> <ul style="list-style-type: none"> - Separate Account - In-Kind 	<p>The following payment options are available, as applicable.</p> <ul style="list-style-type: none"> - Separate Account - In-Kind
HEALTH BENEFITS		
Retiree Medical Plan Premium Subsidy Eligibility	<p>Minimum 10 whole years of Service required; AND</p> <p>Retiree must be age 55; AND</p> <p>Enrollment in Medicare Parts A and B to the extent eligible; AND</p> <p>Must be enrolled in a LACERS medical plan or the Medical Premium Reimbursement Program.</p>	<p>Minimum 10 whole years of Service Credit required; AND</p> <p>Retiree must be age 55; AND</p> <p>Enrollment in Medicare Parts A and B to the extent eligible; AND</p> <p>Must be enrolled in a LACERS medical plan or the Medical Premium Reimbursement Program.</p>

Features	Tier 1	Tier 2
<p>Maximum Retiree Medical Plan Premium Subsidy for those not eligible for Medicare Parts A and B</p>	<p>\$1,580.08 for calendar year 2016.</p> <p>Those who retire on or after July 1, 2011, and who have not made additional contributions to LACERS pursuant to Los Angeles Administrative Code Section 4.1003(c), have a maximum subsidy capped at \$1,190 per month. (Health subsidy cap.)</p> <p>Those who retire on or after July 1, 2011, and who have made additional contributions to LACERS pursuant to Los Angeles Administrative Code Section 4.1003(c), are entitled to increases in the maximum medical plan premium subsidy equal to the dollar increase in the Kaiser Permanente non-Medicare two-party plan.</p>	<p>\$748.03 for plan year 2016.</p> <p>The maximum medical plan premium subsidy will be adjusted each year by Board resolution to an amount equal to the lowest-cost single-party plan for those not enrolled in Medicare Parts A and B.</p>
<p>Retiree Medical Plan Premium Subsidy Formula for those not eligible for Medicare Parts A and B</p>	<p>40% of maximum medical plan premium subsidy for 1-10 whole years of Service Credit;*</p> <p>4% for each additional whole year of Service Credit, up to 25 whole years total Service Credit for 100% of maximum medical plan premium subsidy;</p> <p>If, after covering the retiree's own medical plan premium there is still subsidy left over, any remaining subsidy may be applied toward coverage of the retiree's eligible dependents on his/her medical plan.</p>	<p>40% of maximum medical plan premium subsidy for 10 whole years of Service Credit;</p> <p>3% for each additional whole year of Service Credit, up to 30 whole years total Service Credit for 100% of maximum medical plan premium subsidy;</p> <p>Subsidy may not be applied toward dependent coverage.</p>
<p>Retiree Medical Plan Premium for those eligible for Medicare Parts A and B</p>	<p>For 1-14 years of Service Credit,* 75% of the single-party Medicare plan premium.</p> <p>For at least 15 years, but less than 20 years of Service Credit, 90% of the single-party Medicare plan premium.</p> <p>For 20 or more years of Service Credit, 100% of the single-party Medicare plan premium.</p> <p>Eligible to receive the same amount of subsidy toward dependent coverage as would a retiree with the same Health Service Credit enrolled in the corresponding non-Medicare medical</p>	<p>For at least 10 years, but less than 15 years of Service Credit, 75% of the single-party Medicare plan premium.</p> <p>For at least 15 years, but less than 20 years of Service Credit, 90% of the single-party Medicare plan premium.</p> <p>For 20 or more years of Service Credit, 100% of the single-party Medicare plan premium.</p> <p>Subsidy may not be applied toward dependent coverage.</p>

Features	Tier 1	Tier 2
	<p>plan. Does not apply to MPRP.</p> <p>Health subsidy cap applies to this benefit.</p>	
<p>Surviving Spouse/Domestic Partner Medical Plan Premium Subsidy Eligibility</p>	<p>Survivor must receive a Continuance or Survivorship allowance from LACERS; AND</p> <p>Retiree must have had a minimum of 10 whole years of Service; AND</p> <p>Retiree's 55th birthday must have passed; AND</p> <p>Survivor must enroll in Medicare Parts A and B to the extent eligible; AND</p> <p>Survivor must enroll in a LACERS medical plan or the Medical Premium Reimbursement Program.</p>	<p>Survivors are not eligible for a medical plan premium subsidy.</p>
<p>Maximum Eligible Surviving Spouse/Domestic Partner Medical Plan Premium Subsidy</p>	<p>\$748.03 for plan year 2016.</p> <p>The maximum medical plan premium subsidy will be adjusted each year by Board resolution to an amount equal to the lowest-cost single-party plan for those not enrolled in Medicare Parts A and B.</p> <p>Health subsidy cap applies to this benefit.</p>	<p>Survivors are not eligible for a medical plan premium subsidy.</p>
<p>Eligible Surviving Spouse/Domestic Partner Medical Plan Premium Subsidy Formula for those not eligible for Medicare Parts A and B</p>	<p>Based on retiree's years of Service Credit;</p> <p>40% of maximum medical plan premium subsidy for 1-10 whole years of Service Credit;*</p> <p>4% for each additional whole year of Service Credit, up to 25 whole years total Service Credit for 100% of maximum medical plan premium subsidy;</p> <p>Subsidy may not be applied toward dependent coverage.</p>	<p>Survivors are not eligible for a medical plan premium subsidy.</p>
<p>Eligible Surviving Spouse/Domestic Partner Medical Plan Premium Subsidy Formula for those enrolled in</p>	<p>For 1-14 years of Service Credit,* 75% of the single-party Medicare plan premium.</p> <p>For at least 15 years, but less than 20 years of Service Credit, 90% of the</p>	<p>Survivors are not eligible for a medical plan premium subsidy.</p>

Features	Tier 1	Tier 2
Medicare Parts A and B	single-party Medicare plan premium. For 20 or more years of Service Credit, 100% of the single-party Medicare plan premium. Health subsidy cap applies to this benefit. Subsidy may not be applied toward dependent coverage.	
DENTAL BENEFITS		
Retiree Dental Plan Premium Subsidy Eligibility	Minimum 10 whole years of Service; AND Retiree must be age 55; AND Retiree is enrolled in a LACERS-sponsored dental plan.	Minimum 10 whole years of Service Credit Required; AND Retiree must be age 55; AND Retiree is enrolled in a LACERS-sponsored dental plan.
Maximum Retiree Dental Plan Premium Subsidy	\$43.24 for plan year 2016. Dental subsidies are not provided for dependents or eligible Surviving Spouses/Domestic Partners.	\$43.24 for plan year 2016. Dental subsidies are not provided for dependents or eligible Surviving Spouses/Domestic Partners.
Retiree Dental Plan Premium Subsidy Formula	40% of maximum dental plan premium subsidy for 1-10 whole years of Service Credit;* OR 40% of the single-party cost of your dental plan, <u>whichever is less</u> . 4% for each additional whole year of Service Credit, up to 25 whole years total Service Credit for 100% of the maximum dental plan premium subsidy.	40% of maximum dental plan premium subsidy for 10 whole years of Service Credit; OR 40% of the single-party cost of the dental plan, <u>whichever is less</u> . 3% for each additional whole year of Service Credit, up to 30 whole years total Service Credit for 100% of the maximum dental plan premium subsidy.
OTHER BENEFITS		
Maximum Retiree Medicare Part B Reimbursement	Reimbursement of the <u>basic</u> Medicare Part B premium, available only to Retired Members enrolled in Medicare Parts A & B and in a LACERS Senior Medical Plan or MPRP.	Reimbursement of the <u>basic</u> Medicare Part B premium, available only to Retired Members enrolled in Medicare Parts A & B and in a LACERS Senior Medical Plan or MPRP.

*Note: Effective February 21, 2016, health benefit eligibility requirements have changed for Tier 1 Members who have periods of part-time employment. Such Members are now eligible to participate in the LACERS retiree medical programs with a minimum of 10 whole years of Service provided that he or she meets the other eligibility requirements. Please contact LACERS for more information on these changes.

This chart is a general summary description of the main features of the benefits provided by the Los Angeles City Employees' Retirement System (the Plan), as set forth in the Los Angeles City Charter, the Los Angeles Administrative Code, and Internal Revenue Code. In the event of any discrepancies between this chart and the Plan, the Plan Provisions will prevail.