

ORDINANCE NO. _____

An ordinance amending Chapters 10, 11, 11.5, 18.5, 20, 21, and 22 of Division 4 of the Los Angeles Administrative Code to authorize the transfer of membership and service credit for sworn peace officers currently employed by the City's Police, Airports, Harbor, and Recreation and Parks Departments from the Los Angeles City Employees' Retirement System (LACERS) to Tier 6 of the Los Angeles Fire and Police Pension Plan (LAFPP); to provide for the issuance of refunds to certain Tier 6 Members; and make amendments to plan provisions for LACERS, LAFPP, and the Limited Term Retirement Plan (LTRP), and the retiree health programs.

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

Section 1. Subsection (a) of Section 4.1001 of the Los Angeles Administrative Code is amended to read as follows:

(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 regular interest credited to the Member's account, as provided in Charter Section 1162(b).

Active Employee. A person who currently is employed by any City department. This definition does not include a person who has terminated employment with the City for any reason.

Airport Peace Officer Member. A Member of Tier 1 of the Retirement System who: (i) while a City employee and on their retirement date was employed by the Department of Airports as a peace officer as defined in California Penal Code Section 830.1 and was appointed to that position before January 7, 2018; or (ii) on their retirement date was employed by the Fire Department as a firefighter, was appointed to that position before January 7, 2018, directly following employment by the Department of Airports as a peace officer as defined by California Section 830.1, and served as a firefighter for the Fire Department from the date of appointment until the date of retirement. An Airport Peace Officer Member shall include an individual who became a Member of Tier 1 of the Retirement System pursuant to Section 4.1080.2(b)(8). Notwithstanding anything in this subsection or elsewhere in this Code to the contrary, an Airport Peace Officer Member shall be ineligible for any enhanced benefits under Sections 4.1007(a), 4.1008.1, and 4.1010.1, and shall revert to status as a Tier 1 Member, if LACERS did not receive a lump sum payment of \$5,700, by cashier's check, on a post-tax basis, before January 8, 2019, or prior to the Member's retirement date, whichever was earlier.

Airport Peace Officer Former Member. A former Member of Tier 1 of the Retirement System who was eligible for, and elected to, remain in LACERS rather than transfer to LAFPP under Charter Section 1704 and Section 4.1002(e) and who: (i) while a City employee and on the date that they separated from City service or ceased to be a Member of the Retirement System was employed by the Department of Airports as a peace officer as defined in California Penal Code Section 830.1 and was appointed to that position before January 7, 2018; or (ii) on the date they separated from City service or ceased to be a Member of the Retirement System was employed by the Fire Department as a firefighter, was appointed to that position before January 7, 2018, directly following employment by the Department of Airports as a peace officer as defined by California Section 830.1, and served as a firefighter for the Fire Department from the date of appointment until the date of separation. Notwithstanding anything in this subsection or elsewhere in this Code to the contrary, an Airport Peace Officer Former Member shall be ineligible for any enhanced benefits under Sections 4.1007(a), 4.1008.1, and 4.1010.1, and shall revert to status as a former Tier 1 Member or Tier 1 Member, as applicable, if LACERS did not receive a lump sum payment of \$5,700, by cashier's check, on a post-tax basis, before January 8, 2019, or prior to the Member's retirement date, whichever was earlier.

Airport Peace Officer Retired Member. A Member of Tier 1 of the Retirement System who, on their retirement date: (i) was employed by the Department of Airports as a peace officer as defined in California Penal Code Section 830.1, and was appointed to that position before January 7, 2018; or (ii) was employed by the Fire Department as a firefighter, and was appointed to that position before January 7, 2018, directly following employment by the Department of Airports as a peace officer as defined by California Section 830.1; and (iii) had paid to LACERS the \$5,700 mandatory additional contribution payment required by Section 4.1002(e)(2). An Airport Peace Officer Retired Member shall include an individual who became a Member of Tier 1 of the Retirement System pursuant to Section 4.1080.2(b)(8).

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 the Los Angeles City Employees' Retirement System 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 Member not only received Workers' Compensation benefits (Div. IV, California 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 Member also made contributions to the Retirement 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 their years of service from the date such Member entered employment with the City of Los Angeles in a capacity that would entitle the Member 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 Rules.

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

Continuous Service. Uninterrupted City Service except that discontinuance of such service of a Member for any cause whatever, followed by re-entrance into City Service within three 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 the Member's 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.

Fire and Police Pension Plan or LAFPP. The retirement plan for sworn members established in Article XI, Part 3 of the Los Angeles City Charter.

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

LACERS Peace Officer Former Member. A former Member of the Retirement System who is an Active Employee of the Police Department on and as of January 12, 2025; transferred to Tier 6 pursuant to Charter Section 1703 and Section 4.2214 of this Code; has Service remaining with the Retirement System; serves as a sworn peace officer pursuant to California Penal Code Section 830.1; performs police duties; and belongs to one of the following class codes: 2214-1, 2214-2, 2214-3, 2217, 2223-1, 2223-2, 2223-3, 2227-1, 2227-2, 2232-1, 2232-2, 2244-1, 2244-2, 2244-3, 2251, 2262-1, 2262-2, 3188-1, 3188-2, 3183-1, 3183-2, or 3183-3. An employee in Class Code 2112 is not a LACERS Peace Officer Former Member for the purposes of this definition.

LACERS Peace Officer Member. A Member of the Retirement System who, on and as of January 12, 2025, is an Active Employee of the Police Department, the Department of Airports, the Harbor Department, or the Department of Recreation and Parks; serves as a sworn peace officer pursuant to California Penal Code Section 830.1 or Section 830.31; performs police or firefighting duties; and belongs to one of the following class codes: 1968-0, 1966-0, 1967-1, 1967-2, 2214-1, 2214-2, 2214-3, 2217, 2223-1, 2223-2, 2223-3, 2227-1, 2227-2, 2232-1, 2232-2, 2244-1, 2244-2, 2244-3, 2251, 2262-1, 2262-2, 3188-1, 3188-2, 3183-1, 3183-2, 3183-3, 3221-1, 3221-F, 3221-2, 3238-0, 3221-3, 3222-0, 3225-1, 3225-F, 3225-2, 3225-3, 3333-0, 3185-0, 3226-0, 3227-0, 3228-0, 3205, 3234, 3233, or 3232. An employee in Class Code 2112 is not a LACERS Peace Officer Member for the purposes of this definition.

LACERS Peace Officer Retired Member. A retired Member of the Retirement System who elected to remain in the Retirement System and not to transfer to Tier 6, though the Member was eligible to participate in the LACERS Peace Officer Transfer Program because the Member was, on and as of January 12, 2025, an Active Employee of the Police Department, the Department of Airports, the Harbor Department, or the Department of Recreation and Parks; served as a sworn peace officer pursuant to California Penal Code Section 830.1 or Section 830.31; performed police or firefighting duties; and belonged to one of the following class codes: 1968-0, 1966-0, 1967-1, 1967-2, 2214-1, 2214-2, 2214-3, 2217, 2223-1, 2223-2, 2223-3, 2227-1, 2227-2, 2232-1, 2232-2, 2244-1, 2244-2, 2244-3, 2251, 2262-1, 2262-2, 3188-1, 3188-2, 3183-1, 3183-2, 3183-3, 3221-1, 3221-F, 3221-2, 3238-0, 3221-3, 3222-0, 3225-1, 3225-F, 3225-2, 3225-3, 3333-0, 3185-0, 3226-0, 3227-0, 3228-0, 3205, 3234, 3233, or 3232. An employee in Class Code 2112 is not a LACERS Peace Officer Retired Member for the purposes of this definition.

LACERS Peace Officer Transfer Program. The voluntary program that allows LACERS Peace Officer Members and LACERS Peace Officer Former Members who are Active Employees on and as of January 12, 2025, to transfer membership and/or LACERS Service from LACERS to Tier 6.

Member or Tier 1 Member. An employee of the City of Los Angeles who meets the membership requirements contained in Section 4.1002 of 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.

Public Safety Officer Member. The following definition shall apply only to Article 1 of Chapter 10 of this Code. A Member of Tier 1 of the Retirement System who while a City employee and on their retirement date, which shall occur on or after March 25, 2022, was employed by the Police Department, Harbor Department, or Recreation and Parks Department as a peace officer as defined in California Penal Code Section 830.1 or Section 830.31. Public Safety Officer Member also shall include an Airport Peace Officer Member who elected not to make a one-time lump sum payment of \$5,700 on or before January 8, 2019, in exchange for the enhanced benefits provided by Sections 4.1007(a), 4.1008.1, and 4.1010.1 as set forth in Section 4.1002(e)(2). To the extent a Public Safety Officer Member qualifies retroactively for the enhanced benefits provided for in Sections 4.1008.2 and 4.1010.2, LACERS will adjust those benefits accordingly.

Public Safety Officer Former Member. The following definition shall apply only to Article 1 of Chapter 10 of this Code. A former Member of Tier 1 of the Retirement System who while a City employee and on the date that they separated from City Service or ceased to be a Member of the Retirement System, which shall occur on or after March 25, 2022, was employed by the Police Department, Harbor Department, or Recreation and Parks Department as a peace officer as defined in California Penal Code Section 830.1 or Section 830.31. Public Safety Officer Former Member also shall include an Airport Peace Officer Former Member who elected not to make a one-time lump sum payment of \$5,700 on or before January 8, 2019, in exchange for the enhanced benefits provided by Sections 4.1007(a), 4.1008.1 and 4.1010.1 as set forth in Section 4.1002(e)(2). To the extent a Public Safety Officer Former Member qualifies retroactively for the enhanced benefits provided for in Sections 4.1008.2 and 4.1010.2, LACERS will adjust those benefits accordingly.

Public Safety Officer Retired Member. The following definition shall apply only to Article 1 of Chapter 10 of this Code. A retired Member of Tier 1 of the Retirement System who while a City employee and on their retirement date, which shall occur on or after March 25, 2022, was employed by the Police Department, Harbor Department, or Recreation and Parks Department as a peace officer as defined in California Penal Code Section 830.1 or Section 830.31. Public Safety Officer Retired Member also shall include an Airport Peace Officer Retired Member who elected not to make a one-time

lump sum payment of \$5,700 on or before January 8, 2019, in exchange for the enhanced benefits provided by Sections 4.1007(a), 4.1008.1 and 4.1010.1 as set forth in Section 4.1002(e)(2). To the extent a Public Safety Officer Retired Member qualifies retroactively for the enhanced benefits provided for in Sections 4.1008.2 and 4.1010.2, LACERS will adjust those benefits accordingly.

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.

Tier 6. The Tier of the Fire and Police Pension Plan established in Charter Sections 1700-1726.

Sec. 2. A new paragraph is added to the end of Subdivision (e)(2) of Section 4.1002 of the Los Angeles Administrative Code to read as follows:

Notwithstanding the foregoing, effective January 12, 2025, all actively employed Airport Peace Officer Members who previously made the \$5,700 lump sum after-tax payment described above and subsequently elect to transfer their LACERS contributions and membership to Tier 6, shall be entitled to a no-interest, tax-compliant refund of this lump sum payment, as provided in Subsection (h) below and consistent with any rules established by the LACERS Board of Administration.

Sec. 3. Subsections (f), (g), and (h) are added to Section 4.1002 of the Los Angeles Administrative Code to read as follows:

(f) **LACERS Peace Officer Member.** A LACERS Peace Officer Member shall make an irrevocable election in writing whether to remain a LACERS Member or to become a Member of Tier 6 in lieu of membership in LACERS and to transfer LACERS Service to Tier 6, on the terms and conditions set forth in Subdivision (1) below and further set forth in Charter Section 1709 and Section 4.2216 of this Code.

(1) **Election for LACERS Peace Officer Members Actively Employed as of January 12, 2025.**

(A) **Election Requirements.** LACERS shall have the authority to administer the election process consistent with the below requirements, including to create written election forms, require counseling, promulgate election filing rules and procedures, and determine the election period and deadlines.

(i) **Mandatory Counseling Sessions.** Every LACERS Peace Officer Member shall attend a mandatory counseling session administered by LACERS in coordination with LAFPP, the Police Department, the Department of Airports, the Harbor Department, or the Department of Recreation and Parks, in order to make an informed and voluntary decision whether to transfer to Tier 6 or to remain a LACERS Member. The counseling sessions shall be held at dates and times established by LACERS and LAFPP. The counseling sessions shall include, but shall not be limited to, information regarding a comparison of the benefits offered by each plan.

(ii) **Irrevocable Election to Transfer or Remain.** Every LACERS Peace Officer Member shall file a written election form with LACERS indicating whether the Member elects to transfer to Tier 6 or to remain a LACERS Member by the election deadline, which shall be January 9, 2026, or an earlier date selected by the Board of Fire and Police Pension Commissioners and the LACERS Board of Administration. A LACERS Peace Officer Member's failure to file an election form before the election deadline shall be deemed an irrevocable election to remain a LACERS Member.

(iii) **Irrevocable Agreement to Transfer All Prior Service.** A LACERS Peace Officer Member electing to transfer to Tier 6 must agree to transfer all prior LACERS Service to Tier 6 pursuant to the requirements set forth in Charter Section 1709 and Section 4.2216 of this Code, and to forfeit any and all benefits

administered by LACERS. A LACERS Peace Officer Member shall file their election form to transfer to Tier 6 from LACERS as provided in Subparagraph (ii) above.

(B) Election and Service Transfer Shall Be Irrevocable.

Consistent with Charter Section 1709(b)(3), a LACERS Peace Officer Member's election to remain a LACERS Member or transfer to Tier 6 shall be irrevocable after LACERS accepts the election form. Neither the Board of Fire and Police Pension Commissioners nor the LACERS Board of Administration shall have any authority to revoke a LACERS Peace Officer Member's election or allow transfers after the election deadline, except as provided by Section 4.2216.

(C) Transfer Effective Date. A LACERS Peace Officer

Member's election to transfer to Tier 6 shall be effective on January 11, 2026, or an earlier date selected by the Board of Fire and Police Pension Commissioners and the LACERS Board of Administration.

(D) Responsibility for Payment. To ensure cost neutrality for the Retirement System, the City, Department of Airports, and Harbor Department shall pay the full actuarial cost of the transfer of membership and LACERS Service and all associated costs and expenses as set forth in Charter Section 1709 and Section 4.2216 of this Code, as well as all costs and expenses incurred by the Retirement System in connection with administering the election process for LACERS Peace Officer Members belonging to their respective departments, excluding LACERS staff time dedicated to administering the election process, which may be reimbursed at the City's discretion. Mandatory reimbursement includes but is not limited to the following costs and expenses: the cost of any necessary reports prepared by the Retirement System's actuary, the cost of programming any changes to the pension administration system, and any legal expenses incurred by the Retirement System. The City shall pay all costs and expenses associated with Members of the Police Department and Department of Recreation and Parks who elect to transfer. LACERS shall be responsible for preparing invoices for all costs and expenses incurred, and submitting them to the City, the Department of Airports, or the Harbor Department, for their review and approval, provided that any requests for reimbursement of LACERS staff time shall be submitted as a separate invoice.

(E) Board's Administration of the Program. The LACERS Board of Administration shall administer the Program and adopt all rules necessary to implement this section. The LACERS Board of Administration shall determine any factual questions arising in connection with the Program, and shall take all appropriate action. The Board's determination shall be final and binding on all parties.

(g) **LACERS Peace Officer Former Member.** A LACERS Peace Officer Former Member shall make an irrevocable election in writing whether to transfer remaining LACERS Service to Tier 6, on the terms and conditions set forth in Subdivision (1) below and further set forth in Charter Section 1709 and Section 4.2216 of this Code.

(1) **Transfer of Service for LACERS Peace Officer Former Members Actively Employed as of January 12, 2025.**

(A) **Election Requirements.** LACERS shall have the authority to administer the election process consistent with the below requirements, including to create written election forms, require counseling, promulgate election filing rules and procedures, and determine the election period and deadlines.

(i) **Mandatory Counseling Sessions.** Every LACERS Peace Officer Former Member shall attend a mandatory counseling session administered by LACERS, in coordination with LAFPP and the Police Department in order to make an informed and voluntary decision whether to transfer remaining LACERS Service to Tier 6. The counseling sessions shall be held at dates and times established by LACERS and LAFPP. The counseling sessions shall include, but shall not be limited to, information regarding a comparison of the benefits offered by each plan.

(ii) **Irrevocable Election to Transfer or Remain.** Every LACERS Peace Officer Former Member shall file a written election form with LACERS indicating whether the Member elects to transfer remaining LACERS Service from LACERS to Tier 6 by the election deadline, which shall be January 9, 2026, or an earlier date selected by the Board of Fire and Police Pension Commissioners and the LACERS Board of Administration. A LACERS Peace Officer Former Member's failure to file an election form with LACERS before the election deadline shall be deemed an irrevocable election to keep LACERS Service in LACERS.

(iii) **Irrevocable Agreement to Transfer All Prior Service.** A LACERS Peace Officer Former Member must elect to transfer all prior LACERS Service to Tier 6, pursuant to the requirements set forth in Charter Section 1709 and Section 4.2216 of this Code, and to forfeit any and all benefits administered by LACERS. A LACERS Peace Officer Former Member shall file their election form to transfer LACERS Service to Tier 6 from LACERS as provided in Subparagraph (ii) above.

(B) Election and Service Transfer Shall Be Irrevocable.

Consistent with Charter Section 1709(b)(3), a LACERS Peace Officer Former Member's election to transfer remaining LACERS Service to Tier 6 shall be irrevocable after LACERS accepts the election form. Neither the Board of Fire and Police Pension Commissioners nor the LACERS Board of Administration shall have any authority to revoke a LACERS Peace Officer Former Member's election or to allow transfers after the election deadline, except as provided by Section 4.2216.

(C) Transfer Effective Date. A LACERS Peace Officer Former Member's election to transfer LACERS Service to Tier 6 shall be effective on January 11, 2026, or an earlier date selected by the Board of Fire and Police Pension Commissions and the LACERS Board of Administration.

(D) Responsibility for Payment. To ensure cost neutrality for the Retirement System, the City shall pay the full actuarial cost of the transfer of LACERS Service and all associated costs and expenses as set forth in Charter Section 1709 and Section 4.2216 of this Code, as well as all costs and expenses incurred by the Retirement System in connection with administering the election process for LACERS Peace Officer Former Members, excluding LACERS staff time dedicated to administering the election process, which may be reimbursed at the City's discretion. Mandatory reimbursement includes but is not limited to the following costs and expenses: the cost of any necessary reports prepared by the Retirement System's actuary, the cost of programming any changes to the pension administration system, and any legal expenses incurred by the Retirement System. LACERS shall be responsible for preparing invoices for all costs and expenses incurred, and submitting them to the City for review and approval, provided that any requests for reimbursement of LACERS staff time shall be submitted as a separate invoice.

(E) Board's Administration of the Program. The LACERS Board of Administration shall administer the Program and adopt all rules necessary to implement this section. The LACERS Board of Administration shall determine any factual questions arising in connection with the Program, and shall take all appropriate action. The Board's determination shall be final and binding on all parties.

(h) Refunds to Airport Peace Officer Members for LACERS Enhanced Benefits. LACERS shall refund to an Airport Peace Officer Member the exact amount of monies paid to receive Enhanced LACERS Benefits pursuant to Subsection (e) of this section, subject to the following terms and conditions.

(1) LACERS Peace Officer Program Participants. Only those Airport Peace Officer Members who elect to transfer to Tier 6 are eligible to receive a refund of monies paid for Enhanced Benefits. Any Airport Peace

Officer Member who remains a LACERS Member is not eligible to receive a refund of monies paid for LACERS Enhanced Benefits.

(2) **No Interest.** LACERS shall not pay an Airport Peace Officer Member any interest on the refunded monies. Any accrued regular interest credited to the Airport Peace Officer Member's account with the Retirement System cannot be refunded pursuant to this section and only may be refunded to the Airport Peace Officer Member pursuant to the terms and conditions of Charter Section 1714 or Section 4.1004 of this Code.

(3) **Payment Source and Method.** Enhanced Benefits refunds will be paid in a manner that complies with the Internal Revenue Code and any rules adopted by the LACERS Board of Administration to implement the refund process.

(4) **No Fiscal Impact on LACERS.** The Department of Airports shall issue up-front payments to the Retirement System in an amount that covers the full cost of refunds for LACERS Enhanced Benefits. The amount of funds due and the timing of payment from the Department of Airports shall be agreed upon between the Retirement System, the Department of Airports, and the City. The Retirement System shall not issue any refunds until after it has received payment from the Department of Airports. At its discretion, the City may reimburse the Retirement System for LACERS staff time dedicated to processing refunds. LACERS shall be responsible for preparing invoices for all costs and expenses incurred and submitting them to the City for review and approval, provided that any requests for reimbursement of LACERS staff time shall be submitted as a separate invoice.

(5) **Board's Administration of Refunds.** The LACERS Board of Administration shall administer the payment of refunds and adopt all rules necessary to implement this section. The LACERS Board of Administration shall determine any factual questions arising in connection with refunds, and shall take all appropriate action. The Board's determination shall be final and binding on all parties.

Sec. 4. Subsection (g) is added to Section 4.1003 of the Los Angeles Administrative Code to read as follows:

(g) Notwithstanding any language in this Section 4.1003 to the contrary, a LACERS Peace Officer Member who opted to remain in the Retirement System rather than transfer to Tier 6 pursuant to Charter Section 1709 and Sections 4.1002(f) and 4.2216 of this Code shall, to the extent required by the Internal Revenue Code, continue to make member contributions in the manner applicable to the LACERS Peace Officer Member's membership without regard to the irrevocable election to remain in LACERS. If this Section 4.1003 would otherwise require additional member contributions by such LACERS Peace Officer Member, such additional member contributions shall be made

on an after-tax basis to the extent required by the Internal Revenue Code. If Section 4.1003 would otherwise require member contributions at a rate that is lower than the rate applicable to the LACERS Peace Officer Member's membership in LACERS, the Council may, subject to applicable provisions of the Charter and this Code, provide for a larger annuity benefit at the time of retirement for such LACERS Peace Officer Member to reflect the additional contribution amounts, as determined by the System's actuary and subject to all limitations of the Internal Revenue Code.

Sec. 5. Subdivision (a)(2) of Section 4.1006 of the Los Angeles Administrative Code is amended to read as follows:

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

A former Member does not need to have five years of continuous service if the former Member 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, 1993.

Sec. 6. Subsection (b) of Section 4.1008 of the Los Angeles Administrative Code is amended to read as follows:

(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 only shall 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 their duties, and if said Board finds that such disability was not due to intemperance unattributable to a physical or mental impairment, or the willful misconduct of such Member, the Member shall be retired as of the date of the discontinuance of their service on account of such disability or termination of sick leave with pay.

Sec. 7. The first paragraph of Subdivision (d)(2) of Section 4.1008 of the Los Angeles Administrative Code is amended to read as follows:

(2) That the disabling condition(s) and death of the applicant were not due to the applicant's intemperance unattributable to a physical or mental impairment, or willful misconduct.

Sec. 8. Subsection (a) of Section 4.1008.1 of the Los Angeles Administrative Code is amended to read as follows:

(a) **Application for Disability Retirement.** Any Airport Peace Officer Member who has graduated from basic training and taken the Oath of Office, applying for a service-connected disability, or who has five or more years of continuous service, applying for a nonservice-connected disability, who has become physically or mentally incapacitated and who is incapable, as a result thereof, of performing the Member's duties, may be retired upon written application of such Member, or any person acting on the Member's behalf, or on behalf of the head of the Department of Airports or Fire Department wherein such Member is employed. Any such application may be made at any time, but no later than one year after the discontinuance of the service of such employee, provided such incapacity has been continuous from the discontinuance of such service. No application may be filed under this Section 4.1008.1 prior to January 7, 2018.

Sec. 9. The first two paragraphs of Subsection (d) of Section 4.1008.1 of the Los Angeles Administrative Code are amended to read as follows:

(d) **Determination of Disability.** The Board shall have the power to hear and determine all matters pertaining to the granting and denying of any application for a disability retirement. 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. The Board shall hold a hearing with respect to such application. The Board shall hear or receive such other evidence relating to or concerning the Member's disability or claimed disability as may be presented to it.

The Board first shall determine whether or not the Member is incapable of performing the Member's duties or those to which the Member would be assigned within the Member's civil service classification if returned to duty. If the Board were to determine that the Member is not so incapable, it shall then be the duty of the Board to deny the application. If the Board were to determine that the Member is so incapable, it then shall determine, pursuant to the language used in Subsections (b) and (c) of this section, whether the Member's incapacity or disability is service-connected or nonservice-connected. The Board shall then determine the percentage of the Member's incapacity or disability, within the limitations prescribed in Subsections (b) and (c) of this section, and shall grant the application accordingly. If the Board were to determine that the incapacity or disability was principally due to or caused by voluntary action by the Member intended to entitle the Member to a nonservice-connected disability retirement allowance, or due to intemperance unattributable to a physical or mental impairment, or the willful misconduct of such Member, it shall then be the duty of the Board to deny the application. In the case of any Airport Peace Officer Former Member, the Board, in order to grant any application filed by the Member for a disability retirement, must also determine, in addition to all of the foregoing, that any existing incapacity or disability

upon the Member's part occurred prior to the termination of the Member's active status, and that such incapacity or disability had been continuous up to the date of the Board's determinations.

Sec. 10. Subsection (l) of Section 4.1008.1 of the Los Angeles Administrative Code is amended to read as follows:

(l) **Exclusion for Willful Misconduct.** In making its determinations and findings relative to Subsections (a), (b), and (c) of this section, the Board shall consider whether and to what extent the activity giving rise to the disability of an Airport Peace Officer Member was caused or aggravated by such member's willful misconduct. If the Board finds that the disability was caused or aggravated by such willful misconduct, the Board shall deny the Airport Peace Officer Member's application for a disability retirement.

Sec. 11. Subsection (a) of Section 4.1008.2 of the Los Angeles Administrative Code is amended to read as follows:

(a) **Application for Disability Retirement.** Any Public Safety Officer Member who has completed Peace Officer Standards and Training and taken the Oath of Office, applying for a service-connected disability, or who has five or more years of Continuous Service, applying for a nonservice-connected disability, who has become physically or mentally incapacitated and who is incapable, as a result thereof, of performing their duties, may be retired upon written application of such Member, or any person acting on their behalf, or on behalf of the head of the department wherein such Member is employed. Any such application may be made at any time, but no later than one year after the discontinuance of the service of such employee, provided such incapacity has been continuous from the discontinuance of such service. No application may be filed under this Section 4.1008.2 prior to March 25, 2022.

Sec. 12. The first paragraph of Subsection (c) of Section 4.1008.2 of the Los Angeles Administrative Code is amended to read as follows:

(c) **Nonservice-Connected Disability.** Upon the filing by any Public Safety Officer Member's written application for a disability retirement allowance who shall have five or more years of Continuous Service, or upon the filing of a written application by any person acting on the Member's behalf, or on behalf of the head of the department wherein such Member is employed, for any Public Safety Officer Member whom the Board shall determine has become physically or mentally incapacitated by reason of injuries or sickness other than injuries received or sickness caused by the discharge of the duties of such person, and who is incapable as a result thereof from performing their assigned duties or those to which they would be assigned within the Member's civil service classification if returned to duty, shall be retired by order of the Board from further active duty as an employee. As a further condition of entitlement to such a retirement, the Board also shall determine that such disability was not due principally to or caused by intemperance unattributable to a physical or mental impairment, or the

willful misconduct of the Member intended to entitle them to a nonservice-connected disability retirement.

Sec. 13. The second paragraph of Subsection (d) of Section 4.1008.2 of the Los Angeles Administrative Code is amended to read as follows:

The Board first shall determine whether or not the Member is incapable of performing their duties or those to which they would be assigned within the Member's civil service classification if returned to duty. If the Board were to determine that they are not so incapable, it then shall be the duty of the Board to deny the application. If the Board were to determine that they are so incapable, it then shall determine, pursuant to the language used in Subsections (b) and (c) of this section, whether their incapacity or disability is service-connected or nonservice-connected. The Board then shall determine the percentage of the Member's incapacity or disability, within the limitations prescribed in Subsections (b) and (c) of this section, and shall grant the application accordingly. If the Board were to determine that the incapacity or disability was principally due to or caused by voluntary action by the Member intended to entitle them to a nonservice-connected disability retirement allowance, or due to intemperance unattributable to a physical or mental impairment, or the willful misconduct of such Member, as defined in rules promulgated by the Board, it then shall be the duty of the Board to deny the application. In the case of any Public Safety Officer Former Member, the Board, in order to grant any application filed by them for a disability retirement, also must determine, in addition to all of the foregoing, that any existing incapacity or disability upon their part occurred prior to the termination of their active status, and that such incapacity or disability had been continuous up to the date of the Board's determinations.

Sec. 14. Subsection (l) of Section 4.1008.2 of the Los Angeles Administrative Code is amended to read as follows:

(l) **Exclusion for Willful Misconduct.** In making its determinations and findings relative to Subsections (a), (b), and (c) of this section, the Board shall consider whether and to what extent the activity giving rise to the disability of a Public Safety Officer Member was caused or aggravated by such Member's willful misconduct. If the Board finds that the disability was caused or aggravated by such willful misconduct, the Board shall deny the Public Safety Officer Member's application for a disability retirement.

Sec. 15. Subdivision (2) of Subsection (a) of Section 4.1010 of the Los Angeles Administrative Code is amended to read as follows:

(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 Service 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 years, two monthly payments shall be paid, not to exceed a total of 12 monthly payments for six or more years of service. Such limited pension shall be paid to the surviving spouse or Domestic Partner of such deceased Member or, in the event there shall be no surviving spouse or Domestic Partner, to the minor children of such Member. The payment to a minor child shall continue beyond the month the child reaches age 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 unattributable to a physical or mental impairment, or the willful misconduct of such Member. In the event any such beneficiary dies 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 be deemed conclusively to have been terminated as of such date of death.

Sec. 16. Subsection (g) of Section 4.1010 of the Los Angeles Administrative Code is amended to read as follows:

(g) All benefits payable upon the death of a Public Safety Officer Member or Public Safety Officer Former Member shall be determined by Section 4.1010.2, and the provisions of this section and Sections 4.1010.1, 4.1011, 4.1012(b) and (c), 4.1013, 4.1014 and 4.1015, shall not apply. All benefits payable upon the death of a Public Safety Officer Retired Member, who at the time of death was receiving a disability retirement allowance pursuant to Section 4.1008.2, shall be determined by Section 4.1010.2, and the provisions of this section and Sections 4.1010.1, 4.1011, 4.1012(b) and (c), 4.1013, 4.1014 and 4.1015, shall not apply. The provisions of Section 4.1090 establishing the Family Death Benefit Plan shall apply only to the extent that it would not cause a survivor allowance to be paid that exceeds any limitations imposed by the Internal Revenue Code.

Sec. 17. The first paragraph of Section 4.1010.1 of the Los Angeles Administrative Code is amended to read as follows:

All benefits payable upon the death of an Airport Peace Officer Member, Airport Peace Officer Former Member, or Airport Peace Officer Retired Member, as defined in Section 4.1001(a), shall be determined by this Section 4.1010.1, and the provisions of Sections 4.1010, 4.1011, 4.1012(b) and (c), 4.1013, 4.1014, and 4.1015, shall not apply. Notwithstanding anything to the contrary, no survivor allowance shall be paid

under this Section 4.1010.1 to the extent it exceeds any limitations imposed by the Internal Revenue Code. The Board shall have the authority to adopt rules to implement this limitation.

Sec. 18. The first paragraph of Section 4.1010.2 of the Los Angeles Administrative Code is amended to read as follows:

All benefits payable upon the death of a Public Safety Officer Member or Public Safety Officer Former Member, as defined in Section 4.1001(a), shall be determined by this Section 4.1010.2, and the provisions of Sections 4.1010, 4.1010.1, 4.1011, 4.1012(b) and (c), 4.1013, 4.1014 and 4.1015, shall not apply. All benefits payable upon the death of a Public Safety Officer Retired Member as defined in Section 4.1001(a), who at the time of death was receiving a disability retirement allowance pursuant to Section 4.1008.2, shall be determined by this Section 4.1010.2, and the provisions of Sections 4.1010, 4.1010.1, 4.1011, 4.1012(b) and (c), 4.1013, 4.1014 and 4.1015, shall not apply. Notwithstanding anything to the contrary, no survivor allowance shall be paid under this Section 4.1010.2 to the extent it exceeds any limitations imposed by the Internal Revenue Code. The Board shall have the authority to adopt rules to implement this limitation.

Sec. 19. Subsection (g) is added to Section 4.1017 of the Los Angeles Administrative Code to read as follows:

(g) **Effect of Transfer to Fire and Police Pension Plan.** For any Member who has entered into an agreement to provide back contributions and elects to transfer membership to the Fire and Police Pension Plan pursuant to Section 4.2216, LACERS shall transfer all service credit and associated contributions that have been purchased, subject to the terms and conditions of the LACERS Peace Officer Transfer Program and the terms and conditions provided in this section.

Sec. 20. Subsection (j) is added to Section 4.1019 of the Los Angeles Administrative Code to read as follows:

(j) **Effect of Transfer to Fire and Police Pension Plan.** For any Member who has entered into a buy back agreement and elects to transfer membership to the Fire and Police Pension Plan pursuant to Section 4.2216, LACERS shall transfer all service credit and associated contributions that have been purchased, subject to the terms and conditions of the LACERS Peace Officer Transfer Program and the terms and conditions provided in this section.

Sec. 21. Subsection (l) is added to Section 4.1020 of the Los Angeles Administrative Code to read as follows:

(l) **Effect of Transfer to Fire and Police Pension Plan.** For any Member who has entered into a buy back agreement and elects to transfer membership to the Fire and Police Pension Plan pursuant to Section 4.2216, LACERS shall transfer all

service credit and associated contributions that have been purchased, subject to the terms and conditions of the LACERS Peace Officer Transfer Program and the terms and conditions provided in this section.

Sec. 22. Subsection (i) is added to Section 4.1020.1 of the Los Angeles Administrative Code to read as follows:

(i) **Effect of Transfer to Fire and Police Pension Plan.** For any Member who has entered into a purchase agreement and elects to transfer membership to the Fire and Police Pension Plan pursuant to Section 4.2216, LACERS shall transfer all service credit and associated contributions that have been purchased, subject to the terms and conditions of the LACERS Peace Officer Transfer Program and the terms and conditions provided in this section.

Sec. 23. Subsection (b) of Section 4.1022 of the Los Angeles Administrative Code is amended to read as follows:

(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 of one percent. This percentage increase or decrease in the C.P.I. that can be applied to a member's or beneficiary's benefit as provided in Subsection (a) is the Cost of Living Adjustment (COLA), and the accumulated balance of the COLA that is carried over each year as a result of following the process described in Subdivision (c)(2) is the "COLA Bank."

Sec. 24. Subdivision (c)(2) of Section 4.1022 of the Los Angeles Administrative Code is amended to read as follows:

(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, as compared with the C.P.I. in the preceding year, the percentage of increase or decrease in the C.P.I. in excess of three percent 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. For those years prior to 1974, in which the COLA was capped at two percent, the percentage of increase or decrease of the C.P.I. which was in excess of two percent, rather than three percent, shall be accumulated and carried over as provided herein. The foregoing provisions of this subdivision shall not apply to any recipient whose benefits were not paid for the entire fiscal year (July 1 to June 30) immediately preceding the fiscal year to which the COLA was first applied, unless the recipient is receiving a continuance benefit following the death of a retired member and the combined benefits paid to the continuance beneficiary and

previously paid to the deceased member cover the entire fiscal year immediately preceding the fiscal year when the COLA was first applied.

Sec. 25. Subdivision (3) is added to Subsection (c) of Section 4.1022 of the Los Angeles Administrative Code to read as follows:

- (3) In no event shall any COLA Bank contain a balance that is less than zero percent.

Sec. 26. Section 4.1030 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

Sec. 4.1030. Provisions Required to Comply with Internal Revenue Code Section 401(a)(9).

The Retirement System will pay all benefits in accordance with a reasonable and 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:

(a) Distribution of a Member's benefit must begin by the required beginning date. The required beginning date shall be the later of April 1 following the calendar year in which the member terminates service or the calendar year in which the member reaches the Applicable Age. The Applicable Age shall mean:

- (1) Age 70 ½ for members born before July 1, 1949;
- (2) Age 72 for members born after June 30, 1949 but before January 1, 1951;
- (3) Age 73 for members born on or after January 1, 1951 but before January 1, 1960;
- (4) Age 75 for members born on or after January 1, 1960; or
- (5) The Applicable Age set forth in Section 401(a)(9)(C)(v) of the Internal Revenue Code, as amended from time-to-time.

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 of this Code, as applicable.

(b) 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.

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

(d) 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.

(e) 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 years of the Member's death.

(f) 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(b).

(g) 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 percent of the cost for all of the Members' benefits received from the retirement system.

(h) 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. 27. Section 4.1031 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

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 the Ex's portion of the benefits payable based upon the lifetime of the member and/or survivor, may instead make an irrevocable election to convert the Ex's 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 the Ex's 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 the Ex's community property portion of the retirement allowance. The Ex must make the election to receive a life annuity within 90 days of LACERS providing written notice to the Ex. 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' marriage or domestic partnership has not been legally terminated.

Sec. 28. Subsection (a) of Section 4.1080.1 of the Los Angeles Administrative Code is amended to read as follows:

(a) For the purposes of Article 3 of Chapter 10 and Article 4 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 regular interest credited to the Member's account, as provided in Charter Section 1162(b).

Active Employee. A person who currently is employed by any City department. This definition does not include a person who has terminated employment with the City for any reason.

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 of the Los Angeles City Employees' Retirement System, established in Charter Section 1104(b).

City Service or Service. Only those periods during which a Member: (1) received compensation from the City as an employee; or (2) during which the employee

both received Workers' Compensation benefits (Div. IV, California Labor Code) for temporary disability on account of any injury or illness arising out of and in the course of employment with the City, and made contributions to the Retirement 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 the Member's years of service from the date such Member entered employment with the City of Los Angeles in a capacity that would entitle them 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 Rules.

Compensation Earnable. The base salary established for service in any City position or office for the period involved in any calculation required, plus any items of compensation that are designated as pension based in an applicable Memorandum of Understanding or City ordinance. All other items of compensation shall be excluded from the calculation of compensation earnable.

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

Cost of Living Amount. That portion of a retirement allowance resulting from adjustments made pursuant to Section 4.1080.17.

Dependent Parent. A person who 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 the Member's 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 4.1080.9 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, rank, or office, at a regular salary, wage, or compensation.

Fire and Police Pension Plan or LAFPP. The retirement plan for sworn members established in Article XI, Part 3 of the Los Angeles City Charter.

Forfeit or Forfeiture shall have the meaning provided by Internal Revenue Code Section 401(a)(8).

Larger Annuity. The annuity funded entirely by the Member as provided in Section 4.1080.3(d).

LACERS Peace Officer Member. A Member of the Retirement System who, on and as of January 12, 2025, is an Active Employee of the Police Department, the Department of Airports, the Harbor Department, or the Department of Recreation and Parks; serves as a sworn peace officer pursuant to California Penal Code Section 830.1 or Section 830.31, performs police or firefighting duties; and belongs to one of the following class codes: 1968-0, 1966-0, 1967-1, 1967-2, 2214-1, 2214-2, 2214-3, 2217, 2223-1, 2223-2, 2223-3, 2227-1, 2227-2, 2232-1, 2232-2, 2244-1, 2244-2, 2244-3, 2251, 2262-1, 2262-2, 3188-1, 3188-2, 3183-1, 3183-2, 3183-3, 3221-1, 3221-F, 3221-2, 3238-0, 3221-3, 3222-0, 3225-1, 3225-F, 3225-2, 3225-3, 3333-0, 3185-0, 3226-0, 3227-0, 3228-0, 3205, 3234, 3233, or 3232. An employee in Class Code 2112 is not a LACERS Peace Officer Member for the purposes of this definition.

LACERS Peace Officer Retired Member. A retired Member of the Retirement System who elected to remain in the Retirement System and not to transfer to LAFPP Tier 6, though the Member was eligible to participate in the LACERS Peace Officer Transfer Program because the Member was on and as of January 12, 2025, an Active Employee of the Police Department, the Department of Airports, the Harbor Department, or the Department of Recreation and Parks; served as a sworn peace officer pursuant to California Penal Code Section 830.1 or Section 830.31; performed police or firefighting duties; and belonged to one of the following class codes: 1968-0, 1966-0, 1967-1, 1967-2, 2214-1, 2214-2, 2214-3, 2217, 2223-1, 2223-2, 2223-3, 2227-1, 2227-2, 2232-1, 2232-2, 2244-1, 2244-2, 2244-3, 2251, 2262-1, 2262-2, 3188-1, 3188-2, 3183-1, 3183-2, 3183-3, 3221-1, 3221-F, 3221-2, 3238-0, 3221-3, 3222-0, 3225-1, 3225-F, 3225-2, 3225-3, 3333-0, 3185-0, 3226-0, 3227-0, 3228-0, 3205, 3234, 3233, or 3232. An employee in Class Code 2112 is not a LACERS Peace Officer Retired Member for the purposes of this definition.

LACERS Peace Officer Transfer Program. The voluntary program that allows LACERS Peace Officer Members and LACERS Peace Officer Former Members, who are Active Employees on and as of January 12, 2025, to transfer membership and/or LACERS Service from LACERS to Tier 6.

Member or Tier 3 Member. An employee of the City of Los Angeles who meets the membership requirements contained in Section 4.1080.2. 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 3 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 3 unless otherwise specified.

Operative Date. The “effective date”, unless a different date is specified by any ordinance adopted pursuant to the provisions of Charter Section 1168.

Public Safety Officer Member. The following definition shall apply only to Article 3 of Chapter 10 of this Code. A Member of Tier 3 of the Retirement System who while a City employee and on their retirement date, which shall occur on or after March 25, 2022, was employed by the Police Department, Harbor Department, or Recreation and Parks Department as a peace officer as defined in California Penal Code Section 830.1 or Section 830.31. Public Safety Officer Member also shall include an Airport Peace Officer Member who elected not to make a one-time lump sum payment of \$5,700 on or before January 8, 2019 in exchange for the enhanced benefits provided by Sections 4.1007(a), 4.1008.1 and 4.1010.1 as set forth in Section 4.1002(e)(2). To the extent a Public Safety Officer Member qualifies retroactively for the enhanced benefits provided for in Sections 4.1080.8.1 and 4.1080.10.1, LACERS will adjust those benefits accordingly.

Public Safety Officer Former Member. The following definition shall apply only to Article 3 of Chapter 10 of this Code. A former Member of Tier 3 of the Retirement System who while a City employee and on the date that they separated from City Service or ceased to be a Member of the Retirement System, which shall occur on or after March 25, 2022, was employed by the Police Department, Harbor Department, or Recreation and Parks Department as a peace officer as defined in California Penal Code Section 830.1 or Section 830.31. Public Safety Officer Former Member also shall include an Airport Peace Officer Former Member who elected not to make a one-time lump sum payment of \$5,700 on or before January 8, 2019 in exchange for the enhanced benefits provided by Sections 4.1007(a), 4.1008.1 and 4.1010.1 as set forth in Section 4.1002 (e)(2). To the extent a Public Safety Officer Former Member qualifies retroactively for the enhanced benefits provided for in Sections 4.1080.8.1 and 4.1080.10.1, LACERS will adjust those benefits accordingly.

Public Safety Officer Retired Member. The following definition shall apply only to Article 3 of Chapter 10 of this Code. A retired Member of Tier 3 of the Retirement System who while a City employee and on their retirement date, which shall occur on or after March 25, 2022, was employed by the Police Department, Harbor Department, or Recreation and Parks Department as a peace officer as defined in California Penal Code Section 830.1 or Section 830.31. Public Safety Officer Retired Member also shall include an Airport Peace Officer Retired Member who elected not to make a one-time lump sum payment of \$5,700 on or before January 8, 2019 in exchange for the enhanced benefits provided by Sections 4.1007(a), 4.1008.1 and 4.1010.1 as set forth in Section 4.1002 (e)(2). To the extent a Public Safety Officer Retired Member qualifies retroactively for the enhanced benefits provided for in Sections 4.1080.8.1 and 4.1080.10.1, LACERS will adjust those benefits accordingly.

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

Reserve Basis. A system which provides for the accumulation and maintenance of a fund which 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, together with all subsequent adjustments thereto, if any.

Retired Member or Retired Tier 3 Member. A former member who is receiving a monthly benefit from Tier 3 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.

Tier 6. The Tier of the Fire and Police Pension Plan established in Charter Sections 1700-1726.

Sec. 29. The first paragraph of Subdivision (9) of Subsection (c) of Section 4.1080.2 of the Los Angeles Administrative Code is amended to read as follows:

(9) Any officer of the City elected for a fixed term who files a written declaration of the officer's desire not to become a member of the System within 90 days following the last day of the calendar month in which the Board received notice from the City Clerk indicating the officer's eligibility to opt out of membership in the System. When the declaration is filed, any contributions already taken attributable to the fixed term to which the officer 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. Any officer who has filed such a declaration may revoke it in writing and, upon filing the written revocation with the Board of Administration, shall become a member of the System.

Sec. 30. The first paragraph of Subsection (d) of Section 4.1080.2 of the Los Angeles Administrative Code is amended to read as follows:

(d) **Part-Time Employee Members.** Employees who qualify for membership in the Retirement System pursuant to Subsection (c)(8) herein shall be referred to as "part-time employee members." As provided in Subsection (b)(7), employees who commence employment with the City prior to February 21, 2016, in a position eligible for part-time employee membership in LACERS pursuant to the requirements of Subsection (c)(8), who become eligible for part-time employee membership pursuant to the requirements of Subsection (c)(8) on or after February 21, 2016, shall become members of LACERS Tier 1.

Sec. 31. Subsection (e) is added to Section 4.1080.2 of the Los Angeles Administrative Code to read as follows:

(e) **LACERS Peace Officer Member.** A LACERS Peace Officer Member shall make an irrevocable election in writing whether to remain a LACERS Member or to become a Member of Tier 6 in lieu of membership in LACERS and to transfer LACERS Service to Tier 6, on the terms and conditions set forth in Subdivision (1) below and further set forth in Charter Section 1709 and Section 4.2216 of this Code.

(1) **Election for LACERS Peace Officer Members Actively Employed as of January 12, 2025.**

(A) **Election Requirements.** LACERS shall have the authority to administer the election process consistent with the below requirements, including to create written election forms, require counseling, promulgate election filing rules and procedures, and determine the election period and deadlines.

(i) **Mandatory Counseling Sessions.** Every LACERS Peace Officer Member shall attend a mandatory counseling session administered by LACERS, in coordination with the Department of Recreation and Parks, in order to make an informed and voluntary decision whether to transfer to Tier 6 or to remain a LACERS Member. The counseling sessions shall be held at dates and times established by LACERS and LAFPP. The counseling sessions shall include, but shall not be limited to, information regarding a comparison of the benefits offered by each plan.

(ii) **Irrevocable Election to Transfer or Remain.** Every LACERS Peace Officer Member shall file a written election form with LACERS indicating whether the Member elects to transfer to Tier 6 or to remain a LACERS Member by the election deadline, which shall be January 9, 2026, or an earlier date selected by the Board of Fire and Police Pension Commissioners and the LACERS

Board of Administration. A LACERS Peace Officer Member's failure to file an election form before the election deadline shall be deemed an irrevocable election to remain a LACERS Member.

(iii) Irrevocable Agreement to Transfer All Prior Service. A LACERS Peace Officer Member electing to transfer to Tier 6 must agree to transfer all prior LACERS Service to Tier 6 pursuant to the requirements set forth in Charter Section 1709 and Section 4.2216 of this Code, and to forfeit any and all benefits administered by LACERS. A LACERS Peace Officer Member shall file their election form to transfer to Tier 6 from LACERS as provided in Subparagraph (ii) above.

(B) Election and Service Transfer Shall Be Irrevocable. Consistent with Charter Section 1709(b)(3), a LACERS Peace Officer Member's election to remain a LACERS Member or transfer to Tier 6 shall be irrevocable after LACERS accepts the election form. Neither the Board of Fire and Police Pension Commissioners nor the LACERS Board of Administration shall have any authority to revoke a LACERS Peace Officer Member's election or allow transfers after the election deadline, except as provided by Section 4.2216.

(C) Transfer Effective Date. A LACERS Peace Officer Member's election to transfer to Tier 6 shall be effective on January 11, 2026, or an earlier date selected by the Board of Fire and Police Pension Commissioners and the LACERS Board of Administration.

(D) Responsibility for Payment. To ensure cost neutrality for the Retirement System, the City shall pay the full actuarial cost of the transfer of membership and LACERS Service and all associated costs and expenses as set forth in Charter Section 1709 and Section 4.2216 of this Code, as well as all costs and expenses incurred by the Retirement System in connection with administering the election process for LACERS Peace Officer Members, excluding LACERS staff time dedicated to administering the election process, which may be reimbursed at the City's discretion. Mandatory reimbursement includes but is not limited to the following costs and expenses: the cost of any necessary reports prepared by the Retirement System's actuary, the cost of programming any changes to the pension administration system, and any legal expenses incurred by the Retirement System. The City shall pay all costs and expenses associated with Members of the Department of Recreation and Parks who elect to transfer. LACERS shall be responsible for preparing invoices for all costs and expenses incurred, and submitting them to the City for review and approval, provided that any requests for reimbursement of LACERS staff time shall be submitted as a separate invoice.

(E) Board's Administration of the Program. The LACERS Board of Administration shall administer the Program and adopt all rules necessary to implement this section. The LACERS Board of Administration shall determine any factual questions arising in connection with the Program, and shall take all appropriate action. The Board's determination shall be final and binding on all parties.

Sec. 32. Subsection (b) of Section 4.1080.6 of the Los Angeles Administrative Code is amended to read as follows:

(b) Continuous Service Requirement. Service purchased under Section 4.1080.20 shall not count toward establishing the minimum five years of continuous City service required for retirement under this section. The requirement for five 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. A former Member does not need to have five years of continuous service if the former Member 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, 1993.

Sec. 33. Subsection (b) of Section 4.1080.8 of the Los Angeles Administrative Code is amended to read as follows:

(b) Disability Determination. The Board shall cause each Member who applies for disability retirement to be examined by, and a written report thereon rendered by, at least three regularly licensed, practicing physicians selected by the Board. If the Member is terminally ill, however, the Board only shall 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 in connection with the disability retirement application, the Board finds that: (1) the Member has become physically or mentally incapacitated and is incapable, as a result thereof, of performing the Member's duties; and (2) such disability was not due to intemperance unattributable to a physical or mental impairment, or the willful misconduct of such Member, then the Board shall determine that the Member shall be retired as of the date of the discontinuance of the Member's service on account of such disability or termination of sick leave with pay.

Sec. 34. The first paragraph of Subdivision (2) of Subsection (d) of Section 4.1080.8 of the Los Angeles Administrative Code is amended to read as follows:

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

Sec. 35. Subsection (a) of Section 4.1080.8.1 of the Los Angeles Administrative Code is amended to read as follows:

(a) **Application for Disability Retirement.** Any Public Safety Officer Member who has completed Peace Officer Standards and Training and taken the Oath of Office, applying for a service-connected disability, or who has five or more years of Continuous Service, applying for a nonservice-connected disability, who has become physically or mentally incapacitated and who is incapable, as a result thereof, of performing their duties, may be retired upon written application of such Member, or any person acting on their behalf, or on behalf of the head of the department wherein such Member is employed. Any such application may be made at any time, but no later than one year after the discontinuance of the service of such employee, provided such incapacity has been continuous from the discontinuance of such service. No application may be filed under this Section 4.1080.8.1 prior to March 25, 2022.

Sec. 36. The first paragraph of Subsection (c) of Section 4.1080.8.1 of the Los Angeles Administrative Code is amended to read as follows:

(c) **Nonservice-Connected Disability.** Upon the filing by any Public Safety Officer Member's written application for a disability retirement allowance who shall have five or more years of continuous service, or upon the filing of a written application by any person acting on the Member's behalf, or on behalf of the head of the department wherein such Member is employed, for any Public Safety Officer Member whom the Board shall determine has become physically or mentally incapacitated by reason of injuries or sickness other than injuries received or sickness caused by the discharge of the duties of such person, and who is incapable as a result thereof from performing their assigned duties or those to which they would be assigned within the Member's civil service classification if returned to duty, shall be retired by order of the Board from further active duty as an employee. As a further condition of entitlement to such a retirement, the Board also shall determine that such disability was not due principally to or caused by intemperance unattributable to a physical or mental impairment, or the willful misconduct of the Member intended to entitle them to a nonservice-connected disability retirement.

Sec. 37. The second paragraph of Subsection (d) of Section 4.1080.8.1 of the Los Angeles Administrative Code are amended to read as follows:

The Board first shall determine whether or not the Member is incapable of performing their duties or those to which they would be assigned within the Member's civil service classification if returned to duty. If the Board were to determine that they are not so incapable, it then shall be the duty of the Board to deny the application. If the Board were to determine that they are so incapable, it then shall determine, pursuant to the language used in Subsections (b) and (c) of this section, whether their incapacity or disability is service-connected or nonservice-connected. The Board then shall determine the percentage of the Member's incapacity or disability, within the limitations prescribed in Subsections (b) and (c) of this section, and shall grant the application

accordingly. If the Board were to determine that the incapacity or disability was principally due to or caused by voluntary action by the Member intended to entitle them to a nonservice-connected disability retirement allowance, or due to intemperance unattributable to a physical or mental impairment, or the willful misconduct of such Member, as defined in rules promulgated by the Board, it then shall be the duty of the Board to deny the application. In the case of any Public Safety Officer Former Member, the Board, in order to grant any application filed by them for a disability retirement, also must determine, in addition to all of the foregoing, that any existing incapacity or disability upon their part occurred prior to the termination of their active status, and that such incapacity or disability had been continuous up to the date of the Board's determinations.

Sec. 38. Subsection (l) of Section 4.1080.8.1 of the Los Angeles Administrative Code is amended to read as follows:

(l) **Exclusion for Willful Misconduct.** In making its determinations and findings relative to Subsections (a), (b), and (c) of this section, the Board shall consider whether and to what extent the activity giving rise to the disability of a Public Safety Officer Member was caused or aggravated by such Member's willful misconduct. If the Board finds that the disability was caused or aggravated by such willful misconduct, the Board shall deny the Public Safety Officer Member's application for a disability retirement.

Sec. 39. Subdivision (a)(2) of Section 4.1080.10 of the Los Angeles Administrative Code is amended to read as follows:

(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 Service 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 years, two monthly payments shall be paid, not to exceed a total of 12 monthly payments for six or more years of service. Such limited pension shall be paid to the surviving spouse or Domestic Partner of such deceased Member or, in the event there shall be no surviving spouse or Domestic Partner, to the minor children of such Member. The payment to a minor child shall continue beyond the month the child reaches age 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 unattributable to a physical or mental impairment, or the willful misconduct of such Member. In the event any such beneficiary dies before receiving the full amount of such limited pension, the limited pension shall be continued to the persons who, in the order hereinabove set forth, qualify as beneficiaries as of the date of death of the deceased beneficiary and who, within 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 be deemed conclusively to have been terminated as of such date of death.

Sec. 40. Subsection (e) of Section 4.1080.10 of the Los Angeles Administrative Code is amended to read as follows:

(e) All benefits payable upon the death of a Public Safety Officer Member or Public Safety Officer Former Member shall be determined by Section 4.1080.10.1, and the provisions of this section and Sections 4.1080.11, 4.1080.12(b) and (c), 4.1080.13, and 4.1080.14, shall not apply. All benefits payable upon the death of a Public Safety Officer Retired Member, who at the time of death was receiving a disability retirement allowance pursuant to Section 4.1080.8.1, shall be determined by Section 4.1080.10.1, and the provisions of this section and Sections 4.1080.11, 4.1080.12(b) and (c), 4.1080.13, and 4.1080.14, shall not apply. The provisions of Section 4.1090 establishing the Family Death Benefit Plan shall apply only to the extent that it would not cause a survivor allowance to be paid that exceeds any limitations imposed by the Internal Revenue Code.

Sec. 41. The first paragraph of Section 4.1080.10.1 of the Los Angeles Administrative Code is amended to read as follows:

All benefits payable upon the death of a Public Safety Officer Member or Public Safety Officer Former Member, as defined in Section 4.1080.1, shall be determined by this Section 4.1080.10.1, and the provisions of Sections 4.1080.10, 4.1080.11, 4.1080.12(b) and (c), 4.1080.13, and 4.1080.14 shall not apply. All benefits payable upon the death of a Public Safety Officer Retired Member, as defined in Section 4.1080.1, who at the time of death was receiving a disability retirement allowance pursuant to Section 4.1080.8.1, shall be determined by this Section 4.1080.10.1, and the provisions of Sections 4.1080.10, 4.1080.11, 4.1080.12(b) and (c), 4.1080.13, and 4.1080.14 shall not apply. Notwithstanding anything to the contrary, no survivor allowance shall be paid under this Section 4.1080.10.1 to the extent it exceeds any limitations imposed by the Internal Revenue Code. The Board shall have the authority to adopt rules to implement this limitation.

Sec. 42. Subsection (b) of Section 4.1080.16 of the Los Angeles Administrative Code is amended as follows:

(b) **Option to Elect a Life Annuity.** When a court of competent jurisdiction awards a former spouse or former domestic partner a portion of the retirement benefits payable to the member/former member and to the member/former member's surviving spouse or domestic partner (survivor), if any, the former spouse or former domestic partner, in lieu of receiving the former spouse's or former domestic partner's portion of the benefits payable based upon the lifetime of the member/former member and/or survivor, may instead make an irrevocable election to convert the former spouse's or former domestic partner's interest in such retirement benefits into an actuarially

equivalent life annuity payable for the lifetime of the former spouse or former domestic partner. If the member/former member has not yet retired, the former spouse or former domestic partner must make this irrevocable election to receive a life annuity, in writing, prior to receiving payment of the former spouse's or former domestic partner's community property portion of the retirement allowance. If the member/former member has already retired, the election must be made at the time the former spouse or former domestic partner requests direct payment of the former spouse's or former domestic partner's community property portion of the retirement allowance. The former spouse or former domestic partner must make the election to receive a life annuity within 90 days of LACERS providing written notice to the former spouse or former domestic partner. If this irrevocable election is not made prior to the applicable times specified herein, the former spouse or former domestic partner 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. 43. Subsection (g) is added to Section 4.1080.18 of the Los Angeles Administrative Code to read as follows:

(g) **Effect of Transfer to Fire and Police Pension Plan.** For any Member who has entered into an agreement to provide back contributions and elects to transfer membership to the Fire and Police Pension Plan pursuant to Section 4.2216, LACERS shall transfer all service credit and associated contributions that have been purchased, subject to the terms and conditions of the LACERS Peace Officer Transfer Program and the terms and conditions provided in this section.

Sec. 44. Subsection (l) is added to Section 4.1080.20 of the Los Angeles Administrative Code to read as follows:

(l) **Effect of Transfer to Fire and Police Pension Plan.** For any Member who has entered into a buy back agreement and elects to transfer membership to the Fire and Police Pension Plan pursuant to Section 4.2216, LACERS shall transfer all service credit and associated contributions that have been purchased, subject to the terms and conditions of the LACERS Peace Officer Transfer Program and the terms and conditions provided in this section.

Sec. 45. Section 4.1080.27 of the Los Angeles Administrative Code is amended to read as follows:

Sec. 4.1080.27. Compliance with Internal Revenue Code Section 401(a)(9) Regarding Required Distributions.

The Retirement System will pay all benefits in accordance with a reasonable and 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:

(a) Distribution of a Member's benefit must begin by the required beginning date. The required beginning date shall be the later of April 1 following the calendar year in which the member terminates service or the calendar year in which the member reaches the Applicable Age. The Applicable Age shall mean:

- (1) Age 70 ½ for members born before July 1, 1949;
- (2) Age 72 for members born after June 30, 1949 but before January 1, 1951;
- (3) Age 73 for members born on or after January 1, 1951 but before January 1, 1960;
- (4) Age 75 for members born on or after January 1, 1960; or
- (5) The Applicable Age set forth in Section 401(a)(9)(C)(v) of the Internal Revenue Code, as amended from time-to-time.

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 4.1080.4 or Section 4.1080.7, as applicable.

(b) 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.

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

(d) 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.

(e) 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 years of the Member's death.

(f) 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(b).

(g) 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 percent of the cost for all of the Members' benefits received from the retirement system.

(h) 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. 46. Subsections (b) and (c) of Section 4.1095 of the Los Angeles Administrative Code are amended to read as follows:

(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 the Plan Member eligible for membership in the LACERS; provided, however, that there is no break in service of more than seven calendar days. If there is a break in service of more than seven calendar days, the former Plan Member shall become a System Member on the date that the former Plan Member's entrance into such employment with the City of Los Angeles makes the former Plan Member eligible to become a System Member.

If a Plan Member participates in the reciprocal retirement benefit arrangement established in this Section, the Plan Member shall become a member of Tier 1 upon becoming a System Member, provided that the Plan Member's employment with the DWP commenced prior to February 21, 2016, and there is no break in service of more than seven calendar days, as provided in the preceding paragraph. If a Plan Member becomes a System Member on or after February 21, 2016, the Plan Member shall become a member of Tier 3 upon becoming a System Member if: (1) the Plan Member did not commence employment with the DWP prior to February 21, 2016; (2) the Plan Member commenced employment with the DWP prior to February 21, 2016, but there was a break in service of more than seven 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 the system member would qualify based upon the system member's 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 3, as applicable.

Sec. 47. Subsection (g) of Section 4.1095 of the Los Angeles Administrative Code is amended to read as follows:

(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 4.1080.1 of this Code; provided however, that the System Member has not exercised one of the elections provided in Subsection (d) of this section.

Sec. 48. Section 4.1104 of the Los Angeles Administrative Code is amended to read as follows:

The definitions of Service and Service Credit now set forth in Section 4.1110 for Tier 1 and Section 4.1125 for Tier 3 shall apply prospectively to Members and former Members who retire on or after February 21, 2016. Effective February 21, 2016, a part-time employee Member shall be eligible for a benefit under this Chapter when the Member is age 55 with a minimum of ten years of Service, provided that the Member is receiving a service retirement benefit or disability retirement benefit from LACERS under Chapter 10. After calculating the first ten years of Service, a part-time Member's health subsidy shall be calculated using Service Credit, which shall be prorated based upon the number of hours the Member worked per pay period. However, employees who became Members of LACERS prior to April 23, 1990, whose health subsidy is based on periods of part-time and less than full-time employment, shall receive a health subsidy based on Service, and not pro-rated Service Credit.

Any retired Member who retired before February 21, 2016, who would have been eligible for a benefit under this chapter had the retired Member retired on or after February 21, 2016, shall be entitled to apply to LACERS, under rules and procedures to be developed by LACERS, to enroll or participate in the retiree health program established by this Chapter. Such retirees shall receive, upon enrollment in a health plan administered by LACERS or the first date of participation in LACERS' Medical Premium Reimbursement Program, the monthly retiree medical subsidy amount to which they are entitled based upon their prorated Service Credit, effective as of the first date of such enrollment or participation.

Sec. 49. Section 4.1110 of the Los Angeles Administrative Code is amended to read as follows:

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:

Employee shall refer to an employee who is a member of Tier 1 of LACERS.

Member shall refer to a person who is a member of Tier 1 of LACERS. Effective February 21, 2016, a part-time employee Member who qualifies for membership under Section 4.1002 of this Code shall be eligible for a benefit under this Article 2 when the Member is age 55 with a minimum of ten years of Service, provided that the Member is receiving a service retirement benefit or disability retirement benefit from LACERS under Chapter 10. After calculating the first ten years of Service, a part-time Member's health subsidy shall be calculated using Service Credit, which shall be prorated based upon the number of hours the Member worked per pay period. However, employees who became Members of the LACERS prior to April 23, 1990, whose health subsidy is based on periods of part-time and less than full-time employment, shall receive a health subsidy based on Service, and not pro-rated.

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.

Service. Effective February 21, 2016, only those periods during which a Member (1) received compensation from the City as an employee, or (2) during which the employee both received Workers' Compensation benefits (Div. IV, California Labor Code) for temporary disability on account of any injury or illness arising out of, and in the course of, employment with the City, and made contributions to the Retirement Fund as provided in Charter Section 1162. Service shall exclude service purchased pursuant to the Public Service Buy Back (PSB) program set forth in Section 4.1019. Service purchased pursuant to the redeposit program set forth in Section 4.1018, and Service purchased pursuant to the back contributions program set forth in Section 4.1017 may be used to qualify for the benefits provided in this article, provided that such service is purchased while a Member of LACERS and does not exceed any limits imposed under federal tax law. Part-time employee Members shall receive full, rather than prorated, Service for purposes of qualifying for benefits under this article.

Service Credit. Effective February 21, 2016, Service Credit shall include any Service authorized by Chapter 10 of Division 4 of this Code that may be taken into consideration for purposes of qualifying for benefits provided in Chapter 10, excluding any purchased service purchased pursuant to the Public Service Buy Back (PSB) program set forth in Section 4.1019, and provided that any such service credit does not

exceed any limits imposed under federal tax law. Part-time employee Members shall have their Service Credit prorated based upon the number of hours worked per pay period for purposes of the calculation of their benefits under this article.

Sec. 50. A new paragraph is added to the end of Subsection (c) of Section 4.1154 of the Los Angeles Administrative Code to read as follows:

The amount of the medical plan premium subsidy applied toward the coverage of dependents of a retired member enrolled in both Part A and Part B of Medicare ("fully enrolled") shall not exceed the amount which may be applied toward the coverage of the dependent(s) of a retired member who is not enrolled in Medicare or is only enrolled in Part B of Medicare ("partially enrolled"), whichever is greater. The maximum coverage for a fully enrolled retired member's dependents shall not exceed the highest amount available to a retired member with the same years of service, who is not enrolled or partially enrolled in Medicare but covered by the same medical plan. If the same medical 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.

Sec. 51. Subsection (a) of Section 4.1850 of the Los Angeles Administrative Code is amended to read as follows:

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

Annual Addition shall mean the annual addition as defined in Code Section 415(c), which in general, is the sum of the City contributions, Participant contributions and forfeitures credited to a Participant's account for the Limitation Year under this Plan and any other qualified defined contribution plan maintained by the City.

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 3 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 3 of the LACERS, as applicable, expressed as a percentage of covered payroll.

Beneficiary shall mean any person or legal entity designated in accordance with Subsection (h) hereof.

Board or Board of Administration shall mean the Board of Administration as defined in Section 1104(a) of Article XI of the Charter of the City of Los Angeles.

City shall mean the City of Los Angeles.

Code shall mean the Internal Revenue Code of 1986 as amended.

Compensation shall be determined in the same manner that "Compensation Earnable" is determined for members of LACERS. The annual compensation of each Participant taken into account for determining all benefits provided under this Plan for any Plan Year shall not exceed \$200,000, determined in accordance with Section 401(a)(17) of the Internal Revenue Code and the regulations thereunder, and as adjusted for increases in the cost-of-living in accordance with Section 401(a)(17)(B) of the Internal Revenue Code. The cost-of-living adjustment in effect for a calendar year applies to the Plan Year beginning in that calendar year. If a Participant is an active member for less than a Plan Year, then the compensation limit is an amount equal to the otherwise applicable annual compensation limit multiplied by a fraction, the numerator of which is the number of full months in which the Participant was an active member and the denominator of which is 12.

Effective Date shall mean July 1, 1997.

Fund shall mean the Limited Term Retirement Fund.

LAAC shall mean the Los Angeles Administrative Code.

LACERS shall mean the Los Angeles City Employees Retirement System as defined under Section 1150 of Article XI, Part I of the Charter of the City of Los Angeles.

Participant shall mean those employees eligible for participation in this Plan. Employees eligible to participate in this Plan are those employees who are elected officials of the City and who are eligible and 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 3 of the LACERS under Section 4.1080.2(c)(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 4.1080.2(c)(9), for Tier 3, of the LAAC, as applicable, prohibits the retired member from re-entering membership in the tier of LACERS from which the retired member 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.

Plan shall mean the Limited Term Retirement Plan set forth herein, as amended from time to time.

Plan Year shall mean a 12-month consecutive period commencing with January 1 of each year and ending with December 31. The Plan Year shall be the "limitation year" for purposes of Section 415 of the Internal Revenue Code.

Valuation Date shall mean the last day of each Plan Year. In addition, the Board may fix, in a uniform and nondiscriminatory manner, one or more interim or recurring Valuation Dates.

Sec. 52. The first paragraph of Subsection (c) of Section 4.1850 of the Los Angeles Administrative Code is amended to read as follows:

(c) **Participant Contributions.** Each Participant shall contribute to the Fund by salary deduction at the same percentage of the Participant's Compensation that the Participant would be required to contribute to the Retirement Fund, as provided in Chapter 10 of Division 4 of the LAAC, had the Participant had not opted out of membership in either Tier 1, pursuant to Section 4.1002(b)(9), or Tier 3, pursuant to Section 4.1080.2(c)(9) of the LAAC, 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 the Participant's Compensation that the Participant would have been required to contribute to the Retirement Fund, as provided in Chapter 10 of Division 4 of the LAAC, had the Participant not retired. Such contributions shall be treated as employer contributions for purposes of taxation in accordance with Section 414(h)(2) of the Internal Revenue Code and shall be paid from the same source of funds as is used in paying Compensation. For all other purposes, such contributions shall be treated as employee after-tax contributions. The wages of Participants shall be reduced by the amount of Participant contributions. Nothing herein shall be construed to permit or extend an option to Participants to directly receive Participant contributions instead of having them contributed to the Fund.

Sec. 53. Subsection (a) of Section 4.1902 of the Los Angeles Administrative Code is amended to read as follows:

(a) Distribution of a Member's benefit must begin by the required beginning date, which is the later of the April 1 following the calendar year in which the Member attains the Applicable Age, or April 1 of the year following the calendar year in which the Member terminates. For the purposes of this Section the Applicable Age shall mean:

- (1) Age 70 1/2 for Members born before July 1, 1949;
- (2) Age 72 for Members born after June 30, 1949 but before January 1, 1951;

(3) Age 73 for Members born on or after January 1, 1951 but before January 1, 1960;

(4) Age 75 for members born on or after January 1, 1960; or

(5) The Applicable Age set forth in Section 401(a)(9)(C)(v) of the Internal Revenue Code, as amended from time-to-time.

Sec. 54. Subsection (f) of Section 4.1902 of the Los Angeles Administrative Code is amended to read as follows:

(f) The amount of an annuity paid to a member's qualified survivor 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(b).

Sec. 55. Subsection (f) is renumbered to Subsection (g), and Subsections (f) and (h) are added to Section 4.2012 of the Los Angeles Administrative Code to read as follows:

(f) **OPS Purchase Program.** The determination of 100 percent funded status and the one percent payment by the City of Tier 5 employee contributions pursuant to Charter Section 1222 and Section 4.2014 of this chapter shall be made without regard to any impact resulting from the inclusion of certain Members of Department of General Services' Office of Public Safety, who elect to transfer from the Los Angeles City Employees' Retirement System to Tier 6 of the Plan, as authorized by Charter Section 1703.

(g) **Members of the Airport Department.** The determination of 100 percent funded status and the one percent payment by the City of Tier 5 employee contributions pursuant to Charter Section 1222 and Section 4.2014 of this chapter shall be made without regard to any impact resulting from the inclusion of Members of the Department of Airports in Tier 6 of the Plan, as authorized by Charter Section 1700(f).

(h) **LACERS Peace Officer Transfer Program.** The determination of 100 percent funded status and the one percent payment by the City of Tier 5 employee contributions pursuant to Charter Section 1222 and Section 4.2014 of this chapter shall be made without regard to any impact resulting from the inclusion of certain Members of the Police Department, Department of Airports, Harbor Department, and Department of Recreation and Parks, who elect to transfer from the Los Angeles City Employees' Retirement System to Tier 6 of the Plan, as authorized by Charter Section 1709.

Sec. 56. The first paragraph of Subsection (c) of Section 4.2100 of the Los Angeles Administrative Code is amended to read as follows:

(c) The City reserves the right to suspend the right of Members to enter the DROP program and to modify the program for future entrants as necessary to maintain cost neutrality and/or to meet the City's DROP goals of retaining and lengthening the careers of sworn personnel with the Police Department, Fire Department, Harbor Department, Department of Airports, and Department of Recreation and Parks. Any amendments to DROP enacted in accordance with this subsection will affect only those persons who enter DROP after the date the changes become effective.

Sec. 57. Subdivision (e)(5) of Section 4.2101 of the Los Angeles Administrative Code is amended to read as follows:

(5) Receive benefits from the Fire and Police Pension Plan upon termination of City employment as a sworn member of the Fire Department, Police Department, Harbor Department, Department of Airports, or Department of Recreation and Parks at the time and in the manner provided in this chapter.

Sec. 58. Subsection (d) of Section 4.2102 of the Los Angeles Administrative Code is amended to read as follows:

(d) Until a Member actually terminates employment as a sworn member of the City of Los Angeles Fire Department, Police Department, Harbor Department, Department of Airports, or Department of Recreation and Parks, no money shall be paid to any persons from the DROP account. After the Member terminates employment, the DROP account shall be subject to court orders in the same manner as the monthly service pension entitlement and according to the terms of the court order.

Sec. 59. Subsection (a) of Section 4.2106 of the Los Angeles Administrative Code is amended to read as follows:

(a) Upon the simultaneous termination of DROP participation and employment as a sworn member of the City's Fire Department, Police Department, Harbor Department, Department of Airports, or Department of Recreation and Parks, a Member shall be entitled to receive:

Sec. 60. Section 4.2216 is added to the Los Angeles Administrative Code to read as follows:

Sec. 4.2216. LACERS Peace Officer Transfer Program.

(a) **Definitions.** For the purposes 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.

Active Employee means a person who currently is employed by any City department. This definition does not include a person who has terminated employment with the City for any reason.

Board means the Board of Fire and Police Pension Commissioners.

City Service or Service means those periods during which a LACERS Member received compensation from the City as an employee or during which the LACERS Member not only received Workers' Compensation benefits (Div. IV, California 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 LACERS Member also made Member contributions to LACERS as provided in Charter Section 1162.

DROP means the Deferred Retirement Option Plan established in Chapter 21 of Division 4 of the Los Angeles Administrative Code.

Employer Contributions means contributions paid by the Member's employing department, from the following revenue sources: the City's General Fund, the Airport Revenue Fund, or the Harbor Revenue Fund.

Full Actuarial Cost means the cost to be paid by the City, including costs attributed to the Department of Airports or Harbor Department for transferred service, membership, and associated ongoing costs to achieve cost neutrality for the Plan as determined by the Plan's actuary.

LAAC means the Los Angeles Administrative Code. All statutory references contained in this section are to the LAAC unless otherwise indicated.

LACERS means the Los Angeles City Employees' Retirement System.

LACERS Board of Administration means the Board of Administration of the Los Angeles City Employees' Retirement System.

LACERS Peace Officer Former Member means a former Member of LACERS who is an Active Employee on and as of January 12, 2025 of the Police Department, transferred to Tier 6 pursuant to Charter Section 1703 and Section 4.2214 of the LAAC; serves as a sworn peace officer pursuant to California Penal Code Section 830.1; performs police duties; and belongs to one of the following class codes: 2214-1, 2214-2, 2214-3, 2217, 2223-1, 2223-2, 2223-3, 2227-1, 2227-2, 2232-1, 2232-2, 2244-1, 2244-2, 2244-3, 2251, 2262-1, 2262-2, 3188-1, 3188-2, 3183-1, 3183-2, 3183-3. An employee in Class Code 2112 is not a LACERS Peace Officer Former Member for the purposes of this section.

LACERS Peace Officer Member means a Member of LACERS who, on and as of January 12, 2025, is an Active Employee of the Police Department, the Department of Airports, the Harbor Department, or the Department of Recreation and Parks; serves

as a sworn peace officer pursuant to California Penal Code Section 830.1 or Section 830.31; performs police or firefighting duties; and belongs to one of the following class codes: 1968-0, 1966-0, 1967-1, 1967-2, 2214-1, 2214-2, 2217, 2214-3, 2223-1, 2223-2, 2223-3, 2227-1, 2227-2, 2232-1, 2232-2, 2244-1, 2244-2, 2244-3, 2251, 2262-1, 2262-2, 3188-1, 3188-2, 3183-1, 3183-2, 3183-3, 3221-1, 3221-F, 3221-2, 3238-0, 3221-3, 3222-0, 3225-1, 3225-F, 3225-2, 3225-3, 3333-0, 3185-0, 3226-0, 3227-0, 3228-0, 3205, 3234, 3233, or 3232. An employee in Class Code 2112 is not a LACERS Peace Officer Member for the purposes of this section.

LACERS Service means a Member's City Service and any periods of time purchased from LACERS, pursuant to Sections 4.1017, 4.1018, 4.1019, 4.1020, 4.1020.1, 4.1080.18, 4.1080.19, or 4.1080.20, provided that the terms and conditions for any service purchase agreements have been satisfied at the time of transfer or by a date selected by the Board and the LACERS Board of Administration. Any outstanding service purchase agreements shall be prorated for payments made as of the date of the Member's transfer of service to Tier 6.

LAFPP or Plan means the Fire and Police Pension Plan established in Article XI, Part 3 of the Los Angeles City Charter.

LACERS Peace Officer Transfer Program or Program means the voluntary program that allows LACERS Peace Officer Members or LACERS Peace Officer Former Members, who are Active Employees on and as of January 12, 2025, to transfer membership and/or LACERS Service from LACERS to Tier 6 on the terms and conditions established in this section.

Tier 6 means the Tier of the Plan established in Charter Sections 1700-1726.

(b) **Participation in LACERS Peace Officer Transfer Program.** Only a LACERS Peace Officer Member or LACERS Peace Officer Former Member, who is an Active Employee of the Police Department, Department of Airports, Harbor Department, or Department of Recreation and Parks on and as of January 12, 2025, is eligible to make an irrevocable election in writing to participate in the Program on the terms and conditions set forth in Charter Section 1709 and Section 4.1002, Section 4.1080.2, and this Section 4.2216 of the LAAC.

(1) **Transfer of Membership and Service for LACERS Peace Officer Members.** Consistent with Charter Section 1709, a LACERS Peace Officer Member may make an irrevocable election in writing to become a Member of Tier 6 in lieu of membership in LACERS, and to transfer all LACERS Service to the Plan on the terms and conditions established in this section.

(2) **Transfer of Membership and Service for LACERS Peace Officer Former Members.** Consistent with Charter Section 1709, a LACERS Peace Officer Former Member may transfer all remaining LACERS Service from LACERS to the Plan, including LACERS Service that was previously excluded

from transfer pursuant to Section 4.2214(c) of the LAAC, on the terms and conditions established in this section.

(c) **Requirements for Participation.** A LACERS Peace Officer Member and LACERS Peace Officer Former Member shall transfer all prior periods of LACERS Service from LACERS to Tier 6 by filing an election form and executing a transfer agreement, subject to the following terms and conditions:

(1) **All LACERS Service Must Be Transferred.** Consistent with Charter Section 1709(b) and Subsection (b) of this section, a LACERS Peace Officer Member or LACERS Peace Officer Former Member who elects to participate in the Program must transfer all LACERS Service from LACERS to Tier 6, and shall forfeit all rights to receive any benefits from LACERS.

(2) **Election Deadline.** The rights granted in this section to transfer membership from LACERS to Tier 6 and to transfer LACERS Service to Tier 6, shall terminate on the election deadline, which shall be January 9, 2026 or on an earlier date selected by the Board and the LACERS Board of Administration, as provided in Sections 4.1002 and 4.1080.2 of the LAAC. A LACERS Peace Officer Member or LACERS Peace Officer Former Member must elect to transfer by the election deadline, unless the Board determines that a Member was unable to meet the deadline due to an authorized leave of absence.

(3) **Written Agreement.** The election to become a Member of Tier 6 and to transfer LACERS Service pursuant to this section shall become irrevocable once an election form is accepted by LACERS pursuant to Section 4.1002 or Section 4.1080.2 of the LAAC. The Plan requires a written agreement for the transfer of service.

(4) **Years of Service.** Notwithstanding the provisions of Charter Section 1702(r), service transferred through participation in the Program shall count as Years of Service for all Tier 6 purposes.

(5) **Level Contributions.** A LACERS Peace Officer Member who elects to transfer to Tier 6 shall continue to make contributions at the rate applicable to their LACERS membership to the extent required by the Internal Revenue Code and as provided in Charter Section 1714(a)(3).

(6) **Age-Based Reduction Factor for Early Retirement.** A LACERS Peace Officer Member or LACERS Peace Officer Former Member who does not satisfy the requirements to be a qualified participant as defined by the Internal Revenue Code, including an employee of the Department of Recreation and Parks, shall be subject to the age-based reduction factor for early retirement as provided in Section 4.1906(l) of the LAAC.

(d) **Actuarial Determinations for Costs.** The Plan's actuary shall determine the full actuarial cost of the Program, utilizing the actuarial assumptions in the most recent actuarial valuation as of June 30, 2024, and then adjusting those results for the passage of time from June 30, 2024, to the date of the actual transfer of membership and LACERS Service using the actuarial assumptions from the June 30, 2024 valuation, and taking into consideration the benefits that may be provided by the Plan as a result of the transferred LACERS Service. Factors to be considered by the actuary shall include: (a) projected salary increases; (b) probabilities of service retirement, disability retirement, DROP participation, termination, and death; (c) probability of leaving a spouse or domestic partner eligible for a continuance benefit; and (d) medical inflation and other assumptions included in the actuarial valuations. All the relevant actuarial assumptions used in the June 30, 2024 Plan actuarial valuations, will be used in the calculations, without taking into consideration incidental administrative expenses incurred by the Plan, which also may be reimbursed but separately tallied. There shall be a separate calculation for costs attributable to the transfer of LACERS Service, Tier 6 health benefits, and other Tier 6 benefits. The Plan's actuary shall calculate each Member's transfer cost as of the effective date of the transfer as provided in Section 4.1002 or Section 4.1080.2 of the LAAC.

(e) **Transfer of Funds from LACERS to the Plan.** For each Member who transfers LACERS Service pursuant to this section, LACERS shall transfer to the Plan by way of a direct trustee-to-trustee transfer and in a manner consistent with the Internal Revenue Code:

(1) Sufficient funds to cover all funded accrued liability related to the benefits provided in Chapter 10 of Division 4 of the LAAC for all periods of the Member's LACERS Service to include, but not necessarily be limited to, employee contributions, employer contributions, buy back contributions, and earnings. The funds that are transferred from the Member's contribution account with LACERS, including interest, shall be transferred to the Member's individual contribution account with the Plan (where they shall earn interest and be refundable as provided in Charter Section 1714); the balance of the funds transferred from LACERS shall be transferred to the appropriate Plan account and credited toward satisfying the City's liability for the benefits provided in Tier 6 of the Plan (excluding the City's liability for benefits provided in Chapter 11.5 of Division 4 of the LAAC).

(2) Sufficient funds from the LACERS Health Care Coverage Account shall be transferred to cover all funded accrued liability related to the health benefits provided in Chapter 11 of Division 4 of the LAAC for all periods of the Member's LACERS Service to include, but not necessarily be limited to, employer contributions and earnings. These funds shall be transferred in a manner consistent with the Internal Revenue Code directly to the LAFPP Health Care Coverage Account and credited toward satisfying the City's obligation to fund benefits provided in Chapter 11.5 of Division 4 of the LAAC. Sufficient funds from the LACERS Health Care Fund shall be transferred to cover all

funded accrued liability related to the health benefits provided in Chapter 11 of Division 4 of the LAAC for all periods of the Member's service to include, but not necessarily be limited to, employer contributions and earnings. These funds shall be transferred in a manner consistent with the Internal Revenue Code directly to the LAFPP Health Care Fund and credited toward satisfying the City's obligation to fund benefits provided in Chapter 11.5 of Division 4 of the LAAC.

The amount of funds due to the Plan from LACERS shall be agreed upon between the Plan and LACERS, subject to all requirements of the Internal Revenue Code, upon advice from their respective actuaries, and is to include, but not necessarily be limited to, employee contributions, employer contributions, and earnings to cover all funded accrued liability for the period of the transferred service determined by first using the results in the most recent actuarial valuation as of June 30, 2024, and then adjusting those results for the passage of time, including adjustments for both time value of money and City and employee contributions made from June 30, 2024, to the date of fund transfer to the Plan, using the actuarial assumptions from the June 30, 2024, valuation. All the relevant actuarial assumptions used in the June 30, 2024, actuarial valuations are to be used in the calculations. There shall be a separate calculation for purposes of Subdivision (1) and Subdivision (2) of this subsection. The total sum transferred shall be credited towards the costs associated with each Member's transfer, as provided in Subsection (f) herein.

(f) Cost Neutrality for LAFPP. The Program shall be cost-neutral for the Plan. The City, Department of Airports, and Harbor Department shall pay the Full Actuarial Cost for the transfer of personnel and service, Tier 6 benefits, and Tier 6 health benefits, including increased ongoing costs as determined by the Plan's actuary as provided in Subsection (d) above, and reduced by the amount of any funds transferred from LACERS to the Plan as provided in Subsection (e) above. The total transfer cost for each Member shall be allocated between the portion necessary to fund the Tier 6 benefits provided in the Charter and to fund the Tier 6 health benefits provided in Chapter 11.5 of Division 4 of the LAAC.

(1) Costs Attributable to Tier 6 Benefits. The City, Department of Airports, and Harbor Department shall pay the Full Actuarial Cost for the Years of Service transferred attributable to Tier 6 benefits, excluding the cost for the health benefits provided in Chapter 11.5 of Division 4 of the LAAC as described in Subdivision (2) of this subsection. To the extent that the cost required to fund Tier 6 benefits exceeds the funds transferred under Subsection (e), the City, Department of Airports, and the Harbor Department shall make additional contributions, which shall be credited to the Plan to ensure this section is cost-neutral and shall not be placed in the Member's individual contribution account.

(2) Costs Attributable to Tier 6 Health Benefits. The City, Department of Airports, and Harbor Department shall pay the Full Actuarial Cost for the Years of Service transferred attributable to the Tier 6 health benefits

provided in Chapter 11.5 of Division 4 of the LAAC, as determined in Subsection (d). In accordance with the Internal Revenue Code, in the event that the funds transferred from the LACERS Health Care Coverage Account to the LAFPP Health Care Coverage Account and from the LACERS Health Care Fund to the LAFPP Health Care Fund are insufficient to fund the Full Actuarial Cost of the transferred service attributable to the benefit provided in Chapter 11.5 of Division 4 of the LAAC to a given Member, then the City, Department of Airports, or Harbor Department, as applicable, shall make additional contributions to the LAFPP Health Care Coverage Account and the LAFPP Health Care Fund. The purpose of the additional contributions is to offset the additional liability incurred by the Plan for the benefits payable to the Member from the LAFPP Health Care Coverage Account and the LAFPP Health Care Fund, pursuant to the provisions in Chapter 11.5 of Division 4 of the LAAC, to ensure that each Member's transfer is cost-neutral for the Plan.

(3) **Costs Attributable to Administration.** The City, Department of Airports, and Harbor Department shall pay the costs and expenses necessary to administer the Program, excluding LAFPP staff time, which may be reimbursed at the City's discretion. Reimbursement is required for all costs and expenses, including, but not limited: to the cost of any necessary reports prepared by the Plan's actuary, the cost of any changes to the pension administration system, and expenses incurred by the Plan in connection with this election.

(g) **Responsibility for Payment.** The City's General Fund, the Airport Revenue Fund, and the Harbor Revenue Fund shall be responsible for all costs and expenses associated with the Program. The unfunded actuarial accrued liability for the Program shall be paid at the time of transfer to ensure there is no impact on the Plan's funded status. The Department of Airports and the Harbor Department shall pay the Plan for the costs and expenses, described in Subsection (f) above, for all transferring LACERS Peace Officer Members employed by their respective departments. The City shall pay the Plan for all other costs and expenses, including those associated with the Members of the Police Department and Department of Recreation and Parks who elect to participate in the Program. LAFPP shall be responsible for preparing invoices for all costs and expenses incurred and submitting them to the parties responsible for review and payment, provided that any requests for reimbursement of LAFPP staff time shall be submitted as a separate invoice.

(h) **Reversion of Funds to LACERS.** A LACERS Peace Officer Member or a LACERS Peace Officer Former Member who transferred service and membership pursuant to this section shall have Member contributions reversed and their membership reverted to the appropriate LACERS Tier only if it is required by the Internal Revenue Service to preserve the qualified status of either LACERS or LAFPP. In the instance of reversion, the former Plan Member shall waive all rights to benefits from the Plan. All Member contributions shall be transferred to LACERS, including all Member contributions made to the Plan during periods of Plan membership plus any Member contributions made to LACERS that were previously provided by the City, the

Department of Airports, or the Harbor Department to the Plan and the Member's service shall be reestablished in LACERS. In addition to transferring all Member contributions, the Plan shall transfer to LACERS all other funds transferred to the Plan from LACERS on account of the former Plan Member, together with any interest and/or earnings attributable thereto. These funds shall be transferred from the appropriate Plan account (Member contributions, City regular contributions and investment income, LAFPP Health Care Coverage Account, and LAFPP Health Care Fund) and shall be returned to the appropriate LACERS fund (Member contributions, City regular contributions and investment income, LACERS Health Care Coverage Account, and LACERS Health Care Fund).

(i) **Boards' Administration of the Program.** The Board shall administer the Program and adopt all the rules necessary to facilitate LAFPP's implementation of the Program. The Board shall determine any factual questions that may arise during LAFPP's operation of the Program and shall take any action the Board deems appropriate. The Board's determination shall be final. The LACERS Board shall adopt any rules necessary to support the Plan's implementation of the Program and may work with the Board to determine a deadline for eligible LACERS Peace Officer Members to participate in the Program.

Sec. 61. Section 4.2217 is added to the Los Angeles Administrative Code to read as follows:

Sec. 4.2217. Qualifying Tier 6 Member Refund Program.

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

Active Employee means a person who currently is employed by any City department. This definition does not include a person who has terminated employment with the City for any reason.

Board means the Board of Fire and Police Pension Commissioners.

LAAC means the Los Angeles Administrative Code. All statutory references contained in this section are to the LAAC unless otherwise indicated.

LACERS means the Los Angeles City Employees' Retirement System.

LAFPP or Plan means the Fire and Police Pension Plan established in Article XI, Part 3 of the Los Angeles City Charter.

Qualifying Tier 6 Member means an Airport Peace Officer or Member of the Police Department who was an Active Employee on January 12, 2025, served as a sworn peace officer pursuant to California Penal Code Section 830.1, and previously

purchased Tier 6 service or health benefits in connection with a transfer from LACERS to LAFPP Tier 6.

Tier 6 means the Tier of the Plan established in Charter Sections 1700-1726.

(b) Refund for Purchased Service. The Plan shall refund a Qualifying Tier 6 Member the exact amount of money paid to purchase any portion of City service or Tier 6 health benefits through the OPS Service Purchase Program or the Airport Peace Officer Service Purchase Program pursuant to Section 4.2214 or Section 4.2215 of the LAAC, whether purchased via trustee-to-trustee transfer, lump sum payment, or installment payment plan. A Qualifying Tier 6 Member shall not receive reimbursement for any LACERS member contributions that were used to purchase Tier 6 service or health benefits. A Qualifying Tier 6 Member who retires, dies, or terminates employment with the City, prior to receiving the refund, shall not be disqualified from receiving the refund.

(c) No Interest on Refunded Monies. The Plan shall not pay Qualifying Tier 6 Members any interest on the monies refunded to them. Any accrued regular interest credited to a Qualifying Tier 6 Member's account with the Plan may not be refunded pursuant to this section and only may be refunded to the Qualifying Tier 6 Member pursuant to the terms and conditions of Charter Section 1714.

(d) Payment Source and Method. All payments issued pursuant to this subsection may be made prior to a Qualifying Tier 6 Member's separation in a manner consistent with the Internal Revenue Code, either as a rollover or a post-tax payment. The Plan may look to the original payment method to determine the most appropriate manner to provide the refund, and the Board shall have authority to determine how any payment should be made. Any personal tax consequences or early withdrawal penalties shall be borne exclusively by the Qualifying Tier 6 Member.

(e) Cost Neutrality for Plan. The Department of Airports and the City shall be required to issue up-front payments to the Plan in an amount that covers the full cost of refunds that will be issued to Qualifying Tier 6 Members. The amount of funds due and the timing of payment from the Department of Airports and the City shall be agreed upon by the Plan, the Department of Airports, and the City. The Plan shall not issue any refunds until after it has received payment in full. The City will cover all costs associated with the implementation of the refund process, following the review and approval of invoices, excluding LAFPP staff time, which shall be presented in a separate invoice and may be reimbursed at the City's discretion.

(f) Termination of Installment Payment Plans. Effective January 12, 2025, any incomplete installment payment plans to purchase service through the OPS Service Purchase Program or the Airport Peace Officer Service Purchase Program shall be terminated. The Plan shall credit Qualifying Tier 6 Members with service for the entire period that was covered by the installment payment plan, as if the service purchase agreement was paid in full.

(g) **Board's Administration of Refunds.** The Board shall administer the payment of refunds and adopt all the rules necessary to implement this section. The Board shall determine any factual questions arising in connection with refunds, and shall take appropriate action. The Board's determination shall be final.

Sec. 62. 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 the 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.

Approved as to Form and Legality

HYDEE FELDSTEIN SOTO, City Attorney

By Gina Di Domenico

GINA DI DOMENICO
Deputy City Attorney

Date 09/08/2025

File No. _____

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The Clerk of the City of Los Angeles
hereby certifies that the foregoing
ordinance was passed by the Council
of the City of Los Angeles.

CITY CLERK

MAYOR

Ordinance Passed _____

Approved _____