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REPORTER NO. R 1 3 - 0 1 3 5

MAY 2 0 2013

REPORT RE:

DRAFT ORDINANCE AMENDING CHAPTERS 10 AND 11 OF DIVISION 4 OF THE LOS ANGELES ADMINISTRATIVE CODE TO REORGANIZE THE PROVISIONS OF THE LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM (LACERS) AND TO INCORPORATE CHANGES REQUIRED TO MAINTAIN THE TAX-QUALIFIED STATUS OF THE PLAN, AND TO MAKE TECHNICAL AMENDMENTS TO CHAPTERS 18 AND 18.5 OF DIVISION 4 OF THE LOS ANGELES ADMINISTRATIVE CODE RELATED TO THE CREATION OF A SECOND TIER FOR LACERS

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. The ordinance revises provisions of the Los Angeles Administrative Code (LAAC) in order to make numerous technical changes to the provisions governing the Los Angeles City Employees' Retirement System (LACERS) and also to make limited technical changes to the provisions governing the Excess Benefit Plan (EBP) for LACERS and the Limited Term Retirement Plan (LTRP). A copy of the draft ordinance was sent, pursuant to Council Rule 38, to the Los Angeles City Employees' Retirement System and the Office of the City Administrative Office (CAO) and their comments have been incorporated.

Due to time constraints when Tier 2 was adopted, it was not possible to reorganize the provisions in Chapters 10 and 11 into separate sets of provisions for Tiers 1 and 2, such as has been done for the various tiers of the Fire and Police Pension Plan. LACERS has therefore requested that these provisions be reorganized prior to July 1, 2013, when new members will begin entering Tier 2. The purpose of this reorganization is to enable LACERS to better administer the different benefits provided in these two tiers and also to make the benefits of each tier easier for members to identify and comprehend. In addition, this ordinance contains technical amendments to LACERS' provisions in Chapters 10 and 11 that are required to maintain LACERS' status as a tax-qualified retirement plan, pursuant to a recent favorable determination letter issued to the City by the Internal Revenue Service (IRS). The limited technical changes that are being made to Chapters 18 (EBP) and 18.5 (LTRP) are necessary to clarify the provisions, in light of the addition of a second tier to LACERS.

Section 1 of the proposed ordinance separates the provisions of Chapter 10 into four new articles. Article 1 of Chapter 10 sets forth the benefits and conditions of entitlement for Tier 1, while Article 2 of Chapter 10 sets forth the benefits and conditions of entitlement for Tier 2. The reorganization into these two articles does not change any benefits or conditions of entitlement for either tier; this is a technical amendment to make the provisions more "use friendly" for members, LACERS' staff, and others. As an additional technical amendment, changes that are required by the IRS in order to maintain LACERS' status as a tax-qualified retirement plan have been included in Sections 4.1028, 4.1029 and 4.1020 in Article 1, and in Sections 4.1075, 4.1076 and 4.1077 in Article 2. The provisions of the Family Death Benefit Plan (FDBP) have been relocated to Article 3, since this is an optional program that is available to members of both tiers who elect to make additional payments in order to receive the benefits offered by the FDBP in the event that a member dies during City employment. The benefits related to reciprocal benefits with the Water and Power Employees' Retirement Plan (WPERP) and with Public Employees Retirement System (CalPERS) have been relocated to Article 4, since these provisions apply to both tiers. Minor technical revisions, related to the addition of a second tier, have been made to the provisions that were relocated to Articles 3 and 4.

Section 2 of the ordinance amends the title of Chapter 11 to "Health and Welfare Programs for Retirees of the Los Angeles Employees' Retirement System." Sections 3 through 8 of the proposed ordinance reorganize the provisions of Chapter 11 into four, rather than the current eight, Articles. Section 3 amends Article 1 to include all the general provisions for LACERS health and welfare programs. Included in Article 1 is Section 4.1102, a technical amendment required by the IRS to establish an account pursuant to Section 401(h) of the Internal Revenue Code for the purpose of funding the benefits provided in Chapter 11. Section 4 amends Article 2 to include the health and welfare programs for Tier 1 members. Section 5 amends Article 3 to include the health and welfare programs for Tier 2 members. These are technical amendments, as the benefits and conditions of entitlement for members of Tiers 1 and 2 are not changed. Several technical amendments, requested by the CAO, to clarify that the subsidy freeze was not intended to apply to deferred vested former members who retire on or after July 1, 2011, provided these persons terminated City employment prior to July 1, 2011, are included in Sections 4.1111(b), 4.1111(e), 4.1112(d) and 4.1115(e) of Article 2, as amended in Sec. 4 of the proposed ordinance. Sections 6, 7, and 8 of the proposed ordinance relocate the "Retiree Health Insurance Reciprocal Subsidy Credit Program (LACERS and LACERA)" from current Article 8 to amended Article 4 and repeal former Articles 5 through 8.

Section 9 of the ordinance amends the title for Chapter 18 to "Excess Benefit Plan for Tier 1 Members of the Los Angeles City Employees' Retirement System." Section 10 is a technical amendment to Section 4.1800 of Chapter 18 to limit participation to members of Tier 1, since members of Tier 2 are not eligible to be participants.

Sections 11, 13 and 14 of the ordinance contain technical amendments to Section 4.1850 in Chapter 18.5 to clarify amounts to be contributed to the Limited Term Retirement Plan by participants and the City, depending upon whether the participant elected out, or is a retired member, of Tier 1 or Tier 2 of LACERS. Section 12 adds the definition of "LAAC" for Los Angeles Administrative Code to Section 4.1850, since "Code," as defined in that section, refers to the Internal Revenue Code.

This ordinance may be adopted by the City Council pursuant to the provisions of Charter Section 1168, which requires approval by not less than two-thirds of the membership of the Council, subject to the veto of the Mayor and the override by the Council by three-fourths of the membership of the Council. The final adoption of this ordinance cannot occur until after a public hearing has been held and until at least 30 days after its first presentation to the Council. Since all the amendments contained in this ordinance are technical in nature and do not modify or increase benefits, no actuarial report is required.

If you have any questions regarding this matter, please contact Deputy City Attorney Mary Jo Curwen or Assistant City Attorney Alan Manning from the Retirement Benefits Division at (213) 978-4400. They or other members of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

CARMEN A. TRUTANICH, City Attorney

By Pedro B. Echeverria

PEDRO B. ECHEVERRIA
Chief Assistant City Attorney

PBE:MJC:AM:pj
Transmittal

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ORDINANCE NO. ________________

An ordinance amending Chapters 10 and 11 of Division 4 of the Los Angeles Administrative Code to reorganize the provisions of the Los Angeles City Employees Retirement System (LACERS) and to incorporate changes required to maintain the tax-qualified status of the plan, and to make technical amendments to Chapter 18 and 18.5 of Division 4 of the Los Angeles Administrative Code related to the creation of a second tier for LACERS.

THE PEOPLE OF THE CITY OF LOS ANGELES DO ORDAIN AS FOLLOWS:

Section 1. Chapter 10 of Division 4 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

CHAPTER 10

RETIREMENT BENEFITS AND CONDITIONS OF ENTITLEMENT FOR THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

ARTICLE 1

TIER 1 PROVISIONS

Sec. 4.1000. Statement of Purpose.

This Article sets forth the benefits and conditions of entitlement that have been established for persons who are members of Tier 1 of the Los Angeles City Employees' Retirement System (LACERS) and for their beneficiaries. These benefits may be modified and the conditions of entitlement changed by ordinance as authorized in Section 1168 of the City Charter.

It is also the purpose of this Article to demonstrate the intent of the City of Los Angeles, through its governing bodies, to promote the improvement of personnel management and employer-employee relations by enacting from time to time such ordinances as may legally be adopted under the authority of Section 1168 of the City Charter whenever Memorandums of Understanding and other agreements, duly executed by all parties thereto and approved by the City Council, require by their terms presentation to the City Council of ordinances changing retirement benefits or conditions of entitlement thereto.

Sec. 4.1001. Definition of Terms.

(a) For the purposes of Article 1 of Chapter 10 and Article 2 of Chapter 11 of Division 4 of the Los Angeles Administrative Code, the following words and phrases shall have the meaning ascribed to them in this section unless elsewhere defined:

Accumulated Contributions. The total of the amounts paid into the Retirement Fund by the member and any interest credited to the member's account.

Annuity. Payments for life derived from the accumulated contributions of a member as provided in this Article.

Base Amount. That portion of a retirement allowance resulting if cost of living amount is deducted therefrom.

Beneficiary. A person entitled to receive a benefit from the Retirement System.

Board of Administration or **Board.** The Board of Administration for LACERS established in Charter Section 1104(b).

City Service or **Service.** Only those periods during which a member received compensation from the City as an employee or during which the employee not only received Workers' Compensation benefits (Div. IV, Labor Code) for temporary disability on account of any injury or illness arising out of and in the course of employment with the City, but for which the employee also made contributions to the Fund as provided in Charter Section 1162. Notwithstanding the foregoing, a member shall be entitled, at the time of death or retirement, to receive credit for his or her years of service from the date such member entered employment with the City of Los Angeles in a capacity that would entitle him or her to membership in the Retirement System.

City Service Credit or **Service Credit.** The time component of the formula used by the Retirement System for purposes of calculating benefits pursuant to applicable Los Angeles Administrative Code and Board Rule provisions.

Compensation Earnable. The full salary, wage or compensation established for any position or office in the City service for the particular period involved in any calculation required.

Continuous Service. Shall mean uninterrupted City service except that discontinuance of such service of a member for any cause whatever, followed by re-entrance into the City service within three (3) years from the date of such discontinuance, shall not be considered as a break in the continuity of service.

Cost of Living Amount. That portion of a retirement allowance resulting from adjustments made pursuant to Section 4.1022.

Dependent Parent. A person whom the Board of Administration, upon investigation and after a hearing in the matter, shall find is the parent of a member to or for whom the member, during the last year of his or her service, contributed at least one-half the necessary living expenses.

Domestic Partner. A person who has formed a valid domestic partnership by filing a Declaration of Domestic Partnership with the Retirement System, as authorized in Section 4.1009 herein, or with the State of California, as authorized in Family Code Section 298.5, or a person who has established a legal union which was validly formed in another jurisdiction that is substantially equivalent to a domestic partnership, as provided in Family Code Section 299.2. Domestic partner shall not include a person who has established a domestic partnership pursuant to any other authority, unless expressly otherwise provided in this Article. A partnership shall be established, for purposes of this Article, on the date of the filing with the Retirement System or state.

Employee. Every person in the employ or service of the City of Los Angeles in any capacity or rank whatever at a regular salary, wage or compensation, and regardless of whether the position held by any such person is classified as an office or employment.

Larger Annuity. The annuity funded entirely by the member as provided in Section 4.1021.

Member or **Tier 1 Member.** An employee of the City of Los Angeles who meets the membership requirements contained in Section 4.1002of this Article. Member, as used in this Article, shall mean a member of Tier 1 unless otherwise specified. Notwithstanding the foregoing, a person who is no longer employed by the City, but who qualifies for reciprocity under Section 4.1096 and whose Tier 1 member contributions remain on deposit with the Retirement Fund may be considered to be a member, but only to the limited extent necessary to comply with the reciprocity provisions contained in Section 4.1096.

Operative Date. Shall mean the "effective date," unless a different date is specified by any ordinance adopted pursuant to the provisions of Charter Section 1168.

Regular Interest. Interest credited to the individual account of each member as provided in Charter Section 1162(b).

Reserve Basis. A system that provides for the accumulation and maintenance of a fund that will at all times be equal to the difference between the present value of the obligations assumed and the present value of the money to be received for paying such obligations, where such present values are estimated in accordance with accepted actuarial methods and on the basis of an assumed rate of interest and the mathematical probabilities of the occurrence of such contingencies as affect both the payment of the assumed obligations and the receipt of money with which they are to be paid.

Retirement Allowance or **Allowance.** An allowance granted under this Article, except for those allowances granted pursuant to Section 4.1010(a)(2), together with all subsequent adjustments thereto.

Retired Member or **Retired Tier 1 Member.** A former member who is receiving a monthly benefit from Tier 1 of the Retirement System. A retired member shall not be considered a member for purposes of this Article and, if re-employed as authorized in Charter Section 1164, shall continue to be a retired member.

Retirement Fund. The trust fund established for the Retirement System in Charter Section 1154.

Retirement System or **System.** The Los Angeles City Employees' Retirement System (LACERS).

Spouse. A person who is a party to a valid marriage.

(b) Wherever the phrase "**Final Compensation**" is used in this Article, it shall, unless a different meaning is clearly indicated by the context, have the following meaning:

The final compensation of every member shall be calculated upon an annual compensation earnable of the member during his or her last twelve (12) months of service or during any other twelve (12) consecutive months of service which he or she shall designate.

Compensation which is to be included in Final Compensation shall be limited to base salary and regularly assigned bonuses or premium pay. Payments of money to be included in the calculation of Final Compensation are limited, prior to July 1, 2000, to payments designated as salary by an ordinance of the City or, effective July 1, 2000, to payments designated as salary by an ordinance of the City or a memorandum of understanding; all other payments of money not so designated shall not be included in the calculation of Final Compensation. Compensation which shall not be included in the calculation of Final Compensation shall include, but not be limited to, overtime, daily and other non-regularly assigned bonuses, reimbursements, car allowances, uniform allowances, payments in lieu of benefits or cash-out of benefits and other forms of compensation.

With respect to an employee who begins membership in the Retirement System after June 30, 1996, compensation taken into account in any Plan year may not exceed the annual compensation limits established under Internal

Revenue Code Section 401(a)(17), as adjusted for increases in the cost of living in accordance with Internal Revenue Code Section 401(a)(17)(B).

(c) Whenever a reference is made in this Article to a specific section, such reference shall refer to a section contained in this Chapter, unless expressly indicated otherwise.

Sec. 4.1002. Membership in Tier 1.

(a) **Membership Provision.** Prior to July 1, 2013, every employee shall become a member of Tier 1 of the Retirement System on the first day of employment in a position with the City in which he or she is not excluded from membership pursuant to the provisions of Subsection (b) of this section. Beginning July 1, 2013, and ongoing, an employee shall only become a member of Tier 1 of the Retirement System on the first day of employment in a position with the City in which he or she is not excluded from membership pursuant to the provisions of Subsection (b) of this section if one of the following exceptions to Tier 2 membership applies:

(1) Former Tier 1 Member with Contributions on Deposit. A former Tier 1 member who returns to membership in the Retirement System on or after July 1, 2013, shall only return to membership in Tier 1 if he or she has pre-July 1, 2013, contributions that remain on deposit with the Retirement Fund on the date he or she begins City service in a position in which he or she again becomes eligible for membership in the Retirement System. In the event a former member's pre-July 1, 2013, contributions have been forfeited to the Retirement Fund, he or she shall return to membership in Tier 1, provided that he or she is relieved from such forfeiture and said funds are returned to his or her individual account. Former members may not qualify for the exception provided in this paragraph by making back contributions or re-deposits of contributions after re-entry into City service.

(2) Tier 1 Disability Retirees Returned to Employment. A Tier 1 disability retiree who is returned to City employment on or after July 1, 2013, as provided in Section 4.1008(e) or (f), shall return to membership in Tier 1.

(3) Reciprocal Retirement Benefit Arrangement. If an employee of the City's Department of Water and Power (DWP) participates in the reciprocal retirement benefit arrangement established in Section 4.1095, he or she shall become a member of Tier 1 upon becoming a member of the Retirement System, rather than Tier 2, provided that his or her employment with the DWP commenced prior to July 1, 2013, and there is no break in service of more than seven (7) calendar days, as provided in Section 4.1095(b). This exception shall not apply if the member elects not to participate in the reciprocal retirement benefits arrangement, as provided in Section 4.1095(d).

(4) Limited Term Retirement Plan. An elected official who was a member of the Limited Term Retirement Plan (LTRP) on June 30, 2013, and subsequently becomes a member of the Retirement System shall become a member of Tier 1, rather than Tier 2, provided that his or her service as an elected official was continuous from June 30, 2013, until the date he or she became a member of the Retirement System and all of the funds in his or her individual account with the LTRP are transferred to his or her member account with the Retirement System pursuant to the provisions of Section 4.1017(c)(1).

A City employee shall cease to be a member upon termination of employment. A City employee shall also cease to be a member if a change in his or her employment results in an exclusion from membership pursuant to the provisions of Subsection (b) of this section or if his or her membership has been terminated pursuant to the provisions of either Subsection (c) or (d) of this section. A former member who re-enters City employment or whose City employment changes on or after July 1, 2013, shall only return to membership in Tier 1 if he or she satisfies exception (1) to Tier 2 membership listed above.

(b) **Exclusions from Membership.** The following employees shall not be members of said Retirement System:

(1) Persons employed by the Board of Education or School District.

(2) Persons serving on any Board of Commissioners whose compensation consists of attendance fees per meeting attended.

(3) Members of the Fire and Police Pension Plans and members of the Water and Power Employees' Retirement Plan; provided, however, that this exclusion shall not operate during any period of City service in which any such person is employed in any capacity which renders that person ineligible for current membership in said Plans. Nothing in this chapter shall be construed to prevent any person entitled to the payment of any benefit on account of service as a member of the Plans herein mentioned, from receiving payment on account of any benefit to which such person is entitled as a member of this Retirement System; provided, nevertheless, that no payment shall be made under provisions of this Chapter, for or on account of any period of service for which such person is entitled to receive or is receiving any benefit, under the Fire and Police Pension Plans or the Water and Power Employees' Retirement Plan.

(4) Inmates of City institutions who are allowed compensation for such services as they are able to perform.

(5) Persons in City institutions principally for the purpose of receiving training but who receive compensation.

(6) Persons employed under contract for a definite period or for the performance of a particular special service.

(7) Persons employed only on call or for seasonal work.

(8) Any person employed on an intermittent, temporary, or part-time basis, unless the person is a member at the time he or she commences to serve on such a basis, or unless the appointing authority certifies to the Board of Administration that the person's employment is regular and continuous and will probably extend for at least one (1) year and require service for at least one-half the time required of employees in the same group or class of service on a full-time basis.

(9) Any officer of the City elected for a fixed term who files a written declaration of his or her desire not to become a member of the System within ninety (90) days next following the last day of the calendar month during which the first deduction on account of member contributions to the Retirement Fund is taken. When the declaration is filed, any contributions already taken attributable to the fixed term to which he or she was just elected, including interest thereon, shall be transferred to the officer's account with the Limited Term Retirement Plan and said officer shall have no right to benefits from the System for any periods for which such contributions were taken. Provided that any officer who has filed such declaration may revoke it in writing and, upon filing the revocation with the Board of Administration, shall become a member of the System. In addition to persons elected for a fixed term as an officer of the City, any person appointed to fill a vacancy in an elected office for a fixed term, whether for the full remainder of such term or any portion thereof, may choose not to become a member of the System as provided in this paragraph and shall be considered an elected official of the City for purposes of participation in the Limited Term Retirement Plan.

Notwithstanding the foregoing, whenever any retired member of the System is elected as an officer of the City, he or she shall not re-enter membership in the System, but shall instead become a participant in the Limited Term Retirement Plan, during which time he or she shall continue to receive benefits as a retired member of the System.

(10) Any person undergoing training who will become a member of the Fire and Police Pension Plan upon completion of training.

(c) **Transferred Employees Who Remain Members.** Notwithstanding the provisions of Subsections (a) and (b) of this section, certain employees shall remain members of the Retirement System pursuant to the provisions of this subsection.

The Department of General Services is an Outside Agency as defined in Charter Section 1202(h). Members employed by the Department of General Services as sworn peace officer personnel whose positions may be transferred to the Los Angeles Police Department (LAPD) pursuant to a merger of police services authorized by the City Council shall, at the time of the transfer, become Transferring Employees as defined in Charter Section 1202(i) and for purposes of this subsection. The purpose of this subsection is to provide these Transferring Employees with the benefits provided by the Retirement System, in lieu of the benefits provided by the Fire and Police Pension Plan, pursuant to the authority provided in Charter Section 1216(b)(1).

Transferring Employees shall remain members of the Retirement System for so long as they continue in employment with the LAPD in any sworn position, except as otherwise provided in the following paragraph. In addition to continuing to be members during any period(s) of Academy training required in connection with positions held at the time of the transfer, Transferring Employees shall continue to be members of the Retirement System during any period(s) of academy training required to qualify for employment in any other sworn position with the LAPD, provided that they have not opted out of membership as provided in the following paragraph.

In the event that a Transferring Employee decides to transfer to a position with the LAPD that is not a sworn position transferred from the Department of General Services, such Transferring Employee may elect to opt out of membership in the Retirement System. In order to opt out of membership in the Retirement System, a member shall file a written opt out election form with the Retirement System, which election shall become effective on the date the Transferring Employee changes classifications and becomes eligible for membership in the Fire and Police Pension Plan or the Pension Savings Plan established in Chapter 16, Division 4 of this Code, as applicable. The Retirement System shall establish the period during which an opt out election form must be filed, which period shall be at least seven (7) days in length and shall end not later than the day before the date the member is scheduled to change classifications; failure to file an opt out election form within the period established by the Retirement System shall constitute an irrevocable election not to opt out of membership in the Retirement System. A member shall have seven (7) days from the date an opt out election form is filed to revoke his or her election, after which the election shall be irrevocable. Once an election has become irrevocable, it shall not be revoked for any reason by anyone, including the Board, except in the following circumstance: If a Transferring Employee who has opted out and changed classifications should for any reason subsequently revert to a position that was transferred from the Department of General Services, he or she shall be reinstated to membership in Tier 1 of the Retirement System. The provisions of this paragraph allowing a member, under specified conditions, to opt out of membership shall expire two (2) years from the effective date of this subsection, although a member who timely files an opt out form prior to expiration of the two-year period shall be allowed to opt out even if his or her classification changes after expiration of the two-year period. The Board shall not have any authority to waive or extend any time limitation set forth in this paragraph.

Transferring Employees shall not become members of the Fire and Police Pension Plan, except as provided in the preceding paragraph. In the event that a

Transferring Employee should terminate employment and thus cease to be a member of the Retirement System, his or her status as a Transferring Employee shall terminate and shall not be reinstated in the event he or she should again enter City employment.

(d) **Employees Who May Terminate Membership.** Any member whose employment status changes in such manner that he or she would be ineligible for membership pursuant to the provisions of Subsection 4.1002(b)(8) if not already a member, may file a written application, together with proof of status change, with the Board of Administration requesting that his or her membership in the Retirement System be terminated. Provided that he or she provides sufficient proof of status change, the Retirement System shall approve the request. If such request is approved, the former member shall become a member of the Pension Savings Plan for Part-time, Seasonal and Temporary Employees established in Chapter 16 of this code, provided that he or she otherwise qualifies to participate in such plan. Unless federal law permits a withdrawal of contributions, the former member's accumulated contributions shall remain in the fund so long as he or she continues to be employed, in any capacity, by the City. If a former member who has terminated membership on this basis should become a member of the Retirement System on or after July 1, 2013, he or she shall become a member of Tier 2 unless his or her Tier 1 contributions were not withdrawn and remained in the fund, in which case he or she shall return to membership in Tier 1.

Sec. 4.1003. Member Contributions.

(a) **Six Percent (6%) Contribution Rate.** Beginning November 8, 2009, all members shall contribute by salary deduction to the Retirement Fund at the rate of six (6%) of the member's compensation earnable, of which one-half percent (0.5%) shall be the survivor contribution portion, and the remaining five and a half percent (5.5%) shall be the normal contribution.

(b) **Seven Percent (7%) Contribution Rate.** Pursuant to the provisions of Section 4.1033(a)(9), commencing on July 1, 2011, and ending on June 30, 2026, or when the ERIP Cost Obligation is fully paid, whichever comes first, in lieu of contributing as provided in Subsection (a), above, all members shall contribute by salary deduction to the Retirement Fund at the rate of seven percent (7%) of the amount of the member's compensation earnable, of which one-half percent (0.5%) shall be the survivor contribution portion and the remaining sixe and a half percent (6.5%) shall be the normal contribution.

(c) **Additional Contributions.** In addition to the contributions required pursuant to Subsection (a) or (b) herein, as applicable, certain members shall make additional normal contributions to the Retirement Fund as provided herein. In consideration for such additional contributions, these members shall receive the benefit set forth in Section 4.1111(c) of Article 2 of Chapter 11 of Division 4 of this Code. The City Administrative Officer shall notify the Retirement System and the Controller of the specific Memoranda of Understanding (MOUs) which require members to contribute as provided herein, and shall also provide the Retirement System and Controller with the names of all members who are non-represented employees, including elected officials. Because the benefit conferred by the aforesaid Section 4.1111(c) is a vested benefit, a member who is employed in a position requiring the payment of additional contributions to the Retirement Fund as provided in this subsection shall continue to make additional contributions to the Retirement Fund for so long as he or she is a member, notwithstanding that he or she may subsequently transfer to a position that does not require the payment of the additional contributions.

(1) Members subject to specific MOUs shall contribute by salary deduction to the Retirement Fund an additional two percent (2%) of the member's compensation earnable retroactive to April 24, 2011, and ongoing. Further, such members shall contribute by salary deduction to the Retirement Fund an additional two percent (2%) of the member's compensation earnable commencing on July 1, 2011, and ongoing, for a total additional contribution of four percent (4%) effective July 1, 2011, and ongoing.

(2) Members subject to other specific MOUs shall contribute by salary deduction to the Retirement Fund an additional four percent (4%) of the member's compensation earnable retroactive to July 1, 2011, and ongoing.

(3) Members who are subject to other specific MOUs and members who are non-represented employees, including elected officials, shall contribute by salary deduction to the Retirement Fund an additional two percent (2%) of the member's compensation earnable retroactive to July 1, 2011, and ongoing. Further, such members shall contribute by salary deduction to the Retirement Fund an additional two percent (2%) of the member's compensation earnable commencing on January 1, 2013, and ongoing, for a total additional contribution of four percent (4%) effective January 1, 2013, and ongoing.

(d) **Pick Up of Employee Contributions**. All contributions paid pursuant to this section shall be deposited in each member's individual account as provided in Charter Section 1162. The City shall pick up all employee contributions payable by salary deduction pursuant to this section as provided in Sections 4.1500 through 4.1504 of Chapter 15 of Division 4 of this Code.

(e) **Prior Defrayal of Age-based Contributions**. Prior to November 8, 2009, certain members paid age-based contributions to the Retirement System, which were reduced by a defrayal in which the City, or the member's employing department, paid contributions (referred to hereafter as City defrayal funds) sufficient to equal the amount by which the employee contributions were reduced, subject to certain discounts. When a member's contributions have been reduced by defrayal, the following conditions shall continue to apply:

(1) City defrayal funds shall not be credited to the members' individual accounts nor shall such funds be refundable to any member, former member or beneficiary of a former member; and such funds shall not be included in the

calculation of any annuity representing the actuarial equivalent of accumulated contributions wherever the provisions of this Code require such calculation.

(2) City defrayal funds shall not be returned to any funds of the City from which they were appropriated except to adjust for incorrect payments.

(3) Defrayal of employee contributions by the City shall not apply to or affect the amount of a member's liability for back contributions, Family Death Benefit Plan contributions, additional contributions towards a Larger Annuity, or re-deposits of formerly withdrawn contributions; provided, however, that re-deposits of a member's contributions, withdrawn during or after any period of City service for which the City defrayed any portion of the member's contributions, shall not include the amounts so defrayed. If a member's liability for back contributions involves any period in which the member would have been obligated, under former provisions of this Chapter, to make age-based contributions, the member's liability for back contributions shall be computed based upon the former provisions of this Chapter that were applicable at that time.

(4) Any amounts of employees' contributions defrayed by the City shall not be includable in the determination of "**Compensation Earnable**" or "**Final Compensation.**"

Sec. 4.1004. Rights of Former Members.

Former member shall include both a City employee who ceases to be a member upon separating from City service and a City employee who continues to be employed by the City, but ceases to be a member of the Retirement System. For purposes of this section, former member shall not include a retired member who is receiving any retirement allowance provided in this Article.

(a) **Refund of Contributions**. A former member shall be paid his or her accumulated contributions upon written demand made to the Board of Administration. Contributions, however, shall not be refunded to a former member who is employed in any capacity by the City unless such a refund is permitted under federal law. After a former member's contributions have been refunded, he or she shall have no right to any benefits provided by the Retirement System.

(b) **Contributions Remain in the Fund.** A former member may permit his or her accumulated contributions to remain in the fund.

A former member whose contributions remain on deposit and who qualifies for deferred service retirement may apply to retire as provided in Section 4.1006. If such former member fails to file a written retirement application prior to attaining age seventy and a half (70 1/2), the Retirement System, pursuant to rules to be adopted by the Board of Administration, shall make such mandatory minimum distributions as are required by the Internal Revenue Code.

If a former member does not have sufficient years of continuous service so as to be entitled to a deferred service retirement and fails to request a refund of contributions pursuant to Subsection (a), above, within ten (10) years from the date his or her membership terminated or from the date he or she was last employed by the City, whichever occurs later, the former member's accumulated contributions shall be forfeited to the Retirement Fund, provided that he or she (1) shall be relieved from such forfeiture upon returning to membership in the System, at which time said funds shall be returned to his or her individual account pursuant to rules to be adopted by the Board of Administration, or (2) shall be relieved from such forfeiture upon the making of a valid claim therefor determined at the sole discretion of the Board of Administration. If any such former member attains age seventy and a half 70 1/2 with contributions still on deposit in his or her account, the Retirement System, pursuant to rules to be adopted by the Board of Administration, shall make such mandatory minimum distributions as are required by the Internal Revenue Code.

If mandatory minimum distributions cannot be paid to a former member for any reason, such as the person's failure to cooperate or where the person's whereabouts is unknown and the Retirement System has followed Internal Revenue Service procedures to locate him or her, then such funds shall be forfeited to the Retirement Fund, provided that he or she shall be relieved from such forfeiture upon the making of a valid claim therefor, determined at the sole discretion of the Board of Administration.

In the event that a former member whose contributions or other benefits have been forfeited pursuant to this subsection is deceased, any person or entity who would be entitled to the payment of the former member's funds upon his or her death may make a claim for relief from forfeiture on the deceased's behalf.

Sec. 4.1005. Service Retirement For Employees.

(a) **Full Retirement**. A member shall be eligible to retire with a full (unreduced) retirement allowance:

(1) After reaching age fifty-five (55) with thirty (30) or more years of City service;

(2) After reaching age sixty (60) with ten (10) or more years of continuous City service;

(3) At age seventy (70) or older, regardless of length of City service.

(b) **Early Retirement.** A member shall be eligible to retire with an age-based reduced retirement allowance:

(1) After reaching age fifty-five (55) with ten (10) or more years of continuous City service;

(2) At any age with thirty (30) or more years of City service.

(c) **Continuous Service Requirement.** Where ten (10) years of continuous City service is required to qualify for retirement under this section, a minimum of five (5) years of such continuous service shall be actual service with the City. Service purchased under Section 4.1020 shall not count toward establishing the minimum five (5) years of continuous service based on actual service with the City. None of the service purchased under Section 4.1019 shall count toward establishing the minimum ten years of continuous City service required for retirement under this section. The requirement for ten years of continuous City service set forth in this section, however, may be satisfied based upon service with a reciprocal system to the extent necessary to comply with the provisions of Section 4.1096.

(d) **Application Requirements.** A Tier 1 member who is eligible for full or early retirement may file a service retirement application with the Board of Administration specifying a retirement date. The application shall be filed not less than thirty (30), nor more than sixty (60), days prior to the requested retirement date, except as follows:

(1) In the event a member has been notified by the City that he or she will be laid off, an application that is filed less than thirty (30) days in advance shall be accepted provided it is filed with the Board while the member is still employed, specifies a retirement date prior to the member's termination, and shall not be effective earlier than the date on which it is filed.

(2) So long as the Resolution of Fiscal Emergency adopted by the City Council on May 18, 2009 (Council file No. 09-0600-S8) has been extended in successive periods of ninety (90) days each by written notification from the Mayor to LACERS and continues in effect, as amended or revised from time to time, and the Mayor determines that the City's fiscal condition so warrants, an application less than thirty (30) days in advance shall be accepted provided it shall not be effective earlier than the date on which it is filed.

Sec. 4.1006. Service Retirement for Former Members (Deferred Retirement).

(a) **Eligibility for Deferred Retirement.** In order to be eligible for deferred service retirement, a former member's Tier 1 contributions must remain in the Retirement Fund, and he or she must have five (5) or more years of continuous City service or satisfy the part-time employee exception set forth below.

(1) **Full Retirement.** To retire with a full (unreduced) retirement allowance, the former member must be age 60 or older and ten (10) years must have elapsed since he or she first became a member or the former member must be age seventy (70) or older.

(2) **Early Retirement**. A former member who is not yet 60 may retire with an age-based reduced retirement allowance at age fifty-five (55) or older, provided ten (10) years must have elapsed since he or she first became a member.

A former member does not need to have five (5) years of continuous service if he or she has been a member while employed for any period of time as a part-time employee whose membership terminates for any reason on or after October 18, 1992.

(b) **Continuous Service Requirement.** Service purchased under Sections 4.1019 and 4.1020 shall not count toward establishing the minimum five (5) years of continuous City service required for retirement under this section. The requirement for five (5) years of continuous City service set forth in this section, however, may be satisfied based upon service with a reciprocal system to the extent necessary to comply with the provisions of Section 4.1096.

(c) **Application Requirements.** A former member of Tier 1 who is eligible for deferred service retirement must notify the Retirement System, in writing, when he or she wants to retire, provided that the date of his or her retirement may not be earlier than the date that the written notification is received by the System.

Sec. 4.1007. Service Retirement Allowances.

(a) **Tier 1 Formula.** A retiree who retires pursuant to the provisions of Section 4.1006 or Section 4.1007 shall receive a service retirement allowance calculated pursuant to the following Tier 1 Formula (formerly the Beta Formula): 2.16 percent (.0216) of his or her Final Compensation, calculated as of the date of retirement, multiplied by the number of years and parts thereof of his or her Service Credit, subject to applicable adjustments as provided below. Each retirement allowance as so calculated shall be allocated between the following two components: (1) an annuity which shall be the actuarial equivalent of his or her accumulated contributions at the time of retirement (excluding any additional contributions paid to provide a larger annuity at the time of retirement), calculated in accordance with approved actuarial methods as of the date of retirement; and (2) a pension, in the amount of the remaining balance, payable to the retiree on account of his or her service.

The retirement allowance as so calculated shall be subject to the following adjustments, if applicable:

(1) Where the retiree's allowance is subject to an age-based reduction, the adjustment provided in Subsection (b) of this section.

(2) If he or she had been on disability retirement, the retiree's service retirement allowance shall be reduced by an amount equal to the annuity which the total of the disability annuity payments made to him or her would

have provided had they still been part of his or her accumulated contributions at the time of retirement

(3) If he or she received any minimum distribution required by the Internal Revenue Code, the retiree's service retirement allowance shall be subject to adjustment as provided in rules to be adopted by the Board of Administration.

(4) He or she may be entitled to a minimum pension of fifty percent (50%) of the amount determined pursuant to the aforesaid Tier 1 Formula. (The annuity portion of the retirement allowance shall not be changed as a result of the testing required in this provision.) This testing uses the retiree's Tier 1 Formula entitlement and the pension and annuity entitlement amounts, as calculated above, provided that such shall be adjusted, if applicable, to: (i) exclude Service Credit purchased under Sections 4.1019 and 4.1020, and the annuity calculation shall likewise exclude accumulated contributions attributable to these purchases; and (ii) the annuity calculation, for members who made back contributions under either Section 4.1017(b) or Section 4.1017(c), shall exclude accumulated contributions in the person's account which are attributable to matching contributions paid by the City in the prior plan. The purpose of this testing is to determine if, absent such purchases or matching City contributions, the pension would have required an increase to provide a minimum pension of fifty percent (50%) of the amount of the retiree's Tier 1 Formula entitlement. If such test determines that an adjustment is in order, the pension portion of his or her retirement allowance shall be increased by the same amount as the increase that the test determined would be necessary to provide a minimum pension of fifty percent (50%), and the total retirement allowance payable shall be increased accordingly (with the annuity portion remaining unchanged).

(b) **Age-Based Reduction Factors.** An age-based reduction shall be made by multiplying the retirement allowance by the factor set forth in the table below corresponding to the retiree's age, taken to the completed quarter year.

EARLY RETIREMENT REDUCTION FACTORS FOR 2.16 PERCENT FORMULA

45	0.6250
45 ¼	0.6325
45 1/2	0.6400
45 3/4	0.6475
46	0.6550

46 1/4	0.6625
46 1/2	0.6700
46 ¾	0.6775
47	0.6850
47 ¼	0.6925
47 ½	0.7000
47 ¾	0.7075
48	0.7150
48 1/4	0.7225
48 1/2	0.7300
48 3/4	0.7375
49	0.7450
49 1/4	0.7525
49 1/2	0.7600
49 3/4	0.7675
50	0.7750
50 1/4	0.7825
50 1/2	0.7900
50 3/4	0.7975
51	0.8050
51 1/4	0.8125

51 1/2	0.8200
51 3/4	0.8275
52	0.8350
52 1/4	0.8425
52 1/2	0.8500
52 3/4	0.8575
53	0.8650
53 1/4	0.8725
53 1/2	0.8800
53 3/4	0.8875
54	0.8950
54 1/4	0.9025
54 1/2	0.9100
54 3/4	0.9175
55	0.9250
55 1/4	0.92875
55 1/2	0.93250
55 3/4	0.93625
56	0.94000
56 1/4	0.94375
56 1/2	0.94750

56 3/4	0.95125
57	0.95500
57 1/4	0.95875
57 1/2	0.96250
57 3/4	0.96625
58	0.97000
58 1/4	0.97375
58 1/2	0.97750
58 3/4	0.98125
59	0.98500
59 1/4	0.98875
59 1/2	0.99250
59 3/4	0.99625
60 and over	1.00

(c) **Cap on Allowances.** Service retirement allowances granted pursuant to Subsection (a) of this section may never exceed a member's "Final Compensation."

Sec. 4.1008. Disability Retirement.

(a) **Application for Disability Retirement.** Any member who has five (5) or more years of continuous service and who has become physically or mentally incapacitated and who is incapable, as a result thereof, of performing his or her duties, may be retired upon written application of such member, of any person acting in his or her behalf, or of the head of the department in which such member is employed. Any such application may be made at any time within, but not exceeding, one (1) year after the discontinuance of the service of such employee or the termination of any duly authorized sick leave with payment provided such incapacity has been continuous from the discontinuance of such service.

(b) **Disability Determination.** The Board shall cause each member who applies to be examined by, and a written report thereon rendered by, at least three regularly licensed, practicing physicians selected by the Board, unless the member is terminally ill, in which case the Board shall only require the member to be examined by one such physician selected by the Board. If, upon considering the report(s) of such physician(s) and such other evidence as shall have been presented to it, the Board finds that the member has become physically or mentally incapacitated and is incapable, as a result thereof, of performing his duties, and if said Board finds that such disability was not due to intemperance or the willful misconduct of such member, the member shall be retired as of the date of the discontinuance of his or her service on account of such disability or termination of sick leave with pay.

(c) **Disability Retirement Allowance.** Any member retired on account of disability shall receive a disability retirement allowance that shall consist of:

An annuity which shall be the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement, calculated in accordance with approved actuarial methods as of the date of retirement; and

A pension which shall be in such an amount that the same, when added to that portion of his or her annuity not derived from additional contributions paid to provide a larger annuity at the time of retirement, shall be a sum which shall be equal to one-seventieth (1/70) of his or her final compensation, as presently herein defined, calculated as of the date of retirement, multiplied by the number of years of service of such member.

If the sum resulting from this calculation should be an amount that represents less than one-third of the member's final compensation, in that case the disability retirement allowance shall be one-third of his or her final compensation.

(d) **Death of Applicant Prior to Board Action.** Whenever the Board shall have before it for consideration an application for disability retirement by a member who died while he or she was waiting for the application to be processed and prior to reports of examination being obtained from three or more physicians selected by the Board, a disability retirement may be granted on the basis of fewer than three medical reports or no such reports subject to the following provisions:

The Board must find:

(1) That the applicant was physically or mentally incapacitated since the discontinuance of service and incapable of performing the duties of his or her position; and

(2) That the disabling condition(s) and death of the applicant were not due to the applicant's intemperance or willful misconduct.

It shall be within the power of the Board to adopt all necessary rules to implement the provisions of this Subsection including, but not limited to, rules regarding the type and quantity of evidence required to make the determination required herein.

In the event that an applicant's disability retirement is granted by the Board after his or her death, whether pursuant to the provisions of this subsection or based upon three or more reports that were obtained from physicians selected by the Board, and he or she leaves a survivor eligible for a continuance of his or her disability retirement allowance as provided in Section 4.1012, the disability retirement allowance payable to such deceased member shall be reduced so as to provide for a one hundred percent (100%) disability survivorship allowance as if such deceased applicant had elected to provide a continuing benefit under the provisions of Section 4.1015(a)(1).

(e) **Review of Disability Retirees.** The Board may, from time to time in its discretion, require any beneficiary under the age of sixty (60) years who shall have been retired because of disability to submit to medical examination by three regularly licensed practicing physicians selected by the Board. Upon the basis of such examination and other proper evidence, said Board shall determine whether such beneficiary is still incapacitated for service in the position held by the beneficiary at the time of his or her retirement. If the Board shall determine that such beneficiary is not so incapacitated, he or she shall be restored to duty in the position held by him or her at the time of said retirement order, and, upon his or her return to active service, his or her retirement allowance shall be canceled.

The failure, neglect or refusal of any beneficiary to submit to such medical examination as the Board may order or to return to active service when determined to be no longer incapacitated, within such reasonable time as the Board may determine, shall be sufficient cause for cancellation of such retirement allowance, in the discretion of the Board, in which event the only right that he or she shall have as a former member pursuant to Section 4.1004 of this Chapter is to receive a refund of his or her accumulated contributions, less any payments made on account of the annuity provided herein.

If the Board should determine that a beneficiary is no longer incapacitated, but the beneficiary cannot be restored to duty in the position held by him or her at the time of retirement due to the beneficiary's termination or resignation, the Board shall cancel his or her retirement allowance, and, as a former member, he or she shall have the rights set forth in Section 4.1004, provided that, in the event he or she requests a refund of contributions, the accumulated contributions shall be reduced by any payments made on account of the annuity provided herein.

(f) **Consentual Re-Employment in a Different Position.** Any person heretofore or hereafter retired for disability by the Board, even though incapable of performing the duties of the position from which he or she has been or shall be retired, may be re-employed in a different vacant position if the Board of Civil Service Commissioners were to find that he or she is capable of performing the duties of such position; provided, however, that such person may be so re-employed only with the consent of the appointing authority for such position and the written consent of such person. The Board of Civil Service Commissioners shall adopt rules and regulations to effectuate the purpose of the foregoing provisions. Upon the re-employment of such person, his or her disability retirement allowance shall cease, and, should he or she be eligible for membership in the Retirement System, he or she shall again become a member of the Retirement System.

(g) **Rights and Obligations upon Re-Employment**. Any beneficiary who re-enters the service of the City, as provided in Subsection (e) or (f) herein, and again becomes a member of the Retirement System, shall return to membership in Tier 1. The balance, if any, of his or her accumulated contributions, after deducting the annuity payments made to him or her on account of a disability retirement allowance, shall be credited to the individual account of such member with the Retirement System, regardless of whether he or she becomes a member of the Retirement System or of another City retirement system upon re-employment.

He or she shall receive credit for services rendered prior to the date of his or her retirement in the same manner as though he or she had never been retired for disability, but the payment of a disability pension shall not constitute compensation from the City entitling him or her to service for the period it was paid. If otherwise eligible, a member may purchase eligible service with another governmental entity for employment during periods in which he or she received a disability allowance.

(h) **Board Authority.** The Board shall have the power to hear and determine all matters pertaining to the granting or termination of any retirement allowance provided for in this section, and the determination of the Board shall be final and conclusive.

(i) **Loan Program for Disability Applicants**. The Board shall, by rule, establish a loan program for members who have made application for disability retirement or upon whose behalf an application has been made in accordance with the provisions of this Chapter, provided that the loan program shall be in compliance with the provisions of Internal Revenue Code Section 72(p). The loan program shall further provide that in no event shall the amount of funds loaned to any member exceed the amount of contributions and interest in the member's LACERS account, and that, once a Board determination is made granting or denying a member's disability application, no further funds shall be lent to the member in connection with that application. Loan repayments will be suspended under this program as permitted under Section 414(u)(4) of the Internal Revenue Code.

(j) **Right to Make Back Contributions When Disability Application Denied.** Any member who has, at any time, filed an application for the benefit of a disability retirement, which application was thereafter denied by the Board of Administration upon a finding by said Board that the applicant had not become physically or mentally incapacitated so as to be incapable of performing his or her duties, shall have the right to designate up to six (6) months of the period while such application was pending for purposes of acquiring credit towards City Service as defined in Section 4.1001, subject to the following conditions:

(1) The designated period does not already entitle the member to service credit.

(2) The maximum period to be designated is six (6) months or the actual period of time while the application for disability retirement was pending, whichever was less.

(3) If a member has applied more than once for disability retirement, the cumulative total period to be designated may not exceed six (6) months or the time elapsed while applications were processed, whichever is less.

(4) The right granted herein shall be exercised in writing, filed with the Board, designating the period of City Service for which the member desires to receive retirement credit, and must be accompanied by a single payment of back contributions or by an irrevocable agreement to pay such back contributions in installments. The back contributions to be paid shall be in an amount equal to all of the contributions which he or she would have made to the Fund had he or she been making contributions during such period, based upon such person's compensation earnable before the discontinuance of his or her service, together with all regular interest which, had he or she so made the same, would have been credited thereon prior to the date of such payment; provided, however, that in the case of such installment payments thereof, the same shall be made pursuant to rules which shall be adopted by the Board establishing minimum amounts to be paid and the period of time therefor, and providing the rate of interest which shall also be paid upon the unpaid balance of the same. Every member who makes up back contributions as provided herein shall be allowed credit for the period of City Service designated in the declaration filed by him or her with the Board; provided, however, that should he or she, for any reason, cease to be a member before making up the full amount thereof, he or she shall be allowed retirement credit, counter-calendarwise, for the same portion of such designated period as the amount made up by him or her is of such full amount, and provided further that, should he or she cease to be a member by reason of his or her death, retirement credit shall be allowed for the whole period designated by him or her if his or her surviving spouse or domestic partner were to exercise the option which, under such circumstances, hereby is given to any surviving spouse or domestic partner to make a single payment of all of the unpaid installments with accrued interest thereon.

Sec. 4.1009. LACERS Domestic Partnerships.

(a) **Establishment of Domestic Partnerships with LACERS.** Domestic partners are two adults who have chosen to share one another's lives in an intimate and committed relationship of mutual caring. A domestic partnership shall be established for purposes of this Article when both partners file a Declaration of Domestic Partnership with the Board, provided all the following requirements are met:

(1) Both persons agree to be jointly responsible for each other's basic living expenses incurred during the domestic partnership.

(2) Neither person is married or a member of another domestic partnership.

(3) The two persons are not related by blood in a way that would prevent them from being married to each other in this State.

(4) Both persons are at least eighteen (18) years of age.

(5) Both persons may be of the same sex or the opposite sex.

(6) Both persons are capable of consenting to the domestic partnership.

An Affidavit of Domestic Partnership filed prior to July 1, 2000, with the Board shall be treated for all purposes of this Article as being the same as a Declaration of Domestic Partnership filed pursuant to this subsection.

(b) **Termination of Domestic Partnerships with LACERS.** Once a domestic partnership is established as provided above, this domestic partnership shall be terminated when any of the following occurs:

(1) One partner gives, or sends by certified mail, to the other partner a written notice that he or she is terminating the partnership.

(2) One of the domestic partners dies.

(3) One of the domestic partners marries.

Upon termination of a domestic partnership, at least one of the former partners shall file a Notice of Termination of Domestic Partnership with the Board, provided that failure to file such notice shall not prevent the termination of the domestic partnership. This provision shall apply both to partnerships established on or after July 1, 2000 by the filing of a Declaration of Domestic Partnership and to partnerships established prior to July 1, 2000, by the filing of an Affidavit of Domestic Partnership.

(c) **Six Month Prohibition.** No person who has established a domestic partnership, by filing either an Affidavit of Domestic Partnership or a Declaration of Domestic Partnership with the Board, may file a new Declaration of Domestic Partnership with the Board until at least six (6) months after the date that a Notice of Termination of Domestic Partnership was filed with the Board as provided herein. This prohibition does not apply if the previous domestic partnership ended because one of the partners died or married.

(d) **Board Authority to Establish Earlier Filing Date.** Where a Declaration of Domestic Partnership is required to be on file with the Board for at least one (1) year, the Board may establish an earlier filing date than the actual date that the parties filed their Declaration of Domestic Partnership with the Board upon sufficient proof that the parties have an Affidavit or Declaration of Domestic Partnership on file earlier with the Personnel Department.

(e) **Death Prior to Filing.** Should a member die prior to filing a Declaration of Domestic Partnership with the Board, but (1) have a current domestic partner based upon an earlier established domestic partnership with the Personnel Department, and (2) have a beneficiary designation on file with the Board that designates that domestic partner as the beneficiary entitled to receive all of the member's contributions, then such domestic partner shall be entitled to receive the same benefits that he or she would have received had their domestic partnership been filed with the Board, as provided herein, on the date that the parties filed their Affidavit or Declaration of Domestic Partnership with the Personnel Department.

Sec. 4.1010. Payments Upon Death.

(a) **Death of Member before Retirement.** Upon the death of any member before retirement:

(1) **Accumulated Contributions.** The member's accumulated contributions shall be paid to such person or legal entity as the member shall have nominated by written designation duly executed and filed with the Board of Administration or, if there be no such written designation of beneficiary, then to the surviving spouse or domestic partner of such deceased member, or to the member's children in the event there be no surviving spouse or domestic partner, or to the member's parents in the event there be no surviving spouse or domestic partner or children. In the event there be no written designation of beneficiary, surviving spouse or domestic partner, children or parents, then said accumulated contributions shall be paid to the executor or administrator of the estate of such deceased member, or to any other person or legal entity legally authorized to collect money due the decedent.

(2) **Limited Pension.** In the event such member shall have had at least one (1) year of City Service for which the member is entitled to receive retirement credit, then a limited pension shall be paid as provided herein. The limited pension shall be paid in equal monthly payments of one-half (1/2) of the average monthly compensation earnable of such member during the member's last year of service. For each year of service, not to exceed six (6) years, two (2) monthly payments shall be paid, not to exceed a total of twelve (12) monthly payments for six (6) or more years of service. Such limited pension shall be paid

to the surviving spouse or domestic partner of such deceased member or to the minor children of such member, in the event there shall be no surviving spouse or domestic partner. The payment to a minor child shall continue beyond the month the child reaches age eighteen (18) if the child was a minor on the date of the member's death. In the event there be no surviving spouse or domestic partner or minor children, the limited pension shall be paid to the dependent parents of such member. However, no limited pension shall be paid in the event the Board of Administration, upon investigation and after a hearing in the matter, finds that the death of such member was due to or resulted from the intemperance or the willful conduct of such member. In the event any such beneficiary should die before receiving the full amount of such limited pension, the same shall be continued to the persons who, in the order hereinabove set forth, qualify as beneficiaries thereof as of the date of death of such deceased beneficiary and who, within sixty (60) days after such date make demand for payment thereof; provided, however, that in the event no such demand is made within such time, the said limited pension shall conclusively be deemed to have been terminated as of such date of death.

(3) **Election of Optional Retirement Allowance When Member Eligible to Retire.** In the event such member was eligible to retire pursuant to the provisions of Section 4.1005 and that the person or persons entitled to be paid such limited pension is or are the same person or persons entitled to be paid, against the claims or demands of any and all other persons thereto, the full amount of such member's accumulated contributions, then such person or persons may, by a written instrument duly executed, acknowledged and filed with the Board of Administration, waive payment of such limited pension and such accumulated contributions and elect to be paid, in lieu thereof, the optional retirement allowance which would have been paid to such member throughout his or her life and continued, upon his or her death, throughout the life or lives of such person or persons as his or her designated survivor or survivors, had the member, as of the day preceding his or her death, been retired pursuant to the provisions of Section 4.1015(a)(1) and designated such person or persons as his or her survivor or survivors. In no event shall the benefits of this paragraph be payable to any person after the allowance of a limited pension pursuant to the provisions of this subsection, nor shall the limited pension be payable to any person after the allowance of the benefits of this paragraph. If any person elects to receive the optional retirement allowance provided in this paragraph, no benefits shall be paid from the Family Death Benefit Plan established in Section 4.1090 of this Chapter.

The duly appointed, qualified and acting guardian of the estate of a minor child or an incompetent shall make such waiver and election on behalf of such minor child or incompetent.

If a surviving spouse or domestic partner makes the election authorized herein, the annuity portion of the allowance to be paid shall be calculated on the basis of the member's normal accumulated contributions as opposed to the sum of the Normal Contributions and the Survivor Contributions. The excess of the deceased member's total accumulated contributions over the normal accumulated contributions at the time of death shall be paid to said surviving spouse or domestic partner or, at the option of such survivor, considered as additional contributions made to provide a larger annuity benefit.

Whenever a member shall die while in City Service leaving a survivor who would be eligible to receive the benefit provided herein if the deceased member had been eligible, at the time of his or her death, to retire pursuant to Section 4.1005 if such member's vacation time accrued immediately preceding the day of death pursuant to Article 1, Chapter 6, Division 4 of this Code, or any applicable memorandum of understanding would have been added to his or her years of service, the accrued vacation time of the deceased member, or any necessary portion thereof, shall be added to such member's total years of service. The benefit herein created shall be available at the option of the eligible survivor of the deceased member. Accrued vacation time of a deceased member may only be utilized for purposes of establishing eligibility to the survivorship benefits provided herein and may not be used to create or affect other retirement rights provided in the City Charter or the Los Angeles Administrative Code.

(4) **Survivor Benefit Options.** Certain survivors of members who die before retirement may be eligible to elect to receive a lifetime allowance pursuant to the provisions of Section 4.1011. The right to elect the benefit provided in Section 4.1011 is contingent upon an otherwise eligible survivor being entitled to receive all of the deceased member's contributions since that benefit is provided in lieu of the payment of the member's contributions and a limited pension, as authorized in this subsection.

(b) **Death of Former Member Before Retirement.** Upon the death of any former member who had not yet retired and whose contributions remain on deposit:

(1) **Accumulated Contributions.** The former member's accumulated contributions shall be paid to such person or legal entity as the former member shall have nominated by written designation duly executed and filed with the Board of Administration or, if there be no such written designation of beneficiary, then to the surviving spouse or domestic partner of such deceased member, or to the member's children in the event there be no surviving spouse or domestic partner, or to the member's parents in the event there be no surviving spouse or domestic partner or children. In the event there be no written designation of beneficiary, surviving spouse or domestic partner, children or parents, then said accumulated contributions shall be paid to the executor or administrator of the estate of such deceased member, or to any other person or legal entity legally authorized to collect money due the decedent.

(2) **Optional Retirement Allowance.** In the event the surviving spouse or domestic partner of such former member is entitled to be paid, against the claims or demands of any and all other persons thereto, the full amount of such former member's accumulated contributions, and further provided that such former member had completed five (5) or more years of continuous service with the City:

(i) **Eligible for Deferred Retirement.** If the former member was eligible for deferred service retirement at the time of his or her death, then such surviving spouse or domestic partner may by a written instrument, duly executed, acknowledged and filed with the Board of Administration, waive payment of the accumulated contributions that would otherwise be payable under this subsection and elect to receive an optional retirement allowance equal to that which the former member would have received had he or she retired under the provisions of Section 4.1015(a)(1) on the day prior to his or her death.

(ii) **Eligible for Future Deferred Retirement.** If the former member was not eligible for deferred service retirement at the time of his or her death, then such surviving spouse or domestic partner may, by a written instrument duly executed, acknowledged and filed with the Board of Administration, waive payment of the accumulated contributions that would otherwise be payable under this subsection, and elect to wait until such time as the former member would have been entitled to receive a service retirement allowance and shall then receive an optional retirement allowance equal to that which the former member would have received had he or she retired under the provisions of Section 4.1015(a)(1) on the day first eligible to receive such benefit.

(c) **Death of Retired Member.** Upon the death of a retired member:

(1) **Survivor Continuance Options.** Sections 4.1012, 4.1013, 4.1014 and 4.1015 contain provisions that authorize the payment of retirement allowances to specified survivors of retired members. These benefits are generally referred to as continuance benefits, since the benefit is based on a continuation to the survivor of some portion of the deceased retired member's allowance.

(2) **Unused Contributions and Unpaid Retirement Allowance.** Upon the death of a retired member or upon the death of all of the member's survivors to whom a retirement allowance was paid, the unused contributions and any accrued but unpaid retirement allowance due the retiree shall be paid in the same manner as that provided in Subsection (a)(1) of this section for the payment of the accumulated contributions of a member who dies before retirement, provided, however, that the retired member or any survivors shall not have received a retirement allowance pursuant to which no refund of

contributions is payable upon the death of the retiree or his or her last survivor, in which case no contributions shall be refundable. For the purpose of this Article, the phrase "**unused contributions**" shall be the remainder, if any, of the accumulated contributions of such deceased member after deducting the total of all amounts paid on account of any annuity to such retiree and to his or her survivor or survivors, provided that there shall be no unused contributions in the event that the retiree or any survivors received a retirement allowance pursuant to which no refund of contributions is payable upon the death of the retiree or his or her last survivor.

The spouse or domestic partner who is receiving an allowance as a result of the death of a deceased member, referred to as a survivor for purposes of this provision, may file a beneficiary designation with the Board of Administration naming a beneficiary or beneficiaries for any accrued but unpaid allowance payable upon the survivor's death and, subject to the limitations set forth below, for the deceased member's unused contributions.

Upon the survivor's death, any accrued but unpaid allowance due the survivor shall be paid in the following order: (i) to the survivor's designated beneficiaries; (ii) if none, to the children of the survivor; (iii) if no children, to the parents of the survivor; (iv) if no parents, to the executor or administrator of the estate of the survivor; or (v) to any other person or legal entity legally entitled to collect money due to the survivor. Should the survivor leave no one legally entitled to collect any accrued allowance, it shall be paid in the following order: (i) to the deceased member's children; or (ii) if none, to the deceased member's parents; or (iii) if none, to the executor or administrator of the estate of the member; or (iv) to any other person or legal entity legally entitled to collect money due to the deceased member.

If the deceased member has failed to designate a beneficiary for the unused contributions or if the beneficiaries so designated by the deceased member have all predeceased the survivor, then, upon the death of the survivor, the Board of Administration shall pay the unused contributions pursuant to the survivor's beneficiary designation on file with the Board. In the event the survivor has no beneficiary designation on file or the named beneficiaries have all predeceased the survivor, then the unused contributions shall be paid in the following order: (i) to the deceased member's children; or (ii) if none, to the deceased member's parents; or (iii) if none, to the executor or administrator of the estate of the survivor; or (iv) to any other person or legal entity legally entitled to collect money due to the deceased survivor.

(3) **Burial Allowance.** Upon the death of every retired member, the sum of $2,500.00 shall be paid to such person or legal entity as the retired member shall have nominated by written designation, duly executed and filed with the Board of Administration; or to the surviving spouse or domestic partner of such deceased retired member, in the event there be no designated

beneficiary; or to his or her child or children, in the event there be no designated beneficiary or surviving spouse or domestic partner; provided that such payment shall be made only after satisfactory evidence has been presented to the Board showing that the expense of burial of the decedent has been paid or that the obligation to pay therefor has been assumed by a person or persons or an organization legally capable of contracting such obligation. The fact of burial, as evidenced by a certified copy of the death certificate, shall be sufficient evidence of compliance with the requirements stated in the foregoing sentence. While the purpose of this benefit is to provide a funeral allowance for the deceased retiree, the Retirement System shall have no responsibility to assure that this payment is used for that purpose.

In the event there be no designated beneficiary, surviving spouse or domestic partner, or child or children, or in the event the requirements herein stated with respect to the expense of burial of such retired member have not been complied with within such time as said Board, in its discretion, may determine, then the payment of the amount specified in this subsection shall be paid to the executor or administrator of the estate of such decedent, or to any other person or legal entity legally authorized to receive money due said decedent.

(d) **Reversion of Unclaimed Contributions to the Retirement Fund**. The right to payment of the accumulated contributions upon the death of the member or former member before retirement, as provided in Subsections (a) and (b) herein, and the right to payment of the member's unused contributions, as provided in Subsection (c) herein, upon the later of the death of the retired member or the member's survivor to whom an allowance was paid, is a vested property right of the person(s) entitled to such payment; provided, however, that should the person(s) entitled thereto fail to claim this benefit within ten (10) years from the date of such death, the funds shall revert to the Retirement Fund, unless and until, the Board of Administration receives a valid belated claim for payment, determined at the sole discretion of the Board of Administration. Any death benefit payable shall be subject to mandatory minimum distribution as required by the Internal Revenue Code; provided that the funds that are required to be distributed shall revert to the Retirement Fund if the person(s) entitled to the funds refuses to cooperate in electing to be paid such funds or cannot be located and the Retirement System has followed Internal Revenue Service procedures to locate such person(s).

Sec. 4.1011. Benefits Payable Upon a Member's Death Before Retirement.

(a) **Definitions.** As used in this section, the following words and phrases shall have the meaning ascribed to them in this paragraph:

Duty Related Death shall mean the death of a member caused by illness or injury, either of which arose out of the performance of his or her duties as an employee of the City of Los Angeles.

Non-Duty Related Death shall mean a member's death which occurred due to illness or injury not arising out of the member's performance of his or her duties as an employee of the City of Los Angeles.

Eligible Surviving Spouse shall mean the person who was married to the member at the time of the member's death and who is entitled to be paid, against the claims or demands of any and all other persons thereto, the full amount of such member's accumulated contributions.

Eligible Surviving Domestic Partner shall mean the person who was the domestic partner of the member at the time of the member's death and who is entitled to be paid, against the claims or demands of any and all other persons thereto, the full amount of such member's accumulated contributions.

Eligible Survivor shall refer to a person who is either an Eligible Surviving Spouse or Eligible Surviving Domestic Partner, as defined in this subsection.

(b) **Duty Related Death of a Member Who Does Not Have Five (5) Years of Continuous Service.** If a member, who at the time of a Duty Related Death was not eligible for a disability retirement allowance pursuant to the provisions of Section 4.1008, leaves an eligible survivor, the latter may elect to receive a monthly allowance equal to the disability retirement allowance benefit the member would have received, as provided in Section 4.1008, had he or she completed five (5) years of continuous service and had he or she been eligible for a disability retirement and had retired under a disability retirement on the day preceding the date of death and elected to receive the benefit as computed under the provisions of Section 4.1015(a)(1). In the event the member had completed less than twelve (12) months of service, the salary for the missing months shall be at the rate for the first month of service to arrive at the compensation earnable.

(c) **Death of a Member Who Has Five (5) or More Years of Continuous Service.** If, at the time of a Duty Related Death or Non-Duty Related Death, a member would have been eligible to receive a disability retirement allowance pursuant to Section 4.1008 and leaves an eligible survivor, the latter may elect to receive a monthly allowance equal to the amount the deceased member would have been entitled to if he or she had been so retired on the day preceding his or her death and elected to provide a continuing benefit under the provisions of Section 4.1015(a)(1).

(d) **Calculation of Disability Survivorship Allowance.** The one hundred percent (100%) disability survivorship allowance provided in Subsections (b) and (c) herein shall consist of an annuity based upon the eligible survivor's age and the member's total accumulated contributions, calculated in accordance with approved actuarial methods, supplemented by a pension to equal the remainder of the allowance so computed.

(e) **Consequences of Election to Receive a Disability Survivorship Allowance.** An eligible survivor who elects to receive the one hundred percent (100%) disability survivorship allowance hereinabove provided in Subsections (b) and (c), by making this election shall waive his or her rights under Section 4.1010 to payment of a limited pension and to payment of all the member's accumulated contributions and shall receive the benefits provided in this section in lieu thereof. Said eligible survivor shall also receive the benefits provided under the Family Death Benefit Plan, established in Section 4.1090, if said eligible survivor would otherwise have been entitled thereto.

(f) **Election to Wait and Receive a Continuance of the Member's Service Retirement Allowance (Member Not Eligible for Retirement).** If a member had completed five (5) or more years of continuous service with the City, but was not eligible to retire on a service retirement allowance on the date of his or her death, the eligible survivor shall have the option of electing to wait until such time as the member would have been entitled to receive a service retirement allowance pursuant to the provisions of Section 4.1006, and shall then receive a retirement allowance equal to that which the member would have received had the member retired under the provisions of Section 4.1015(a)(1) on the day first eligible to receive such benefit. An eligible survivor who elects to wait and to receive the allowance provided herein shall have no rights under the provisions of Sections 4.1010(a); the benefits payable under this provision are provided in lieu of the payment of the member's accumulated contributions and the limited pension provided in Section 4.1010(a). However, if an eligible survivor would otherwise have been entitled to the benefits provided under the Family Death Benefit Plan, an eligible survivor who exercises the option provided in this subsection shall receive the benefits provided in Section 4.1090, but only until such time as the optional benefit provided in this subsection shall become payable, at which time his or her entitlement to benefits under Section 4.1090 shall cease.

(g) **Election to Receive a Continuance of the Member's Service Retirement Allowance (Member Eligible for Retirement).** If a member was eligible to retire on a service retirement allowance on the date of his or her death, Section 4.1010(a)(3) provides an optional retirement benefit for persons who otherwise qualify for said benefit.

(h) **Election Under This Section Waives All Rights to Benefits Provided in Section 4.1010.** The election by an eligible survivor to receive an allowance under the provisions of this section constitutes and includes a complete waiver of all rights he or she may have under Section 4.1010, including the right to payment of all the member's accumulated contributions, both regular contributions and survivor contributions, as well as a waiver of the payment of the limited pension.

(i) **Board Authority.** The Board of Administration, with respect to the determination of whether death of a member was attributable to Duty Related causes or Non-Duty Related causes, shall have the power to make such determination based upon such evidence as may be presented to it.

Sec. 4.1012. Benefits Payable to an Eligible Survivor Upon a Retiree's Death.

All current and former members of the Retirement System who are not entitled to credit for service rendered prior to July 1, 1965, shall, at the time of retirement, whether for service or disability, be eligible for the benefit provided in this section, provided they have an eligible survivor as defined in this section. Should any current, former or retired members be entitled to credit for service rendered prior to July 1, 1965, the rights of their survivors shall not be governed by this section, except as otherwise provided in Section 4.1013.

(a) **Definitions.** For purposes of this section, the following words and phrases are defined as follows:

Eligible Survivor shall include the following:

(1) The spouse of a retired member to whom such member is married at time of retirement and has been so married for at least one (1) year prior thereto, and further provided that said spouse is either the surviving spouse or surviving domestic partner of the retired member at the time of his or her death.

(2) The domestic partner of a retired member provided that at the time of the member's retirement their domestic partnership had been established for at least one (1) year, and further provided that said domestic partner is either the surviving domestic partner or surviving spouse of the retired member at the time of his or her death.

Member shall only include a member who is not entitled to credit for service rendered prior to July 1, 1965, unless a member with pre-July 1, 1965 service, or such member's eligible survivor, shall exercise the election provided in Sec. 4.1013(b) and pay the required survivor contributions.

Unmodified Allowance shall mean the total monthly retirement allowance payable to the member as of the date of retirement, calculated in accordance with the provisions of sections 4.1007, in the case of service retirement, and 4.1008, in the case of disability retirement.

Joint and Survivor Cash Refund Annuity shall mean an annuity which shall be the actuarial equivalent of the member's total accumulated contributions providing for equal monthly payments during the lifetime of such member and the eligible survivor, with payment of any unused contributions, as defined in Section 4.1010(c)(2), upon the death of the last survivor as provided in that provision, calculated in accordance with approved actuarial methods as of the date of retirement.

(b) **Survivor Contributions.** Every member shall contribute by salary deduction at the rate of contribution established elsewhere in this Article on account of the benefit provided by this section. Said contributions shall be known and designated as survivor contributions and are in addition to the member's normal contributions.

(c) **Retirement with Eligible Survivor**. Upon the retirement of a member having an eligible survivor, other than one selecting one of the options available under Section 4.1015, the annuity portion of such member's retirement allowance shall be calculated as a joint and survivor cash refund annuity, and the amount of pension payable during the member's lifetime shall be the excess of the member's unmodified retirement allowance over such joint and survivor cash refund annuity.

Upon the death of a member survived by an eligible survivor, there shall be continued to such survivor a retirement allowance which shall consist of:

(1) The joint and survivor cash refund annuity paid during the member's lifetime; and

(2) A pension amount payable during the lifetime of the eligible survivor, which shall be the excess of one-half (1/2) of the unmodified allowance over said joint and survivor cash refund annuity.

(d) **Retirement with No Eligible Survivor**. Upon the retirement of a member having no eligible survivor at the time of retirement, the annuity portion of such member's retirement allowance shall be calculated on the basis of his or her normal accumulated contributions as opposed to the sum of the normal contributions and the survivor contributions taken pursuant to the provisions of this section. The excess of such member's total accumulated contributions over the normal accumulated contributions at time of retirement shall be paid to such member, or at his or her option, considered as additional contributions made to provide a larger annuity benefit.

Sec. 4.1013. Benefits Payable to an Eligible Survivor Upon the Death of a Retiree with Service Prior to July 1, 1965.

(a) **Members Who Retired or Terminated Membership Prior to July 1, 1965.**

(1) **Member Retired Prior to July 1, 1965.** A member who retired prior to July 1, 1965, pursuant to the provisions of former Charter Sections 508 or 510, and who has a spouse to whom he or she was married for at least one (1) year at the time of retirement (an eligible survivor for purposes of this subsection), may elect in writing to provide for a continuance of his or her retirement allowance to said eligible survivor, which election shall be filed with the Board of Administration. In the event a retired member who is eligible to make the election herein provided should die prior to having made such election,

his or her eligible survivor shall have the right to so elect in his or her stead and shall thereafter receive the continuance to survivor benefit as hereinafter provided.

Upon the death of a retired member who elected to provide for a continuance to his or her eligible survivor, as provided in the preceding paragraph, there shall be continued to such survivor, provided he or she is the deceased retiree's surviving spouse or domestic partner, an allowance which shall consist of:

(i) An annuity equal to the amount of the annuity which was payable to the retired member during his or her lifetime by virtue of his or her normal contributions; and

(ii) A pension amount payable during the lifetime of such survivor which shall be the difference between one-half (1/2) of the member's base amount excluding from said base amount any portion payable by virtue of additional contributions paid towards a larger annuity, and the amount of said annuity.

(iii) A cost of living equal to one-half (1/2) the cost of living amount payable to the deceased member at the time of his or her death, after excluding therefrom any portion of said cost of living amount payable by virtue of additional contributions paid towards a larger annuity. All adjustments to the cost of living amount pursuant to this provision shall be subject to future adjustments as provided in Section 4.1022.

(2) **Former Member Who Terminated Prior to July 1, 1965.** Any former member who terminated prior to July 1, 1965, and who elected the benefit of a "**vested right**" pension but has not made application for such pension, may make the election described above in Subsection(a)(1) at the time such former member files his or her application for service retirement if he or she has either a spouse to whom he or she has been married for at least one (1) year prior to the date of his or her retirement or a domestic partner in a partnership that has been established for at least one (1) year prior to the date of his or her retirement (an eligible survivor for purposes of this subsection). Upon the death of such retired member who elected to provide for a continuance to his or her eligible survivor as provided herein, there shall be continued to such survivor, provided he or she is the deceased retiree's surviving spouse or domestic partner, an allowance which shall be based upon the components set forth in Subsection(a)(1)(i), (ii) and (iii).

(3) **Payment of Contributions upon Death.** Upon the death of both the retired member and his or her eligible survivor where an election has been made as provided in this Subsection (a), any unused contributions and accrued retirement allowance shall be paid as provided in Section 4.1010(c)(2).

(b) **Members with Service Prior to July 1, 1965.** Members shall not receive credit under the provisions of Section 4.1012 for service rendered prior to July 1, 1965, unless said member shall both:

(1) Elect, in writing, and file with the Board of Administration an application to participate in the continuance to survivor benefit established in Section 4.1012; and

(2) Pay survivor contributions in an amount equal to all the contributions which he or she would have made had he or she elected said benefit on July 1, 1965, together with all regular interest which, had he or she so made the same, would have been credited thereon prior to the date of such payment. The mode of paying such back contributions in a lump sum or on an installment basis shall be as decided by the Board of Administration and set forth in their rules.

The surviving spouse or domestic partner of a deceased retired member is hereby given the right to make an election to participate in the continuance to survivor benefit provided in Section 4.1012 if such deceased retired member did not during his or her lifetime make the election to participate in said benefit; provided, however, that such survivor must qualify as an eligible survivor as said term is defined in Section 4.1012.

The eligible survivor's election shall be in writing on such forms as the Board may prescribe, and must be accompanied by the amount of survivor contributions which the deceased retired member would have contributed by salary deduction during the entire period of membership in the Retirement System during or for which he or she would have been eligible to participate in the benefit provided in Section 4.1012.

The benefit herein provided shall entitle a survivor eligible to make an election to receive an allowance calculated as of the time immediately following the deceased retired member's death, but such allowance shall become payable only as of the first day of the month following the exercise of the election and receipt by the Retirement System of the required survivor contributions. There is to be no retroactive entitlement to benefits under the provisions of this section.

Sec. 4.1014. Election to Provide an Allowance to a Designated Beneficiary Upon the Retiree's Death.

A member or former member who does not have an eligible survivor, as defined in Section 4.1012, may make an irrevocable election at the time of retirement, in writing, to provide for a continuance of his or her retirement allowance to one designated beneficiary. The retiree shall take an actuarial reduction of his or her retirement allowance to pay for the continuance to a designated beneficiary. The retiree shall specify any whole percentage not to exceed 100% as the portion of the retirement allowance to be paid as an allowance to the beneficiary, subject to any limits imposed by federal law. The allowance payable to the beneficiary shall commence the day following the retiree's date of death and shall terminate upon the death of the beneficiary.

The beneficiary's continuance shall be subject to all cost-of-living and discretionary increases.

A beneficiary under this section shall not be entitled to any disability retirement allowance, any basic death benefit, any special death benefit, any monthly allowance for survivors of a member or retired person, any insurance benefit or subsidy, or retired member lump-sum death benefit.

The Board shall adopt rules to administer this continuance and shall formulate the benefits in such a way that no additional actuarial liability is incurred either by the System or by the City.

Sec. 4.1015. Election to Provide an Optional Allowance to Specified Survivors Upon a Retiree's Death.

(a) **Optional Retirement Allowance Election.** At any time before the first payment of a service or disability retirement allowance, a member or former member who is retiring may elect to receive the actuarial equivalent of such retirement allowance as:

(1) **One Hundred Percent (100%) Continuance**. An optional retirement allowance payable throughout the balance of the retiree's life, with the provision that upon his or her death one hundred percent (100%) of such optional retirement allowance shall be continued through the life of and paid to: (i) the retired member's surviving spouse or domestic partner; or (ii) his or her minor children, in the event there be no surviving spouse or domestic partner; or (iii) his or her dependent parents, in the event there be no surviving spouse or domestic partner or minor children; provided that, in the case of a minor child, the same shall terminate with the monthly payment next preceding the date on which said child attains the age of eighteen (18) years; or

(2) **Lesser Percent (%) Continuance**. Any other optional allowance which the retiree may elect to receive and which shall be authorized by the Board, payable throughout the balance of his or her life, with the provision that, upon his or her death, a specified percentage of such optional allowance selected by the retiree shall be continued through the life of and paid to: (i) the retired member's surviving spouse or domestic partner; or (ii) his or her minor children, in the event there be no surviving spouse; or (iii) his or her dependent parents, in the event there be no surviving spouse or minor children; provided that, in the case of a minor child, the same shall terminate with the monthly payment next preceding the date on which said child attains the age of eighteen (18) years.

In order for the person who is the retiree's spouse or domestic partner at the time of retirement to be eligible to receive the continuance provided in this section, this person must be the surviving spouse or surviving domestic partner of the retiree at the time of his or her death.

(b) **Calculation of Optional Retirement Allowances.** The amount of any optional retirement allowance granted pursuant to this section shall be so calculated that the liability of the system at the date of retirement under the optional retirement allowance shall be equal to the liability of the system at the same date under the retirement allowance provided in Sections 4.1007 or 4.1008, including in each case the liability for continuance to an eligible survivor provided in Section 4.1012, if applicable. Any retiree selecting one of the options available under this section who has an eligible survivor as defined in Section 4.1012 shall have the annuity portion of such retiree's retirement allowance calculated on the basis of the member's total accumulated contributions, including both normal and survivor contributions. For the purpose of this section, the liability of the system is defined as the present value, in accordance with tables adopted by the Board, of the retirement allowance or optional retirement allowance calculated by approved actuarial methods, giving due weight to the average probabilities of survivorship of all parties involved in the allowance, or optional allowance, to the limitation of payments to age eighteen (18) in the case of a minor child, and to the requirement for refund of unused contributions after the death of the retiree or beneficiary as provided for in Section 4.1010(c)(2).

(c) **Options for Members Who Retired Prior to July 1, 1965, with an Optional Allowance.** Any retired member of the Retirement System who retired prior to July 1, 1965, and who selected one of the optional retirement allowances authorized in the predecessor to this section, upon written application filed with the Board of Administrators shall be entitled to receive the allowance he or she would have been eligible to receive under the then applicable service retirement or disability retirement provisions had he or she not elected an optional retirement allowance at that time. Any adjustment made pursuant to this provision shall be effected by modifying the pension portion of the allowance. For benefits that are increased, the ratio between the base amount and the cost of living amount shall be maintained by increasing the cost of living proportionately. All adjustment to the cost of living amount made pursuant to this section shall be subject to future adjustments as provided in Section 4.1022.

Any retired member making application as provided in this subsection who has an eligible survivor as defined in Section 4.1012 shall be deemed thereby to have exercised the election provided in Section 4.1013(a)(1).

Any surviving spouse receiving a continuance of a retired member's allowance based upon the member having made an election as provided in the predecessor to this section, which election was made when the member was not eligible to participate in the continuance to eligible survivor benefit currently provided in Section 4.1012, may elect to receive in lieu of such allowance the continuance to eligible survivor benefits provided by Section 4.1013(a)(1).

Any election or written application made pursuant to this subsection shall be irrevocable and not subject to the provisions of waiver of benefits as provided in Section 4.1024.

(d) **Federal Law Limitations May Not Be Exceeded**. No optional allowance shall be granted under the provisions of this section that exceed any limitations imposed by federal law.

Sec. 4.1016. Right to Elect Life Annuity with No Refund of Contributions.

Any member or the survivor of a deceased member who is eligible for a retirement allowance under the provisions of this Article may, in lieu of the annuity payment calculated on the basis of the refund of unused contributions, elect to receive an annuity payable only during the life or lives of the persons covered by the option with no payment due upon the death of the last survivor on account of unused contributions. In all other respects, the provisions of Section 4.1015(b) with respect to the liability of the System under the option being equal to the liability of the System under the member's unmodified retirement allowance shall be applicable.

Sec. 4.1017. Back Contributions.

(a) **Back Contributions for Past Periods of City Service.** Every member who was a City employee during any period or periods in which he or she was regularly employed, on a full-time basis or on a part-time basis but was not a member, and thus not contributing to the Retirement Fund, shall have the option to designate all or any portion of such employment for which he or she may receive retirement credit, provided, however, that the member is not receiving and is not entitled to receive for that period of City employment any benefit from any other pension or retirement system, including, but not limited to, the Fire and Police Pension Plan, the Water and Power Employees' Retirement Plan, the Limited Term Retirement Plan, the Pension Savings Plan for Part-time, Seasonal and Temporary Employees, and any union plan. Such option shall be exercised in writing, filed with the Board of Administration, designating the period of City employment for which the member desires to receive retirement credit, and must be accompanied by a single payment of back contributions or by an agreement to pay such back contributions in installments.

The back contributions to be paid shall be in an amount equal to all of the contributions which he or she would have made to the Fund had he or she been a member during such period, together with all regular interest which, had he or she so made the same, would have been credited thereon prior to the date of such payment; provided, however, that in the case of such installment payment thereof, the same shall be made pursuant to the rules which shall be adopted by the Board of Administration establishing minimum amounts to be paid and the period of time within which they must be paid and, furthermore, providing the rate of interest which shall be paid upon the unpaid balance of the same. Every member who makes up back contributions as hereinabove provided shall be allowed credit for the period of City employment designated in the declaration filed by him or her with the Board of Administration, the same as though he or she had been a member during such period. Any such member shall be allowed at any time to make a single payment equal to the then present value of all of the unpaid installments in such manner as shall be determined by the Board. Should the member fail to make all of the payments required of him or her under the provisions of this section, he or she shall be allowed retirement credit, counter-calendarwise, for the same portion of such designated period as the amount made up by him or her is of such full amount, and provided further that, should he or she cease to be a member by reason of his or her death, retirement credit shall be allowed for the whole period designated by him or her if his or her surviving spouse or domestic partner exercises the option which, under such circumstances, hereby is given to such survivor to make a single payment equal to the then present value of all of the unpaid installments in such manner as may be determined by the Board. The written option hereinabove referred to shall be filed with the Board of Administration.

For purposes of determining whether a member is not receiving and is not entitled to receive for a prior period of City employment any benefit from a non-City pension or retirement system, such as a union plan, the Board shall adopt rules regarding the proof that a member must provide to establish a right to make back contributions for such prior period of City employment, since, for a non-City system, such information is not directly available to the Retirement System.

(b) **Back Contributions for Periods of Participation in the Pension Saving Plan.** Notwithstanding the provisions of Subsection (a), a member may receive retirement credit for any period or periods in which he or she was a participant in the Pension Savings Plan for Part-time, Seasonal and Temporary Employees provided for in Chapter 16 of Division 4 of this Code. Such option shall be exercised in writing, filed with and subject to rules promulgated by the Board of Administration as provided for in Subsection (a) above. The amount of back contributions to be paid shall be the total of the following:

(1) An amount equal to all of the contributions which he or she would have made to the Fund had he or she been a member during such period, together with all regular interest which would have been credited thereon by the Board of Administration prior to the date of such payment; and

(2) The full amount of all contributions made to the Pension Savings Plan by the City on behalf of the member during such period or periods, plus all interest credited to those contributions by the Pension Savings Plan.

(c) **Back Contributions for Periods of Participation in the Limited Term Retirement Plan.** Notwithstanding the provisions of Subsection (a) herein and Section 4.1850(g) of Chapter 18.5 of Division 4 of this Code, every person who is a member may receive service credit for any period or periods in which he or she was a participant in the Limited Term Retirement Plan provided for in Chapter 18.5 of Division 4 of this Code by making back contributions, which shall be paid in one of the following manners:

(1) All of the participant's interest in his or her individual account with the Limited Term Retirement Plan, based upon contributions made both by the participant and by the City, and any gains or losses thereon, shall be transferred from the Limited Term Retirement Fund to the LACERS Retirement Fund for credit to the member's LACERS account and, upon receipt, shall constitute full payment for the buy back; or

(2) Where the member's entire account balance in his or her former individual account with the Limited Term Retirement Plan, based upon contributions made both by the participant and by the City, and any gains or losses thereon, is directly rolled over from the Limited Term Retirement Plan to another eligible retirement plan prior to January 1, 2003, provided these funds have been segregated and not co-mingled with any other funds, the trustee-to-trustee transfer of the total balance from that eligible retirement plan to the LACERS Retirement Fund for credit to the member's LACERS account shall constitute full payment for the buy back; or

(3) In all other cases in which the member's Limited Term Retirement Plan account balance has been distributed, the amount of back contributions to be paid shall be in the amount of the entire lump sum distribution, whether received by the member or by any other person, together with all regular interest which would have been credited thereon by the Board of Administration subsequent to the date the lump sum was distributed had he or she been a member during that period.

This option shall be exercised in writing, filed with and subject to rules to be promulgated by the Board of Administration. The service credit purchased pursuant to this subsection shall count as continuous service credit for all LACERS benefits, the same as if the person had been a member during the entire period of time for which service credit is given.

(d) **Back Contributions for Periods when Member Received Workers' Compensation Benefits.** The Board of Administration shall, by rule, provide for the making up of contributions that a member failed to make for any period during which the member received Workers' Compensation benefits (Div. IV, Labor Code) for temporary disability on account of any injury or illness arising out of and in the course of the member's employment with the City, together with an amount equal to the regular interest that would have been credited had the member made the contributions.

(e) **Back Contributions in Connection with Disability Denials.** A limited right to make back contributions in connection with denials of disability applications is provided in Section 4.1008(j)(4).

(f) **Limitations on Back Contributions Imposed by Federal Law.** Notwithstanding the provisions of Subsection (a), (b) and (c) herein, a member shall not be allowed to make back contributions to purchase retirement credit under this section if the period of time being purchased constitutes "unqualified service" which the member is prohibited from purchasing under federal law. The Board shall adopt such rules as are necessary to comply with federal law and may authorize payment methods that comport with federal requirements.

Sec. 4.1018. Redeposit of Formerly Withdrawn Contributions.

Any former member who received a refund of his or her contributions upon separating from the service of the City shall, upon again becoming a member, have the option to re-deposit with the Retirement Fund the amount previously withdrawn, together with regular interest, irrespective of any time period that may have elapsed since such separation. Such option shall be filed in writing with the Board of Administration. The amount of the contributions to be re-deposited shall be the sum of the amount of accumulated contributions withdrawn, plus all of the regular interest which would have been credited thereon had said accumulated contributions remained on deposit in the fund to the date the member re-deposits such contributions either by a single lump sum payment or executes an agreement to pay such re-deposit in installments. In the case of installment payments, the Board of Administration shall establish the minimum amounts to be paid, the period of time therefore, the rate of interest which shall be paid on the unpaid balance of the same, and all other rules the Board may deem necessary for the carrying out of the provisions of this section. Any such member shall be allowed, at any time, to make a single payment equal to the then present value of all of the unpaid installments in such manner as shall be determined by the Board. Every member who makes a re-deposit as hereinabove provided shall be allowed retirement credit for the period of service for which the re-deposit is made; provided however, that the member is not receiving and is not entitled to receive retirement credit for such period of service from any other pension or retirement system of the City of Los Angeles. Should the member fail to complete payment of the re-deposit, credit shall be allowed counter-calendarwise from the same portion of such designated period as the amount made up by the member is of such full amount, and provided, further, that should he or she cease to be a member by reason of his or her death, retirement credit shall be allowed for the whole period for which the re-deposit is being made if his or her surviving spouse or domestic partner exercises the option which, under such circumstances, hereby is given to such survivor to make a single payment equal to the then present value of all of the unpaid installments in such manner as shall be determined by the Board.

Sec. 4.1019. Buy Back of Periods of Uncompensated Leave from City Service.

(a) **Definitions.** For the purpose of this section, the following words and phrases shall have the meaning ascribed to them in this subsection unless a different meaning is clearly indicated by the context:

Leave of Absence shall mean an approved uncompensated leave of absence from City Service, excluding any period of absence due to disciplinary suspension.

Buy Back shall mean purchase by a member of retirement credit for periods of eligible leaves of absence from City Service.

(b) **Eligibility.** Every person who is a member on the effective date of this section or who shall become a member subsequent thereto shall be eligible to buy back credit for periods of uncompensated leave of absence from City Service.

(c) **Application of Buy Back Credit.** A member electing to buy back periods of leave of absence from City Service may apply buy back credit to increase service retirement benefit credit. Buy back credit shall not be used to meet minimum qualification for service retirement, disability retirement or vested retirement or to qualify for the Family Death Benefit Plan, or to qualify for or increase health and dental insurance premium subsidies.

(d) **Effect of Benefit Increases.** If retirement benefits should be increased by City Council action pursuant to Section 1168 of the City Charter, such increased benefits shall be applicable to service credits purchased pursuant to this section.

(e) **Minimum Periods of Purchase.** A member electing to buy back credit for periods of uncompensated leave of absence shall file with the Board of Administration a written application identifying the time periods for which credit is to be purchased. A member may buy back credit for one or more periods of uncompensated leave, except, however, a minimum of six (6) months of leave in the aggregate shall be purchased. Total buy back credit purchased shall not exceed the member's actual City Service at the time the buy back is concluded.

(f) **Agreement with the City Employees' Retirement System - Buy Back Methods.** A member electing to buy back credit described herein shall enter into a written agreement with the Retirement System. Such agreement shall provide that the member contribute an amount equal to the present value of the liability incurred by the System in crediting the service based upon actuarial assumptions in effect at the time the agreement is entered into or amended and the projected retirement date contained in the agreement. Such agreement shall identify the method of payment of the additional contributions required to fund the purchased credit, which may be a specific dollar payment or percent of salary obligation. If a member elects to make the required contribution by a specific dollar payment, the payment may be made in a lump sum or in biweekly installments through payroll deduction over a period not to exceed five (5) years. If the member elects to enter into a percent of salary obligation, the member shall agree to make the contributions as a percent of salary through payroll deduction over a period extending from the date of the agreement with the Retirement System to a projected retirement date included in the agreement.

(g) **Termination or Completion of Agreement.** A member who has entered into a buy back agreement shall complete all contributions prior to the effective date of retirement in order to receive agreed upon buy back credit. If all contributions have not been completed and the member elects to retire, the member may receive prorated buy back credit for that portion of the service which has been purchased by contributions already made and forfeit the remainder of credit covered by the agreement, or may make a lump sum payment sufficient to complete the total payment covered by the agreement. In the event the member elects to retire at a later date than the age specified in the agreement after completing all payments, no adjustments shall be made in the buy back credit or the cost of such credit. A member who elects to terminate an after-tax agreement prior to its completion or at the time of retirement shall forfeit buy back credit and may elect to receive a cash refund of the buy back contributions and interest payable upon the earlier of death, termination of employment or retirement.

(h) **Member's Death.** In the event of the death of a member who has entered into a buy back agreement, the surviving eligible beneficiary of the member may elect a refund of the buy back contributions and interest thereon, or elect to apply the credit, or a portion thereof, to the calculation of the benefits for which the survivor qualifies without the addition of buy back service credit, or elect to complete the terms of the agreement with a lump sum payment of the remaining amount owed.

(i) **Administration.** The administration of this section shall be under the exclusive management and control of the Board of Administration. Said Board shall have, and is hereby granted, full power and authority to adopt and enforce all such rules and regulations as it may deem necessary for the carrying out of the provisions of this ordinance. The Board of Administration shall have the right to construe this section, to interpret any provision thereof, to make rules and regulations relating to this section, and to determine any factual questions arising in connection with the operation of this section after such investigation or hearing as the Board may deem appropriate. Any decision made by the Board under the provisions of this section shall be conclusive and binding on all parties concerned.

Sec. 4.1020. Government Service Buy Back Program.

(a) **Definitions.** For the purpose of this section, the following words and phrases shall have the meaning ascribed to them in this subsection, unless a different meaning is clearly indicated by the context:

Buy Back shall mean purchase by a member of retirement credit for periods of eligible service with other governmental entities or purchase by a member of retirement credit for uncompensated maternity leave.

Full-time Service shall mean a minimum of six (6) months of uninterrupted service with an eligible governmental entity, excluding part-time service.

Governmental Entity shall mean the United States Government, including its territories, any agency of the United States Government, the United States Postal Service and any branch of the United States military service; any State or political subdivision thereof; any local government or special district within any State in the United States, and shall exclude non-governmental agencies supported by government contracts or grants and any prior service with the City of Los Angeles.

Government Service Buy Back Program or **GSB** shall mean the method for the buy back of retirement credit set forth in this section.

Prior Plan shall mean a retirement plan of a governmental entity in which the member was a participant during full-time service.

Uncompensated Maternity Leave shall mean a leave of absence from City Service taken for maternity reasons without pay, provided that such leave shall be a minimum of one (1) month and a maximum of twelve (12) months with respect to any one pregnancy.

(b) **Eligibility.** A member is eligible to buy back credit for periods of full-time service with other governmental entities and to buy back credit for periods of uncompensated maternity leave. Notwithstanding the foregoing:

(1) Members may not buy back credit for periods of service for which they are currently eligible or will become eligible to receive a retirement benefit from a prior plan. For purposes of the previous sentence, a member shall be treated as eligible for such benefit from a prior plan even if the member will not receive such benefit solely due to the member's withdrawal of member contributions and interest from the prior plan, unless such withdrawal occurred prior to the later of the member's date of hire by the City or December 20, 1996, or unless the member deposits the amount of such withdrawal as the buy back purchase price, in accordance with Subsection (e)(2) hereof, within ninety (90) days of such withdrawal. In addition, a member shall be treated as eligible for such benefit from a prior plan if the member received at any time a distribution from the prior plan in excess of member contributions and interest with respect to such period of service. The Board may extend the ninety (90)-day period if required for compliance with Section 415 of the Internal Revenue Code. In the event that prior to the attainment of the minimum age and service for a service retirement under LACERS the member becomes eligible to receive currently or in the future a retirement benefit from the prior plan with respect to such period of service, the corresponding buy back credit shall be canceled, and the member shall receive a refund of the payments made under Subsection (e) with respect to such buy back credit, with interest, payable upon the earlier of death, termination of employment, or retirement from City Service.

(2) Members are not allowed to buy back credit for periods of service from a governmental entity which provides reciprocal benefits with LACERS and for which that member would be entitled to those reciprocal benefits. For purposes of the previous sentence, a member shall be treated as entitled to reciprocal benefits even if the member will not receive such benefits solely due to

the member's withdrawal of member contributions and interest from the prior plan, unless such withdrawal occurred prior to the later of the member's date of hire by the City or December 20, 1996.

(3) Only a member performing City Service as defined in Section 4.1001 shall be eligible to execute a buy back agreement.

(4) For purposes of this section, the date of a withdrawal shall be deemed to be the date of receipt of the proceeds of the withdrawal by the member or other designated recipient.

(5) **Uncompensated Maternity Leave.** Only a member who was on an active employment status immediately before and after taking a leave of absence for maternity reasons without pay shall be eligible to buy back credit for such leave of absence.

(c) **Application of Buy Back Credit.** The service credit purchased under this section shall be treated the same as service credit under LACERS, except that it shall not be taken into account for establishing the minimum five-year service requirement for service retirement, disability retirement or vested retirement.

(d) **Minimum Periods of Purchase.** A member electing to buy back credit for previous service with other governmental entities or for periods of uncompensated maternity leave shall file with the Board of Administration a written application identifying the time periods and agencies for which credit is to be purchased, and shall submit proof acceptable to the Board of Administration establishing the fact of such other service with another governmental entity or such uncompensated maternity leave. Buy back credit for one or more periods of full-time service with another governmental entity prior to entrance or re-entrance into the Retirement System may be purchased, except, however, such purchase shall be limited to not less than six (6) months of uninterrupted service from a single entity. The six-month minimum requirement does not apply to the uncompensated maternity leave.

(e) **Agreement with the Los Angeles City Employees' Retirement System - Buy Back Methods.** A member electing to buy back credit described herein shall enter into a written agreement with the Retirement System. Such agreement shall specify the amount to be paid for the purchase of this service credit.

(1) The amount to be paid pursuant to the buy back agreement shall equal (A) the member's contribution rate, (B) times the member's annual salary rate at the time the agreement is entered into, and (C) times the number of full and partial years of service to be purchased. Partial years of service shall be rounded down to the full month. Such agreement shall identify the method of payment of the additional contributions required to fund the purchased credit, which will be a specific dollar payment.

(2) Notwithstanding Paragraph (1), if the member had made employee contributions and left his or her contributions on deposit with the government entity for which full-time service is being purchased until after the later of the member's date of hire by the City or December 20, 1996, the buy back purchase price will be the amount of the member contributions and interest on deposit in the member's account with that government entity. For the purpose of purchasing service credit, the Retirement System may either receive (A) eligible rollover distributions, as defined in Section 401(a)(31) of the Internal Revenue Code, (B) rollover contributions, as defined in Section 408(d)(3) of the Internal Revenue Code, or (C) direct cash contributions, the timing of which shall be governed by Subsection (b)(1) herein. The Board of Administration shall prescribe such rules and forms as are necessary to determine when proposed contributions hereunder qualify as rollover contributions.

(f) **Method of Purchase.**

(1) The member may elect to pay on an after-tax basis in a lump sum or in biweekly installments through payroll deduction, subject to any applicable Internal Revenue Code restrictions.

(2) The member may elect to pay via rollovers of pre-tax and/or after-tax funds pursuant to Section 401(a)(31) or Section 408(d)(3) of the Internal Revenue Code.

(3) Should the member elect to purchase the buy back service credit through payroll deduction, annual interest at a rate determined by the Board and set at the commencement of the agreement shall be charged. The minimum biweekly payroll deduction shall be $25.00.

(g) **Execution of the Agreement.** A member entering into a buy back agreement shall complete all contributions prior to the effective date of retirement in order to receive agreed upon buy back credit. In the event the member elects to retire prior to completion of the buy back agreement, the member may receive prorated buy back credit for that portion of the service with other governmental entities or uncompensated maternity leave which have been purchased by contributions already made and forfeit the remainder of credit covered by the agreement; or the member may make a lump sum payment sufficient to complete the total payment covered by the agreement. Additionally, a member who elects to terminate an after-tax agreement prior to its completion, or at the time of retirement, may elect to receive a cash refund of the buy back contributions and interest payable upon the earlier of death, termination of employment or retirement or prorated buy back credit.

(h) **Member's Death.** In the event of the death of a member who has entered into a buy back agreement, the surviving eligible beneficiary of the member may elect a refund of the buy back contributions and interest thereon; elect to apply the credit, or a portion thereof, to the calculation of the benefits for which the survivor qualifies without the addition of buy back service credit; or elect to complete the terms of the agreement with a lump sum payment of the remaining amount owed.

(i) **Benefit Adjustment.** The annuity attributable to contributions made pursuant to this section, as well as the service purchased with such contributions, shall not be utilized in the calculation to determine whether a retirement allowance is to be increased to provide a minimum pension of fifty percent (50%), pursuant to the provisions of Section 4.1007(a)(4).

(j) **Administration.** The administration of this section shall be under the exclusive management and control of the Board of Administration. Said Board shall have, and is hereby granted, full power and authority to adopt and enforce all such rules and regulations as it may deem necessary for the carrying out of the provisions of this section. The Board of Administration shall have the right to construe this section, to interpret any provision thereof, to make rules and regulations relating to this section, and to determine any factual questions arising in connection with this section's operation after such investigation or hearing as the Board may deem appropriate. Any decision made by the Board under the provisions of this section shall be conclusive and binding on all parties concerned.

(k) **El Pueblo Employees.** Notwithstanding the above, persons who were employed by El Pueblo de Los Angeles State Historic Monument between May 17, 1977 and June 30, 1995, and who became members of LACERS on July 1, 1995, may purchase service credit for their employment with the El Pueblo between May 17, 1977, and June 30, 1995. The service credit purchased under this section for employment at El Pueblo shall be treated as same as service credit under LACERS including vesting, disability retirement and minimum qualification for service retirement.

Sec. 4.1021. Larger Annuity Program.

The Board of Administration shall, by rule, provide for the making of additional contributions to provide a larger annuity benefit at the time of retirement. A member shall not be permitted to make such additional contributions, however, if doing so would cause his or her benefits to exceed the Internal Revenue Code limitations referenced in Section 4.1029. All larger annuity benefits funded by the making of additional contributions, as authorized in this section, shall be determined by the actuary to be cost-neutral.

Solely for the purpose of making additional contributions to provide a larger annuity benefit at the time of retirement, the Board of Administration may accept, subject to any limitations imposed by federal law, a direct rollover distribution of funds from the City of Los Angeles 457 Deferred Compensation Plan after the date of the member's retirement provided that: the member's application to purchase a larger annuity benefit is received prior to the effective date of the member's retirement; the member, prior to his or her retirement, shall have provided the Deferred Compensation Plan with the written authorization that is required for funds to be transferred to the percentage of increase or decrease in the C.P.I. in excess of three percent (3%) shall be accumulated and carried over and added to or subtracted from the percentage of increase or decrease in the C.P.I. in the next succeeding calendar year, and such procedure shall be complied with from year to year; except that for those years prior to 1974, in which the cost of living adjustment was capped at two percent (2%), the percentage of increase or decrease of the C.P.I. which was in excess of two percent (2%), rather than three percent (3%), shall be accumulated and carried over as provided herein. The foregoing provisions of this paragraph are to be complied with as to any person whose benefit was continued upon the death of a retired member if the benefit of such person and the benefit of such member, together, were paid for the whole year, commencing the 1st day of July next preceding the applicable 1st day of July, and ending the 30th day of June next preceding the applicable 1st day of July, but said provisions are not to be complied with as to any person whose benefit was not paid for said whole year.

(d) The amount of any benefit which shall be continued to any survivor upon the death of a retired member subsequent to July 1, 1967, shall be in the same ratio to the amount of the benefit which such member shall have been receiving as of the date of his or her death as the amount of the benefit which originally would have been continued to such survivor shall bear to the amount of the benefit which originally was payable to such member.

(e) If it were to be impossible or impracticable for the Board to cause all necessary calculations to be made in time for it to include any increases or decreases in the amounts of benefits, as hereinabove provided, in the demands drawn in payment of such benefits for the month of July in any year, then the Board shall have the power and authority, when such calculations shall have been made, to increase or decrease the amounts of the demands drawn in payment of such benefits for any month subsequent to the month of July so as to include any increases or decreases in such benefits which shall have accumulated from and after the 1st day of July.

Sec. 4.1023. Discretionary Cost of Living Adjustments.

(a) There is hereby created and established a policy whereby the City Council shall periodically review the matter of the cost of living adjustments for certain beneficiaries who receive retirement benefits from the Retirement System. The review shall be made to ascertain the impact of increases in the Consumer Price Index upon retirement benefits and the adequacy of the annual cost of living adjustments provided in Section 4.1022 of the Los Angeles Administrative Code.

Should the City Council find and determine that annual cost of living adjustments are inadequate in light of the movement of the Consumer Price Index, the City Council may grant additional but discretionary cost of living adjustments as hereinafter provided.

(b) The first of the reviews provided in Subsection (a) hereof shall be made during the fiscal year 1981-1982 and annually thereafter until the City Council has provided a first discretionary adjustment pursuant to this section. Thereafter, the City Council shall make periodic reviews in intervals not to exceed three (3) years from the date of the completion of the last review or from the effective date of the last discretionary cost of living adjustments, whichever shall be the later.

(c) Should it be the finding of the City Council that discretionary cost of living adjustments would be in order, any such adjustments would be subject to the following limitations:

(1) The first discretionary adjustment may be granted at any time. Thereafter, discretionary adjustments may not be provided more frequently than once every three (3) years, counting from the date the last discretionary adjustments became effective.

(2) Discretionary adjustments shall not exceed one-half (1/2) of the difference between the percentage of the annual increases in the cost of living, as determined pursuant to the provisions of Section 4.1022(b) herein, for each of the preceding three (3) years and the annual adjustments made pursuant to Section 4.1022(c). Discretionary adjustments shall be allocated to each of the three (3) years for which an adjustment is made. Should discretionary cost of living adjustments be granted during the fiscal year 1981-1982, the applicable annual increase in the Consumer Price Index shall be the one upon which the Board of Administration of the Retirement System has based those annual cost of living adjustments which became effective July 1, 1981.

(3) Any discretionary cost of living adjustments provided pursuant to the provisions of this section shall be subject to the following further limitation: If a benefit became payable on or after July 1 immediately preceding the effective date of such adjustments, it shall not be so adjusted; and any benefit which shall become payable at a time within a three (3)-year period between discretionary cost of living adjustments (but prior to the immediately preceding July 1), shall be prorated according to the annual increase on a monthly basis to the number of completed months for which the benefit was received.

(4) Discretionary cost of living adjustments may be granted only by ordinances adopted in accordance with the provisions of Section 1168 of the City Charter.

(5) All adjustments provided in this subsection are to be applied prospectively only and shall not be understood to permit retroactive adjustments of benefits.

(d) Discretionary cost of living adjustments shall only be applied to monthly benefits not otherwise excluded from cost of living adjustments under the provisions of Section 4.1022 of this Chapter.

(e) It shall be the duty of the Director of the Office of Administrative and Research Services to prepare appropriate reports and recommendations to enable the City Council to make findings as to the adequacy of the annual cost of living adjustments.

Sec. 4.1024. Waiver of Benefits.

Each beneficiary, as defined in Charter Section 1152, shall have the right, at any time, to waive payment of the whole or any portion of any benefit whatsoever or of any increase in the amount of any benefit which is or shall become payable to him or her pursuant to any provision of this Chapter, and may waive payment thereof forever or for a definite or indefinite period of time. Any such waiver shall be in writing, shall be filed with the Board of Administration, and shall be effective as of the first day of the month following the month in which it shall be filed. Each beneficiary who shall make and file such a waiver shall have the right, at any time, to cancel the same. Any such cancellation shall be in writing, shall be filed with the Board of Administration and shall be effective as of the first day of the month following the month in which it shall be filed. Any such waiver shall constitute a complete release, discharge and acquittance of the City of Los Angeles and the Board of Administration from any and all liability to pay any amount or amounts of any benefits which shall be waived by any such beneficiary.

Sec. 4.1025. Unclaimed Benefits Revert to the Retirement Fund.

Any benefit payable from the Retirement System that is not claimed shall revert to the Retirement Fund. Unless there is a different claim period specified elsewhere in this article, benefits payable from the Retirement System must be claimed within one (1) year. If the person entitled to a benefit is a minor, the period in which to claim the benefit shall be tolled until he or she attains age eighteen (18).

In the event that a beneficiary is entitled to a benefit from the Retirement System but payment cannot be made for any reason, such as the beneficiary's failure to cooperate, where the beneficiary's whereabouts is unknown, or where a beneficiary has failed to cash an outstanding check within such reasonable time period as established by Board rule, and the Retirement System has followed Internal Revenue Service procedures to locate the beneficiary, the funds due to the beneficiary shall be forfeited to the Retirement Fund, provided that a beneficiary shall be relieved from such forfeiture upon receipt of a request from him or her or anyone authorized to act on his or her behalf.

Sec. 4.1026. Board Determinations.

If it shall be impracticable for the Board to determine from the records the length of service, the compensation, either final or earnable, or the age of any member, the said Board may estimate, for all purposes of this Article, such length of service, compensation or age. It shall determine and fix the amount of service rendered which shall be the equivalent of a year of service, provided that not more than one (1) year of service shall be credited for all services rendered during any one year. In all cases where compensation of any member consists, in part, of payment for the use of equipment owned and operated by such member personally, the Board of Administration shall fix and determine, for all purposes of this Article, a compensation for the personal service of such member, which shall be in keeping with the salary or wage paid by said City for comparable service, and the compensation so fixed by the Board shall be the basis, and the only basis, for the calculation of the contributions of such member and any and all benefits provided for in this article. Each member shall file with said Board such information affecting his or her status as a member of said Retirement System, as said Board may require, and the administrative head of each department of the City government shall furnish to said Board such information relative to any member, and the member's status, as it may request.

Sec. 4.1027. Rule Making Power of the Board.

(a) **Trustee-to-Trustee Transfers.** The Board of Administration may, notwithstanding any restrictions upon the method of such payment specified elsewhere, provide, by rule, that any member eligible to:

(1) make up back contributions;

(2) re-deposit contributions;

(3) buy back service credit;

(4) make up contributions for periods during which Workers' Compensation was received,

(5) make additional contributions to purchase a larger annuity, provided it is determined cost-neutral by the actuary; or

(6) Make any other payment in order to receive an increased benefit, may make full or partial payment for these purposes by a direct trustee-to-trustee transfer of funds from any eligible retirement plan (as defined in Section 402(c)(8)(B) of the Internal Revenue Code) as permitted under current federal and state law or under these laws as amended in the future. Should this transfer constitute a partial payment, any additional payment received in a lump sum shall, together with the amount transferred, directly be considered one payment for purposes of this Article.

(b) **Certain Actions.** Except as otherwise expressly provided, wherever the provisions of this Article call for an "election," "application" or "option" or other act to be performed by any person receiving or entitled to receive benefits pursuant to this Article, it shall be within the power of the Board of Administration to establish all necessary rules with respect to the time, manner and operative date of such act.

(c) **Charter Authority**. Pursuant to Charter Section 1106(f), the Board shall have the power to adopt any rules, regulations or forms it deems necessary to carry out its administration of the Retirement System or assets under its control.

Sec. 4.1028. Provision Required to Comply with the Pension Protection Act of 2006 § 822(a) Regarding Rollover Distributions.

(a) This section applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Los Angeles City Employees' Retirement System to the contrary that would otherwise limit a distributee's election under this part, the "distributee" of an "eligible rollover distribution" may elect to have any portion of an eligible rollover distribution that is equal to at least $200.00 paid directly to an "eligible retirement plan" specified by the distributee in a "direct rollover."

(b) **Definitions.**

Eligible Rollover Distribution. An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal period payments (not less frequently than annually) made for the life (or the life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten (10) years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Internal Revenue Code; the portion of any distribution that is not includable in gross income; and any other distribution which the Internal Revenue Service does not consider eligible for rollover treatment, such as certain corrective distributions necessary to comply with the provisions of Section 415 of the Internal Revenue Code or any distribution that is reasonably expected to total less than $200.00 during a year. On or after January 1, 2002, a portion of a distribution that is not includable in gross income, but that otherwise qualifies as an eligible rollover distribution, is an eligible distribution, provided that the eligible retirement plan designated to receive such portion of a distribution is (i) an individual retirement account described in Section 408(a) of the Internal Revenue Code, an individual retirement annuity described in Section 408(b) of the Internal Revenue Code, or a qualified defined contribution plan described in Section 401(a) or 403(a) of the Internal Revenue Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution, which is includable in gross income and the portion of such distribution, which is not so includable; (ii) on or after January 1, 2007, is a qualified defined benefit plan described in section 401(a) of the Internal Revenue Code or an annuity contract described in section 403(b) of the Internal Revenue Code, that agrees to separately account for amounts so transferred (and earnings thereon), including separately accounting for the portion of the distribution that is includable in gross income and the portion of the distribution that is not so includable; (iii) on or after January 1, 2008, is a Roth IRA described in Section 408A of the Internal Revenue Code.

Eligible Retirement Plan. An eligible retirement plan is an individual retirement account described in Section 408(a) of the Internal Revenue Code, an individual retirement annuity described in Section 408(b) of the Internal Revenue Code, an annuity plan described in Section 403(a) of the Internal Revenue Code, or a qualified plan described in Section 401(a) of the Internal Revenue Code that accepts a distributee's eligible rollover distribution. On or after January 1, 2002, an eligible deferred compensation plan described in Section 457(b) of the Internal Revenue Code, maintained by an employer described in Section 457(e)(1)(A) of the Internal Revenue Code, and annuity contract described in Section 403(b) of the Internal Revenue Code, are also eligible retirement plans. However, prior to January 1, 2002, in the case of an eligible rollover distribution to the surviving spouse or other designated beneficiary, an eligible retirement plan is an individual retirement account or individual retirement plan annuity only. On or after January 1, 2008, a Roth IRA described in section 408A of the Internal Revenue Code is an eligible retirement plan.

Distributee. A distributee means an employee, former employee, spouse or former spouse of an employee or former employee eligible for a rollover distribution. On or after January 1, 2007, a distributee further includes a nonspouse beneficiary who is a designated beneficiary as defined by section 401(a)(9)(E) of the Internal Revenue Code. However, a nonspouse beneficiary may only make a direct rollover to an individual retirement account or individual retirement annuity established for the purpose of receiving the distribution, and the account or annuity will be treated as an "inherited" individual retirement account or annuity.

Direct Rollover. A direct rollover is a payment by the plan to the eligible retirement plan specified by the distributee.

Sec. 4.1029. Provision Required to Comply with Internal Revenue Code Section 401(a)(37) and the Heroes Earnings Assistance and Relief Tax Act of 2008 § 104(a).

(a) Notwithstanding any other provisions of this Article, the benefits payable to any person who becomes a member on or after January 1, 1990, shall be subject to the limitations set forth in Section 415 of the Internal Revenue Code. Effective for limitation years beginning on or after January 1, 2001, for purposes of applying the limitations of Section 415 of the Internal Revenue Code, compensation paid or made available during the limitation year shall include any amounts that are not includable in the gross income of the member by reason of Section 132(f)(4) of the Internal Revenue Code.

For the purpose of applying the limitations of Section 415(e) of the Internal Revenue Code, the portion of the Los Angeles City Employees' Retirement System that constitutes a defined benefit plan shall be the portion subject to reduction in the event that Section 415(e) requires reduction of benefit or contributions.

(b) The benefits payable to any person who became a member prior to January 1, 1990, shall be subject to the greater of the following:

(1) The limitations set forth in Section 415 of the Internal Revenue Code; or

(2) The accrued benefit of the member (determined without regard to any amendment made after October 14, 1987, as provided in Section 415(b)(10)(A) of the Internal Revenue Code).

(c) If compliance with the provisions of Internal Revenue Code Section 415 and related sections would result in a lower level of retirement benefits for members on or after January 1, 1990, than for members prior to that date, then the Council shall provide, by ordinance, an alternative means of maintaining for such members the level of benefits in effect for members as of December 31, 1989.

(d) Notwithstanding any other provisions of the Retirement System to the contrary, the member contributions paid to, and retirement benefits paid from, the plan shall be limited to such extent as may be necessary to conform to the requirements of Section 415 of the Internal Revenue Code for a qualified pension plan.

(e) If any of the limitations of Section 415 of the Internal Revenue Code should be repealed, the provisions of this section shall be deemed repealed to the same extent.

(f) Nothing contained in this section shall limit the City Council from modifying benefits to the extent such modifications are permissible by City Charter and applicable State and Federal law.

(g) Notwithstanding any provision of this plan to the contrary, effective December 12, 1994, contributions, benefits, and service credit with respect to qualified military service while an employee will be provided in accordance with Section 414(u) of the Internal Revenue Code.

(1) Effective with respect to deaths occurring on or after January 1, 2007, while a member is performing qualified military service (as defined in Chapter 43 of Title 38, United States Code), to the extent required by Section 401(a)(37) of the Internal Revenue Code, survivors of a member in a state or

local retirement or pension system are entitled to any additional benefits that the system would provide if the member had resumed employment and then died, such as accelerated vesting or survivor benefits that are contingent on the member's death while employed. In any event, a deceased member's period of qualified military service must be counted for vesting purposes.

(2) Beginning January 1, 2009, to the extent required by Section 414(u)(12) of the Internal Revenue Code, an individual receiving differential wage payments (as defined under Section 3401(h)(2) of the Internal Revenue Code) from an employer shall be treated as employed by that employer, and the differential wage payment shall be treated as compensation for purposes of applying the limits on annual additions under Section 415(c) of the Internal Revenue Code. This provision shall be applied to all similarly situated individuals in a reasonably equivalent manner.

Sec. 4.1030. Provision Required to Comply With Internal Revenue Code Section 401(a)(9).

The Retirement System will pay all benefits in accordance with a good faith interpretation of the requirements of Section 401(a)(9) of the Internal Revenue Code and the regulations in effect under that section, as applicable to a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code. The Retirement System is subject to the following provisions:

Distribution must begin by the required beginning date, which is the later of April 1 following the calendar year in which the member attains age 70 1/2, or April 1 of the year following the calendar year in which the member terminates. If a member fails to apply for retirement benefits or request a refund, as applicable, by the later of either of those dates, the Board shall begin distribution as required by this rule in the form provided in Section 4.1007 or Section 4.1004, as applicable.

(1) The member's entire interest must be distributed over the member's life or the lives of the member and a qualified survivor, or over a period not extending beyond the life expectancy of the member or of the member and a designated beneficiary.

(2) The Retirement System, pursuant to a court order, may pay a portion of the member's benefit to a nonmember.

(3) If a member dies after the required distribution of benefits 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.

(4) If a member dies before required distribution of the member's benefits has begun, the member's entire interest must be either:

(A) distributed (in accordance with federal regulations) over the life or life expectancy of the qualified survivor, with the distributions beginning no later than December 31 of the calendar year following the calendar year of the member's death; or

(B) distributed within five (5) years of the member's death.

(5) 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 Internal Revenue Code, and the minimum distribution incidental benefit rule under Treasury Regulation Section 1.401(a)(9)-6, Q&A-2.

(6) The death and disability benefits provided by the retirement system are limited by the incidental benefit rule set forth in section 401(a)(9)(G) of the Internal Revenue Code and Treasury Regulation Section 1.401-1(b)(1)(i), or any successor regulation thereto. As a result, the total death or disability benefits payable may not exceed 25% of the cost for all of the members' benefits received from the retirement system.

(7) Notwithstanding the other provisions of this rule or the provisions of the Treasury Regulations, benefit options may continue so long as the option satisfies Section 401(a)(9) of the Internal Revenue Code based on a reasonable and good faith interpretation of that section.

Sec. 4.1031. Former Spouse or Domestic Partner's Option to Elect a Life Annuity.

When a court of competent jurisdiction does not order a separate account as specified in Section 4.1032, but instead awards the former spouse or former domestic partner (the "Ex") a portion of the retirement benefits payable to the member and to the member's surviving spouse or domestic partner (survivor), if any, the "Ex," in lieu of receiving his or her portion of the benefits payable based upon the lifetime of the member and/or survivor, may instead make an irrevocable election to convert his or her interest in such retirement benefits into an actuarially equivalent life annuity payable for the lifetime of the "Ex." If the member has not yet retired, the "Ex" must make this irrevocable election to receive a life annuity in writing prior to receiving payment of his or her community property portion of the retirement allowance. If the member has already retired, the election must be made at the time the "Ex" requests direct payment of his or her community property portion of the retirement allowance. If this irrevocable election is not made prior to the applicable times specified herein, the "Ex" will be deemed to have waived the right to elect to receive a life annuity.

This option is not available in a legal separation where the parties' relationship has not been legally terminated.

Sec. 4.1032. Separate Account Option in Legal Separations or Dissolutions.

Separate accounts, on the terms and conditions set forth in this section, may be established under a court order dividing community property in connection with a legal separation or a dissolution provided that the order is entered prior to the member's retirement. Separate accounts cannot be established by a court order entered after the member's retirement.

(a) **Court Order Required for Separate Accounts.** When a court of competent jurisdiction orders the division of community property prior to the member's date of retirement, the court may order that the accumulated contributions, plus regular interest and service credit attributable to periods of service during the marriage be divided into two separate and distinct accounts in the name of the member and the nonmember, respectively. Any service credit or accumulated contributions that are not explicitly awarded by the court order shall be deemed the separate property of the member, in which the nonmember shall have no further interest.

The nonmember who is awarded a separate account under this section shall be required to make an irrevocable written election to either receive a refund of contributions or a separate account allowance, provided he or she must be eligible for the option that is elected. If said election is not timely made, the nonmember shall be deemed to have chosen a refund of contributions.

(b) **Definitions.** For purposes of this section, the following words and phrases are defined as follows:

Nonmember. The spouse, former spouse, domestic partner, or former domestic partner of a member who, as a result of petitioning the court for the division of community property, has been awarded a separate account reflecting specific credited service and accumulated contributions.

Separate Account Allowance. The monthly amount remitted to a nonmember based on the division of community property, by a court of competent jurisdiction, into a separate account reflecting specific credited service and accumulated contributions, actuarially reduced to provide an annuity for life.

Final Monthly Average Compensation. For a nonmember only, is the monthly average of the member's highest consecutive twelve (12) months of salary at the time of separation.

(c) **Benefits Available to Nonmember Awarded a Separate Account.**

(1) **Refund of Contributions.**

(i) A nonmember who is awarded a separate account shall have the right to a refund of the accumulated contributions, plus regular interest in the separate account of the nonmember. A nonmember who elects a refund of contributions is deemed to have permanently waived all rights in this System and all rights to any future retirement benefits pertaining to the service credit, accumulated contributions or both when the refund becomes effective. The nonmember may not cancel a refund once it has become effective, nor may the nonmember redeposit a refund once it has been paid.

(ii) If at the time of separation the member does not have five (5) years of service credit in the System, the nonmember who has been awarded a separate account shall only receive a refund of the accumulated contributions and regular interest placed in the nonmember's account.

(iii) A nonmember who has elected a refund of contributions or whose only separate account right is to a refund of contributions shall not have interest credited to the contributions in his or her separate account after the date of the member's retirement or death, whichever occurs first. The nonmember's right to receive a refund of all the contributions in his or her account on such date is a vested property right, provided, however, that should the nonmember fail to request a refund within ten (10) years from the date of the member's death or retirement, as applicable, said contributions shall be removed from the nonmember's separate account and shall revert to the Retirement Fund, unless and until the Board of Administration receives a valid belated refund request, determined at the sole discretion of the Board of Administration, which shall be granted. If the nonmember attains age seventy and a half (70 1/2) with contributions still on deposit in his or her separate account, his or her contributions shall be subject to mandatory distribution as required by the Internal Revenue Code; provided that, if such person cannot be located and paid such mandatory distribution and the Retirement System has followed Internal Revenue Service procedures to locate the beneficiary, such funds shall revert to the Retirement Fund as provided above, unless and until the Board of Administration receives a valid belated refund request, determined at the sole discretion of the Board of Administration, which shall be granted.

(2) **Separate Account Allowance.**

(i) Unless the nonmember has elected to receive or has received a refund of contributions, a nonmember who is awarded a separate account shall be entitled to receive a Separate Account Allowance paid monthly for life, provided that a timely written election has been made and that both of the following conditions are met:

(A) On the date of separation the member had five (5) years of service credit in the System; and

(B) The member was eligible to receive a service retirement allowance on the date that the separate account allowance begins.

(ii) The amount of the Separate Account Allowance shall be based on the service retirement formula in effect on the date of separation applicable to the service credited to the nonmember by the employer and the effective date of the nonmember's Separate Account Allowance, actuarially reduced to provide an annuity for life. The Separate Account Allowance shall be subject to all cost-of-living and discretionary increases.

(iii) The Separate Account Allowance shall consist of a pension and a life annuity, the latter of which shall be derived from the nonmember's accumulated contributions. The Separate Account Allowance shall terminate upon the death of the nonmember.

(3) **Election of Nonmember Benefits.** The nonmember may make an irrevocable election, in writing, to receive the benefit provided under this section as either a refund of contributions or a Separate Account Allowance at any time after the entry of the court order and before the member's retirement or death, whichever occurs first. A nonmember who elects a refund of contributions may request a refund of contributions at the time the election is made or any time thereafter. A nonmember who elects a Separate Account Allowance may request the allowance to begin at the time the election is made or at any time thereafter so long as the conditions set forth in Section 4.1032(c)(2)(i) have been met by the date the monthly allowance is to begin.

The nonmember shall be deemed to have elected a refund of contributions if an irrevocable written election is not made either prior to the member's retirement or death, whichever occurs first, or within such period following the retirement or death as provided by Board rule. The Board of Administration shall adopt rules establishing a limited period following the member's retirement or death, as applicable, in which a nonmember who has not yet made an election may be allowed to make an irrevocable written election. If within the period established by Board rule the nonmember elects to take a separate account allowance, the allowance shall begin on the day prior to the member's retirement or death, as applicable, so long as the conditions set forth in Section 4.1032(c)(2)(i) have been met by that date.

(4) **Benefits Not Granted to Nonmember.** A nonmember whose dissolution is final shall not be entitled to any disability retirement allowance, any basic death benefit, any special death benefit, any monthly allowance for survivors of a member or retired person, any insurance benefit, medical or dental

subsidy, or retired member lump-sum death benefit. No survivor continuance allowance shall be payable to a survivor of a nonmember.

(d) **Calculation of Member's Service Retirement Allowance.** A member whose retirement is divided under the provisions set forth above shall receive a monthly retirement allowance based on all service credit and his or her final compensation at the date of retirement as provided under the provisions of this Article, subject to reduction by the value of the separate account determined as follows:

(1) If the separate account was paid as a refund of contributions, the service credit and contributions awarded to the nonmember shall not be included in the calculation of the member's retirement allowance, except to the extent that the member has re-deposited funds as provided in Section 4.1032(f)(1).

(2) If the nonmember elected to receive a Separate Account Allowance, the service credit and contributions awarded to the nonmember shall not be included in the calculation of the member's retirement allowance except to the extent that the member has paid to purchase service credit as provided in Section 4.1032(f)(2).

(3) If the nonmember has not elected to receive either a refund of contributions or a Separate Account Allowance prior to the member's retirement, the service credit and contributions awarded to the nonmember shall not be included in the calculation of the member's retirement allowance.

(e) **Calculation of Member's Disability Retirement Allowance.** Members whose retirement is divided under the provisions set forth above shall receive a monthly disability retirement allowance as provided for in Section 4.1008 except that the portion of accumulated contributions credited to the nonmember will be treated as missed deductions in the member account.

(f) **Buy Back of Funds Allocated to Nonmember.**

(1) If a nonmember receives a refund of contributions and interest, the member may re-deposit these funds, together with any accumulated interest these funds would have earned if the refund had not occurred, to the System, subject to rules adopted by the Board of Administration, and receive full credit for the period of time represented by these funds.

(2) If a nonmember elects to receive a Separate Account Allowance, the member may purchase service credit not to exceed the years of service credited to the nonmember. The purchase of this service credit shall be the full actuarial cost and subject to rules adopted by the Board of Administration.

(g) **Duties and Responsibilities of the Board of Administration.** The Board of Administration shall adopt rules to administer separate accounts ordered by a court of competent jurisdiction, and shall formulate benefits applicable to these separate accounts in such a way that no additional actuarial liability is incurred either by the System or by the City.

Sec. 4.1033. Early Retirement Incentive Program.

(a) Wherever "ERIP" is used in this Chapter, it shall refer to the Early Retirement Incentive Program. Subject to the provisions and limitations set forth herein, an active City employee who is a member of the Los Angeles City Employees' Retirement System (LACERS) may be retired from the service of the City with the ERIP benefits set forth herein, provided that the LACERS member meets all of the requirements set forth herein to be eligible for retiring under the ERIP, and provided that his or her completed ERIP Election Form is received in the Office of the City Administrative Officer (CAO) within the forty-five (45)-day ERIP window period defined herein (ERIP Eligible Filers). Also subject to the provisions and limitations set forth herein, a City retiree who was an active LACERS member may receive the ERIP benefits set forth herein, provided that he or she retired on or after June 26, 2009, but prior to the ERIP Beginning Date defined herein, and he or she meets all of the requirements set forth herein to be eligible to receive the ERIP benefits as contemplated in the June 26, 2009, Council motion (Council File 09-1320) ("Grandfathered Participant," further defined below in Section 4.1033(a)(4)(i)). The forty-five (45)-day ERIP window period shall begin on this ordinance's effective date (ERIP Beginning Date) and end on the forty-fifth (45^{th}) day thereafter unless that forty-fifth (45^{th}) day falls on a weekend or a City holiday, in which case it shall end on the next day that is not a weekend or a City holiday (ERIP Ending Date). The ERIP Ending Date shall be included in the ERIP window period, so that the CAO shall continue to receive completed ERIP Election Forms until close of business on the ERIP Ending Date. The CAO shall establish the rules and procedures for receiving a completed ERIP Election Form, including what constitutes a completed ERIP Election Form and what constitutes the date and time the form was received by the CAO. In order for the ERIP to meet its goal of assisting with the City's financial situation while minimizing the impact on City services, the following provisions and limitations shall apply to the ERIP:

(1) Only LACERS members currently in an employed status with the City on the ERIP Beginning Date shall be eligible to submit an ERIP Election Form. LACERS members in a terminated status shall not be eligible to submit an ERIP Election Form. Former City employees, including, but not limited to, deferred vested former City employees, shall not be eligible to submit an ERIP Election Form. In addition, only persons belonging to at least one of the five ERIP "Groups" listed below in Sections 4.1033(b)(1)-(5) as of the ERIP Beginning Date shall be eligible to submit an ERIP Election Form. A person belonging to one of the ERIP Groups as of the ERIP Beginning Date may possibly change ERIP Groups prior to his or her effective date of retirement. However, a person who does not belong to any ERIP Group as of the ERIP Beginning Date shall not be eligible to submit an ERIP Election Form. Grandfathered Participants may be eligible to receive the ERIP benefits, but they

need not submit an ERIP Election Form, and their retirements are not considered retirements under the ERIP.

(2) A LACERS member eligible under Section 4.1020 (Government Service Buyback or GSB) to purchase time due to service in another government agency shall be allowed to include the purchased time in the determination of ERIP eligibility. For the purchased time to be included in the determination of ERIP eligibility, the LACERS member must follow the existing GSB purchasing policies, and the member must have completed the GSB purchase by the end of the City pay period that includes the ERIP Beginning Date. For reciprocal service under Section 4.1096 to be included in the determination of ERIP eligibility, the reciprocal time must be certified by the reciprocating system, and the certification must be received by LACERS prior to the ERIP Beginning Date. Once so established, the LACERS member shall be entitled to use this reciprocal service in order to qualify for ERIP even if reciprocity is subsequently broken, such as by the member's inability to retire concurrently from the reciprocating system. When a person elects to submit an ERIP Election Form and retire under the ERIP, the person shall assume all risks that result from this election, including, but not limited to, the loss of the right to use his or her final compensation as determined by LACERS for purposes of computing final compensation earnable with the reciprocal system in the event that he or she is not able to retire concurrently under both systems. Time purchased under Section 4.1019 (Public Service Buyback or PSB) shall not be included in the determination of ERIP eligibility.

(3) Certain City employee classifications are excluded from the ERIP (Excluded Classifications). Certain other City employee classifications have an ERIP limitation number, meaning that the total number of a classification's ERIP Eligible Filers actually retiring under the ERIP, plus the number of that classification's Grandfathered Participants actually receiving the ERIP benefits, shall be limited in number (Limited Classification). The CAO shall make known these Excluded Classifications, Limited Classifications, and the Limited Classifications' ERIP limitation numbers.

(i) In the event that a Limited Classification's number of ERIP Eligible Filers and Grandfathered Participants exceeds the limitation number, the earliest initial date of LACERS membership (Initial LACERS Membership Date) shall be used to determine which ERIP Eligible Filers shall be allowed to retire under the ERIP and which Grandfathered Participants shall receive the ERIP benefits. The person with the earliest Initial LACERS Membership Date shall receive priority. If there is a tie in the earliest Initial LACERS Membership Date between two or more persons of the same Limited Classification, then the one with the longer time of employment in the Limited Classification at issue shall prevail. If there is also a tie in the time of employment in the Limited Classification at issue, then the one whose completed ERIP Election Form was first received by the CAO's office prevails. A Grandfathered Participant shall be deemed to have submitted (and the CAO's office shall be deemed to have received) a completed ERIP Election Form when the retirement application resulting in his or her retirement was first filed with LACERS.

(ii) If a Limited Classification's ERIP limitation number is reached, an ERIP waiting list shall be created for that Limited Classification. ERIP Eligible Filers on a Limited Classification's ERIP waiting list may be allowed to retire under the ERIP, and/or Grandfathered Participants on a Limited Classification's ERIP waiting list may be allowed to receive the ERIP benefits, if and to the extent that ERIP Eligible Filers with earlier Initial LACERS Membership Dates in the Limited Classification rescind their ERIP Election Forms, and/or the Limited Classification's ERIP limitation rate is increased. A Limited Classification's ERIP waiting list shall be ordered pursuant to the same Initial LACERS Membership Date priority and tiebreakers referenced above in Section 4.1033(a)(3)(i). A Grandfathered Participant shall be deemed to have submitted (and the CAO's office shall be deemed to have received) a completed ERIP Election Form when the retirement application resulting in his or her retirement was first filed with LACERS. After the 45-day ERIP window period has expired, the CAO's office shall notify any ERIP Eligible Filers on a Limited Classification's waiting list who will not be allowed to retire under the ERIP. After the forty-five (45)-day ERIP window period has expired, any LACERS member may elect to retire pursuant to standard, non-ERIP LACERS procedures and provisions. After the 45-day ERIP window period has expired, the CAO's office shall notify any Grandfathered Participants on a Limited Classification's waiting list who will not be allowed to receive the ERIP benefits.

(4) The ERIP shall have a limit of 2,400 persons, meaning that the total number of ERIP Eligible Filers actually retiring under the ERIP, plus the number of Grandfathered Participants actually receiving the ERIP benefits, shall be limited to 2,400. In the event that the total number of ERIP Eligible Filers and Grandfathered Participants exceeds 2,400, a first-come-first-served basis (ordered pursuant to the date and time the ERIP Election Form was received by the CAO's office) shall be used to determine which ERIP Eligible Filers shall be allowed to retire under the ERIP and which Grandfathered Participants shall be allowed to receive the ERIP benefits. A Grandfathered Participant shall be deemed to have submitted (and the CAO's office shall be deemed to have received) a completed ERIP Election Form when the retirement application resulting in his or her retirement was first filed with LACERS. Also in the event that the total number of ERIP Eligible Filers and Grandfathered Participants exceeds 2,400, a general ERIP waiting list shall be created. ERIP Eligible Filers on the general ERIP waiting list may be allowed to retire under the ERIP if and to the extent that earlier ERIP Eligible Filers rescind their ERIP Election Forms, and/or if City Council and the Office of the Mayor approve an increase of the

2,400 ERIP limit. (If there are any Grandfathered Participants on the general ERIP waiting list, it means that the 2,400 ERIP limit was reached within the number of Grandfathered Participants alone. A Grandfathered Participant on the general ERIP waiting list may be allowed to receive the ERIP benefits if and to the extent that City Council and the Office of the Mayor approve an increase of the 2,400 ERIP limit.) This general ERIP waiting list shall be separate from the waiting lists for the various Limited Classifications set forth above in Section 4.1033(a)(3)(ii). The CAO's office shall establish the rules and procedures for accepting ERIP Eligible Filers and Grandfathered Participants from the general ERIP waiting list and/or a Limited Classification's waiting list, and how the waiting lists shall operate in conjunction with each other. After the forty-five (45)-day ERIP window period has expired, the CAO's office shall notify any ERIP Eligible Filers on a general ERIP waiting list who will not be allowed to retire under the ERIP. After the 45-day ERIP window period has expired, any LACERS member may elect to retire pursuant to standard, non-ERIP LACERS procedures and provisions. After the forty five (45)-day ERIP window period has expired, the CAO's office shall notify any Grandfathered Participants on the general ERIP waiting list who will not be allowed to receive the ERIP benefits.

(i) A "Grandfathered Participant" is an ERIP-eligible City retiree whose effective date of retirement is on or after June 26, 2009, but before the ERIP Beginning Date. As contemplated in the June 26, 2009, Council motion (Council File 09-1320), a Grandfathered Participant determined to be allowed to receive the ERIP benefits shall receive such applicable benefits. A Grandfathered Participant need not submit an ERIP Election Form to the CAO's office within the forty-five (45)-day ERIP window period. Rather, to the extent a Grandfathered Participant is determined to be allowed to receive the ERIP benefits, the Grandfathered Participant shall automatically receive the applicable ERIP benefits for his or her ERIP "Group" (see Section 4.1033(b) below). The date to be used for the purpose of determining the proper ERIP Group for a Grandfathered Participant shall be his or her last day on the City payroll. (A City retiree who retired on or after June 26, 2009, but before the ERIP Beginning Date, who did not belong to any ERIP Group as of his or her last day on the City payroll is not a Grandfathered Participant, and shall not be eligible to receive the ERIP benefits.) A Grandfathered Participant shall receive priority over ERIP Eligible Filers with regards to being within the general 2,400 ERIP limit, in that a Grandfathered Participant shall be deemed to have submitted (and the CAO's office shall be deemed to have received) a completed ERIP Election Form when the retirement application resulting in his or her retirement was first filed with LACERS. A Grandfathered Participant receiving the ERIP benefits shall count towards the 2,400 ERIP limit. However, a Grandfathered Participant in a Limited Classification shall not be guaranteed to receive the ERIP benefits. A Grandfathered Participant who, as of his or her last day on the City payroll, was in a classification determined to be a Limited Classification shall not receive priority over ERIP Eligible Filers with regards to being within that Limited Classification's ERIP limitation number. Rather, the ERIP Eligible Filers and the Grandfathered Participants to be allowed within that Limited Classification's ERIP limitation shall be determined by the Initial LACERS Membership Date priority, tiebreakers, and waiting lists as set forth above in Section 4.1033(a)(3)(i)-(ii).

(5) An ERIP Eligible Filer may rescind his or her ERIP Election Form by delivering, to the CAO's office, a completed ERIP Rescission Form (as promulgated by the CAO's office) within seven (7) calendar days of delivery, to the ERIP Eligible Filer's address on file with LACERS, of notification that his or her ERIP Election Form has been approved. The ERIP Election Form may not be rescinded after the seven (7) calendar days have passed.

(6) To minimize the impact on City services, an ERIP Eligible Filer may not select his or her effective date of retirement under the ERIP. While Management may take the person's preferences into account, Management shall determine the effective date of retirement for a person retiring under the ERIP.

(i) The portion of Los Angeles Administrative Code Section 4.1005 stating that a person's effective date of retirement shall be not less than thirty (30) nor more than sixty (60) days from and after the filing of the person's LACERS retirement application shall not apply to persons retiring under the ERIP.

(ii) Management's decision as to a person's effective date of retirement under the ERIP shall be final and binding, regardless of whether the ERIP Eligible Filer agrees with Management's decision. The ERIP Eligible Filer may be required to retire as soon as administratively possible, or may be required to continue working for the City for an extended period of time. The CAO may promulgate rules that Management shall follow regarding the effective dates of retirement for ERIP Eligible Filers.

(7) During the forty-five (45)-day ERIP window period, LACERS shall not accept a non-ERIP retirement application from a person eligible for the ERIP, defined as a person who, as of the ERIP Beginning Date, belongs to at least one of the five ERIP Groups listed below in Sections 4.1033(b)(1)-(5). After the forty-five (45)-day ERIP window period has expired, any LACERS member may elect to retire pursuant to standard, non-ERIP LACERS procedures and provisions.

(i) All applications for non-ERIP LACERS retirements submitted by persons eligible for the ERIP, and still pending as of the beginning of the forty-five (45)-day ERIP window period, shall be held in abeyance for the duration of the forty-five (45)-day ERIP window period. Such ERIP-eligible persons may elect to submit an ERIP Election Form, or, alternatively, they may wait until after the forty-five (45)-day ERIP window period has expired, at which point their non-ERIP retirement applications shall continue to be processed. Such ERIP-eligible persons who elect to submit an ERIP Election Form shall not receive priority with respect to being within the 2,400 person ERIP limit, and shall not receive priority with respect to being within a Limited Classification's ERIP limitation number.

(8) Accumulated Sick and Vacation Time is not payable to persons retiring under the ERIP, and such persons shall not be entitled to a payment of Accumulated Sick and Vacation Time upon retirement. In addition to the ERIP benefits set forth below in Section 4.1033(b), which include the Separation Payments in Sections 4.1033(b)(4)(i) and 4.1033(b)(6), persons retiring under the ERIP shall receive a severance payment in the amount of what would be the person's Accumulated Sick and Vacation Time payment if the person were retiring pursuant to standard, non-ERIP retirement policies and procedures (Severance Payment). This Severance Payment and the applicable Separation Payment, as set forth below in Sections 4.1033(b)(4)(i) and 4.1033(b)(6), shall be paid over two separate calendar years, with the City selecting the payment dates. This Severance Payment and the applicable Separation Payment, as set forth below in Sections 4.1033(b)(4)(i) and 4.1033(b)(6), shall constitute, and be administered as, a Bona Fide Separation Pay Plan under Internal Revenue Code Section 457(e)(11) because (A) these payments are payable only to a person who has submitted an ERIP Election Form during the forty-five (45)-day ERIP window period and who actually has a severance from employment pursuant to the ERIP; (B) the amount payable does not exceed two times the person's annual rate of pay (taking into account only pay that does not exceed the maximum amount that may be taken into account under a qualified plan pursuant to Internal Revenue Code Section 401(a)(17) for the year in which the person has his or her severance from employment); and (C) the payments shall be completed by the end of the second calendar year following the calendar year in which the employee separates from City service. Any tax liabilities arising from any Severance Payments and/or Separation Payments shall be the sole responsibility of the person(s) receiving the payments.

(i) A Grandfathered Participant's retirement is not considered a retirement under the ERIP, even if he or she receives the ERIP benefits. Therefore, the above provisions pertaining to Accumulated Sick and Vacation Time and the Severance Payment do not apply to Grandfathered Participants who receive the ERIP benefits. Instead, a Grandfathered Participant who receives the ERIP benefits either has already received, or shall receive, his or her Accumulated Sick and Vacation Time payment, if any, pursuant to standard, non-ERIP retirement policies and procedures. Payment of Accumulated Sick and Vacation Time to such a Grandfathered Participant is not a retirement benefit. A Grandfathered Participant who receives the ERIP benefits shall not receive the Severance Payment, but shall receive the applicable Separation Payment as set forth below in

Sections 4.1033(b)(4)(i) and 4.1033(b)(6). The applicable Separation Payment shall be paid over two separate calendar years (with the City selecting the payment dates), and shall constitute, and be administered as, a Bona Fide Separation Pay Plan under Internal Revenue Code Section 457(e)(11). Any tax liabilities arising from any Accumulated Sick and Vacation Time payments and/or Separation Payments shall be the sole responsibility of the person(s) receiving the payments.

(ii) The Severance Payment shall be paid by the City, and the cost of the Severance Payment shall remain a cost of the City. The Separation Payment shall also be paid by the City. However, the cost of the Separation Payment shall be an obligation of the LACERS members, and shall be recouped by the City through the provisions set forth below in Section 4.1033(a)(9)(i)-(iii).

(iii) Neither the Severance Payment nor the Separation Payment shall be considered a retirement benefit.

(9) The ERIP actuarial cost, as determined by the LACERS actuary, and the total cost of the Separation Payments shall, together, be known as the "ERIP Cost Obligation." The ERIP Cost Obligation shall be an obligation of the LACERS members. The LACERS actuary has determined the preliminary ERIP Cost Obligation to be $271 million, as presented in the actuarial report dated September 25, 2009, based on a projection of 2,229 ERIP Eligible Filers actually retiring and Grandfathered Participants actually receiving the ERIP benefits.

(i) LACERS members' payment of the ERIP Cost Obligation shall commence on July 1, 2011, and end on June 30, 2026, or when the ERIP Cost Obligation is fully paid, whichever comes first. The payment shall consist of a one percent (1%) increase in the LACERS active employee retirement contribution rate of six percent (6%) (of which one-half percent (0.5%) is the survivor contribution portion), so that the total LACERS active employee retirement contribution rate shall be seven percent (7%) for all LACERS members. After all ERIP Eligible Filers actually retiring under the ERIP have retired, the LACERS actuary shall re-calculate the ERIP Cost Obligation based on the number of ERIP Eligible Filers actually retiring and Grandfathered Participants actually receiving the ERIP benefits, using the same methodology used to determine the preliminary ERIP Cost Obligation. However, the City reserves the right to increase the LACERS active employee contribution rate for new City hires, in accordance with all applicable laws and practices.

(ii) The LACERS active employee retirement contribution rate for LACERS members hired prior to 1983 (Defrayal Group) shall be adjusted to six percent (6%) (of which one-half percent (0.5%) is the survivor contribution portion) upon the effective date of this ordinance. Commensurate with Section 4.1033(a)(9)(i), above, employees in the Defrayal Group shall have their retirement contribution increased from six percent (6%) to seven (7%) on July 1, 2011. All savings from the elimination of defrayal shall be credited towards the payment of the ERIP Cost Obligation.

(iii) Once the City has recouped the ERIP Cost Obligation, the LACERS active employee retirement contribution rate shall be adjusted to six percent (6%) (of which one-half percent (0.5%) is the survivor contribution portion) for all City employees who were LACERS members as of the ERIP Beginning Date (including those in the Defrayal Group). However, the City reserves the right to increase the LACERS active employee retirement contribution rate for new City hires, in accordance with all applicable laws and practices.

(10) In order for the ERIP to meet its goal of assisting with the City's financial situation, the City intends to limit the backfilling of positions vacated due to retirements under the ERIP. Therefore, to the extent allowed under the City Charter, the Los Angeles Administrative Code, and any other applicable law: From July 1, 2009, to June 30, 2024, approval of both City Council and the Office of the Mayor shall be necessary prior to backfilling a position vacated due to retirements under the ERIP. The total number of City positions vacated due to retirements under the ERIP shall not be backfilled by more than seven (7%) in the City fiscal year 2010, nor by more than six percent (6%) in each of the City fiscal years 2011 through 2024. These backfill rates may be exceeded only if the cumulative prior years' actual backfill rate was less than the maximum cumulative rate allowed, pursuant to the Maximum Backfill Rates table below. For example, if the City backfills only five percent (5%) in fiscal year 2010, then the City's allowed backfill rate in a future year may be increased.

MAXIMUM BACKFILL RATES		
FISCAL YEAR	BACKFILL	
	IN ONE YEAR	CUMULATIVE
2010	7%	7%
2011	6%	13%
2012	6%	19%
2013	6%	25%

2014	6%	31%
2015	6%	37%
2016	6%	43%
2017	6%	49%
2018	6%	55%
2019	6%	61%
2020	6%	67%
2021	6%	73%
2022	6%	79%
2023	6%	85%
2024	6%	91%

(11) The ERIP shall not affect the existing LACERS requirement that, in order for a LACERS member to leave a continuance to a spouse or domestic partner, the marriage must have occurred, or the proper domestic partnership document(s) must have been filed with LACERS or with the State of California, at least one (1) year prior to the LACERS member's effective date of retirement.

(12) Persons retiring under the ERIP shall be eligible to be employed by the City under the conditions set forth in City Charter Section 1164. However, persons retiring under the ERIP shall not be allowed to enter into a personal services contract with the City prior to July 1, 2011, unless the personal services contract is approved by City Council and the Office of the Mayor.

(b) Persons retiring pursuant to the ERIP shall receive benefits pursuant to the following terms. (For purposes of the ERIP, "Service" and "Service Credit" shall have the same meanings as those terms are defined in Los Angeles Administrative Code Section 4.1001.):

(1) **"Group 1" LACERS members:** This group consists of all full-time and part-time LACERS members who, as of the ERIP Beginning Date, would be eligible for an unreduced or standard retirement with less than thirty-three (33) years of Service.

(i) Each Group 1 member retiring under the ERIP shall receive three (3) additional full-time years of Service and three (3) additional full-time years of Service Credit.

(2) **"Group 2" LACERS members:** This group consists of all full-time and part-time LACERS members who, as of the ERIP Beginning Date, have a minimum of thirty-three (33) years of Service, but have not reached fifty-five (55) years of age.

(i) Each Group 2 member retiring under the ERIP shall receive the additional amount of age credit necessary to be eligible for an unreduced or standard retirement. In addition, each Group 2 member retiring under the ERIP shall receive three (3) additional full-time years of Service and three (3) additional full-time years of Service Credit.

(3) **"Group 3" LACERS members:** This group consists of all full-time and part-time LACERS members who, as of the ERIP Beginning Date, have less than thirty-three (33) years of Service and who are within five (5) years of the age credit and/or Service necessary to be eligible for an unreduced or standard retirement. To be a member of Group 3, the amount of time that a LACERS member is lacking in age credit to be eligible for an unreduced or standard retirement, plus the amount of time that the member is lacking in Service to be eligible for an unreduced or standard retirement, must, in sum, not exceed five (5) full-time years.

(i) Each Group 3 member retiring under the ERIP shall receive between a minimum of three (3) full-time years and a maximum of five (5) full-time years of additional age credit and/or both Service and Service Credit in order to be eligible for an unreduced or standard retirement. Between three (3) full-time years and five (5) full-time years, fractional years shall be calculated and prorated in determining the amount of additional age credit and/or both Service and Service Credit to be received.

(ii) Each Group 3 member retiring and receiving credit under the ERIP shall be provided with a written breakdown of the amount of age credit, and both Service and Service Credit.

(4) **"Group 4" LACERS members:** This group consists of all full-time and part-time LACERS members who, as of the ERIP Beginning Date, have a minimum of thirty-three (33) years of Service and have reached a minimum of fifty-five (55) years of age.

(i) Each Group 4 member retiring under the ERIP shall receive a Separation Payment of $1,000.00 for each year of Service. The

Separation Payment for a fractional year shall be prorated. This Separation Payment shall not be considered a retirement benefit. This Separation Payment shall be paid by the City, which shall recoup the cost of the Separation Payment from the LACERS members as set forth above in Sections 4.1033(a)(9)(i)-(iii).

(ii) Any time purchased under Los Angeles Administrative Code Section 4.1020 (GSB) shall not be included in the calculation of the Separation Payment for Group 4 members. Any reciprocal time under Los Angeles Administrative Code Section 4.1096 shall not be included in the calculation of the Separation Payment for Group 4 members. Any time purchased under Los Angeles Administrative Code Section 4.1019 (PSB) shall not be included in the calculation of the Separation Payment for Group 4 members.

(5) **"Group 5" LACERS members:** This group consists of all full-time and part-time LACERS members whose first day of City employment was on or before December 31, 1982; whose retirement contribution rate is less than six percent (6%); and who, as of the ERIP Beginning Date, are not within five (5) years of the age and/or Service necessary to be eligible for an unreduced or standard retirement.

(i) Each Group 5 member retiring under the ERIP shall receive five (5) additional full-time years of Service and five (5) additional full-time years of Service Credit towards an early or reduced retirement.

(ii) The ERIP does not affect the retirement benefit reduction factors that apply to early or reduced retirements.

(6) Members of Groups 1, 2, 3, and 5 retiring under the ERIP shall each receive a Separation Payment of $15,000.00. This Separation Payment shall not be considered a retirement benefit. This Separation Payment shall be paid by the City, which shall recoup the cost of the Separation Payment from the LACERS members as set forth above in Sections 4.1033(a)(9)(i)-(iii).

(c) The following provisions and limitations shall apply to the ERIP benefits set forth above in Section 4.1033(b):

(1) Any additional age credit provided under the ERIP shall be applied towards the fifty-five (55)-year minimum age requirement for LACERS retiree health subsidies. Any applicable additional Service and/or Service Credit provided under the ERIP shall count toward the retiree health subsidy formula. ERIP Group 5 members are not guaranteed eligibility for any LACERS retiree health subsidies.

(2) A person retiring under the ERIP whose applicable ERIP Group changes between the ERIP Beginning Date and the person's effective date of retirement shall select the Group to which the person wishes to belong (that is, either the person's applicable Group as of the ERIP Beginning Date, or the person's applicable Group as of his or her effective date of retirement).

(3) A person retiring under the ERIP who belongs to a certain ERIP Group due to the purchase of GSB time may attempt to change his or her Group by requesting a refund of the GSB time purchased, provided that the request for refund is consistent with existing GSB program policies. To change Groups in this manner, the request for refund must be approved by LACERS prior to the person's effective date of retirement.

(4) A person's ERIP service retirement allowance may never exceed his or her Final Compensation as defined in Section 4.1001. This provision is intended to comport with Section 4.1007(c).

(5) A person eligible under the GSB program to purchase time due to service in another government agency shall be allowed to apply the purchased time towards additional Service Credit under an ERIP retirement. For the purchased GSB time to be applied towards additional Service Credit, the person must follow the existing GSB purchasing policies, and must have completed the GSB purchase prior to his or her effective date of retirement. This section is not meant to supersede or otherwise affect Section 4.1033(b)(4)(ii), above, which provides that any time purchased under the GSB program shall not be included in the calculation of the Separation Payment for Group 4 members.

(6) The ERIP does not extend any deadlines for purchasing Service Credit under any Service Credit purchase programs, including GSB, PSB, Back Contributions, and Re-deposits. All such purchases must be paid off prior to the LACERS member's effective date of retirement.

(7) If a person is approved by the CAO's office for retirement under the ERIP, but the person dies prior to his or her effective date of retirement, the person's eligible spouse, as defined in former Section 4.1044(a), or qualified domestic partner, as defined in former Section 4.1044.4, if any, shall be entitled to survivorship benefits as if the person retired under the ERIP with one hundred percent (100%) continuance to his or her survivor.

(8) Any benefit payable pursuant to the ERIP is subject to the requirements and limitations applicable to benefits payable from a qualified governmental pension plan under Internal Revenue Code (Code) Sections 401(a) and 414(d), and the regulations and guidance issued under those Code sections. Therefore, any ERIP benefits may be adjusted, as necessary, to maintain the tax qualified status of LACERS.

(9) To work toward the ERIP being cost-neutral to the City, an "ERIP 1% Reduction" shall apply to all ERIP Eligible Filers actually retiring under the ERIP and all Grandfathered Participants actually receiving the ERIP benefits (with the exception of ERIP Group 4 members, as noted below). The ERIP 1% Reduction means that, for each ERIP Eligible Filer actually retiring under the ERIP and each Grandfathered Participant actually receiving the ERIP benefits, his or her entire retirement allowance, including the ERIP benefits, shall be reduced by 1%. The formula for calculating such a person's actual retirement allowance shall be: The person's full retirement allowance, including ERIP benefits (that is, the person's full retirement allowance, including the ERIP benefits, before the ERIP 1% Reduction) multiplied by 0.99. For example, for Groups 1, 2 and 3, the person's actual retirement allowance shall be:

[Final Compensation x Service Credit x Retirement Factor of 0.0216] x 0.99

For Group 5, the person's actual retirement allowance shall be:

[Final Compensation x Service Credit x Retirement Factor of 0.0216] x [Reduction Factor] x 0.99. The Reduction Factor is the standard LACERS Early Retirement Reduction Factor.

The ERIP 1% Reduction shall not apply to members of ERIP Group 4.

(d) Unless otherwise specified, the provisions in the City Charter and the Los Angeles Administrative Code pertaining to LACERS shall not be affected by the ERIP.

(e) It is the intent of the City and the LACERS Unions that the ERIP be envisioned as cost-neutral to the City. The increase in the employee retirement contribution rate and the elimination of defrayal (Sections 4.1033(a)(9)(i)-(ii) above), along with the ERIP 1% Reduction (Section 4.1033(c)(9) above), are mechanisms designed for working toward cost-neutrality.

(f) If the government of the United States or a final court of competent jurisdiction determines that one or more provisions of this Chapter pertaining to the ERIP are unlawful or invalid, the remaining provisions shall remain in full force and effect.

ARTICLE 2

TIER 2 PROVISIONS

Sec. 4.1050. Statement of Purpose.

This Article sets forth the benefits and conditions of entitlement that have been established for persons who are members of Tier 2 of the Los Angeles City Employees' Retirement System (LACERS) and for their beneficiaries. These benefits may be modified and the conditions of entitlement changed by ordinance as authorized in Section 1168 of the City Charter.

It is also the purpose of this Article to demonstrate the intent of the City of Los Angeles, through its governing bodies, to promote the improvement of personnel management and employer-employee relations by enacting, from time to time, such ordinances as may legally be adopted under the authority of Section 1168 of the City Charter whenever Memorandums of Understanding and other agreements, duly executed by all parties thereto and approved by the City Council, require by their terms presentation to the City Council of ordinances changing retirement benefits or conditions of entitlement thereto.

Sec. 4.1051. Definition of Terms.

(a) For the purposes of Article 2 of Chapter 10 and Article 3 of Chapter 11 of Division 4 of the Los Angeles Administrative Code, the following words and phrases shall have the meaning ascribed to them in this section unless elsewhere defined:

Accumulated Contributions. The total of the amounts paid into the Retirement Fund by the member and any interest credited to the member's account.

Annuity. Payments for life derived from the accumulated contributions of a member as provided in this Article.

Base Amount. That portion of a retirement allowance resulting if cost of living amount is deducted therefrom.

Beneficiary. A person entitled to receive a benefit from the Retirement System.

Board of Administration or **Board.** The Board of Administration for LACERS established in Charter Section 1104(b).

City Service or **Service.** Only those periods during which a member received compensation from the City as an employee or during which the employee not only received Workers' Compensation benefits (Div. IV, Labor

Code) for temporary disability on account of any injury or illness arising out of and in the course of employment with the City, but for which the employee also made contributions to the Fund as provided in Charter Section 1162. Notwithstanding the foregoing, a member shall be entitled, at the time of death or retirement, to receive credit for his or her years of service from the date such member entered employment with the City of Los Angeles in a capacity that would entitle him or her to membership in the Retirement System.

City Service Credit or **Service Credit.** The time component of the formula used by the Retirement System for purposes of calculating benefits pursuant to applicable Los Angeles Administrative Code and Board Rule provisions.

Compensation Earnable. The base salary established for any position or office in the City service for the particular period involved in any calculation required and shall not include any bonuses or premium pay.

Continuous Service. Shall mean uninterrupted City service, except that discontinuance of such service of a member for any cause whatever, followed by re-entrance into the City service within three (3) years from the date of such discontinuance, shall not be considered as a break in the continuity of service.

Cost of Living Amount. That portion of a retirement allowance resulting from adjustments made pursuant to Section 4.1069.

Dependent Parent. A person whom the Board of Administration, upon investigation and after a hearing in the matter, shall find is the parent of a member to or for whom the member, during the last year of his service, contributed at least one-half the necessary living expenses.

Domestic Partner. A person who has formed a valid domestic partnership by filing a Declaration of Domestic Partnership with the Retirement System, as authorized in Section 4.1059 herein, or with the State of California, as authorized in Family Code Section 298.5, or a person who has established a legal union which was validly formed in another jurisdiction that is substantially equivalent to a domestic partnership, as provided in Family Code Section 299.2. Domestic partner shall not include a person who has established a domestic partnership pursuant to any other authority, unless expressly otherwise provided in this Article. A partnership shall be established, for purposes of this Article, on the date of the filing with the Retirement System or State.

Employee. Every person in the employ or service of the City of Los Angeles in any capacity or rank whatever at a regular salary, wage or compensation, and regardless of whether the position held by any such person is classified as an office or employment.

Larger Annuity. The annuity funded entirely by the member as provided in Section 4.1068.

Member or **Tier 2 Member.** An employee of the City of Los Angeles who meets the membership requirements contained in Section 4.1052. Notwithstanding the foregoing, a person who is no longer employed by the City, but who qualifies for reciprocity under Section 4.1096, and whose Tier 2 member contributions remain on deposit with the Retirement Fund may be considered to be a member, but only to the limited extent necessary to comply with the reciprocity provisions contained in Section 4.1096. Member, as used in this Article, shall mean a member of Tier 2 unless otherwise specified.

Operative Date. Shall mean the "effective date." unless a different date is specified by any ordinance adopted pursuant to the provisions of Charter Section 1168.

Regular Interest. Interest credited to the individual account of each member as provided in Charter Section 1162(b).

Reserve Basis. A system that provides for the accumulation and maintenance of a fund that will at all times be equal to the difference between the present value of the obligations assumed and the present value of the money to be received for paying such obligations, where such present values are estimated in accordance with accepted actuarial methods and on the basis of an assumed rate of interest and the mathematical probabilities of the occurrence of such contingencies as affect both the payment of the assumed obligations and the receipt of money with which they are to be paid.

Retirement Allowance or **Allowance.** An allowance granted under this Article, except for those allowances granted pursuant to Section 4.1060(a)(2), together with all subsequent adjustments thereto.

Retired Member or **Retired Tier 2 Member.** A former member who is receiving a monthly benefit from Tier 2 of the Retirement System. A retired member shall not be considered a member for purposes of this Article and, if re-employed as authorized in Charter Section 1164, shall continue to be a retired member.

Retirement Fund. The trust fund established for the Retirement System in Charter Section 1154.

Retirement System or **System.** The Los Angeles City Employees' Retirement System (LACERS).

Spouse. A person who is a party to a valid marriage.

(b) Wherever the phrase "**Final Compensation**" is used in this Article, it shall, unless a different meaning is clearly indicated by the context, have the following meaning:

The final compensation of every member shall be calculated as an average of the monthly compensation paid during the member's last thirty-six (36) months of service or any other thirty-six (36) consecutive months of service which he or she shall designate. Since employees are paid on a biweekly basis, rather than a monthly basis, the Board shall adopt appropriate rules to convert a member's biweekly compensation into an amount that represents the member's equivalent compensation for the thirty-six (36)-month period that is to be used to determine final compensation pursuant to this provision. If for any reason final compensation must be computed for any member who has completed less than thirty-six (36) months of continuous service, the salary for the missing months shall be at the rate for the first month of service to arrive at the compensation earnable. This exception shall not apply if a member has any period of continuous service of thirty-six (36) months or more for which he or she will receive service credit.

Compensation which is to be included in the calculation of Final Compensation shall be limited to payments designated as base salary by an ordinance of the City or a memorandum of understanding; all other payments of money not so designated shall not be included in the calculation of Final Compensation. Compensation which shall not be included in the calculation of Final Compensation shall include, but not be limited to, regularly assigned bonuses, premium pay, overtime, daily and other non-regularly assigned bonuses, reimbursements, car allowances, uniform allowances, payments in lieu of benefits or cash-out of benefits and other forms of compensation.

With respect to an employee who begins membership in the Retirement System after June 30, 1996, compensation taken into account in any Plan year may not exceed the annual compensation limits established under Internal Revenue Code Section 401(a)(17), as adjusted for increases in the cost of living in accordance with Internal Revenue Code Section 401(a)(17)(B).

(c) Whenever a reference is made in this Article to a specific section, such reference shall refer to a section contained in this Chapter unless expressly indicated otherwise.

Sec. 4.1052. Membership in Tier 2.

(a) **Membership Provisions.** Effective July 1, 2013, and ongoing, every employee shall become a member of Tier 2 of the Retirement System on the first day of employment in a position with the City in which he or she is not excluded from membership pursuant to the provisions of Subsection (b) of this section, unless he or she qualifies for Tier 1 membership pursuant to one of the following four exceptions to Tier 2 membership:

(1) **Former Tier 1 Member with Contributions on Deposit.** A former Tier 1 member who returns to membership in the Retirement System on or after July 1, 2013, shall return to membership in Tier 1 if he or she has pre-July 1, 2013, contributions that remain on deposit with the Retirement Fund on the date he or she begins City service in a position in which he or she again becomes eligible for membership in the Retirement System. In the event a former member's pre-July 1, 2013, contributions have been forfeited to the Retirement Fund, he or she shall return to membership in Tier 1, provided that he or she is relieved from such forfeiture and said funds are returned to his or her individual account. Former members may not qualify to return to Tier 1 membership under this paragraph by making back contributions or re-deposits of contributions after re-entry into City service.

(2) **Tier 1 Disability Retirees Returned to Employment.** A Tier 1 disability retiree who is returned to City employment on or after July 1, 2013, as provided in Subsections 4.1008(e) or (f), shall return to membership in Tier 1.

(3) **Reciprocal Retirement Benefit Arrangement.** If an employee of the City's Department of Water and Power (DWP) participates in the reciprocal retirement benefit arrangement established in Section 4.1095, he or she shall become a member of Tier 1 upon becoming a member of the Retirement System, rather than Tier 2, provided that his or her employment with the DWP commenced prior to July 1, 2013, and there is no break in service of more than seven (7) calendar days, as provided in Section 4.1095(b). In the event that a member is initially placed into membership in Tier 1 based upon this exception and subsequently makes a timely election not to participate in the reciprocal retirement benefits arrangement, as provided in Subsection 4.1095(d), this exception to Tier 2 membership shall no longer apply to said member and he or she shall become a member of Tier 2, retroactive to the first date of his or membership in the Retirement System.

(4) **Limited Term Retirement Plan**. An elected official who was a member of the Limited Term Retirement Plan (LTRP) on June 30, 2013, and subsequently becomes a member of the Retirement System shall become a member of Tier 1, rather than Tier 2, provided that his or her service as an elected official was continuous from June 30, 2013, until the date he or she became a member of the Retirement System and all of the funds in his or her individual account with the LTRP are transferred to his or her member account with the Retirement System pursuant to the provisions of Section 4.1017(c)(1).

The only exceptions to Tier 2 membership are the four exceptions set forth above, determined based upon the employee's status at the time he or she enters membership in the Retirement System. Service or service credit obtained in connection with the provisions of Sections 4.1017, 4.1018, 4.1019, 4.1020 or any other provision that permits a Tier 2 member to purchase service or service credit shall not qualify a Tier 2 member for membership in Tier 1. Further, there shall be no exception to Tier 2 membership based upon establishing a right to reciprocity pursuant to Section 4.1096. If an employee becomes a member of LACERS on or after July 1, 2013, the fact that he or she was a member of a reciprocal system prior to July 1, 2013 shall not qualify him or her for membership in Tier 1.

A City employee shall cease to be a member upon termination of employment. A City employee shall also cease to be a member if a change in his or her employment results in an exclusion from membership pursuant to the provisions of Subsection (b) of this section, or if his or her membership has been terminated pursuant to the provisions of Subsection (c) of this section.

(b) **Exclusions from Membership.** The following employees shall not be members of the Retirement System:

(1) Persons employed by the Board of Education or School District.

(2) Persons serving on any Board of Commissioners whose compensation consist of attendance fees per meeting attended.

(3) Members of the Fire and Police Pension Plans and members of the Water and Power Employees' Retirement Plan; provided, however, that this exclusion shall not operate during any period of City service in which any such person is employed in any capacity which renders that person ineligible for current membership in said Plans. Nothing in this Chapter shall be construed to prevent any person entitled to the payment of any benefit on account of service as a member of the Plans herein mentioned, from receiving payment on account of any benefit to which such person is entitled as a member of this Retirement System; provided, nevertheless, that no payment shall be made under provisions of this Chapter, for or on account of any period of service for which such person is entitled to receive or is receiving any benefit, under the Fire and Police Pension Plans or the Water and Power Employees' Retirement Plan.

(4) Inmates of City institutions who are allowed compensation for such services as they are able to perform.

(5) Persons in City institutions principally for the purpose of receiving training but who receive compensation.

(6) Persons employed under contract for a definite period or for the performance of a particular special service.

(7) Persons employed only on call or for seasonal work.

(8) Any person employed on an intermittent, temporary or part-time basis, unless the person is a member at the time he or she commences to serve on such a basis, or unless the appointing authority certifies to the Board of Administration that the person's employment is regular and continuous and will probably extend for at least one (1) year and require service for at least one-half the time required of employees in the same group or class of service on a full-time basis.

(9) Any officer of the City elected for a fixed term who files a written declaration of his or her desire not to become a member of the System within ninety (90) days next following the last day of the calendar month during which the first deduction on account of member contributions to the Retirement Fund is taken. When the declaration is filed, any contributions already taken attributable to the fixed term to which he or she was just elected, including interest thereon, shall be transferred to the officer's account with the Limited Term Retirement Plan, and said officer shall have no right to benefits from the System for any periods for which such contributions were taken; provided that any officer who has filed such declaration may revoke it in writing and, upon filing the revocation with the Board of Administration, shall become a member of the System. In addition to persons elected for a fixed term as an officer of the City, any person appointed to fill a vacancy in an elected office for a fixed term, whether for the full remainder of such term or any portion thereof, may choose not to become a member of the System as provided in this paragraph, and shall be considered an elected official of the City for purposes of participation in the Limited Term Retirement Plan.

Notwithstanding the foregoing, whenever any retired member of the System is elected as an officer of the City, he or she shall not re-enter membership in the System, but shall instead become a participant in the Limited Term Retirement Plan, during which time he or she shall continue to receive benefits as a retired member of the System.

(10) Any person undergoing training who will become a member of the Fire and Police Pension Plan upon completion of training.

(c) **Employees Who May Terminate Membership.** Any member whose employment status changes in such manner that he or she would be ineligible for membership pursuant to the provisions of Subsection 4.1052(b)(8) if not already a member, may file a written application, together with proof of status change, with the Board of Administration requesting that his or her membership in the Retirement System be terminated. Provided that he or she provides sufficient proof of status change, the Retirement System shall approve the request. If such request is approved, the former member shall become a member of the Pension Savings Plan for Part-time, Seasonal and Temporary Employees established in Chapter 16 of this Code, provided that he or she otherwise qualifies to participate in such plan. Unless federal law permits a withdrawal of contributions, the former member's accumulated contributions shall remain in the Fund so long as he or she continues to be employed, in any capacity, by the City.

Sec. 4.1053. Member Contributions.

(a) A member who belongs to Tier 2 shall contribute, by salary deduction, to the Retirement Fund at an actuarially determined rate sufficient to fund seventy-five percent (75%) of normal costs and fifty percent (50%) of any unfunded liability for Tier 2. The member contribution is paid solely for the purpose of providing benefits for the member and, unlike Tier 1, does not include a survivor contribution.

The initial contribution rate for the first four (4) years of Tier 2 shall be ten percent (10%) of the compensation earnable for each member. The Board shall establish the Tier 2 member contribution rate every three (3) years thereafter, with the first such determination to be effective July 1, 2017, for the following three (3) years. The Board shall establish the member contribution rate as a percentage of compensation earnable for each member, and the rate established shall be actuarially determined to be sufficient to fund seventy-five (75%) of normal costs and fifty percent (50%) of any unfunded liability for Tier 2. The City contribution shall be determined annually by the Board in a percentage that, when combined with the member contribution, is sufficient to fully meet the actuarial funding requirements.

(b) For purposes of this Article:

(1) Member contributions shall be credited to each member's individual account, and no portion of a member's contribution shall be paid into the 401(h) account;

(2) Member contributions are subject to the provisions of Charter Section 1162, including the right to be credited with interest;

(3) Compensation earnable shall consist of base salary and shall not include any bonuses or premium pay;

(4) Normal costs and unfunded liability shall include costs associated with funding the Retirement Fund's 401(h) account for purposes of establishing the member contribution rate except that, if for any reason the determination of the member contribution rate at the time of an adjustment results in a member contribution rate that exceeds the amount necessary to fund one hundred percent (100%) of normal costs and unfunded liability excluding all costs associated with funding the 401(h) account, then the member's contribution rate shall be reduced accordingly to assure that no part of a member contribution is used to fund the 401(h) account since, if member contributions were paid into the 401(h) account, these contributions would become non-refundable and could not be paid on a pre-tax basis pursuant to Chapter 15 of Division 4 of this Code;

(5) The unfunded liability used to determine rate adjustments shall be based upon the average of the last three (3) years' amortization payments toward the unfunded liability for Tier 2 as determined by the Board's actuary;

(6) The normal costs used to determine rate adjustments shall be based upon the average of the last three (3) years' normal costs for Tier 2 as determined by the Board's actuary.

(c) Notwithstanding the provisions of this section, the City Council shall have the discretionary right to adopt an ordinance to temporarily reduce the member contribution rate for a period not to exceed three (3) years. Members of Tier 2 shall not obtain any vested right to a lower contribution rate on account of any such reduction. Further, the Council explicitly retains the right to amend this Code, by ordinance, to delete this provision. Any ordinance adopted pursuant to this paragraph shall be adopted in the same manner as provided in Charter Section 1168.

(d) The City shall pick up all employee contributions payable by salary deduction pursuant to this Section as provided in Sections 4.1500 through 4.1504 of Chapter 15 of Division 4 of this Code.

Sec. 4.1054. Rights of Former Members.

Former member shall include both a City employee who ceases to be a member upon separating from City service and a City employee who continues to be employed by the City, but ceases to be a member of the Retirement System. For purposes of this section, former member shall not include a retired member who is receiving any retirement allowance provided in this Article.

(a) **Refund of Contributions**. A former member shall be paid his or her accumulated contributions upon written demand made to the Board of Administration. Contributions, however, shall not be refunded to a former member who is employed in any capacity by the City unless such a refund is permitted under federal law. After a former member's contributions have been refunded, he or she shall have no right to any benefits provided by the Retirement System.

(b) **Contributions Remain in the Fund**. A former member may permit his or her accumulated contributions to remain in the Fund. A former member whose contributions remain on deposit and who qualifies for deferred service retirement may apply to retire as provided in Section 4.1056. If such former member fails to file a written retirement application prior to attaining age seventy and a half (70 1/2), the Retirement System, pursuant to rules to be adopted by the Board of Administration, shall make such mandatory minimum distributions as are required by the Internal Revenue Code.

If a former member does not have sufficient years of continuous service so as to be entitled to a deferred service retirement and fails to request a refund of contributions pursuant to Subsection (a), above, within ten (10) years from the date his or her membership terminated or from the date he or she was last employed by the City, whichever occurs later, the former member's accumulated contributions shall be forfeited to the Retirement Fund, provided that he or she: (1) shall be relieved from such forfeiture upon returning to membership in the System, at which time said funds shall be returned to his or her individual account pursuant to rules to be adopted by the Board of Administration; or (2) shall be relieved from such forfeiture upon the making of a valid claim therefor determined at the sole discretion of the Board of Administration. If any such former member attains age seventy and a half (70 1/2) with contributions still on deposit in his or her account, the Retirement System, pursuant to rules to be adopted by the Board of Administration, shall make such mandatory minimum distributions as are required by the Internal Revenue Code.

If mandatory minimum distributions cannot be paid to a former member for any reason, such as the person's failure to cooperate or where the person's whereabouts is unknown and the Retirement System has followed Internal Revenue Service procedures to locate him or her, then such funds shall be forfeited to the Retirement Fund, provided that he or she shall be relieved from such forfeiture upon the making of a valid claim therefor, determined at the sole discretion of the Board of Administration.

In the event that a former member whose contributions or other benefits have been forfeited pursuant to this subsection is deceased, any person or entity who would be entitled to the payment of the former member's funds upon his or her death may make a claim for relief from forfeiture on the deceased's behalf.

Sec. 4.1055 Service Retirement for Employees.

(a) **Eligibility for Normal Retirement.**

(1) A Tier 2 member with ten (10) or more years of continuous City service shall be eligible to retire after reaching age sixty-five (65) with a retirement factor of two percent (2%).

(2) A Tier 2 member shall be eligible to retire at age seventy (70) or older, regardless of length of City service, with a retirement factor of two percent (2%).

(b) **Eligibility for Early Retirement.** A Tier 2 member with ten (10) or more years of continuous City service shall be eligible to retire after reaching age fifty-five (55) with the following retirement factor based upon his or her age taken to the completed quarter year:

Age	Retirement Factor
55.00	0.7700%

55.25	0.7880%
55.50	0.8050%
55.75	0.8230%
56.00	0.8400%
56.25	0.8600%
56.50	0.8800%
56.75	0.9000%
57.00	0.9200%
57.25	0.9430%
57.50	0.9650%
57.75	0.9880%
58.00	1.0100%
58.25	1.0350%
58.50	1.0600%
58.75	1.0850%
59.00	1.1100%
59.25	1.1380%
59.50	1.1650%
59.75	1.1930%
60.00	1.2200%
60.25	1.2500%

60.50	1.2800%
60.75	1.3100%
61.00	1.3400%
61.25	1.3750%
61.50	1.4100%
61.75	1.4450%
62.00	1.4800%
62.25	1.5180%
62.50	1.5550%
62.75	1.5930%
63.00	1.6300%
63.25	1.6750%
63.50	1.7200%
63.75	1.7650%
64.00	1.8100%
64.25	1.8580%
64.50	1.9050%
64.75	1.9530%

(c) **Application Requirements.** A Tier 2 member who is eligible for normal or early retirement may file a service retirement application with the Board of Administration specifying a retirement date. The application shall be filed not less than thirty (30) or more than sixty (60) days prior to the requested retirement date, except as follows:

(1) In the event a member has been notified by the City that he or she will be laid off, the application may be filed less than thirty (30) days in advance and shall be accepted provided it is filed with the Board while the member is still employed, specifies a retirement date prior to the member's termination, and shall not be effective earlier than the date on which it is filed.

(2) The thirty (30)-day advance filing requirement shall not apply if the City has adopted a Resolution of Fiscal Emergency that is in effect and the Mayor has notified the System, in writing, that the City's fiscal condition warrants a waiver of the advance filing requirement for a ninety (90)-day period from the date of such notification, provided that the application shall not be effective earlier than the date on which it is filed. As long as the Resolution of Fiscal Emergency remains in effect, the Mayor may extend a waiver of the advance filing requirement in successive periods of ninety (90) days each by written notification from the Mayor to the System.

Sec. 4.1056. Service Retirement for Former Members (Deferred Retirement).

A Tier 2 member who terminates City employment other than by retirement may leave his or her contributions in the Retirement Fund. Such former member's individual account shall be credited with regular interest in the same manner as applies to a member's individual account.

(a) **Eligibility for Deferred Service Retirement**. In order to become eligible for a deferred service retirement from Tier 2, a former member's Tier 2 contributions must remain in the Retirement Fund, and he or she must have:

(1) Five (5) years of continuous City service, be age fifty-five (55) or older, and ten (10) years must have elapsed since he or she first became a member; or

(2) Five (5) years of continuous City service and be age seventy (70) or older; or

(3) Been a part-time employee, be age fifty-five (55) or older, and ten (10) years must have elapsed since he or she first became a member; or

(4) Been a part-time employee and be age seventy (70) or older.

(b) **Application Requirements**. A former member of Tier 2 who is eligible for a deferred service retirement must notify the Retirement System, in writing, when he or she wants to retire and shall then be retired with the retirement factor attributable to his or her age as provided in Subsection 4.1055(b), if age fifty-five (55) through sixty-four (64), or with a retirement factor of two percent (2%) if age sixty-five (65) or older, provided that the date of his or her retirement may not be earlier than the date that the written notification is received by the System.

Sec. 4.1057. Service Retirement Allowances.

(a) **Tier 2 Formula.** The service retirement allowance for a person who is eligible to retire under either Section 4.1055 or 4.1056 herein shall be determined pursuant to the following Tier 2 Formula:

Retirement factor (multiplied by) City service credit (multiplied by) final compensation (equals) service retirement allowance.

Each service retirement allowance shall be allocated between the following two components:

(1) An annuity which shall be the actuarial equivalent of the retiree's accumulated contributions at the time of retirement (excluding any additional contributions paid to provide a larger annuity at the time of retirement), calculated in accordance with approved actuarial methods as of the date of retirement; and

(2) A pension, in the amount of the remaining balance, payable to the retiree on account of his or her service.

The retirement allowance as so calculated shall be subject to the following adjustments, if applicable:

(1) If he or she had been on disability retirement, the retiree's service retirement allowance shall be reduced by an amount equal to the annuity which the total of the disability annuity payments made to him or her would have provided had they still been part of his or her accumulated contributions at the time of retirement unless, upon returning to service from disability retirement, a member elected, as provided by Board rule, to make additional contributions in order to restore part or all of his or her annuity.

(2) If he or she received any minimum distribution required by the Internal Revenue Code, the retiree's service retirement allowance shall be subject to adjustment as provided in rules to be adopted by the Board of Administration.

(b) **Cap on Allowances.** In no event shall any Tier 2 retirement allowance exceed seventy-five percent (75%) of final compensation, except where the allowance is based solely upon the annuity component funded by the retiree's accumulated contributions, and thus does not include a pension component. The seventy-five percent (75%) of final compensation limitation upon the retirement allowance set forth above, which is subject to one exception as noted, shall apply to the member's retirement allowance prior to any adjustments that may be required as a result of the purchase of an additional annuity, the provision for a continuance to a survivor, or any other election authorized in this Article.

(c) **Internal Revenue Limitations.** All Internal Revenue Code limitations set forth in Section 4.1051(b) shall be applicable to benefits payable under Tier 2. In addition, Tier 2 members shall not be entitled to the payment of benefits to the extent such benefits are reduced by the limitations on benefits imposed by Section 415 of the Internal Revenue Code. Tier 2 members shall not be eligible to participate in the Excess Benefit Plan established in Section 4.1800.

Sec. 4.1058. Disability Retirement.

(a) **Application for Disability Retirement.** Any member who has ten (10) or more years of continuous service and who has become physically or mentally incapacitated and who is incapable, as a result thereof, of performing his or her duties, may be retired upon written application of such member, or of any person acting in his or her behalf, or of the head of the department in which such member is employed. Any such application for disability retirement may be made at any time within, but not exceeding, one (1) year after the discontinuance of the service of an employee or the termination of any duly authorized sick leave with pay, provided such incapacity has been continuous from the discontinuance of such service.

(b) **Disability Determination**. The Board shall cause each member who applies to be examined by and a written report thereon rendered by at least three regularly licensed, practicing physicians selected by the Board unless the member is terminally ill, in which case the Board shall only require the member to be examined by one such physician selected by the Board. If, upon considering the report(s) of such physician(s) and such other evidence as shall have been presented to it, the Board finds that the member has become physically or mentally incapacitated and is incapable, as a result thereof, of performing his duties and if said Board finds that such disability was not due to intemperance or the willful misconduct of such member, the member shall be retired as of the date of the discontinuance of his or her service on account of such disability or termination of sick leave with pay.

(c) **Disability Retirement Allowance.** Any member retired on account of disability shall receive a disability retirement allowance which shall consist of:

(1) An annuity which shall be the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement, calculated in accordance with approved actuarial methods as of the date of retirement; and

(2) A pension which shall be in such an amount that the same, when added to that portion of his or her annuity not derived from additional contributions paid to provide a larger annuity at the time of retirement, shall be a sum which shall be equal to one-ninetieth (1/90) of his or her final compensation,

as defined in Section 4.1001(b), calculated as of the date of retirement, multiplied by the City service credit of such member.

(d) **Death of Applicant Prior to Board Action.** Whenever the Board shall have before it for consideration an application for disability retirement by a member who died while he or she was waiting for the application to be processed and prior to reports of examination being obtained from three or more physicians selected by the Board, a disability retirement may be granted on the basis of fewer than three medical reports or no such reports subject to the following provisions:

The Board must find:

(1) That the applicant was physically or mentally incapacitated since the discontinuance of service and incapable of performing the duties of his or her position; and

(2) That the disabling condition(s) and death of the applicant were not due to the applicant's intemperance or willful misconduct.

It shall be within the power of the Board to adopt all necessary rules to implement the provisions of this subsection, including, but not limited to, rules regarding the type and quantity of evidence required to make the determination required herein.

(e) **Review of Disability Retirees.** The Board may, from time to time in its discretion, require any beneficiary under the age of sixty (60) years who shall have been retired because of disability to submit to medical examination by three regularly licensed practicing physicians selected by the Board. Upon the basis of such examination and other proper evidence, said Board shall determine whether such beneficiary is still incapacitated for service in the position held by the beneficiary at the time of his or her retirement. If the Board shall determine that such beneficiary is not so incapacitated, he or she shall be restored to duty in the position held by him or her at the time of said retirement order and, upon his or her return to active service his or her retirement allowance shall be canceled.

The failure, neglect, or refusal of any beneficiary to submit to such medical examination as the Board may order or to return to active service when determined to be no longer incapacitated, within such reasonable time as the Board may determine, shall be sufficient cause for cancellation of such retirement allowance, in the discretion of the Board, in which event the only right that he or she shall have as a former member pursuant to Section 4.1054 is to receive a refund of his or her accumulated contributions, less any payments made on account of the annuity provided herein.

If the Board should determine that a beneficiary is no longer incapacitated, but the beneficiary cannot be restored to duty in the position held by him or her at the time of retirement due to the beneficiary's termination or resignation, the Board shall cancel his or her retirement allowance, and, as a former member, he or she shall have the rights set forth in Section 4.1054, provided that, in the event he or she requests a refund of contributions, the accumulated contributions shall be reduced by any payments made on account of the annuity provided herein.

(f) **Consentual Re-Employment in a Different Position.** Any person retired for disability by the Board, even though incapable of performing the duties of the position from which he or she was retired, may be re-employed in a different vacant position if the Board of Civil Service Commissioners were to find that he or she is capable of performing the duties of such position, provided, however, that such person may be so re-employed only with the consent of the appointing authority for such position and the written consent of such person. The Board of Civil Service Commissioners shall adopt rules and regulations to effectuate the purpose of the foregoing provisions. Upon the re-employment of such person, his or her disability retirement allowance shall cease, and, should he or she be eligible for membership in the Retirement System, he or she shall again become a member

(g) **Rights and Obligations upon Re-Employment.** Any beneficiary who re-enters the service of the City, as provided in Subsection (e) or (f) herein, and again becomes a member of the Retirement System, shall return to membership in Tier 2. The balance, if any, of his or her accumulated contributions, after deducting the annuity payments made to him or her on account of a disability retirement allowance, shall be credited to the individual account of such member with the Retirement System, regardless of whether he or she becomes a member of the Retirement System or of another City retirement system upon re-employment.

He or she shall receive credit for services rendered prior to the date of his or her retirement in the same manner as though he or she had never been retired for disability, but the payment of a disability pension shall not constitute compensation from the City entitling him or her to service for the period it was paid. If otherwise eligible, a member may purchase eligible service with another governmental entity for employment during periods in which he or she received a disability allowance. Members of Tier 2 may elect to make contributions, on a post-tax basis, in order to replace some or all of the contributions used to fund the annuity portion of his or her disability pension so as to reduce or eliminate the reduction that would otherwise occur to his or her service retirement allowance pursuant to the provisions of Section 4.1057(a)(1). The Board shall adopt rules to allow Tier 2 members to make contributions for this purpose.

(h) **Board Authority.** The Board shall have the power to hear and determine all matters pertaining to the granting or termination of any retirement allowance provided for in this section, and the determination of the Board shall be final and conclusive.

(i) **Loan Program for Disability Applicants**. The Board shall, by rule, establish a loan program for members who have made application for disability retirement or upon whose behalf an application has been made in accordance with the provisions of this chapter, provided that the loan program shall be in compliance with the provisions of Internal Revenue Code Section 72(p). The loan program shall further provide that in no event shall the amount of funds loaned to any member exceed the amount of contributions and interest in the member's LACERS account, and that once a Board determination is made granting or denying a member's disability application, no further funds shall be lent to the member in connection with that application. Loan repayments will be suspended under this program as permitted under Section 414(u)(4) of the Internal Revenue Code.

(j) **Right to Make Back Contributions When Disability Application Denied.** Any member who has, at any time, filed an application for the benefit of a disability retirement, which application was thereafter denied by the Board of Administration upon a finding by said Board that the applicant had not become physically or mentally incapacitated so as to be incapable of performing his or her duties, shall have the right to designate up to six (6) months of the period while such application was pending for purposes of acquiring credit towards City service as defined in Section 4.1051, subject to the following conditions:

(1) The designated period does not already entitle the member to service credit.

(2) The maximum period to be designated is six (6) months or the actual period of time while the application for disability retirement was pending, whichever was less.

(3) If a member has applied more than once for disability retirement, the cumulative total period to be designated may not exceed six (6) months or the time elapsed while applications were processed, whichever is less.

(4) The right granted herein shall be exercised in writing, filed with the Board, designating the period of City Service for which the member desires to receive retirement credit, and must be accompanied by a single payment of back contributions or by an irrevocable agreement to pay such back contributions in installments. The back contributions to be paid shall be in an amount equal to all of the contributions which he or she would have made to the Fund had he or she been making contributions during such period, based upon such person's Compensation Earnable before the discontinuance of his or her service, together with all regular interest which, had he or she so made the same, would have been credited thereon prior to the date of such payment; provided, however, that in the case of such installment payments thereof, the same shall be made pursuant to rules which shall be adopted by the Board establishing minimum amounts to be paid and the period of time therefor and providing the rate of interest which shall also be paid upon the unpaid balance of the same. Every member who makes up back contributions as provided herein shall be allowed credit for the period of City Service designated in the declaration filed by him or her with the Board; provided, however, that should he or she, for any reason, cease to be a member before making up the full amount thereof, he or she shall

be allowed retirement credit, counter-calendarwise, for the same portion of such designated period as the amount made up by him or her is of such full amount.

Sec. 4.1059. LACERS Domestic Partnerships.

(a) **Establishment of Domestic Partnership with LACERS**. Domestic partners are two adults who have chosen to share one another's lives in an intimate and committed relationship of mutual caring. A domestic partnership shall be established for purposes of this Article when both partners file a Declaration of Domestic Partnership with the Board, provided all the following requirements are met:

(1) Both persons agree to be jointly responsible for each other's basic living expenses incurred during the domestic partnership.

(2) Neither person is married or a member of another domestic partnership.

(3) The two persons are not related by blood in a way that would prevent them from being married to each other in this State.

(4) Both persons are at least eighteen (18) years of age.

(5) Both persons may be of the same sex or the opposite sex.

(6) Both persons are capable of consenting to the domestic partnership.

(b) **Termination of Domestic Partnership with LACERS.** Once a domestic partnership is established as provided above, this domestic partnership shall be terminated when any of the following occurs:

(1) One partner gives, or sends by certified mail, to the other partner a written notice that he or she is terminating the partnership.

(2) One of the domestic partners dies.

(3) One of the domestic partners marries.

Upon termination of a domestic partnership, at least one of the former partners shall file a Notice of Termination of Domestic Partnership with the Board, provided that failure to file such notice shall not prevent the termination of the domestic partnership.

(c) **Six (6) Month Prohibition**. No person who has established a domestic partnership by filing a Declaration of Domestic Partnership with the Board may file a new Declaration of Domestic Partnership with the Board until at least six (6) months after the date that a Notice of Termination of Domestic Partnership was filed with the

Board as provided herein. This prohibition does not apply if the previous domestic partnership ended because one of the partners died or married.

(d) **Death of Member Prior to Filing with the Board.** Should a member die prior to filing a Declaration of Domestic Partnership with the Board, but (1) have a current domestic partner based upon an earlier established domestic partnership with the Personnel Department, and (2) have a beneficiary designation on file with the Board that designates that domestic partner as the beneficiary entitled to receive all of the member's contributions, then such domestic partner shall be entitled to receive the same benefits that he or she would have received had their domestic partnership been filed with the Board, as provided herein, on the date that the parties filed their Affidavit or Declaration of Domestic Partnership with the Personnel Department

Sec. 4.1060. Payments Upon Death.

(a) **Death of Member before Retirement.** Upon the death of any member before retirement:

(1) **Accumulated Contributions.** The member's accumulated contributions shall be paid to such person or legal entity as the member shall have nominated by written designation, duly executed and filed with the Board of Administration or, if there be no such written designation of beneficiary, then to the surviving spouse or domestic partner of such deceased member, or to the member's children in the event there be no surviving spouse or domestic partner, or to the member's parents in the event there be no surviving spouse or domestic partner or children. In the event there be no written designation of beneficiary, surviving spouse or domestic partner, children or parents, then said accumulated contributions shall be paid to the executor or administrator of the estate of such deceased member, or to any other person or legal entity legally authorized to collect money due the decedent.

(2) **Limited Pension.** In the event such member shall have had at least one year of City service for which the member is entitled to receive retirement credit, then a limited pension shall be paid as provided herein. The limited pension shall be paid in equal monthly payments of one-half of the average monthly compensation earnable of such member during the member's last year of service. For each year of service, not to exceed six (6) years, two (2) monthly payments shall be paid, not to exceed a total of twelve (12) monthly payments for six (6) or more years of service. Such limited pension shall be paid to the surviving spouse or domestic partner of such deceased member, or to the minor children of such member in the event there shall be no surviving spouse or domestic partner. The payment to a minor child shall continue beyond the month the child reaches age eighteen (18) if the child was a minor on the date of the member's death. In the event there be no surviving spouse or domestic partner or minor children, the limited pension shall be paid to the dependent parents of such member. However, no limited pension shall be paid in the event the Board

of Administration, upon investigation and after a hearing in the matter, finds that the death of such member was due to or resulted from the intemperance or the willful conduct of such member. In the event any such beneficiary should die before receiving the full amount of such limited pension, the same shall be continued to the persons who, in the order hereinabove set forth, qualify as beneficiaries thereof as of the date of death of such deceased beneficiary and who, within sixty (60) days after such date make demand for payment thereof; provided, however, that, in the event no such demand is made within such time, the said limited pension shall conclusively be deemed to have been terminated as of such date of death.

(3) **Election of Optional Retirement Allowance when Member Eligible to Retire.** In the event such member was eligible to retire pursuant to the provisions of Section 4.1055 and that the person or persons entitled to be paid such limited pension is or are the same person or persons entitled to be paid, against the claims or demands of any and all other persons thereto, the full amount of such member's accumulated contributions, then such person or persons may, by a written instrument duly executed, acknowledged and filed with the Board of Administration, waive payment of such limited pension and such accumulated contributions and elect to be paid, in lieu thereof, the optional retirement allowance which would have been paid to such member throughout his or her life and continued, upon his or her death, throughout the life or lives of such person or persons as his or her designated survivor or survivors, had the member, as of the day preceding his or her death, been retired pursuant to the provisions of Section 4.1062(a)(1) and designated such person or persons as his or her survivor or survivors. In no event shall the benefits of this paragraph be payable to any person after the allowance of a limited pension pursuant to the provisions of this subsection, nor shall the limited pension be payable to any person after the allowance of the benefits of this paragraph. If any person elects to receive the optional retirement allowance provided in this paragraph, no benefits shall be paid from the Family Death Benefit Plan established in Section 4.1090 of this Chapter.

The duly appointed, qualified and acting guardian of the estate of a minor child or an incompetent shall make such waiver and election on behalf of such minor child or incompetent.

Whenever a member shall die while in City service leaving a survivor who would be eligible to receive the benefit provided herein if the deceased member had been eligible, at the time of his or her death, to retire pursuant to Section 4.1055 if such member's vacation time accrued immediately preceding the day of death pursuant to Article 1, Chapter 6, Division 4 of this Code or any applicable Memorandum of Understanding would have been added to his or her years of service, the accrued vacation time of the deceased member or any necessary portion thereof shall be added to such member's total years of service. The benefit herein created shall be available at the option of the eligible survivor of the deceased member. Accrued vacation time of a deceased member may only be utilized for purposes of establishing eligibility to the survivorship benefits provided herein, and may not be used to create or affect other retirement rights provided in the City Charter or the Los Angeles Administrative Code.

(b) **Death of Former Member before Retirement.** Upon the death of any former member who had not yet retired, the former member's accumulated contributions shall be paid to such person or legal entity as the former member shall have nominated by written designation duly executed and filed with the Board of Administration or, if there be no such written designation of beneficiary, then to the surviving spouse or domestic partner of such deceased member, or to the member's children in the event there be no surviving spouse or domestic partner, or to the member's parents in the event there be no surviving spouse or domestic partner or children. In the event there be no written designation of beneficiary, surviving spouse or domestic partner, children or parents, then said accumulated contributions shall be paid to the executor or administrator of the estate of such deceased member, or to any other person or legal entity legally authorized to collect money due the decedent. Every former member, including a former member who has established reciprocity with another retirement system, shall be limited to the rights provided in this paragraph if he or she dies prior to retirement.

(c) **Death of Retired Member.** Upon the death of a retired member:

(1) **Continuance to a Survivor.** A continuance of the retired member's retirement allowance shall only be paid if the member elected to provide for a continuance to a survivor at the time of retirement.

(2) **Unused Contributions and Unpaid Retirement Allowance.** Upon the death of a retired member or, upon the death of all of the member's survivors to whom a retirement allowance was paid, the unused contributions and any accrued but unpaid retirement allowance of the retiree shall be paid in the same manner as that provided in Subsection (a)(1) of this section for the payment of the accumulated contributions of a member who dies before retirement; provided, however, that the retired member or any survivors shall not have received a retirement allowance pursuant to which no refund of contributions is payable upon the death of the retiree or his or her last survivor, in which case no contributions shall be refundable. For the purpose of this Article, the phrase "**unused contributions**" shall be the remainder, if any, of the accumulated contributions of such deceased member after deducting the total of all amounts paid on account of any annuity to such retiree and to his or her survivor or survivors, provided that there shall be no unused contributions in the event that the retiree or any survivors received a retirement allowance pursuant to which no refund of contributions is payable upon the death of the retiree or his or her last survivor.

The spouse or domestic partner who is receiving a retirement allowance as a result of the retiree's death, referred to as a survivor for purposes of this provision, may file a beneficiary designation with the Board of Administration naming a beneficiary or beneficiaries for any accrued but unpaid allowance payable upon the survivor's death and, subject to the limitations set forth below, for the deceased's unused contributions.

Upon the survivor's death, any accrued but unpaid allowance due the survivor shall be paid in the following order: (i) to the survivor's designated beneficiaries; (ii) if none, to the children of the survivor; (iii) if no children, to the parents of the survivor; or (iv) if no parents, to the executor or administrator of the estate of the survivor or to any other person or legal entity legally entitled to collect money due to the survivor. Should the survivor leave no one legally entitled to collect any accrued allowance, it shall be paid in the following order: (i) to the deceased retired member's children; or (ii) if none, to the deceased retired member's parents; or (iii) if none, to the executor or administrator of the estate of the retired member or to any other person or legal entity legally entitled to collect money due to the deceased retired member.

If the deceased member has failed to designate a beneficiary for the unused contributions or if the beneficiaries so designated by the deceased member have all predeceased the survivor, then upon the death of the survivor, the Board of Administration shall pay the unused contributions pursuant to the survivor's beneficiary designation on file with the Board. In the event the survivor has no beneficiary designation on file or the named beneficiaries have all predeceased the survivor, then the unused contributions shall be paid in the following order: (i) to the deceased member's children; or (ii) if none, to the deceased member's parents; or (iii) if none, to the executor or administrator of the estate of the survivor or to any other person or legal entity legally entitled to collect money due to the deceased survivor.

(3) **Burial Allowance.** Upon the death of every retired member, the sum of $2,500.00 shall be paid to one, and only one, person or legal entity whom the retired member shall have nominated by written designation duly executed and filed with the Board of Administration, or to the surviving spouse or domestic partner of such deceased retired member in the event there be no designated beneficiary, provided that such payment shall be made only after satisfactory evidence has been presented to the Board showing that the expense of burial of the decedent has been paid or that the obligation to pay therefor has been assumed by a person or persons or an organization legally capable of contracting such obligation. The fact of burial, as evidenced by a certified copy of the death certificate, shall be sufficient evidence of compliance with the requirements stated in the foregoing sentence. While the purpose of this benefit is to provide a funeral allowance for the deceased retiree, the Retirement System shall have no responsibility to assure that this payment is used for that purpose.

In the event there be no designated beneficiary, surviving spouse or domestic partner, or in the event the requirements herein stated with respect to the expense of burial of such retired member have not been complied with within such time as said Board in its discretion may determine, then the payment of the amount specified in this provision shall be paid to the executor or administrator of the estate of such decedent or to any other person or legal entity legally authorized to receive money due said decedent.

(d) **Reversion of Unclaimed Contributions to the Retirement Fund**. The right to payment of the accumulated contributions upon the death of the member or former member before retirement, as provided in Subsections (a) and (b) herein, and the right to payment of the member's unused contributions, as provided in Subsection (c) herein, upon the later of the death of the retired member or the member's survivor to whom an allowance was paid, is a vested property right of the person(s) entitled to such payment; provided, however, that should the person(s) entitled thereto fail to claim this benefit within ten (10) years from the date of such death, the funds shall revert to the Retirement Fund, unless and until, the Board of Administration receives a valid belated claim for payment determined at the sole discretion of the Board of Administration. Any death benefit payable shall be subject to mandatory minimum distribution as required by the Internal Revenue Code, provided that the funds that are required to be distributed shall revert to the Retirement Fund if the person(s) entitled to the funds refuses to cooperate in electing to be paid such funds or cannot be located and the Retirement System has followed Internal Revenue Service procedures to locate such person(s).

Sec. 4.1061. Election to Provide an Allowance to a Designated Beneficiary Upon the Retiree's Death.

A member or former member may make an irrevocable election at the time of retirement, in writing, to provide for a continuance of his or her retirement allowance to one designated beneficiary. The retiree shall take an actuarial reduction of his or her retirement allowance to pay for the continuance to a designated beneficiary. The retiree shall specify any whole percentage not to exceed one hundred percent (100%) as the portion of the retirement allowance to be paid as an allowance to the beneficiary, subject to any limits imposed by federal law. The allowance payable to the beneficiary shall commence the day following the retired member's date of death and shall terminate upon the death of the beneficiary.

The beneficiary's continuance shall be subject to all cost of living and discretionary increases.

A beneficiary under this section shall not be entitled to any disability retirement allowance, any basic death benefit, any special death benefit, any monthly allowance for survivors of a member or retired person, any insurance benefit or subsidy, or retired member lump-sum death benefit.

The Board shall adopt rules to administer this continuance and shall formulate the benefits in such a way that no additional actuarial liability is incurred either by the System or by the City.

Sec. 4.1062. Election to Provide an Optional Allowance to Specified Survivors Upon a Retiree's Death.

(a) **Optional Retirement Allowance Election.** At any time before the first payment of a service or disability retirement allowance, a member or former member who is retiring may elect to receive the actuarial equivalent of such retirement allowance as:

(1) **One Hundred Percent (100%) Continuance.** An optional retirement allowance payable throughout the balance of the retiree's life, with the provision that upon his or her death, one hundred percent (100%) of such optional retirement allowance shall be continued through the life of and paid to the retired member's surviving spouse or domestic partner; or to his or her minor children, in the event there be no surviving spouse or domestic partner; or to his or her dependent parents, in the event there be no surviving spouse or domestic partner or minor children, provided that, in the case of a minor child, the same shall terminate with the monthly payment next preceding the date on which said child attains the age of eighteen (18) years; or

(2) **Lesser Percent (%) Continuance.** Any other optional allowance which the retiree may elect to receive and which shall be authorized by the Board, payable throughout the balance of his or her life with the provision that, upon his or her death, a specified percentage of such optional allowance selected by the retiree shall be continued through the life of and paid: to the retired member's surviving spouse or domestic partner; or to his or her minor children, in the event there be no surviving spouse or domestic partner; or to his or her dependent parents, in the event there be no surviving spouse, domestic partner or minor children, provided that, in the case of a minor child, the same shall terminate with the monthly payment next preceding the date on which said child attains the age of eighteen (18) years.

In order for the person who is the retiree's spouse or domestic partner at the time of retirement to be eligible to receive the continuance provided in this section, this person must be the surviving spouse or surviving domestic partner of the retiree at the time of his or her death.

(b) **Calculation of Optional Retirement Allowances.** The amount of any optional retirement allowance granted pursuant to this section shall be so calculated that the liability of the system at the date of retirement under the optional retirement allowance shall be equal to the liability of the system at the same date under the retirement allowance provided in Sections 4.1057 or 4.1058. For the purpose of this section, the liability of the System is defined as the present value, in accordance with tables adopted by the Board, of the retirement allowance or optional retirement allowance calculated by approved actuarial methods, giving due weight to the average probabilities of survivorship of all parties involved in the allowance, or optional allowance, to the limitation of payments to age 18 in the case of a minor child, and to the requirement for refund of unused contributions after the death of the retiree or beneficiary, as provided for in Section 4.1060(c)(2).

(c) **Federal Law Limitations May Not Be Exceeded.** No optional allowance shall be granted under the provisions of this section that exceed any limitations imposed by federal law.

Sec. 4.1063. Right to Elect Life Annuity with No Refund of Contributions.

Any member, former member, or the survivor of a deceased member who is eligible for a retirement allowance under the provisions of this Article may, in lieu of the annuity payment calculated on the basis of the refund of unused contributions, elect to receive an annuity payable only during the life or lives of the persons covered by the option with no payment due upon the death of the last survivor on account of unused contributions. In all other respects, the provisions of Section 4.1062(b) with respect to the liability of the System under the option being equal to the liability of the System under the retiree's unmodified retirement allowance shall be applicable.

Sec. 4.1064. Back Contributions.

(a) **Back Contributions for Past Periods of City Service.** Every member who was a City employee during any period or periods in which he or she was regularly employed, on a full-time basis or on a part-time basis, but was not a member, and thus not contributing to the Retirement Fund, shall have the option to designate all or any portion of such employment for which he or she may receive retirement credit, provided, however, that the member is not receiving, and is not entitled to receive, for that period of City employment any benefit from any other pension or retirement system including, but not limited to, the Fire and Police Pension Plan, the Water and Power Employees' Retirement Plan, the Limited Term Retirement Plan, the Pension Savings Plan for Part-time, Seasonal and Temporary Employees, and any union plan. Such option shall be exercised in writing, filed with the Board of Administration, designating the period of City employment for which the member desires to receive retirement credit, and must be accompanied by a single payment of back contributions or by an agreement to pay such back contributions in installments.

The back contributions to be paid shall be in an amount equal to all of the contributions which he or she would have made to the Fund had he or she been a member during such period, together with all regular interest which, had he or she so made the same, would have been credited thereon prior to the date of such payment; provided, however, that, in the case of such installment payment thereof, the same shall be made pursuant to the rules which shall be adopted by the Board of Administration establishing minimum amounts to be paid and the period of time within which they must be paid and, furthermore, providing the rate of interest which shall be paid upon the unpaid balance of the same. Should back contributions be made for any period of City employment prior to July 1, 2013, such contributions shall be in an amount equal to the portion of the contributions the member would have paid as normal contributions if he or she had been a member of Tier 1 during such period, together with all regular interest which would have been credited thereon prior to the date of such payment, but excluding the portion that would have been paid as a survivor contribution.

Every member who makes up back contributions, as hereinabove provided, shall be allowed credit for the period of City employment designated in the declaration filed by him or her with the Board of Administration, the same as though he or she had been a member during such period. Any such member shall be allowed, at any time, to make a single payment equal to the then present value of all of the unpaid installments in such manner as shall be determined by the Board. Should the member fail to make all of the payments required of him or her under the provisions of this section, he or she shall be allowed retirement credit, counter-calendarwise, for the same portion of such designated period as the amount made up by him or her is of such full amount, and provided further, that, should he or she cease to be a member by reason of his or her death, retirement credit shall be allowed for the whole period designated by him or her if his or her surviving spouse or domestic partner exercises the option which, under such circumstances, hereby is given to such survivor to make a single payment equal to the then present value of all of the unpaid installments in such manner as may be determined by the Board. The written option hereinabove referred to shall be filed with the Board of Administration.

For purposes of determining whether a member is not receiving, and is not entitled to receive, for a prior period of City employment any benefit from a non-City pension or retirement system, such as a union plan, the Board shall adopt rules regarding the proof that a member must provide to establish a right to make back contributions for such prior period of City employment since, for a non-City system, such information is not directly available to the Retirement System.

(b) **Back Contributions for Periods of Participation in the Pension Saving Plan.** Notwithstanding the provisions of Subsection (a), a member may receive retirement credit for any period or periods in which he or she was a participant in the Pension Savings Plan for Part-time, Seasonal and Temporary Employees provided for in Chapter 16 of Division 4 of this Code. Such option shall be exercised in writing, filed with and subject to rules promulgated by the Board of Administration as provided for in Subsection (a) above. The amount of back contributions to be paid shall be the total of the following:

(1) An amount equal to all of the contributions which he or she would have made to the Fund had he or she been a member during such period, together with all regular interest which would have been credited thereon by the Board of Administration prior to the date of such payment; and

(2) The full amount of all contributions made to the Pension Savings Plan by the City on behalf of the member during such period or periods, plus all interest credited to those contributions by the Pension Savings Plan.

With regard to any period of City employment prior to July 1, 2013, the amount required to be paid under (1), above, shall be an amount equal to the portion of the contributions the member would have paid as normal contributions if he or she had been a member of Tier 1 during such period, together with all regular interest which would have been credited thereon prior to the date of such payment, but excluding the portion that would have been paid as a survivor contribution.

(c) **Back Contributions for Periods of Participation in the Limited Term Retirement Plan.** Notwithstanding the provisions of Subsection (a) herein and Section 4.1850(g) of Chapter 18.5 of Division 4 of this Code, every person who is a member may receive service credit for any period or periods in which he or she was a participant in the Limited Term Retirement Plan, provided for in Chapter 18.5 of Division 4 of this Code, by making back contributions, which shall be paid in one of the following manners:

(1) All of the participant's interest in his or her individual account with the Limited Term Retirement Plan, based upon contributions made both by the Participant and by the City, and any gains or losses thereon, shall be transferred from the Limited Term Retirement Fund to the LACERS Retirement Fund for credit to the member's LACERS account and, upon receipt, shall constitute full payment for the buy back;, or

(2) Where the member's entire account balance in his or her former individual account with the Limited Term Retirement Plan, based upon contributions made both by the participant and by the City and any gains or losses thereon, is directly rolled over from the Limited Term Retirement Plan to another eligible retirement plan prior to January 1, 2003, provided these funds have been segregated and not co-mingled with any other funds, the trustee-to-trustee transfer of the total balance from that eligible retirement plan to the LACERS Retirement Fund for credit to the member's LACERS account shall constitute full payment for the buy back; or

(3) In all other cases in which the member's Limited Term Retirement Plan account balance has been distributed, the amount of back contributions to be paid shall be in the amount of the entire lump sum distribution, whether received by the member or by any other person, together with all regular interest which would have been credited thereon by the Board of Administration subsequent to the date the lump sum was distributed had he or she been a member during that period.

This option shall be exercised in writing, filed with and subject to rules to be promulgated by the Board of Administration. The service credit purchased pursuant to this subsection shall count as continuous service credit for all LACERS benefits, the same as if the person had been a member during the entire period of time for which service credit is given.

(d) **Back Contributions for Periods when Member Received Workers' Compensation Benefits.** The Board of Administration shall, by rule, provide for the making up of contributions that a member failed to make for any period during which the member received Workers' Compensation benefits (Div. IV, Labor Code) for temporary disability on account of any injury or illness arising out of and in the course of the member's employment with the City, together with an amount equal to the regular interest that would have been credited had the member made the contribution.

(e) **Back Contributions in Connection with Disability Denials.** A limited right to make back contributions in connection with denials of disability applications is provided in Section 4.1058(j)(4).

(f) **Limitations on Back Contributions Imposed by Federal Law.** Notwithstanding the provisions of Subsection (a), (b), and (c) herein, a member shall not be allowed to make back contributions to purchase retirement credit under this Section if the period of time being purchased constitutes "unqualified service" which the member is prohibited from purchasing under federal law. The Board shall adopt such rules as are necessary to comply with federal law, and may authorize payment methods that comport with federal requirements.

Sec. 4.1065. Redeposit of Formerly Withdrawn Contributions.

Any former member of either Tier 1 or Tier 2 who received a refund of his or her contributions upon separating from the service of the City shall, upon again becoming a member, have the option to re-deposit with the Retirement Fund the amount previously withdrawn, together with regular interest, irrespective of any time period that may have elapsed since such separation. Such option shall be filed, in writing, with the Board of Administration. The amount of the contributions to be re-deposited shall be the sum of the amount of accumulated contributions withdrawn plus all of the regular interest which would have been credited thereon had said accumulated contributions remained on deposit in the fund to the date the member re-deposits such contributions either by a single lump sum payment or executes an agreement to pay such re-deposit in installments, except that should a member redeposit contributions refunded from Tier 1, only the amount of the refund attributable to normal contributions and interest thereon shall be required to be re-deposited together with regular interest thereon. The portion of the refund attributable to survivor contributions and interest thereon shall not be required to be re-deposited since Tier 2 does not provide survivor benefits funded by the Retirement System.

In the case of installment payments, the Board of Administration shall establish the minimum amounts to be paid, the period of time therefor, the rate of interest which shall be paid on the unpaid balance of the same, and all other rules the Board may deem necessary for the carrying out of the provisions of this section. Any such member shall be allowed, at any time, to make a single payment equal to the then present value of all of the unpaid installments in such manner as shall be determined by the Board. Every member who makes a re-deposit as hereinabove provided shall be allowed retirement credit for the period of service for which the re-deposit is made; provided however, that the member is not receiving, and is not entitled to receive retirement credit for such period of service from any other pension or retirement system of the City of Los Angeles. Should the member fail to complete payment of the re-deposit, credit shall be allowed, counter-calendarwise, from the same portion of such designated period as the amount made up by the member is of such full amount, and provided further that, should he or she cease to be a member by reason of his or her death, retirement credit shall be allowed for the whole period for which the re-deposit is being made if his or her surviving spouse or domestic partner exercises the option which, under such circumstances, hereby is given to such survivor to make a single payment equal to the then present value of all of the unpaid installments in such manner as shall be determined by the Board.

Sec. 4.1066. Buy Back of Periods of Uncompensated Leave from City Service.

(a) **Definitions.** For the purpose of this section, the following words and phrases shall have the meaning ascribed to them in this subsection unless a different meaning is clearly indicated by the context:

Leave of Absence shall mean an approved uncompensated leave of absence from City service, excluding any period of absence due to disciplinary suspension.

Buy Back shall mean purchase by a member of retirement credit for periods of eligible leaves of absence from City service.

(b) **Eligibility.** Every person who is a member on the effective date of this section, or who shall become a member subsequent thereto, shall be eligible to buy back credit for periods of uncompensated leave of absence from City service.

(c) **Application of Buy Back Credit.** Buy back credit for periods of leave of absence from City service shall not count toward establishing the minimum ten (10) years of continuous service required to qualify for retirement under Subsection 4.1055(a), the minimum five (5) years of continuous service required to qualify for retirement under Subsection 4.1056(a), or the minimum (10) ten years of continuous service required to qualify for disability retirement under Subsection 4.1058(a). Further, such buy back credit shall not count as service or service credit for purpose of qualifying for any benefits provided in Chapter 11 of Division 4 of this Code.

(d) **Effect of Benefit Increases.** If retirement benefits should be increased by City Council action pursuant to Section 1168 of the City Charter, such increased benefits shall be applicable to service credits purchased pursuant to this section.

(e) **Minimum Periods of Purchase.** A member electing to buy back credit for periods of uncompensated leave of absence shall file with the Board of Administration a written application identifying the time periods for which credit is to be purchased. A member may buy back credit for one or more periods of uncompensated leave, except, however, a minimum of six (6) months of leave in the aggregate shall be purchased. Total buy back credit purchased shall not exceed the member's actual City service at the time the buy back is concluded.

(f) **Agreement with the City Employees' Retirement System - Buy Back Methods.** A member electing to buy back credit described herein shall enter into a written agreement with the Retirement System. Such agreement shall provide that the member contribute an amount equal to the present value of the liability incurred by the System in crediting the service based upon actuarial assumptions in effect at the time the agreement is entered into or amended, and the projected retirement date contained in the agreement. Such agreement shall identify the method of payment of the additional contributions required to fund the purchased credit, which may be a specific dollar payment or percent of salary obligation. If a member elects to make the required contribution by a specific dollar payment, the payment may be made in a lump sum or in biweekly installments through payroll deduction over a period not to exceed five (5) years. If the member elects to enter into a percent of salary obligation, the member shall agree to make the contributions as a percent of salary through payroll deduction over a period extending from the date of the agreement with the Retirement System to a projected retirement date included in the agreement.

(g) **Termination or Completion of Agreement.** A member who has entered into a buy back agreement shall complete all contributions prior to the effective date of retirement in order to receive agreed upon buy back credit. If all contributions have not been completed and the member elects to retire, the member may receive prorated buy back credit for that portion of the service which has been purchased by contributions already made and forfeit the remainder of credit covered by the agreement or may make a lump sum payment sufficient to complete the total payment covered by the agreement. In the event the member elects to retire at a later date than the age specified in the agreement after completing all payments, no adjustments shall be made in the buy back credit or the cost of such credit. A member who elects to terminate an after-tax agreement prior to its completion or at the time of retirement shall forfeit buy back credit and may elect to receive a cash refund of the buy back contributions and interest payable upon the earlier of death, termination of employment or retirement.

(h) **Member's Death.** In the event of the death of a member who has entered into a buy back agreement, the beneficiary of the member may receive a refund of the buy back contributions and interest thereon, or, if the beneficiary is a survivor who qualifies for benefits without the addition of buy back service credit, he or she may elect to apply the credit, or a portion thereof, to the calculation of such benefits, or may elect to complete the terms of the agreement with a lump sum payment of the remaining amount owed.

(i) **Administration.** The administration of this section shall be under the exclusive management and control of the Board of Administration. Said Board shall have, and is hereby granted, full power and authority to adopt and enforce all such rules and regulations as it may deem necessary for the carrying out of the provisions of this section. The Board of Administration shall have the right to construe this section, to interpret any provision thereof, to make rules and regulations relating to this section, and to determine any factual questions arising in connection with the operation of this section after such investigation or hearing as the Board may deem appropriate. Any decision made by the Board under the provisions of this section shall be conclusive and binding on all parties concerned.

Sec. 4.1067. Government Service Buy Back Program.

(a) **Definitions.** For the purpose of this section, the following words and phrases shall have the meaning ascribed to them in this subsection unless a different meaning is clearly indicated by the context:

Buy Back shall mean purchase by a member of retirement credit for periods of eligible service with other governmental entities or purchase by a member of retirement credit for uncompensated maternity leave.

Full-time Service shall mean a minimum of six (6) months of uninterrupted service with an eligible governmental entity, excluding part-time service.

Governmental Entity shall mean the United States Government, including its territories, any agency of the United States Government, the United States Postal Service and any branch of the United States military service, any state or political subdivision thereof, any local government or special district within any state in the United States; and shall exclude non-governmental agencies supported by government contracts or grants and any prior service with the City of Los Angeles.

Government Service Buy Back Program or **GSB** shall mean the method for the buy back of retirement credit set forth in this section.

Prior Plan shall mean a retirement plan of a governmental entity in which the member was a participant during full-time service.

Uncompensated Maternity Leave shall mean a leave of absence from City Service taken for maternity reasons without pay, provided that such leave shall be a minimum of one (1) month and a maximum of twelve (12) months with respect to any one pregnancy.

(b) **Eligibility.** A member is eligible to buy back credit for periods of full-time service with other governmental entities and to buy back credit for periods of uncompensated maternity leave. Notwithstanding the foregoing:

(1) Members may not buy back credit for periods of service for which they are currently eligible or will become eligible to receive a retirement benefit from a prior plan. For purposes of the previous sentence, a member shall be treated as eligible for such benefit from a prior plan even if the member will not receive such benefit solely due to the member's withdrawal of member contributions and interest from the prior plan, unless such withdrawal occurred prior to the member's date of hire by the City or unless the member deposits the amount of such withdrawal within ninety (90) days of such withdrawal as a portion of the purchase cost. In addition, a member shall be treated as eligible for such benefit from a prior plan if the member received, at any time, a distribution from the prior plan in excess of member contributions and interest with respect to such period of service. The Board may extend the 90-day period if required for compliance with Section 415 of the Internal Revenue Code. In the event that, prior to the attainment of the minimum age and service for a service retirement under LACERS, the member becomes eligible to receive currently or in the future a retirement benefit from the prior plan with respect to such period of service, the corresponding buy back credit shall be canceled, and the member shall receive a refund of the payments made to purchase such buy back credit, with interest, payable upon the earlier of death, termination of employment, or retirement from City Service.

(2) Members are not allowed to buy back credit for periods of service from a governmental entity which provides reciprocal benefits with LACERS and for which that member would be entitled to those reciprocal benefits. For purposes of the previous sentence, a member shall be treated as entitled to reciprocal benefits even if the member will not receive such benefits solely due to the member's withdrawal of member contributions and interest from the prior plan, unless such withdrawal occurred prior to the member's date of hire by the City.

(3) Only a member performing City service as defined in Section 4.1051 shall be eligible to execute a buy back agreement.

(4) For purposes of this section, the date of a withdrawal shall be deemed to be the date of receipt of the proceeds of the withdrawal by the member or other designated recipient.

(5) **Uncompensated Maternity Leave.** Only a member who was on an active employment status immediately before and after taking a leave of absence for maternity reasons without pay shall be eligible to buy back credit for such leave of absence.

(c) **Application of Buy Back Credit.** Purchased service credit shall only count for purposes of calculating the member's service retirement allowance. Purchased service credit shall not count toward establishing the minimum ten (10) years of continuous service required to qualify for retirement under Subsection 4.1055(a), the minimum five (5) years of continuous service required to qualify for retirement under Subsection 4.1056(a), or the minimum ten years of continuous service required to qualify for disability retirement under Subsection 4.1058(a). Further, purchased service credit shall not count as service or service credit for purpose of qualifying for any benefits provided in Chapter 11 of Division 4 of this Code.

(d) **Minimum and Maximum Periods of Purchase.** A member electing to buy back credit for previous service with other governmental entities or for periods of uncompensated maternity leave shall file with the Board of Administration a written application identifying the time periods and agencies for which credit is to be purchased, and shall submit proof acceptable to the Board of Administration establishing the fact of such other service with another governmental entity or such uncompensated maternity leave. Buy back credit for one or more periods of full-time service with another governmental entity prior to entrance or re-entrance into the Retirement System may be purchased, except, however, such purchase shall be limited to not less than six (6) months of uninterrupted service from a single entity. The six (6)-month minimum requirement does not apply to the uncompensated maternity leave. The period(s) of service purchased shall be limited to a total of four (4) years.

(e) **Written Agreement and Cost of Purchase.** A member electing to buy back credit described herein shall enter into a written agreement with the Retirement System. Such agreement shall specify the amount to be paid for the purchase of this service credit. The cost to purchase service credit shall be determined as follows:

> The member's contribution rate shall be combined with the "City Contribution Rate" (as defined below) to establish the total percent of the member's compensation, at the time of purchase, that is to be paid for the total length of the period of service credit (not to exceed four years) that the member agrees to purchase. Compensation as used in this subsection shall refer to the member's compensation earnable, as defined in Subsection 4.1051(a), at the time of purchase.

As an example, assuming the member's compensation at the time of purchase is $100,000.00 per year, the member's contribution rate is ten percent (10%), the City Contribution Rate is twenty percent (20%), and the period of service credit to be purchased is two (2) years, the cost would be determined as follows:

> The ten percent (10%) member contribution rate plus the twenty percent (20%) City Contribution Rate results in a total contribution rate of thirty percent (30%). Thus, to purchase two (2) years of service credit would cost the member a total of $60,000.00 (thirty percent (30%) of the member's $100,000.00 compensation for each year of service purchased).

The "City Contribution Rate" shall be the average annual percent of payroll contributed by the City to the Retirement Fund (excluding contributions allocated to fund the 401(h) account) for Tier 2 based upon the City's payments for the seven years prior to the time of purchase. For the first seven (7) years commencing January 1, 2013, this rate shall be computed upon the City's average annual percentage of payroll contributions to Tier 2, with the rate for any missing year(s) based upon the average of the annual rate(s) for the prior year(s).

(f) **Method of Purchase.**

(1) The member may elect to pay on an after-tax basis in a lump sum or in biweekly installments through payroll deduction, subject to any applicable Internal Revenue Code restrictions.

(2) The Board may establish rules to allow members to pay for purchases via rollovers of funds.

(3) Should the member elect to purchase the buy back service credit through payroll deduction, annual interest at a rate determined by the Board and set at the commencement of the agreement shall be charged. The Board may establish a minimum biweekly payroll deduction.

(g) **Execution of the Agreement.** A member entering into a buy back agreement shall complete all contributions prior to the effective date of retirement in order to receive agreed upon buy back credit. In the event the member elects to retire prior to completion of the buy back agreement, the member may receive prorated buy back credit for that portion of the service with other governmental entities or uncompensated maternity leave which have been purchased by contributions already made and forfeit the remainder of credit covered by the agreement; or the member may make a lump sum payment sufficient to complete the total payment covered by the agreement. Additionally, a member who elects to terminate an after-tax agreement prior to its completion, or at the time of retirement, may elect to receive a cash refund of the buy back contributions and interest payable upon the earlier of death, termination of employment or retirement or prorated buy back credit.

(h) **Member's Death.** In the event that a member who has entered into a buy back agreement dies prior to retirement, the funds paid for this purchase shall be considered to be a part of the member's accumulated contributions and shall be refunded accordingly, with interest thereon computed at the rate applicable to regular member contributions.

(i) **Member's Disability Retirement.** Because purchased service credit does not count towards disability retirement benefits, at the time of his or her disability retirement the member may elect either to receive a refund of the funds paid for this purchase, including interest thereon, or to apply these funds to purchase a larger annuity.

(j) **Limits on Purchase.** In the event part or all of the purchased service credit at the time of retirement would cause the member's service retirement allowance to exceed 75% of final compensation, the purchase cost attributable to any excess service credit that may not be used in the retirement formula, including interest thereon, shall be refunded or may be applied by the member to purchase a larger annuity if doing so does not cause the retirement allowance to exceed any federal limitations that may apply.

(k) **Administration.** The administration of this section shall be under the exclusive management and control of the Board of Administration. Said Board shall have, and is hereby granted, full power and authority to adopt and enforce all such rules and regulations as it may deem necessary for the carrying out of the provisions of this ordinance. The Board of Administration shall have the right to construe this section, to interpret any provision thereof, to make rules and regulations relating to this section, and to determine any factual questions arising in connection with this section's operation after such investigation or hearing as the Board may deem appropriate. Any decision made by the Board under the provisions of this section shall be conclusive and binding on all parties concerned.

Sec. 4.1068. Larger Annuity Program.

The Board of Administration shall, by rule, provide for the making of additional contributions to provide a larger annuity benefit at the time of retirement. A member shall not be permitted to make such additional contributions, however, if doing so would cause his or her benefits to exceed the Internal Revenue Code limitations referenced in Section 4.1076. All larger annuity benefits funded by the making of additional contributions, as authorized in this section, shall be determined by the actuary to be cost-neutral.

Solely for the purpose of making additional contributions to provide a larger annuity benefit at the time of retirement, the Board of Administration may accept, subject to any limitations imposed by federal law, a direct rollover distribution of funds from the City of Los Angeles 457 Deferred Compensation Plan after the date of the member's retirement provided that: the member's application to purchase a larger annuity benefit is received prior to the effective date of the member's retirement, the member prior to his or her retirement shall have provided the Deferred Compensation Plan with the written authorization that is required for funds to be transferred to the Retirement System immediately after his or her retirement, the rollover is completed as soon as administratively feasible, and the larger annuity benefit is not payable to the member until after the funds have been received. The Board of Administration shall have the authority to adopt all rules necessary to administer the larger annuity program within the constraints established in this Section, including the authority to establish a deadline for the receipt of the rollover funds, after which the member's application shall be deemed denied.

Sec. 4.1069. Cost of Living Adjustment.

(a) The provisions of this section shall not be applicable to any benefit payable pursuant to the provisions of Section 4.1060(a)(2). The provisions of this section, however, shall be applicable to each other benefit payable in monthly installments pursuant to any other provisions of this Article, but the application thereof to any such benefit shall not reduce the amount to be paid on, or subsequent to, July 1st of any year to an amount less than that payable immediately prior to July 1st of said year.

(b) The Board of Administration, not later than the 1st day of May of each year, shall determine with respect to the Federal Bureau of Labor Statistics Consumer Price Index for the Los Angeles area ("**the C.P.I.**") the percentage of increase or decrease, if any, in the C.P.I. for the whole of the first next preceding calendar year from the C.P.I. for the whole of the second next preceding calendar year and shall round any such percentage increase or decrease to the nearest one-tenth (1/10) of one percent (1%).

(c) The Board, whenever it shall have determined that there had been an increase or decrease in the C.P.I., shall increase or decrease the amount of each such benefit as hereunder provided, subject, however, to the limitations contained in Subsection (a) of this section:

> Effective the 1st day of July of each year, beginning with the year 2014, the Board of Administration, with respect to each eligible benefit which became payable prior to the applicable 1st day of July, shall increase or decrease the amount thereof payable immediately prior to the applicable 1st day of July by one-twelfth (1/12) of the percentage of increase or decrease in the C.P.I. as determined by it pursuant to Subsection (b) of this section, for each whole month that such benefit was payable during the year commencing the 1st day of July next preceding the applicable 1st day of July and ending the 30th day of June next preceding the applicable 1st day of July, providing that any increase or decrease in the amount of any such benefit shall not exceed one-twelfth (1/12) of two percent (2%) thereof for each whole month that it was payable during the year.

(d) The amount of any benefit which shall be continued to any survivor upon the death of a retired member shall be in the same ratio to the amount of the benefit which such member shall have been receiving as of the date of his or her death as the amount of the benefit which originally would have been continued to such survivor shall bear to the amount of the benefit which originally was payable to such member.

(e) If it were to be impossible or impracticable for the Board to cause all necessary calculations to be made in time for it to include any increases or decreases in the amounts of benefits, as hereinabove provided, in the demands drawn in payment of such benefits for the month of July in any year, then the Board shall have the power and authority, when such calculations shall have been made, to increase or decrease the amounts of the demands drawn in payment of such benefits for any month subsequent to the month of July so as to include any increases or decreases in such benefits which shall have accumulated from and after the 1st day of July.

(f) The Board shall adopt rules to allow a member to purchase additional cost of living adjustment (COLA) coverage, not to exceed an additional one percent (1%) per year, provided that the member shall pay the full actuarial cost for this additional benefit. If a retiree has purchased an additional annuity, the additional COLA coverage shall not apply to the additional annuity unless the member has paid the full actuarial cost to extend the additional COLA coverage to include the additional annuity benefit.

Sec. 4.1070. Discretionary Cost of Living Adjustments.

(a) There is hereby created and established a policy whereby the City Council shall periodically review the matter of the cost of living adjustments for certain beneficiaries who receive retirement benefits from the Retirement System. The review shall be made to ascertain the impact of increases in the Consumer Price Index upon retirement benefits and the adequacy of the annual cost of living adjustments provided in Section 4.1069 of the Los Angeles Administrative Code.

Should the City Council find and determine that annual cost of living adjustments are inadequate in light of the movement of the Consumer Price Index, the City Council may grant additional, but discretionary, cost of living adjustments as hereinafter provided.

(b) The first of the reviews provided in Subsection (a) hereof shall be made during the third fiscal year following the date that the first beneficiary of Tier 2 receives a benefit that is subject to a cost of living adjustment, pursuant to Section 4.1069, and annually thereafter until the City Council has provided a first discretionary adjustment pursuant to this section. Thereafter, the City Council shall make periodic reviews in intervals not to exceed three (3) years from the date of the completion of the last review or from the effective date of the last discretionary cost of living adjustments, whichever shall be the later.

(c) Should it be the finding of the City Council that discretionary cost of living adjustments would be in order, any such adjustments would be subject to the following limitations:

(1) The first discretionary adjustment may be granted at any time. Thereafter, discretionary adjustments may not be provided more frequently than once every three (3) years, counting from the date the last discretionary adjustments became effective.

(2) Discretionary adjustments shall not exceed one-half (1/2) of the difference between the percentage of the annual increases in the cost of living,

as determined pursuant to the provisions of Section 4.1069(b) herein, for each of the preceding three (3) years and the annual adjustments made pursuant to Section 4.1069(c). Discretionary adjustments shall be allocated to each of the three (3) years for which an adjustment is made.

(3) Any discretionary cost of living adjustments provided pursuant to the provisions of this section shall be subject to the following further limitation: If a benefit became payable on or after July 1 immediately preceding the effective date of such adjustments, it shall not be so adjusted; and any benefit which shall become payable at a time within a three-year period between discretionary cost of living adjustments (but prior to the immediately preceding July 1), shall be prorated according to the annual increase, on a monthly basis, to the number of completed months for which the benefit was received.

(4) Discretionary cost of living adjustments may be granted only by ordinances adopted in accordance with the provisions of Section 1168 of the City Charter.

(5) All adjustments provided in this subsection are to be applied prospectively only, and shall not be understood to permit retroactive adjustments of benefits.

(d) Discretionary cost of living adjustments shall only be applied to monthly benefits not otherwise excluded from cost of living adjustments under the provisions of Section 4.1069 of this Chapter.

(e) It shall be the duty of the Director of the Office of Administrative and Research Services to prepare appropriate reports and recommendations to enable the City Council to make findings as to the adequacy of the annual cost of living adjustments.

Sec. 4.1071. Waiver of Benefits.

Each beneficiary, as defined in Charter Section 1152, shall have the right, at any time, to waive payment of the whole or any portion of any benefit whatsoever, or of any increase in the amount of any benefit which is, or shall become, payable to him or her pursuant to any provision of this Chapter, and may waive payment thereof forever or for a definite or indefinite period of time. Any such waiver shall be in writing, shall be filed with the Board of Administration and shall be effective as of the first day of the month following the month in which it shall be filed. Each beneficiary who shall make and file such a waiver shall have the right, at any time, to cancel the same. Any such cancellation shall be in writing, shall be filed with the Board of Administration, and shall be effective as of the first day of the month following the month in which it shall be filed. Any such waiver shall constitute a complete release, discharge and acquittance of the City of Los Angeles and the Board of Administration from any and all liability to pay any amount or amounts of any benefits which shall be waived by any such beneficiary.

Sec. 4.1072. Unclaimed Benefits Revert to the Retirement Fund.

Any benefit payable from the Retirement System that is not claimed shall revert to the Retirement Fund. Unless there is a different claim period specified elsewhere in this article, benefits payable from the Retirement System must be claimed within one (1) year. If the person entitled to a benefit is a minor, the period in which to claim the benefit shall be tolled until he or she attains age eighteen (18).

In the event that a beneficiary is entitled to a benefit from the Retirement System, but payment cannot be made for any reason, such as the beneficiary's failure to cooperate, where the beneficiary's whereabouts is unknown or where a beneficiary has failed to cash an outstanding check within such reasonable time period as established by Board rule, and the Retirement System has followed Internal Revenue Service procedures to locate the beneficiary, the funds due to the beneficiary shall be forfeited to the Retirement Fund, provided that a beneficiary shall be relieved from such forfeiture upon receipt of a request from him or her, or anyone authorized to act on his or her behalf.

Sec. 4.1073. Board Determinations.

If it shall be impracticable for the Board to determine from the records the length of service, the compensation, either final or earnable, or the age of any member, the said Board may estimate, for all purposes of this Article, such length of service, compensation or age. It shall determine and fix the amount of service rendered, which shall be the equivalent of a year of service, provided that not more than one (1) year of service shall be credited for all services rendered during any one year. In all cases where compensation of any member consists, in part, of payment for the use of equipment owned and operated by such member personally, the Board of Administration shall fix and determine, for all purposes of this Article, a compensation for the personal service of such member, which shall be in keeping with the salary or wage paid by said City for comparable service, and the compensation so fixed by the Board shall be the basis, and the only basis, for the calculation of the contributions of such member and any and all benefits provided for in this Article. Each member shall file with said Board such information affecting his or her status as a member of said Retirement System, as said Board may require, and the administrative head of each department of the City government shall furnish to said Board such information relative to any member, and the member's status, as it may request.

Sec. 4.1074. Rule Making Power of the Board.

(a) **Trustee-to-Trustee Transfers.** The Board of Administration may, notwithstanding any restrictions upon the method of such payment specified elsewhere, provide, by rule, that any member eligible to:

(1) make up back contributions,

(2) re-deposit contributions,

(3) buy back service credit,

(4) make up contributions for periods during which Workers' Compensation was received,

(5) make additional contributions to purchase a larger annuity provided it is determined cost-neutral by the actuary or

(6) make any other payment in order to receive an increased benefit, may make full or partial payment for these purposes by a direct trustee-to-trustee transfer of funds from any eligible retirement plan (as defined in Section 402(c)(8)(B) of the Internal Revenue Code) as permitted under current federal and state law or under these laws as amended in the future. Should this transfer constitute a partial payment, any additional payment received in a lump sum shall, together with the amount transferred directly, be considered one payment for purposes of this Article.

(b) **Certain Actions.** Except as otherwise expressly provided, wherever the provisions of this Article call for an "election," "application" or "option" or other act to be performed by any person receiving or entitled to receive benefits pursuant to this Article, it shall be within the power of the Board of Administration to establish all necessary rules with respect to the time, manner and operative date of such act.

(c) **Charter Authority**. Pursuant to Charter Section 1106(f), the Board shall have the power to adopt any rules, regulations, or forms it deems necessary to carry out its administration of the Retirement System or assets under its control.

Sec. 4.1075. Provision Required to Comply with the Pension Protection Act of 2006 § 822(a) Regarding Rollover Distributions.

(a) This section applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Los Angeles City Employees' Retirement System to the contrary that would otherwise limit a distributee's election under this part, the "distributee" of an "eligible rollover distribution" may elect to have any portion of an eligible rollover distribution that is equal to at least $200.00 paid directly to an "eligible retirement plan" specified by the distributee in a "direct rollover."

(b) **Definitions.**

"**Eligible Rollover Distribution.** An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal period payments (not less frequently than annually) made for the life (or the life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten (10) years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Internal Revenue Code; the portion of any distribution that is not includable in gross income; and any other distribution which the Internal Revenue Service does not consider eligible for rollover treatment, such as certain corrective distributions necessary to comply with the provisions of Section 415 of the Internal Revenue Code, or any distribution that is reasonably expected to total less than $200.00 during a year. On or after January 1, 2002, a portion of a distribution that is not includable in gross income, but that otherwise qualifies as an eligible rollover distribution, is an eligible distribution, provided that the eligible retirement plan designated to receive such portion of a distribution is (i) an individual retirement account described in Section 408(a) of the Internal Revenue Code, an individual retirement annuity described in Section 408(b) of the Internal Revenue Code, or a qualified defined contribution plan described in Section 401(a) or 403(a) of the Internal Revenue Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution, which is includable in gross income and the portion of such distribution, which is not so includable; (ii) on or after January 1, 2007, a qualified defined benefit plan described in section 401(a) of the Internal Revenue Code, or to an annuity contract described in section 403(b) of the Internal Revenue Code, that agrees to separately account for amounts so transferred (and earnings thereon), including separately accounting for the portion of the distribution that is includable in gross income and the portion of the distribution that is not so includable; (iii) on or after January 1, 2008, to a Roth IRA described in Section 408A of the Internal Revenue Code.

Eligible Retirement Plan. An eligible retirement plan is an individual retirement account described in Section 408(a) of the Internal Revenue Code, an individual retirement annuity described in Section 408(b) of the Internal Revenue Code, an annuity plan described in Section 403(a) of the Internal Revenue Code, or a qualified plan described in Section 401(a) of the Internal Revenue Code that accepts a distributee's eligible rollover distribution. On or after January 1, 2002, an eligible deferred compensation plan described in Section 457(b) of the Internal Revenue Code, maintained by an employer described in Section 457(e)(1)(A) of the Internal Revenue Code, and annuity contract described in Section 403(b) of the Internal Revenue Code, are also eligible retirement plans. However, prior to January 1, 2002, in the case of an eligible rollover distribution to the surviving spouse or other designated beneficiary, an eligible retirement plan is an individual retirement account or individual retirement plan annuity only. On or after January 1, 2008, a Roth IRA described in Section 408A of the Internal Revenue Code is an eligible retirement plan.

Distributee. A distributee means an employee, former employee, spouse or former spouse of an employee or former employee eligible for a rollover distribution. On or after January 1, 2007, a distributee further includes a nonspouse beneficiary who is a designated beneficiary as defined by Section 401(a)(9)(E) of the Internal Revenue Code. However, a nonspouse beneficiary may only make a direct rollover-to an individual retirement account or individual retirement annuity established for the purpose of receiving the distribution, and the account or annuity will be treated as an "inherited" individual retirement account or annuity.

Direct Rollover. A direct rollover is a payment by the plan to the eligible retirement plan specified by the distributee.

Sec. 4.1076. Provision Required to Comply with Internal Revenue Code Section 401(a)(37) and the Heroes Earnings Assistance and Relief Tax Act of 2008 § 104(a).

(a) Notwithstanding any other provisions of this Article, the benefits payable to any person who becomes a member on or after January 1, 1990, shall be subject to the limitations set forth in Section 415 of the Internal Revenue Code. Effective for limitation years beginning on or after January 1, 2001, for purposes of applying the limitations of Section 415 of the Internal Revenue Code, compensation paid or made available during the limitation year shall include any amounts that are not includable in the gross income of the member by reason of Section 132(f)(4) of the Internal Revenue Code.

For the purpose of applying the limitations of Section 415(e) of the Internal Revenue Code, the portion of the Los Angeles City Employees' Retirement System that constitutes a defined benefit plan shall be the portion subject to reduction in the event that Section 415(e) requires reduction of benefit or contributions.

(b) The benefits payable to any person who became a plan member prior to January 1, 1990, shall be subject to the greater of the following:

(1) The limitations set forth in Section 415 of the Internal Revenue Code; or

(2) The accrued benefit of the member (determined without regard to any amendment made after October 14, 1987), as provided in Section 415(b)(10)(A) of the Internal Revenue Code.

(c) Notwithstanding any other provisions of the Retirement System to the contrary, the member contributions paid to and retirement benefits paid from the plan shall be limited to such extent as may be necessary to conform to the requirements of Section 415 of the Internal Revenue Code for a qualified pension plan.

(d) If any of the limitations of Section 415 of the Internal Revenue Code should be repealed, the provisions of this section shall be deemed repealed to the same extent.

(e) Nothing contained in this section shall limit the City Council from modifying benefits to the extent such modifications are permissible by City Charter and applicable State and Federal law.

(f) Notwithstanding any provision of this Plan to the contrary, effective December 12, 1994, contributions, benefits and service credit with respect to qualified military service while an employee will be provided in accordance with Section 414(u) of the Internal Revenue Code.

(1) Effective with respect to deaths occurring on or after January 1, 2007, while a member is performing qualified military service (as defined in Chapter 43 of Title 38, United States Code), to the extent required by Section 401(a)(37) of the Internal Revenue Code, survivors of a member in a state or local retirement or pension system are entitled to any additional benefits that the system would provide if the member had resumed employment and then died, such as accelerated vesting or survivor benefits that are contingent on the member's death while employed. In any event, a deceased member's period of qualified military service must be counted for vesting purposes.

(2) Beginning January 1, 2009, to the extent required by Section 414(u)(12) of the Internal Revenue Code, an individual receiving differential wage payments (as defined under section 3401(h)(2) of the Internal Revenue Code) from an employer shall be treated as employed by that employer, and the differential wage payment shall be treated as compensation for purposes of applying the limits on annual additions under Section 415(c) of the Internal Revenue Code. This provision shall be applied to all similarly situated individuals in a reasonably equivalent manner.

Sec. 4.1077. Provision Required to Comply With Internal Revenue Code Section 401(a)(9).

The Retirement System will pay all benefits in accordance with a good faith interpretation of the requirements of Section 401(a)(9) of the Internal Revenue Code and the regulations in effect under that section, as applicable to a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code. The Retirement System is subject to the following provisions:

Distribution must begin by the required beginning date, which is the later of the April 1 following the calendar year in which the member attains age 70 1/2, or April 1 of the year following the calendar year in which the member terminates. If a member fails to apply for retirement benefits or request a refund, as applicable, by the later of either of those dates, the Board shall begin distribution as required by this rule in the form provided in Section 4.1057 or Section 4.1054, as applicable.

(a) The member's entire interest must be distributed over the member's life or the lives of the member and a qualified survivor, or over a period not extending beyond the life expectancy of the member or of the member and a designated beneficiary.

(b) The Retirement System, pursuant to a court order, may pay a portion of the member's benefit to a nonmember.

(c) If a member dies after the required distribution of benefits 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.

(d) If a member dies before required distribution of the member's benefits has begun, the member's entire interest must be either:

(1) Distributed (in accordance with federal regulations) over the life or life expectancy of the qualified survivor, with the distributions beginning no later than December 31 of the calendar year following the calendar year of the member's death, or

(2) Distributed within five (5) years of the member's death.

(e) 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 Internal Revenue Code, and the minimum distribution incidental benefit rule under Treasury Regulation Section 1.401(a)(9)-6, Q&A-2.

(f) The death and disability benefits provided by the retirement system are limited by the incidental benefit rule set forth in Section 401(a)(9)(G) of the Internal Revenue Code and Treasury Regulation Section 1.401-1(b)(1)(i), or any successor regulation thereto. As a result, the total death or disability benefits payable may not exceed twenty-five percent (25%) of the cost for all of the members' benefits received from the retirement system.

(g) Notwithstanding the other provisions of this rule or the provisions of the Treasury Regulations, benefit options may continue so long as the option satisfies Section 401(a)(9) of the Internal Revenue Code based on a reasonable and good faith interpretation of that section.

Sec. 4.1078. Former Spouse or Domestic Partner's Option to Elect a Life Annuity.

When a court of competent jurisdiction does not order a separate account as specified in Section 4.1079, but instead awards the former spouse or former domestic partner (the "Ex") a portion of the retirement benefits payable to the member and to the member's surviving spouse or domestic partner (survivor), if any, the "Ex," in lieu of receiving his or her portion of the benefits payable based upon the lifetime of the member and/or survivor, may instead make an irrevocable election to convert his or her interest in such retirement benefits into an actuarially equivalent life annuity payable for the lifetime of the "Ex." If the member has not yet retired, the "Ex" must make this irrevocable election to receive a life annuity, in writing, prior to receiving payment of his or her community property portion of the retirement allowance. If the member has already retired, the election must be made at the time the "Ex" requests direct payment of his or her community property portion of the retirement allowance. If this irrevocable election is not made prior to the applicable times specified herein, the "Ex" will be deemed to have waived the right to elect to receive a life annuity.

This option is not available in a legal separation where the parties' relationship has not been legally terminated.

Sec. 4.1079. Separate Account Option in Legal Separations or Dissolutions.

Separate accounts, on the terms and conditions set forth in this section, may be established under a court order dividing community property in connection with a legal separation or a dissolution, provided that the order is entered prior to the member's retirement. Separate accounts cannot be established by a court order entered after the member's retirement.

(a) **Court Order Required for Separate Accounts.** When a court of competent jurisdiction orders the division of community property prior to the member's date of retirement, the court may order that the accumulated contributions, plus regular interest and service credit attributable to periods of service during the marriage, be divided into two separate and distinct accounts in the name of the member and the nonmember, respectively. Any service credit or accumulated contributions that are not explicitly awarded by the court order shall be deemed the separate property of the member, in which the nonmember shall have no further interest.

The nonmember who is awarded a separate account under this section shall be required to make an irrevocable written election to either receive a refund of contributions or a separate account allowance, provided he or she must be eligible for the option that is elected. If said election is not timely made, the nonmember shall be deemed to have chosen a refund of contributions.

(b) **Definitions.** For purposes of this section, the following terms shall mean:

Nonmember means the spouse, former spouse, domestic partner, or former domestic partner of a member who, as a result of petitioning the court for the division of community property, has been awarded a separate account reflecting specific credited service and accumulated contributions.

Separate Account Allowance means the monthly amount remitted to a nonmember based on the division of community property, by a court of competent jurisdiction, into a separate account reflecting specific credited service and accumulated contributions, actuarially reduced to provide an annuity for life.

Final Monthly Average Compensation, for a nonmember only, is the monthly average of the member's highest consecutive twelve (12) months of salary at the time of separation.

(c) **Benefits Available to Nonmember Awarded a Separate Account.**

(1) **Refund of Contributions.**

(i) A nonmember who is awarded a separate account shall have the right to a refund of the accumulated contributions plus regular interest in the separate account of the nonmember. A nonmember who elects a refund of contributions is deemed to have permanently waived all rights in this System and all rights to any future retirement benefits pertaining to the service credit, accumulated contributions, or both, when the refund becomes effective. The nonmember may not cancel a refund once it has become effective, nor may the nonmember redeposit a refund once it has been paid.

(ii) If, at the time of separation, the member does not have five (5) years of service credit in the System, the nonmember who has been awarded a separate account shall only receive a refund of the accumulated contributions and regular interest placed in the nonmember's account.

(iii) A nonmember who has elected a refund of contributions, or whose only separate account right is to a refund of contributions, shall not have interest credited to the contributions in his or her separate account after the date of the member's retirement or death, whichever occurs first. The nonmember's right to receive a refund of all the contributions in his or her account on such date is a vested property right; provided, however, that, should the nonmember fail to request a refund within ten (10) years from the date of the member's death or retirement, as applicable, said contributions shall be removed from the nonmember's separate account and shall revert to the Retirement Fund, unless and until the Board of Administration receives a valid belated refund request, determined at the sole discretion of the Board of Administration, which shall be granted. If the nonmember attains age seventy and a half (70 1/2) with contributions still on deposit in his or her separate account, his or her contributions shall be subject to mandatory distribution, as required by the Internal Revenue Code, provided that, if such person cannot be located and paid such mandatory distribution and the Retirement System has followed Internal Revenue Service procedures to locate the beneficiary, such funds shall revert to the Retirement Fund, as provided above, unless and until the Board of Administration receives a valid belated refund request, determined at the sole discretion of the Board of Administration, which shall be granted.

(2) **Separate Account Allowance.**

(i) Unless the nonmember has elected to receive, or has received, a refund of contributions, a nonmember who is awarded a separate account shall be entitled to receive a Separate Account Allowance paid monthly for life, provided that a timely written election has been made and that both of the following conditions are met:

(A) On the date of separation the member had five (5) years of service credit in the System; and

(B) The member was eligible to receive a service retirement allowance on the date that the separate account allowance begins.

(ii) The amount of the Separate Account Allowance shall be based on the service retirement formula in effect on the date of separation applicable to the service credited to the nonmember by the employer and the effective date of the nonmember's Separate Account Allowance, actuarially reduced to provide an annuity for life. The Separate Account Allowance shall be subject to all cost-of-living and discretionary increases.

(iii) The Separate Account Allowance shall consist of a pension and a life annuity, the latter of which shall be derived from the nonmember's accumulated contributions. The Separate Account Allowance shall terminate upon the death of the nonmember.

(3) **Election of Nonmember Benefits.** The nonmember may make an irrevocable election, in writing, to receive the benefit provided under this section as either a refund of contributions or a Separate Account Allowance at any time after the entry of the court order and before the member's retirement or death, whichever occurs first. A nonmember who elects a refund of contributions may request a refund of contributions at the time the election is made or any time thereafter. A nonmember who elects a Separate Account Allowance may request the allowance to begin at the time the election is made or at any time thereafter so long as the conditions set forth in Section 4.1079(c)(2)(i) have been met by the date the monthly allowance is to begin.

The nonmember shall be deemed to have elected a refund of contributions if an irrevocable written election is not made either prior to the member's retirement or death, whichever occurs first, or within such period following the retirement or death as provided by Board rule. The Board of Administration shall adopt rules establishing a limited period following the member's retirement or death, as applicable, in which a nonmember who has not yet made an election may be allowed to make an irrevocable written election. If within the period established by Board rule the nonmember elects to take a separate account allowance, the allowance shall begin on the day prior to the member's retirement or death, as applicable, so long as the conditions set forth in Section 4.1079(c)(2)(i) have been met by that date.

(4) **Benefits Not Granted to Nonmember.** A nonmember whose dissolution is final shall not be entitled to any disability retirement allowance, any basic death benefit, any special death benefit, any monthly allowance for survivors of a member or retired person, any insurance benefit, medical or dental subsidy, or retired member lump-sum death benefit. No survivor continuance allowance shall be payable to a survivor of a nonmember.

(d) **Calculation of Member's Service Retirement Allowance.** A member whose retirement is divided under the provisions set forth above shall receive a monthly retirement allowance based on all service credit and his or her final compensation at the date of retirement, as provided under the provisions of this Article, subject to reduction by the value of the separate account determined as follows:

(1) If the separate account was paid as a refund of contributions, the service credit and contributions awarded to the nonmember shall not be included in the calculation of the member's retirement allowance except to the extent that the member has re-deposited funds as provided in Section 4.1079(f)(1).

(2) If the nonmember elected to receive a Separate Account Allowance, the service credit and contributions awarded to the nonmember shall not be included in the calculation of the member's retirement allowance except to the extent that the member has paid to purchase service credit as provided in Section 4.1079(f)(2).

(3) If the nonmember has not elected to receive either a refund of contributions or a Separate Account Allowance prior to the member's retirement, the service credit and contributions awarded to the nonmember shall not be included in the calculation of the member's retirement allowance.

(e) **Calculation of Member's Disability Retirement Allowance.** Members whose retirement is divided under the provisions set forth above shall receive a monthly disability retirement allowance as provided for in Section 4.1058, except that the portion of accumulated contributions credited to the nonmember will be treated as missed deductions in the member account.

(f) **Buy Back of Funds Allocated to Nonmember.**

(1) If a nonmember receives a refund of contributions and interest, the member may re-deposit these funds, together with any accumulated interest these funds would have earned if the refund had not occurred, to the System, subject to rules adopted by the Board of Administration, and receive full credit for the period of time represented by these funds.

(2) If a nonmember elects to receive a Separate Account Allowance, the member may purchase service credit not to exceed the years of service credited to the nonmember. The purchase of this service credit shall be the full actuarial cost and subject to rules adopted by the Board of Administration.

(g) **Duties and Responsibilities of the Board of Administration.** The Board of Administration shall adopt rules to administer separate accounts ordered by a court of competent jurisdiction and shall formulate benefits applicable to these separate accounts in such a way that no additional actuarial liability is incurred either by the System or by the City.

ARTICLE 3

OPTIONAL FAMILY DEATH BENEFIT PLAN FOR LACERS MEMBERS

Sec. 4.1090. Family Death Benefit Plan.

The purpose of this section is to establish a death benefit plan for the protection of the families of members of the Los Angeles City Retirement System who die before retirement. This plan shall be known as the Family Death Benefit Plan (FDBP), but may be referred to in this section as the Plan.

Participation in the Plan is optional, not mandatory. Members must elect to participate in the coverage provided in this section. Benefits payable under the Plan are subject to earning limitations and, accordingly, may be subject to reduction. Benefits to certain recipients may also be terminable in the event of the person's marriage.

No payments shall be made under this section on account of the death of a member in which an optional survivorship allowance provided by Section 4.1010 (a)(3) or 4.1060(a)(3) of this Chapter is selected. In the event that the optional survivorship allowance provided by Section 4.1011(f) of this Chapter is selected, benefits may temporarily be paid under this section, provided that such benefits shall terminate on the day prior to the effective date that payments begin pursuant to the provisions of Section 4.1011(f).

(a) **Participation in the Family Death Benefit Plan.** A member must file a written election with the Board of Administration in order to participate in the coverage provided in this section. Such election shall be made in writing and may be filed with the Board at any time after the completion of eighteen (18) months of service as a member of either Tier 1 or Tier 2.

A Plan Member may cancel participation in the Plan by filing written notice with the Board of Administration of such cancellation, and, from and after the first day of the calendar month next succeeding such filing, no contributions on account of the Plan shall be taken. No benefit shall thereafter be paid under the provisions of Subsections

(b) and (c) of this section for service rendered prior to such cancellation, nor shall such former participant be again eligible to participate in the Plan until he or she has completed eighteen (18) or more months of service subsequent to the date of such cancellation.

For purposes of this section:

(1) **Family Death Benefit Plan Member** or **Plan Member** shall include only a member of Tier 1 or Tier 2 who has elected to participate in the coverage provided by this section.

(2) **Death Benefit Plan Service** shall include only months of service as a contributing Family Death Benefit Plan Member.

(3) **Survivor** shall mean the surviving spouse or surviving domestic partner of the Plan Member and shall not include any other person(s) who survives the member. For purposes of this section, domestic partner shall mean a person who has established a domestic partnership with the Retirement System, as authorized in Sections 4.1009 or 4.1059 herein, or with the State of California, as authorized in Family Code Section 298.5, or a person who has established a legal union which was validly formed in another jurisdiction that is substantially equivalent to a domestic partnership, as authorized in Family Code Section 299.2; domestic partner shall not include a person who has established a domestic partnership pursuant to any other authority.

(b) **Entitlement after Eighteen (18) Months of Death Benefit Plan Service.** Upon the death of a Family Death Benefit Plan Member who has completed at least eighteen (18) months of Death Benefit Plan Service:

(1) The survivor of such Plan Member, having the care and custody of such member's child or children under the age of sixteen (16), shall receive a monthly allowance as provided in Subsection (d), until such time as he or she shall marry.

(2) The survivor, natural parent or adoptive parent of a Plan Member's child or children under the age of eighteen (18), having care and custody of such child, shall receive a monthly allowance for each child as provided in Subsection (d).

(3) In the event there are surviving children under the age of eighteen (18) who are not in the care or custody of the Plan Member's survivor, or in the care of custody of the child's natural or adoptive parent, there shall be paid to the legally appointed guardian of the estate of the member's child or children a monthly allowance as provided in Subsection (d).

The allowance payable to a survivor under Paragraph (1) of this subsection shall be paid only as long as such person remains unmarried and has a child or children under the age of sixteen (16) in his or her care and custody on whose account an allowance is payable under this subsection.

The phrase **"child or children under the age of eighteen (18)"** shall include, in addition to a child who has not attained his or her eighteenth (18th) birthday as of the date of the Plan Member's death, any child who, before reaching the age of twenty-two (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 allowance payable on account of every child shall cease when such child reach the age of eighteen (18) unless such child was, or has become, disabled as in this paragraph provided, in which case payments on account of such a disabled child shall be continued for the duration of the disability. The Board of Administration shall have the power to hear and determine all matters pertaining to the degree and the duration of any child's disability, and the determination of said Board shall be final and conclusive.

(c) **Entitlement after One Hundred Twenty (120) Months of Death Benefit Plan Service.** Upon the death of a Family Death Benefit Plan Member, who has at least one hundred twenty (120) months of Death Benefit Plan Service:

(1) If there be a survivor or children of such member eligible to receive payments under Subsection (b), such payments shall be made as therein provided;

(2) Upon reaching age sixty (60), the Survivor of such member, if he or she has not married since the member's death and is not entitled to a Survivor's payment under Subsection (b)(1), shall be paid a monthly pension as provided in Subsection (e).

(3) Upon reaching age fifty (50), the survivor of such member who is found to be 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, if he or she has not married since the member's death and is not entitled to a survivor's payment under Subsection (b), shall be entitled to receive the benefit provided in Subsection (e), with such actuarial adjustment as provided by Board rule. The Board of Administration shall have the power to hear and determine all matters pertaining to the degree and the duration of any survivor's disability, and the determination of said Board shall be final and conclusive.

(4) In the event such member is not survived by a survivor or children, but is survived by a parent or parents who during the last year of the member's service, had received at least one-half (1/2) of their necessary living expenses

from such member, there shall be paid to each such parent a monthly pension as provided in Subsection (f); provided, however, that such payments shall not begin before the parent has reached age sixty-two (62), and no payment shall be made to a parent who has married subsequent to the member's death. In order to qualify for this benefit, the parent(s), regardless of their age at the time of the member's death, must within a period of six (6) months following the member's death, file a claim with the Board of Administration for such benefit and establish to the satisfaction of said Board the fact of dependency as provided herein. Failure for any reason to file such claim within the time herein specified shall forever bar the right of such parent or parents to assert a claim to such benefits.

(d) **Allowances Payable under Subsection (b).** Effective December 16, 1996, and ongoing:

(1) The monthly allowance to be paid pursuant to Subsection (b)(1) herein shall be as follows:

Survivor and one child - $1,875.00
Survivor and two children - $2,186.90

(2) The monthly allowance to be paid pursuant to Subsection (b)(2) and Subsection (b)(3) herein shall be as follows:

One child - $937.50
Two children - $1,875.00
Three children - $2,186.90

(e) **Allowances Payable under Subsection (c) to a Survivor.** Effective December 16, 1996, and ongoing, the monthly allowance payable to a survivor, pursuant to Subsection (c), shall be as follows:

For payments beginning at age sixty (60)	$613.04
For payments beginning at age sixty-one (61)	$661.93
For payments beginning at age sixty-two (62)	$710.78
For payments beginning at age sixty-three (63)	$759.66
For payments beginning at age sixty-four (64)	$808.52
For payments beginning at age sixty-five (65) or older	$857.40

(f) **Allowances Payable under Subsection (c) to Dependent Parent(s).** Effective December 16, 1996, and ongoing, the monthly allowance payable to a dependent parent(s), pursuant to Subsection (c), shall be as follows:

For one dependent parent	$1,031.25
For two dependent parents	$1,875.00

(g) **Board of Administration Authority.** Full power and authority is hereby vested in the Board of Administration to make such changes in the conditions set forth in Subsections (b) and (c) of this section governing entitlement to, and continued payment of, the benefits therein provided, as will, from time to time, make such conditions comparable to, and in substantial accordance with, the conditions governing the respective Survivor Benefits under the Old-Age, Survivors and Disability Insurance (OASDI) Program.

In addition, the Board shall establish an earnings test and provide for a reduction in the payments to be made under this section, which test and reduction in payments shall be in substantial accordance with the earnings test and reduced payments on account of earning established under the OASDI Program.

It is the intent, meaning, and purpose of this subsection to provide a means whereby entitlement to and continuance of benefit payments to the surviving children, Survivor, or parents of a deceased Family Death Benefit Plan Member shall be in substantial accordance with the conditions governing entitlement to, and continuance of, the comparable survivor benefits under the OASDI Program. The rights granted to Family Death Benefit Plan Members under this Section shall be cumulative in the event that benefits become payable to children whose parents were both Family Death Benefit Plan Members at the time of their respective deaths.

It shall be the duty of every person receiving payments under the provisions of this section to make such reports relative to employment, earnings and marital status as the Board may determine, and failure to furnish any such report within the time and in the manner specified by said Board shall be cause for the suspension or cancellation of any further payments as said Board may, in its discretion, determine.

(h) **Funding of Plan Benefits.** The Board of Administration shall secure such actuarial reports and valuations as may be necessary to establish the cost of the benefits provided by this section and for the accumulation and maintenance of a fund on a reserve basis sufficient for the payment of such benefits. On the basis of such reports it shall establish and change or modify a rate of contribution for the Plan Members and a like rate for the City to the end that such cost shall be borne equally between the Plan Members and the City. Age and sex shall be disregarded in establishing such rate, which shall be expressed as a dollar amount per month per Plan Member.

Said Board shall certify the dollar amount of the Plan Member contribution to the Controller who shall deduct one-half (1/2) of such amount from the salary paid to each such member for each of two payroll periods during each calendar month and draw a payroll check for the total of the amount so deducted, which shall be paid into a special reserve account of the Los Angeles City Employees' Retirement Fund to be designated Family Death Benefit Plan account.

Each Plan Member, by virtue of the election to participate in the Plan, shall be deemed to consent and agree to each such deduction, and payment of each payroll check shall be a full and complete discharge and acquittance of all claims and demands whatsoever for service rendered by such member during the period covered by such payroll. Contributions taken pursuant to the provisions of this subsection shall be in addition to the member contributions required to be taken under the provisions of Charter Section 1162, but they shall not become a part of the member's accumulated contributions, nor shall they be refundable under any circumstances.

The Board of Administration shall include in the annual department budget, in addition to the items specified in Charter Section 1160 and for the account of said Family Death Benefit Plan account:

(1) An amount equal to the estimated total amount to be contributed by the Family Death Benefit Plan Members during such fiscal year; and

(2) In the event the benefits paid and to be paid under the provisions of this section during the preceding fiscal year shall exceed the total account paid into said account by the contributing members, the revenue derived from (1) above and the interest as provided in the next paragraph, an amount equal to such deficit.

Interest shall be credited to said Family Death Benefit Plan account at the same time, and in the same manner, as interest is credited to the other actuarial reserve accounts of the Retirement System, and the Board of Administration shall keep such record and account of the total amount paid into said account plus the interest credited thereto, as will show at any time the total amount so provided less the total amount of benefits.

No payment on account of the benefits provided in this section shall be paid from any other fund or account and every Family Death Benefit Plan Member shall, by virtue of the election to participate in the Plan, be deemed to consent and agree to this limitation of liability.

(i) **Past Service Credit towards Entitlements under the Plan.** Every person who shall enter or re-enter membership in either Tier 1 or Tier 2 of the Retirement System shall be entitled to receive Death Benefit Plan Service for purposes of entitlement to benefits, as provided in this section for those periods of time subsequent to July 1, 1965, for which he or she is entitled to retirement service credit with either tier, or for which he or she is making back contributions or re-deposits as authorized for such retirement service credit, but for which he or she is not entitled to Death Benefit Plan Service by complying with the following conditions:

(1) He or she shall file with the Board of Administration a written election to receive all such Death Benefit Plan Service as he or she shall be entitled to, not to exceed one hundred twenty (120) months, and

(2) He or she shall make back contributions to the Family Death Benefit Plan, together with regular interest thereon, in a lump sum or in installments by payroll deductions in such manner as the Board of Administration may determine, and provided that no such credits may be given for any periods of City service rendered prior to July 1, 1965.

Should the Plan Member die prior to having complied with the conditions set forth in the prior paragraph, the Plan Member's survivor or the guardian of the Plan Member's minor child or children is hereby given the option to make a single payment equal to the then present value of all the amounts due under the deceased Plan Member's election, in such manner as may be determined by the Board, and thereby become entitled to the benefits provided in this section.

ARTICLE 4

RECIPROCAL BENEFITS BETWEEN LACERS AND OTHER RETIREMENT SYSTEMS

Sec. 4.1095. Benefits for Employees Upon Their Change of Membership from the Water and Power Employees' Retirement Plan to Membership in the Los Angeles City Employees' Retirement System and for Members Who Change Membership from the Los Angeles City Employees' Retirement System to the Water and Power Employees' Retirement Plan. (4.1060)

(a) **Definitions.** For the purpose of this section, the Los Angeles City Employees' Retirement System will be referred to as "**LACERS**" and the Water and Power Employees' Retirement Plan as "**WPERP.**" Members of the Los Angeles City Employees' Retirement System will be referred to as "**System Members,**" and the members of the Water and Power Employees' Retirement Plan will be referred to as "**Plan Members.**"

City Service or **Service** shall mean only those periods during which a member received compensation from the City as an employee and for which the member made contributions to either the LACERS or the WPERP.

With respect to all other terms used in this section the definitions contained in Articles 1 and 2 of this chapter shall be applicable unless a different meaning is clearly indicated by the context.

(b) **Membership in the LACERS.** A Plan Member shall become a system member immediately upon changing employment from the Department of Water and Power to such other office, class, or position established by the City of Los Angeles as would make him or her eligible for membership in the LACERS; provided, however, that there is no break in service of more than seven (7) calendar days. If there is a break in service of more than seven (7) calendar days, the former Plan Member shall become a System Member on the date that his or her entrance into such employment with the City of Los Angeles makes him or her eligible to become a System Member.

If a Plan Member participates in the reciprocal retirement benefit arrangement established in this Section, he or she shall become a member of Tier 1 upon becoming a System Member, provided that his or her employment with the DWP commenced prior to July 1, 2013, and there is no break in service of more than seven (7) calendar days, as provided in the preceding paragraph. If a Plan Member becomes a System Member on or after July 1, 2013, he or she shall become a member of Tier 2 upon becoming a System Member if (1) he or she did not commence employment with the DWP prior to July 1, 2013, (2) he or she commenced employment with the DWP prior to July 1, 2013, but there was a break in service of more than seven (7) calendar days upon the change in employment from the DWP, or (3) the system member elects not to participate in the reciprocal retirement benefits arrangement as provided in Subsection (d) herein.

Membership shall entitle the system member to all benefits for retirement, disability and death for which he or she would qualify based upon his or her total service in both the LACERS and the WPERP.

(c) **Contributions of System Members Who Transfer from the Department of Water and Power.** A Plan Member who becomes a System Member shall contribute to LACERS at the rate provided in Tier 1 or Tier 2, as applicable.

(d) **Election Not to Participate in the Reciprocal Retirement Benefits Arrangement.** A System Member may, at any time prior to the expiration of a seven (7) month period following a change of employment from the Department of Water and Power, elect, in writing, as prescribed by the Board of Administration of the LACERS, to commence membership with the LACERS as if such member had no previous City service if (a) the member withdraws his or her contributions from the WPERP or (b) leaves his or her contributions on deposit with the WPERP in order to qualify for a deferred retirement allowance from WPERP in the future.

(e) **Transfer of Members' Accumulated Contributions and Service Credit between WPERP and LACERS.** A member's accumulated contributions in the WPERP will be transferred from the WPERP to the LACERS in accordance with necessary administrative procedures to be developed between the WPERP Board of Administration and the LACERS Board of Administration, unless the System Member has made one of the elections provided in Subsection (d) of this section.

In the case of a System Member who becomes a Plan Member by virtue of his or her change of employment to the Department of Water and Power, and who has not made an election pursuant to the terms of the WPERP, the LACERS upon an appropriate demand for such transfer by the WPERP, shall pay to the WPERP the former System Member's accumulated contributions to the LACERS.

(f) **Treatment of Uncompleted Service Purchases.** System Members who, at the time of their transfer to membership in the LACERS, have commenced making service purchases with the WPERP for service, but have not completed payment of the obligation undertaken by them, may complete the payment thereof with the LACERS at the same rate that was to be payable by them pursuant to the arrangements with WPERP to make such service purchase.

(g) **Continuous Service.** Continuous service to determine a System Member's eligibility for service or disability retirement shall include City service as defined in this section, and not as defined in Sections 4.1001 or 4.1051; provided however, that the System Member has not exercised one of the elections provided in Subsection (d) of this section.

(h) **Family Death Benefit Plan.** The phrase "Death Benefit Plan Service" as used in Section 4.1090 of this Chapter, shall, in the case of a Plan Member who transfers to the LACERS, include such City service as a Plan Member for which the System Member has made back contributions in accordance with the requirements set forth in Section 4.1090(i) of this Chapter.

A System member, in order to be eligible to make back contributions, must not have exercised one of the elections provided in Subsection (d) of this section.

The mode of paying such back contributions in a lump sum or on an installment basis shall be decided by the Board of Administration of the LACERS, which Board shall, within a reasonable time after the effective date of this section, adopt appropriate rules for the implementation of the provisions of this subsection.

(i) **Prohibition Against Dual Benefits.** Benefits provided to System Members as a result of the enactment of this section shall not be in addition to benefits provided by the WPERP on account of the occurrence or non-occurrence of any contingency or event which would, under the provisions of the WPERP, generate entitlement to a benefit or benefits.

(j) **Application of this Section to Persons Who Were System Members on February 15, 1980; Waiver by LACERS of Funds from WPERP and the General Fund.** Any person who was a system member on February 15, 1980, who has been a Plan Member of the WPERP prior to his membership in LACERS, and who has not transferred or withdrawn his accumulated contributions from WPERP, shall be entitled to the benefits herein described upon making application for such benefits as provided herein, provided however, that no funds shall be provided by WPERP or the General Fund of the City in excess of a Plan Member's accumulated contributions.

(k) **Reciprocity of Benefit Provisions and Conditions Affecting this Section.** It is the intent and purpose of this section to provide, or help to provide, portability between the LACERS and the WPERP. The achievement of complete portability of benefits is dependent upon appropriate action by the governing body of the WPERP. Should the implementation of any provisions of this section be possible only if some specific action is taken by the WPERP, then, and as to such provisions only, the effect of this section shall be suspended until appropriate action has been taken by the WPERP.

Sec. 4.1096. Reciprocal Benefits with the Public Employees' Retirement System.

(a) **Uniform Reciprocal Provisions.** The purpose of these reciprocal provisions is to extend to the members of other public agency retirement systems (hereinafter "**reciprocal system**") that adopt similar reciprocal provisions into their retirement ordinances or plans pursuant to Sections 20351, 20353, 31840.2 and 45310.5 of the Government Code, and who, by contract, agree to extend the benefits thereof to the Los Angeles City Employees Retirement System (hereinafter "**this system**"), the following rights in this system, provided such member enters into employment under this system or the reciprocal system within six (6) months of terminating his or her employment under such other or this system:

(1) Notwithstanding any provisions of this Plan or a reciprocal system plan in the matter of vesting, a member whose movement between systems occurs as herein specified shall have the right to elect to leave his or her accumulated contributions on deposit, irrespective of the amount of such contributions or the length of service credited to him or her.

(2) The age of entry for a person entering this system for purposes of fixing member contribution rates from a reciprocal system shall be his or her age at entry into such reciprocal system.

(3) The average monthly salary during any period of service as a member of a reciprocal system shall be considered compensation earnable by a member of this system for purposes of computing final compensation for such member, provided he or she retires concurrently under both systems and is credited with such period of service under the reciprocal system at the time of retirement.

(4) Service, solely for purposes of meeting minimum service qualifications for benefits and retirement allowances under this system, shall also include service rendered as an officer or employee of a reciprocal system if the salary for such service constitutes compensation earnable by a member of this system.

(5) A member shall be retired for disability and receive a retirement allowance based on the service credited to him or her at the time of retirement

during any period in which he or she receives a disability retirement allowance under a reciprocal system; provided, that such allowance shall not exceed an amount which, when added to the allowance paid under the reciprocal system, equals the allowance which would be paid for a non-industrial disability if all the member's service had been credited under the reciprocal system; and provided further that such allowance shall in no event be less than an annuity which is the actuarial equivalent of the member's contributions, whether or not the disability is for industrial reasons.

(6) The death benefit for a member who dies from non-industrial causes as a member of a reciprocal system shall not exceed an amount which when added to the death benefit paid for such member under the reciprocal system equals the maximum death benefit payable under that system; provided, however, that such death benefit shall be at least the amount of the accumulated contributions; and provided further that, if death is caused by industrial injury or disease in the reciprocal system, the death benefit shall be the amount of the member's accumulated contributions.

(7) The governing body of this system shall on the request of a reciprocal system supply information and data necessary for administration of such system as it is affected by membership in, and service credited under, this system.

(8) Interpretation of these provisions shall be made with reference to interpretations that have been made relative to the Public Employees' Retirement System - 1937 Act County Employees' Retirement reciprocal provisions upon which they are based.

(9) These provisions shall apply only to a member whose termination and entry into employment resulting in a change in membership from this system to such other system or from such other system to this system occurred after such acceptance by the Board or after the effective date specified in the agreement; provided, however, that provisions relating to computation of final compensation shall apply to any other member if such provision would have applied had the termination and entry into employment occurred after such acceptance or determination by a system's governing board.

(10) Rights under this system shall be modified as necessary to conform to amendments to the Public Employees' Retirement Law or the County Employees' Retirement Law of 1937 as provided in Section 20353, Government Code.

Sec. 2. The title of Chapter 11 of Division 4 of the Los Angeles Administrative Code is amended to read as follows:

CHAPTER 11

HEALTH AND WELFARE PROGRAMS FOR RETIREES OF THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Sec. 3. Article 1 of Chapter 11 of Division 4 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

ARTICLE 1

GENERAL PROVISIONS

Sec. 4.1100. Purpose of Programs.

It is the purpose of this Chapter to establish Los Angeles City Employees' Retirement System ("LACERS") health and welfare programs for former employees who are retired pursuant to the provisions of Division 4, Chapter 10 of this Code, their eligible dependents **and their eligible survivors**. These benefits may be modified and the conditions of entitlement changed, by ordinance, as authorized in Section 1168 of the City Charter.

Sec. 4.1101. Administration.

The health and welfare programs established in this Chapter shall be administered by the Board of Administration of the Los Angeles City Employees' Retirement System (Board). In furtherance thereof, the Board shall contract for suitable plans as authorized in Sections 4.1105 and 4.1106 of this Chapter to be made available to former employees retired, pursuant to the provisions of Division 4, Chapter 10 of this Code, and shall have the power to adopt such rules as it deems necessary to administer the health and welfare programs.

Sec. 4.1102. Establishment of Health Care Coverage Account.

(a) Effective July 1, 1987, there is established within the Los Angeles City Employees' Retirement Fund a separate account for the purpose of paying benefits for sickness, accident, hospitalization and medical expenses, or any combination thereof provided under this Chapter (hereinafter, "Retired Employees Health and Welfare Programs"). The account is established pursuant to Section 401(h) of the Internal Revenue Code. The assets in this account shall be accounted for separately from the other accounts in the Los Angeles City Employees' Retirement Fund. However, the assets of this account may be commingled for investment purposes only with the other accounts of the Los Angeles City Employees' Retirement Fund. Investment earnings and expenses will be allocated on a reasonable basis. All assets in the 401(h) account shall be held in trust for the exclusive benefit of eligible retirees, their eligible dependents, and their qualified survivors.

(b) Effective October 3, 1989, contributions to the 401(h) account established by this section shall be made from appropriations and any other sources. Contributions to the 401(h) account are subordinate to the contributions to the Los Angeles City Employees' Retirement Fund. At no time shall contributions to the 401(h) account, plus any life insurance protection costs, be in excess of twenty-five percent (25%) of the total aggregate actual contributions made to the Los Angeles City Employees' Retirement Fund for the traditional pension plan benefits (not including contributions to fund past service credits) and the 401(h) account, plus any life insurance protection costs. Annually it will be determined whether the twenty-five percent (25%) limit has been exceeded.

(c) Forfeitures are not to be allocated to any individual accounts under the Retired Employees Health and Welfare Programs established under Div. 4, Chap. 11 of the Los Angeles Administrative Code, but shall be used to provide the defined health care benefits under the Retired Employee Health and Welfare Programs.

(d) The assets of the 401(h) account shall only be used for the payment of health care coverage and medical benefits as provided in the Retired Employees Health and Welfare Programs for eligible retirees, their eligible dependents and their qualified survivors.

(e) At no time prior to the satisfaction of all liabilities under the Retired Employees Health and Welfare Programs shall any assets in the 401(h) account be used for, or diverted to, any purpose other than providing the benefits under subsection (d) of this section and the payment of administrative expenses. Assets in the 401(h) account may not be used for retirement, disability or survivor benefits, or for any other purpose under Div. 4, Chapter 10 of the Los Angeles Administrative Code.

(f) Upon the satisfaction of all liabilities under the law to provide benefits pursuant to subsection (d) of this section, any assets in the 401(h) account, if any, that are not used as provided in Subsection (d) of this section shall be transferred to the City Fund, as required by Section 401(h)(5) of the Internal Revenue Code.

(g) It is the intent of the City of Los Angeles in adopting this section to comply in all respects with Sections 401(a) and 401(h) of the Internal Revenue Code, and regulations interpreting those sections. In applying this amendment, the City of Los Angeles will apply the interpretation that achieves compliance with those sections and preserves the qualified status of the Los Angeles City Employees' Retirement System as a governmental plan under Sections 401(a) and 414(d) of the Internal Revenue Code.

Sec. 4.1103. Funding of Programs.

The health and welfare programs established in this Chapter, including all administrative costs, shall be funded solely from the Health Care Coverage Account established in Section 4.1102 of this Chapter.

Sec. 4.1104. Definition of Health Service Credit.

For purposes of this Chapter, Health Service Credit shall include any service credit authorized in Chapter 10 of Division 4 of this Code which may be taken into consideration for purposes of qualifying for benefits provided in this Chapter, but shall exclude any buy back of service under Sections 4.1019, 4.1066 and 4.1067 of this Code, or under any other provision that prohibits purchased service or service credit from being used to qualify for benefits provided in this Chapter; provided, however, that employees whose service credit is based on periods of part-time and less than full-time employment and who became members of the LACERS prior to April 23, 1990, shall receive full, rather than pro-rated, Health Service Credit for periods of service for which their service credit is pro-rated due to being less than full-time.

Sec. 4.1105. Establishment of Programs.

The following health and welfare programs are established herein:

(a) A Medical Plan Program which the Board is to administer in accordance with the provisions of Sections 4.1101, 4.1111 and 4.1121 of this Chapter.

(b) A Medical Premium Reimbursement Program which the Board is to administer in accordance with the provisions of Sections 4.1101, 4.1112 and 4.1122 of this Chapter.

(c) A Medicare Part B Basic Premium Reimbursement Program which the Board is to administer in accordance with the provisions of Sections 4.1101, 4.1113 and 4.1123 of this Chapter.

(d) A Dental Plan Program which the Board is to administer in accordance with the provisions of Section 4.1101, 4.1114 and 4.1124 of this Chapter.

(e) A Survivor Medical Plan Premium Subsidy Program which the Board is to administer in accordance with the provisions of Sections 4.1101 and 4.1115 of this Chapter.

(f) A Health Insurance Reciprocal Subsidy Credit Program which the Board is to administer in accordance with the provisions of Section 4.1101 and Article 4 of this Chapter.

Sec. 4.1106. Discretionary Medical Plan and Dental Plan Benefit Changes.

The Board may make discretionary Medical Plan and Dental Plan benefit changes as long as these involve cost increases of no more than one-half of one percent in total annual premium cost. The Board may make changes greater than the above level as long as the changes are submitted to the City Council for review. Any increases that are not acted upon by the Council within 30 days after receipt by the City Clerk of the report to Council for consideration of the increase are deemed approved. Should the Council reject the increase approved by the Board, the Council shall determine the amount, if any, by which the total annual premium cost shall be increased and shall adopt such change by resolution.

Sec. 4. Article 2 of Chapter 11 of Division 4 of the Los Angeles Administrative Code is revised in its entirety to read as follows:

ARTICLE 2

PROGRAMS FOR TIER 1 MEMBERS

Sec. 4.1110. Definitions.

For purposes of this Article 2, the following words and phrases shall have the meaning ascribed to them in this section:

Member shall refer to a person who is a member of Tier 1 of LACERS.

Employee shall refer to an employee who is a member of Tier 1 of LACERS.

Retired Employee or **Retiree** shall refer to a person who is a retired member of Tier 1 of LACERS and is receiving either a service retirement allowance or a disability retirement allowance pursuant to the provisions of Article 1 of Chapter 10 of Division 4 of this Code.

Sec. 4.1111. Medical Plan Premium Subsidy.

The medical plan premium subsidy will be provided upon the conditions set forth below in order to lessen or defray part or all of the cost of medical plans to eligible retirees, as hereinafter defined.

(a) **Eligibility for Medical Plan Premium Subsidy.** A retiree who is enrolled in plan(s) administered by the Board as part of the Medical Plan Program shall be eligible for a medical plan premium subsidy as provided in Subsection (d) or Subsection (e), as applicable.

(b) **Maximum Medical Plan Premium Subsidy.** The maximum monthly medical plan premium subsidy for retired employees is $1,190.00. Beginning July 1, 2011, the Board, in its discretion, may change, by resolution, the maximum monthly amount of the medical plan premium subsidy provided to employees retired on or before June 30, 2011, so long as any increase:

(1) Does not exceed the dollar increase in the Kaiser two-party non-Medicare Part A and B premium; and

(2) The average percentage increase for the first year of the increase and the preceding two (2) years does not exceed the average assumed actuarial medical trend rates for the same period.

Any change made by the Board that exceeds the limits set forth in (b)(1) or (b)(2) herein must be submitted for Council review accompanied by an actuarial report. Any increases that are not acted upon by the Council within thirty (30) days after receipt of the report to Council for consideration of the increase are deemed approved. Should the Council reject the subsidy set by the Board, the Council shall determine the amount, if any, by which the subsidy shall be increased and shall adopt such change by resolution.

No increases in the maximum monthly medical plan premium subsidy shall be provided to members retired on or after July 1, 2011, except that former members who terminated employment prior to July 1, 2011, and retire on or after July 1, 2011, on a deferred vested basis without returning to membership shall be entitled to discretionary increases in the maximum subsidy as provided above regardless of the date of retirement. Notwithstanding all of the forgoing, increases in the monthly medical premium subsidy provided to retirees subject to Subsection (c) shall be governed by the provisions of that subsection, regardless of the date of retirement.

(c) **Vested Right to Maximum Medical Plan Premium Subsidy Increases.** Notwithstanding the provisions of Subsection (b), any member who at any time made an additional contribution to the Retirement Fund as provided in Subsection 4.1003(c) of this Code shall obtain a vested right to, and the Board, by resolution, shall set, the increase in the maximum medical plan subsidy provided to such members at an amount not less than the dollar increase in the Kaiser two-party non-Medicare Part A and Part B premium.

(d) **Medical Plan Premium Subsidy for Eligible Retirees without Medicare Part A.** Those retirees who are receiving a service retirement allowance or a disability retirement allowance, who either are not eligible for Medicare or do not qualify for benefits under Part A of Medicare premium free, who have at least ten (10) years of Health Service Credit and who are age fifty-five (55) years or older, shall have paid to their approved medical plan carrier on their behalf the following amount:

(1) **Basic Monthly Subsidy:** For ten (10) years of Health Service Credit, forty percent (40%) of the maximum monthly medical plan premium subsidy amount established pursuant to the provisions of Subsection (b) or Subsection (c), as applicable.

(2) **Additional Monthly Subsidy.** For more than ten (10) years of Health Service Credit add four percent (4%) of the maximum monthly medical plan premium subsidy to the Basic Monthly Subsidy for each whole year of Health Service Credit in excess of ten (10) years.

(3) **Maximum Monthly Subsidy.** No retiree shall have paid to his or her medical plan carrier an amount exceeding the maximum monthly amount established pursuant to Subsection (b) or Subsection (c), as applicable, or receive an amount in excess of the premium of the plan in which they are enrolled.

(4) **Dependent Monthly Subsidy.** The monthly medical plan premium subsidy shall be applied first to the retiree's medical plan coverage with any balance applied toward the coverage of the retiree's dependent(s).

(e) **Medical Plan Premium Subsidy for Eligible Retirees Enrolled in Parts A and B of Medicare.** Those retirees with at least ten (10) years of Health Service Credit who are receiving a service retirement allowance or disability retirement allowance and who qualify for benefits under Part A and Part B of Medicare, shall have paid to the medical plan carrier providing them with a Medicare supplemental or coordinated plan the following amount:

(1) **Monthly Subsidy Seventy-Five Percent (75%).** For ten (10) years but less than fifteen (15) years of Health Service Credit, seventy-five (75%) of the single-party monthly premium of the approved Medicare supplemental or coordinated plan in which the retiree is enrolled.

(2) **Monthly Subsidy Ninety Percent (90%).** For fifteen (15) years or more but less than twenty (20) years of Health Service Credit, ninety (90%) of the single-party monthly premium of the approved Medicare supplemental or coordinated plan in which the retiree is enrolled.

(3) **Monthly Subsidy One Hundred Percent (100%).** For twenty (20) or more years of Health Service Credit, one hundred percent (100%) of the single-party monthly premium of the approved Medicare supplemental or coordinated plan in which the retiree is enrolled.

(4) **Dependent Subsidy.** The amount of the medical plan premium subsidy which is applied toward the coverage of dependents of a retiree enrolled in both Part A and Part B of Medicare shall not exceed that amount which may be applied toward the coverage of the dependent(s) of a retiree not enrolled in

both Parts A and Part B of Medicare with the same years of Health Service Credit and covered by the same medical plan. If the same plan does not offer coverage for retirees who do not have both Medicare Parts A and B, the Board shall, by rule, determine the dependent subsidies in a manner that is consistent with plans that do offer both types of coverage.

Effective July 1, 2011, no increases in the amounts paid to the medical plan carriers under this Subsection (e) shall be provided on behalf of employees retired on or after July 1, 2011, or their dependents, except that former members who terminated employment prior to July 1, 2011, and retire on or after July 1, 2011, on a deferred vested basis without returning to membership shall be entitled to increases in the amounts paid to medical carriers under this Subsection (e) for themselves and their dependents regardless of the date of retirement. Notwithstanding all of the foregoing, increases in the amounts paid to medical plan carriers provided on behalf of retired employees subject to Subsection (c) herein shall be governed by the provisions of this Subsection (e) regardless of the date of retirement.

(f) **Medicare Enrollment and Assignment.** Retirees who are eligible to enroll in Medicare Part B must do so in order to qualify to receive the subsidy provided in Subsections (d) and (e) of this section. The Board may require retirees to enroll in and assign to LACERS any coverage that is provided by Medicare in order to qualify to receive the subsidy provided in this section, except that retirees who are not entitled to premium free Part A of Medicare are not required to enroll in Part A.

(g) **Verification of Medical Plan Coverage.** Retirees who are receiving a medical plan premium subsidy payable to their medical plan carrier pursuant to the provisions of this Article may be required from time to time to provide evidence satisfactory to the Board that their medical plan coverage or Medicare or other federal or state funded medical plan is in full force and effect.

(h) **Payment Limitation.** In no event shall the subsidy provided in this section, when added to any other medical plan subsidy provided by the Department of Water and Power or the Fire and Police Pension Plan, exceed the maximum amount established in Subsection (b) or (c), as applicable.

Sec. 4.1112. Medical Premium Reimbursement Program.

The medical premium reimbursement program will be provided upon the conditions set forth below in order to lessen or defray part or all of the cost of medical plans to eligible retirees, as hereinafter defined.

(a) **Eligibility for Medical Premium Reimbursement.** Upon written application and verification, as required by the Board, those retirees who have at least ten (10) years of Health Service Credit, are age fifty-five (55) years or older, and reside more than three (3) months of the year:

(1) Outside the state of California; or

(2) In the state of California, but not within a LACERS administered HMO medical plan zip code service area,

and are enrolled in a federally qualified HMO or a state regulated health insurance plan, shall be eligible for the medical plan premium reimbursement as provided in Subsection (c) or Subsection (e), as applicable.

(b) **Maximum Medical Premium Reimbursement for Retirees without Medicare Part A.** The Board shall set the maximum medical plan premium reimbursement for retirees not eligible for Medicare or retirees not eligible for Medicare Part A premium free in the same manner as in Subsection 4.1111(b) or Subsection 4.1111(c), as applicable, of this Article.

(c) **Reimbursement for Eligible Retirees without Medicare Part A.** Those retirees who are receiving a service retirement allowance or a disability retirement allowance, and who either are not eligible for Medicare or do not qualify for benefits under Part A of Medicare premium free, shall be reimbursed the following amount:

(1) **Basic Monthly Reimbursement.** For ten (10) years of Health Service Credit, forty percent (40%) of the maximum monthly medical plan premium reimbursement amount established pursuant to the provisions of Subsection (b) herein.

(2) **Additional Monthly Reimbursement.** For more than ten (10) years of Health Service Credit add four percent (4%) of the maximum monthly medical plan premium reimbursement amount to the Basic Monthly Reimbursement for each whole year of Health Service Credit in excess of ten years.

(3) **Maximum Monthly Reimbursement.** The amount paid shall not exceed the maximum monthly medical plan premium reimbursement established pursuant to the provisions of Subsection (b) herein or the amount of the plan premium being reimbursed.

(4) **Dependent Reimbursement.** The monthly medical plan premium reimbursement shall be applied first to the retiree's medical plan coverage with any balance applied toward the coverage of the retiree's dependent(s) under the same medical plan.

(d) **Maximum Medical Premium Reimbursement for Retirees Enrolled In Parts A and B of Medicare.** Effective January 1, 2011, the maximum monthly medical plan premium reimbursement for retirees enrolled in Parts A and B of Medicare shall be $480.41. The Board, in its discretion, may, by resolution, increase the monthly amount of medical plan premium reimbursement of retirees enrolled in Parts A and B of

Medicare, provided that the amount of the maximum monthly medical plan premium reimbursement shall not exceed one hundred percent (100%) of the single-party monthly premium of the highest cost approved Medicare supplemental or coordinated plan provided by LACERS.

Effective July 1, 2011, no increases in the maximum reimbursement amount paid to retired members under this Subsection (d) shall be provided to members who retired on or after July 1, 2011, except that former members who terminated employment prior to July 1, 2011 and retire on or after July 1, 2011, on a deferred vested basis without returning to membership shall be entitled to increases in the maximum reimbursement amount as herein provided regardless of the date of retirement. Notwithstanding all of the foregoing, increases in the reimbursement amount provided to retired members subject to Section 4.1111(c) shall be governed by the provisions of this Subsection (d) regardless of the date of the member's retirement.

(e) **Reimbursement for Eligible Retirees Enrolled in Medicare Part A and Part B.** Those retirees who are receiving a service retirement allowance or a disability retirement allowance and who qualify for benefits under Part A and Part B of Medicare, shall be reimbursed the following amount:

(1) **Monthly Reimbursement (75%).** For ten (10) years or more, but less than fifteen (15) years of Health Service Credit, seventy-five percent (75%) of the monthly medical plan premium reimbursement amount established pursuant to the provisions of Subsection (d) herein.

(2) **Monthly Reimbursement (90%).** For fifteen (15) years or more but less than twenty (20) years of Health Service Credit, ninety percent (90%) of the monthly medical plan premium reimbursement amount established pursuant to the provisions of Subsection (d) herein.

(3) **Monthly Reimbursement (100%).** For twenty (20) or more years of Health Service Credit, one hundred percent (100%) of the monthly medical plan premium reimbursement amount established pursuant to the provisions of Subsection (d) herein.

(4) **Dependent Reimbursement.** The Board shall establish the reimbursement policy for dependents of these eligible retirees.

(f) **Payment Limitation.** In no event shall the reimbursement provided in this section, when added to any other medical plan subsidy provided by the Department of Water and Power or the Fire and Police Pension Plan, exceed the maximum amount established in Subsection (b) herein.

(g) **Reimbursement for Survivors.** Any person who is eligible to receive the survivor medical plan premium subsidy provided in Section 4.1115 of this Article and who lives outside the state of California or in the state of California, but not within a

LACERS administered HMO medical plan zip code service area, may qualify for the medical premium reimbursement program provided in this section, except that the amount of reimbursement shall not exceed the amount that he or she would have received as a medical plan premium subsidy under Section 4.1115.

(h) **Medicare Enrollment.** Retirees or survivors who are eligible to enroll in Medicare Part B must do so in order to qualify for the medical premium reimbursement provided in Subsections (c), (e) and (g) of this section. Retirees or survivors who are not entitled to premium free Part A of Medicare are not required to enroll in Part A.

Sec. 4.1113. Medicare Part B Basic Premium Reimbursement Program.

This program is provided to reimburse the cost of the Medicare Part B basic premium to eligible retirees, as hereafter defined.

(a) **Reimbursement.** Reimbursement shall be limited to the Medicare Part B basic premium (Medical Insurance). No reimbursement shall be paid for Medicare Part B costs that exceed the basic premium.

(b) **Eligible Retiree.** In order to participate in the Medicare Part B Basic Premium Reimbursement Program, a retiree must be eligible to receive a medical plan premium subsidy, enrolled in Medicare Parts A and B, and either enrolled in a Medicare supplemental or coordinated plan administered by the Board or be a participant in the Medical Premium Reimbursement Program. Only retired employees may participate in this program.

(c) **Verification of Eligibility for Reimbursement.** Premium reimbursement shall be paid to a retiree who qualifies to participate in this program when sufficient proof of the retiree's Medicare Part A and Part B enrollment, coverage, and premium payment has been made as required by the Board.

Sec. 4.1114. Dental Plan Premium Subsidy.

In order for a dental plan premium subsidy to be provided for a retiree, the retiree must be enrolled in a dental plan administered by the Board as part of the Dental Plan Program. The dental plan premium subsidy will be provided, upon the conditions set forth below, in order to lessen or defray part or all of the cost of such dental plan to such eligible retiree, as hereinafter defined.

(a) **Maximum Dental Plan Premium Subsidy.** The maximum subsidy shall be the amount provided by the Council for active employees. The Board, in its discretion, may by resolution, increase or decrease the monthly amount of dental subsidy to reflect changes in the subsidy provided by the City for active employees, or to offset any increases or decreases in the level of benefits or the cost thereof, as the result of changes in existing benefits or the addition of newly created benefits by federal or state funded programs.

(b) **Eligibility for Dental Plan Premium Subsidy.** Those retirees who are receiving a service retirement allowance or a disability retirement allowance, have at least ten years of Health Service Credit as members, and are age fifty-five (55) years or older, shall have paid to their approved dental plan carrier on their behalf the following amount:

(1) **Basic Monthly Subsidy.** For ten (10) years of Health Service Credit, forty percent (40%) of the maximum monthly dental plan premium subsidy amount established pursuant to the provisions of Subsection (a).

(2) **Additional Monthly Subsidy.** For more than ten (10) years of Health Service Credit, add four percent (4%) of the maximum monthly dental plan premium subsidy to the Basic Monthly Subsidy for each whole year of Health Service Credit in excess of ten (10) years.

(3) **Maximum Monthly Subsidy.** No retiree shall have paid to his or her dental plan carrier an amount exceeding the maximum monthly amount established pursuant to Subsection (a) or receive an amount in excess of the premium of the plan in which they are enrolled.

(4) **Dependent Monthly Subsidy.** There is no dental plan premium subsidy for dependents.

(c) **Payment Limitation.** In no event shall the subsidy provided in this section, when added to any other dental plan subsidy provided by the Department of Water and Power or the Fire and Police Pension Plan, exceed the maximum subsidy established in Subsection (a).

Sec. 4.1115. Survivor Medical Plan Premium Subsidy.

The survivor medical plan premium subsidy authorized in this section shall be provided, on the terms set forth herein, to Eligible Survivors of members or retirees, as defined below, who are enrolled in medical plans administered by the Board as part of the Medical Plan Program.

(a) **Eligible Survivors.** The following persons shall be Eligible Survivors for purposes of this section:

(1) A person who is receiving a monthly benefit as an eligible survivor as provided in Sections 4.1011, 4.1012, or 4.1013(a)(1) or (2) of this Code shall become eligible, as an Eligible Survivor, for the medical plan premium subsidy provided in this section either on the date of the deceased's death, if the deceased was eligible for a medical plan premium subsidy at that time, or on the date the deceased would have become eligible for a medical plan premium subsidy had he or she not died, based upon the deceased's Health Service Credit.

(2) A surviving spouse or domestic partner who elects to receive the monthly benefit provided in Subsection 4.1010(a)(3) of this Code shall become eligible, as an Eligible Survivor, for the medical plan premium subsidy provided in this section either on the date of the deceased's death, if the deceased was eligible for a medical plan premium subsidy at that time, or on the date the deceased would have become eligible for a medical plan premium subsidy had he or she not died, based upon the deceased's Health Service Credit.

A surviving spouse or domestic partner who is receiving a monthly benefit due to a retiree's election to provide a continuance benefit funded solely by a reduction in his or her retirement allowance shall not be an Eligible Survivor for purposes of this section.

(b) **Subsidy for Eligible Survivors without Medicare Part A.** The survivor medical plan premium subsidy for an Eligible Survivor who either is not eligible for Medicare or does not qualify for benefits under Part A of Medicare premium free shall be:

(1) **Basic Monthly Subsidy.** For ten (10) years of the member's Health Service Credit, forty percent (40%) of the maximum monthly medical plan premium subsidy amount established in this subsection.

(2) **Additional Monthly Subsidy.** For more than ten (10) years of the member's Health Service Credit, add four percent (4%) of the maximum monthly medical plan premium subsidy to the Basic Monthly Subsidy for each whole year of Health Service Credit in excess of ten years.

(3) **Maximum Monthly Subsidy.** The maximum monthly medical plan premium subsidy shall be the single-party premium for the lowest cost plan available to participants without Medicare Parts A and B.

(c) **Subsidy for Eligible Survivors Enrolled In Parts A and B of Medicare.** The survivor medical plan premium subsidy for an Eligible Survivor who qualifies for benefits under Part A and Part B of Medicare shall be:

(1) **Monthly Subsidy (75%).** For ten (10) years but less than fifteen (15) years of the member's Health Service Credit, seventy-five (75%) of the single-party monthly premium of the approved Medicare supplemental or coordinated plan in which the Eligible Survivor is enrolled.

(2) **Monthly Subsidy (90%).** For fifteen (15) years but less than twenty (20) years of the member's Health Service Credit, ninety percent (90%) of the single-party monthly premium of the approved Medicare supplemental or coordinated plan in which the Eligible Survivor is enrolled.

(3) **Monthly subsidy (100%).** For twenty (20) or more years of the member's Health Service Credit, one hundred percent (100%) of the single-party

monthly premium of the approved Medicare supplemental or coordinated plan in which the Eligible Survivor is enrolled.

(d) **Medicare Enrollment.** Eligible Survivors who are eligible to enroll in Medicare Part B must do so in order to receive the subsidy provided in this section. An Eligible Survivor who is age sixty-five (65) or older must enroll in Medicare as required by the Board in order to receive the subsidy authorized in this Section, except that Eligible Survivors who are not entitled to premium free Part A of Medicare are not required to enroll in Part A.

(e) **Limitation on Increases.** Effective July 1, 2011, no increases in the amounts paid to the medical plan carriers under Subsections (b) and (c) of this section shall be provided on behalf of survivors of members retired on or after July 1, 2011, or on behalf of survivors of members who die on or after July 1, 2011, prior to retirement, except that survivors of former members who terminated employment prior to July 1, 2011, and either died prior to retirement or retired on or after July 1, 2011, on a deferred vested basis without returning to membership shall be entitled to increases, as provided in Subsections (b) and (c) of this section, regardless of the date of retirement. Notwithstanding all of the foregoing, increases in the amounts paid on behalf of survivors of members subject to Subsection 4.1111(c) shall be governed by the provisions of Subsection (b) and (c) of this section, as applicable, regardless of the date of the member's retirement or death.

Sec. 5. Article 3 of Chapter 11 of Division 4 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

ARTICLE 3

PROGRAMS FOR TIER 2 MEMBERS

Sec. 4.1120. Definitions.

For purposes of this Article 3, the following words and phrases shall have the meaning ascribed to them in this section:

Member shall refer to a person who is a member of Tier 2 of LACERS.

Employee shall refer to an employee who is a member of Tier 2 of LACERS.

Retired Employee or **Retiree** shall refer to a person who is a retired member of Tier 2 of LACERS and is receiving either a service retirement allowance or a disability retirement allowance pursuant to the provisions of Article 2 of Chapter 10 of Division 4 of this Code.

Sec. 4.1121. Medical Plan Premium Subsidy.

The medical plan premium subsidy will be provided upon the conditions set forth below in order to lessen or defray part or all of the cost of medical plans to eligible retirees, as hereinafter defined.

(a) **Eligibility for Medical Plan Premium Subsidy.** A retiree who is enrolled in plan(s) administered by the Board as part of the Medical Plan Program shall be eligible for a medical plan premium subsidy as provided in Subsection (d) or Subsection (e), as applicable.

(b) **Maximum Medical Plan Premium Subsidy.** The maximum monthly medical plan premium subsidy for retirees is $596.00. The Board shall, by resolution, adjust the maximum monthly amount of the medical plan premium subsidy provided to retirees to maintain a monthly amount equal to the single-party premium for the lowest cost standard plan, as defined by the Board, available to participants without Medicare Parts A and B.

(c) **Medical Plan Premium Subsidy for Eligible Retirees without Medicare Part A.** Those retirees who are receiving a service retirement allowance or a disability retirement allowance, who either are not eligible for Medicare or do not qualify for benefits under Part A of Medicare premium free, who have at least ten (10) years of Health Service Credit and who are age fifty-five (55) years or older, shall have paid to their approved medical plan carrier on their behalf the following amount:

(1) **Basic Monthly Subsidy:** For ten (10) years of Health Service Credit, forty percent (40%) of the maximum monthly medical plan premium subsidy amount established pursuant to the provisions of Subsection (b).

(2) **Additional Monthly Subsidy.** For more than ten (10) years of Health Service Credit add three percent (3%) of the maximum monthly medical plan premium subsidy to the Basic Monthly Subsidy for each whole year of Health Service Credit in excess of ten (10) years.

(3) **Maximum Monthly Subsidy.** No retiree shall have paid to his or her medical plan carrier an amount exceeding the maximum monthly amount established pursuant to Subsection (b) or receive an amount in excess of the premium of the plan in which they are enrolled.

(4) **Dependent Monthly Subsidy.** None of the subsidy may be applied toward coverage for dependents of retirees.

(d) **Medical Plan Premium Subsidy for Eligible Retirees Enrolled in Parts A and B of Medicare.** Those retirees with at least ten (10) years of Health Service Credit who are receiving a service retirement allowance or disability retirement allowance and who qualify for benefits under Part A and Part B of Medicare, shall have paid to the medical plan carrier providing them with a Medicare supplemental or coordinated plan the following amount:

(1) **Monthly Subsidy (75%).** For ten (10) years but less than fifteen (15) years of Health Service Credit, seventy-five percent (75%) of the single-party monthly premium of the approved Medicare supplemental or coordinated plan in which the retiree is enrolled.

(2) **Monthly Subsidy (90%).** For fifteen (15) years or more but less than twenty (20) years of Health Service Credit, ninety percent (90%) of the single-party monthly premium of the approved Medicare supplemental or coordinated plan in which the retiree is enrolled.

(3) **Monthly Subsidy (100%).** For twenty (20) or more years of Health Service Credit, one hundred percent (100%) of the single-party monthly premium of the approved Medicare supplemental or coordinated plan in which the retiree is enrolled.

(4) **Dependent Monthly Subsidy.** None of the subsidy may be applied toward coverage for dependents of retirees.

(e) **Medicare Enrollment and Assignment.** Retirees who are eligible to enroll in Medicare Part B must do so in order to qualify to receive the subsidy provided in Subsections (c) and (d) of this section. The Board may require retirees to enroll in and assign to LACERS any coverage that is provided by Medicare in order to qualify to receive the subsidy provided in this section, except that retirees who are not entitled to premium free Part A of Medicare are not required to enroll in Part A.

(f) **Verification of Medical Plan Coverage.** Retirees who are receiving a medical plan premium subsidy payable to their medical plan carrier pursuant to the provisions of this Article may be required, from time to time, to provide evidence satisfactory to the Board that their medical plan coverage or Medicare or other federal or state funded medical plan is in full force and effect.

(g) **Payment Limitation**. In no event shall the subsidy provided in this section, when added to any other medical plan subsidy provided by the Department of Water and Power or the Fire and Police Pension Plan, exceed the maximum amount established in Subsection (b).

Sec. 4.1122. Medical Premium Reimbursement Program.

The medical premium reimbursement program will be provided upon the conditions set forth below in order to lessen or defray part or all of the cost of medical plans to eligible retirees, as hereinafter defined.

(a) **Eligibility for Medical Premium Reimbursement.** Upon written application and verification, as required by the Board, those retirees who have at least ten (10) years of Health Service Credit, are age fifty-five (55) years or older, and reside more than three (3) months of the year:

(1) outside the state of California; or

(2) in the state of California, but not within a LACERS administered HMO medical plan zip code service area,

and are enrolled in a federally qualified HMO or a state regulated health insurance plan, shall be eligible for the medical plan premium reimbursement as provided in Subsection (c) or Subsection (e), as applicable.

(b) **Maximum Medical Premium Reimbursement for Retirees without Medicare Part A.** The Board shall set the maximum medical plan premium reimbursement for retirees not eligible for Medicare or retirees not eligible for premium free Medicare Part A in the same manner as in Section 4.1121(b) of this Article. Retirees who are eligible to enroll in Medicare Part B must do so in order to be entitled to reimbursement.

(c) **Reimbursement for Eligible Retirees without Medicare Part A.** Those retirees who are receiving a service retirement allowance or a disability retirement allowance, and who either are not eligible for Medicare or do not qualify for benefits under Part A of Medicare premium free, shall be reimbursed the following amount:

(1) **Basic Monthly Reimbursement.** For ten (10) years of Health Service Credit, forty percent (40%) of the maximum monthly medical plan premium reimbursement amount established pursuant to the provisions of Subsection (b) herein.

(2) **Additional Monthly Reimbursement.** For more than ten (10) years of Health Service Credit add three percent (3%) of the maximum monthly medical plan premium reimbursement amount to the Basic Monthly Reimbursement for each whole year of Health Service Credit in excess of ten (10) years.

(3) **Maximum Monthly Reimbursement.** The amount paid shall not exceed the maximum monthly medical plan premium reimbursement established pursuant to the provisions of Subsection (b) herein or the amount of the plan premium being reimbursed.

(4) **Dependent Reimbursement.** Premium reimbursement may not be applied toward coverage for dependents of retirees.

(d) **Maximum Medical Premium Reimbursement for Retirees Enrolled in Parts A and B of Medicare.** The maximum monthly medical plan premium reimbursement for retirees enrolled in Parts A and B of Medicare shall be $480.41. The Board, in its discretion, may, by resolution, increase the monthly amount of medical plan premium reimbursement of retirees enrolled in Parts A and B of Medicare, provided that the amount of the maximum monthly medical plan premium reimbursement shall not exceed one hundred percent (100%) of the single-party monthly premium of the highest cost approved Medicare supplemental or coordinated plan provided by LACERS.

(e) **Reimbursement for Eligible Retirees Enrolled in Medicare Part A and Part B.** Those retirees who are receiving a service retirement allowance or a disability retirement allowance and who qualify for benefits under Parts A and Part B of Medicare, shall be reimbursed the following amount:

(1) **Monthly Reimbursement (75%).** For ten (10) years or more, but less than fifteen (15) years of Health Service Credit, seventy-five percent (75%) of the monthly medical plan premium reimbursement amount established pursuant to the provisions of Subsection (d) herein.

(2) **Monthly Reimbursement (90%).** For fifteen (15) years or more but less than twenty (20) years of Health Service Credit, ninety percent (90%) of the monthly medical plan premium reimbursement amount established pursuant to the provisions of Subsection (d) herein.

(3) **Monthly Reimbursement (100%).** For twenty (20) or more years of Health Service Credit, one hundred percent (100%) of the monthly medical plan premium reimbursement amount established pursuant to the provisions of Subsection (d) herein.

(4) **Dependent Reimbursement.** Premium reimbursement may not be applied toward coverage for dependents of retirees.

(f) **Medicare Enrollment.** Retirees who are eligible to enroll in Medicare Part B must do so in order to qualify for the medical premium reimbursement provided in Subsections (c) and (e) of this section. Retirees who are not entitled to premium free Part A of Medicare are not required to enroll in Part A.

(g) **Payment Limitation.** In no event shall the reimbursement provided in this section, when added to any other medical plan subsidy provided by the Department of Water and Power or the Fire and Police Pension Plan, exceed the maximum amount established in Subsection (b) herein.

Sec. 4.1123. Medicare Part B Basic Premium Reimbursement Program.

This program is provided to reimburse the cost of the Medicare Part B basic premium to eligible retirees, as hereafter defined.

(a) **Reimbursement.** Reimbursement shall be limited to the Medicare Part B basic premium (Medical Insurance). No reimbursement shall be paid for Medicare Part B costs that exceed the basic premium.

(b) **Eligible Retiree.** In order to participate in the Medicare Part B Basic Premium Reimbursement Program, a retiree must be eligible to receive a medical plan premium subsidy, enrolled in Medicare Parts A and B, and either enrolled in a Medicare supplemental or coordinated plan administered by the Board or be a participant in the Medical Premium Reimbursement Program. Only retirees may participate in this program.

(c) **Verification of Eligibility for Reimbursement.** Premium reimbursement shall be paid to a retiree who qualifies to participate in this program when sufficient proof of the retiree's Medicare Part A and Part B enrollment, coverage, and premium payment has been made as required by the Board.

Sec. 4.1124. Dental Plan Subsidy.

In order for a dental plan premium subsidy to be provided for a retiree, the retiree must be enrolled in a dental plan administered by the Board as part of the Dental Plan Program. The dental plan premium subsidy will be provided upon the conditions set forth below in order to lessen or defray part or all of the cost of such dental plan to such eligible retiree, as hereinafter defined.

(a) **Maximum Dental Plan Premium Subsidy.** The maximum subsidy shall be the amount provided by the Council for active employees. The Board, in its discretion, may, by resolution, increase or decrease the monthly amount of dental subsidy to reflect changes in the subsidy provided by the City for active employees, or to offset any increases or decreases in the level of benefits or the cost thereof, as the result of changes in existing benefits or the addition of newly created benefits by federal or state funded programs.

(b) **Eligibility for Dental Plan Premium Subsidy.** Those retirees who are receiving a service retirement allowance or a disability retirement allowance, have at least ten (10) years of Health Service Credit as members, and are age fifty-five (55) years or older, shall have paid to their approved dental plan carrier on their behalf the following amount:

(1) **Basic Monthly Subsidy.** For ten (10) years of Health Service Credit, forty percent (40%) of the maximum monthly dental plan premium subsidy amount established pursuant to the provisions of Subsection (a).

(2) **Additional Monthly Subsidy.** For more than ten (10) years of Health Service Credit, add three percent (3%) of the maximum monthly dental plan premium subsidy to the Basic Monthly Subsidy for each whole year of Health Service Credit in excess of ten (10) years.

(3) **Maximum Monthly Subsidy.** No retired employee shall have paid to his or her dental plan carrier an amount exceeding the maximum monthly amount established pursuant to Subsection (a) or receive an amount in excess of the premium of the plan in which they are enrolled.

(4) **Dependent Monthly Subsidy.** There is no dental plan premium subsidy for dependents.

(c) **Payment Limitation**. In no event shall the subsidy provided in this section, when added to any other dental plan subsidy provided by the Department of Water and Power or the Fire and Police Pension Plan, exceed the maximum subsidy established in Subsection (a).

Sec. 6. The title for Article 4 of Chapter 11 of Division 4 of the Los Angeles Administrative Code is amended to read as follows:

ARTICLE 4

RETIREE HEALTH INSURANCE RECIPROCAL SUBSIDY CREDIT PROGRAM (LACERS AND LACERA)

Sec. 7. Sections 4.1104 and 4.1104.1 of Article 4 of Chapter 11 of Division 4 of the Los Angeles Administrative Code are deleted; Section 4.1108 of Article 8 of Chapter 11 of Division 4 is moved to Article 4 of Chapter 11 of Division 4 and renumbered as Section 4.1130.

Sec. 8. Articles 5 through 8 of Chapter 11 of Division 4 of the Los Angeles Administrative Code are deleted. Chapter 11 will now terminate with Article 4 as amended in this ordinance.

Sec. 9. The title of Chapter 18 of Division 4 of the Los Angeles Administrative Code is amended to read as follows:

CHAPTER 18

EXCESS BENEFIT PLAN FOR TIER 1 MEMBERS OF THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Sec. 10. Subsection (b) of Section 4.1800 of Chapter 18 of Division 4 of the Los Angeles Administrative Code is amended to read as follows:

(b) **Eligibility**. Those employees who are members of Tier 1 of the LACERS and whose benefits at the time of payment are reduced by the limitation on benefits imposed by Section 415 of the Internal Revenue Code shall be Participants hereunder. Members of Tier 2 of the LACERS shall not be eligible to be Participants in the Plan established herein.

Sec. 11. The definition of "Average Member Cost" in Subsection (a) of Section 4.1850 of Chapter 18.5 of Division 4 of the Los Angeles Administrative Code is amended to read as follows:

"Average Member Cost" shall mean a percentage, in effect for such Plan Year, equal to the sum of:

(a) The percentage of City contributions needed to fund Tier 1 or Tier 2 of the LACERS, as applicable, for all benefits provided by that tier; and

(b) Any ancillary costs incurred by the City in support of benefits provided by Tier 1 or Tier 2 of the LACERS, as applicable, expressed as a percentage of covered payroll.

Sec. 12. Subsection (a) of Section 4.1850 of Chapter 18.5 of Division 4 of the Los Angeles Administrative Code is amended to add a new definition, "LAAC," to be placed after the current definition for "Fund," to read as follows:

"**LAAC**" shall mean the Los Angeles Administrative Code.

Sec. 13. Amend the definition of "Participant" in Subsection (a) of Section 4.1850 of Chapter 18.5 of Division 4 of the Los Angeles Administrative Code to read as follows:

> **"Participant"** shall mean those employees eligible for participation in this Plan. Those employees eligible to participate in this Plan are those employees who are elected officials of the City and who are eligible to, and effectively, elect to opt out of Tier 1 of the LACERS under Section 4.1002(b)(9) of the LAAC or elect to opt out of Tier 2 of the LACERS under Section 4.1052(b)(9) of the LAAC, as applicable. Except that any retired member of LACERS who is elected as an officer of the City shall become a Participant without being required to opt out of membership because Section 4.1002(b)(9) for Tier 1, or Section 1052(b)(9), for Tier 2, of the LAAC, as applicable, prohibits him or her from re-entering membership in the tier of LACERS from which he or she is retired. An employee shall cease to be a Participant as to additional contributions upon termination of employment with the City or entrance into a different retirement plan provided by the City. As used here, the term "employee" shall mean a person in the employ or service of the City as reflected on the payroll records of the City.

Sec. 14. Subsection (c) of Section 4.1850 of Chapter 18.5 of Division 4 of the Los Angeles Administrative Code is amended by replacing the first sentence (following the subsection title "Participant Contributions") with the following two sentences to read as follows:

Each Participant shall contribute to the Fund by salary deduction at the same percentage of his or her Compensation that he or she would be required to contribute to the Retirement Fund, as provided in Chapter 10 of Division 4 of the LAAC, had he or she had not opted out of membership in either Tier 1 pursuant to Section 4.1002(b)(9) or Tier 2 pursuant to Section 1052(b)(9), as applicable. Except that a Participant who is a retired member of LACERS shall contribute to the Fund by salary deduction at the same percentage of his or her Compensation that he or she would have been required to contribute to the Retirement Fund, as provided in Chapter 10 of Division 4 of the LAAC, had he or she not retired.

Sec. 15. Subsection (d) of Section 4.1850 of Chapter 18.5 of Division 4 of the Los Angeles Administrative Code is amended to read as follows;

(d) **Matching Contributions by the City.** For each Plan Year, the City shall contribute for each Participant the Average Member Cost of the Participant's Compensation to the Fund. The Average Member Cost for each Participant shall be determined based upon the tier from which the Participant opted out of membership or from which the Participant is retired, as applicable.

City contributions shall be paid into the Fund and credited to the Participant's individual account at intervals and in accordance with procedures to be determined by the Board. Notwithstanding the foregoing, the balance of any contribution owed for a Plan Year shall be paid within two and one-half months after the end of such Plan Year and credited to Participants' accounts as of the last day of such Plan Year.

Sec. 16. This ordinance shall be effective upon its publication, pursuant to Charter Section 252, Subsection (i).

Sec. 17. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that the foregoing ordinance was passed by the Council of the City of Los Angeles, **by a vote of not less than two-thirds** of all its members, at its meeting of ______________________________.

JUNE LAGMAY, City Clerk

By ______________________________
Deputy

Approved ______________________

____
Mayor

Approved as to Form and Legality

CARMEN A. TRUTANICH, City Attorney

By Mary Jo Curwen (TBS)
MARY JO CURWEN
Deputy City Attorney

Date May 20, 2013

File No. ______________________

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Retirement System immediately after his or her retirement; the rollover is completed as soon as administratively feasible; and the larger annuity benefit is not payable to the member until after the funds have been received. The Board of Administration shall have the authority to adopt all rules necessary to administer the larger annuity program within the constraints established in this section, including the authority to establish a deadline for the receipt of the rollover funds after which the member's application shall be deemed denied.

Sec. 4.1022. Cost of Living Adjustment.

(a) The provisions of this section shall not be applicable to any benefit payable pursuant to the provisions of Section 4.1010(a)(2). The provisions of this section, however, shall be applicable to each other benefit payable in monthly installments pursuant to any other provisions of this Article, but the application thereof to any such benefit shall not reduce the amount to be paid on or subsequent to July 1st of any year to an amount less than that payable immediately prior to July 1st of said year.

(b) The Board of Administration, not later than the 1st day of May of each year, shall determine with respect to the Federal Bureau of Labor Statistics Consumer Price Index for the Los Angeles area ("**the C.P.I.**") the percentage of increase or decrease, if any, in the C.P.I. for the whole of the first next preceding calendar year from the C.P.I. for the whole of the second next preceding calendar year, and shall round any such percentage increase or decrease to the nearest one-tenth (1/10) of one percent (1%).

(c) The Board, whenever it shall have determined that there had been an increase or decrease in the C.P.I., shall increase or decrease the amount of each such benefit as hereunder provided, subject, however, to the limitations contained in Subsection (a) of this section:

(1) Effective the 1st day of July of each year, beginning with the year 1974, the Board of Administration, with respect to each eligible benefit which became payable prior to the applicable 1st day of July, shall increase or decrease the amount thereof payable immediately prior to the applicable 1st day of July by one-twelfth (1/12) of the percentage of increase or decrease in the C.P.I. as determined by it pursuant to Subsection (b) of this section, for each whole month that such benefit was payable during the year commencing the 1st day of July next preceding the applicable 1st day of July and ending the 30th day of June next preceding the applicable 1st day of July, providing that any increase or decrease in the amount of any such benefit shall not exceed one-twelfth (1/12) of three percent (3%) thereof for each whole month that it was payable during the year.

(2) If the percentage of increase or decrease in the C.P.I. in any calendar year, as determined by the Board of Administration, were to exceed three percent (3%), as compared with the C.P.I. in the preceding year, the