



# Prospective Plan Transfer

**FROM CONTRIBUTORY PLAN D**

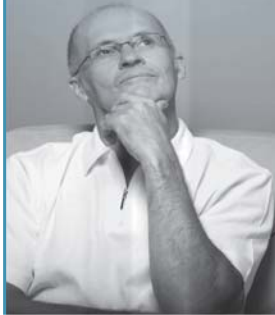


**NON-CONTRIBUTORY PLAN E**



## Overview

Members of LACERA contributory Plan D have the option of transferring to non-contributory Plan E through a Prospective Plan Transfer. This brochure focuses on the provisions and consequences of such a transfer to help you decide whether switching to Plan E is the right strategy for your individual situation.



*The Los Angeles County Employees Retirement Association (LACERA) is governed by the County Employees Retirement Law of 1937; LACERA retirement benefits are administered in accordance with this law. If there is any conflict between statements made herein, and provisions of the retirement law, the law will prevail.*

## Plan Transfer Eligibility

You are eligible to elect a Prospective Plan Transfer (PPT) to Plan E if:

- You are a Plan D member actively performing your duties in a full-time or part-time position, or
- You are a Plan D member on an authorized paid leave of absence. However, you are not eligible if you are on a leave of absence during which you are totally disabled and are receiving, or are eligible to receive, disability benefits under the County's Long-Term Disability and Survivor Benefits Plan.

## Transferring to Plan E: Things to Consider

Transferring from Plan D to Plan E is a simple Plan change. Upon your effective date of transfer, you become a member of Plan E and stop paying semimonthly contributions. However, executing a Plan transfer has meaningful consequences and should only be elected after carefully reviewing and comparing the provisions in both Plans. There are several important factors to be considered before making a decision to transfer to Plan E. **Transferring to Plan E will eliminate certain benefits you currently have under Plan D.**

**If you decide to transfer from contributory Plan D to non-contributory Plan E:**

- **You will forfeit your right to apply for disability retirement** and receive disability benefits from LACERA should you become permanently incapacitated for the performance of your job duties.
- **You will forfeit your right to pre-retirement death benefits.** Should you die in active service, LACERA will not pay death benefits to your survivor.\*



- **The monthly retirement allowance you will earn under Plan E is lower than the retirement allowance you would earn if you remain in Plan D.** In general, Plan D provides a larger and higher-paying scope of benefits than those provided under Plan E.
- **You will have a double account and will receive a combined benefit at retirement.** The service credit you earned under Plan D will be combined with the Plan E service credit you earn and applied toward vesting requirements. At retirement, your benefit amount under each Plan will be calculated separately; your monthly allowance will reflect the total amount of both calculations.

## Why You Will Have a Double Account if You Transfer to Plan E

In accordance with the law, your Plan D contributions must remain on deposit with LACERA; they cannot be refunded to you when you transfer to Plan E. IRS regulations prohibit in-service distribution of funds from tax-qualified defined benefit pension plans, such as LACERA's. In other words, the IRS does not permit members to access their funds while they are in active service.

## What Vesting Means

Being vested entitles you to a retirement allowance when you terminate employment and meet the minimum age and service requirements. Vesting also entitles you to terminate County employment and defer receiving your retirement allowance until you are eligible and ready to apply for retirement.

\*Survivor or beneficiary receives lump-sum refund of any Plan D accumulated contributions. In the event the decedent had purchased Additional Retirement Credit (ARC), LACERA will refund the amount the decedent paid to the decedent's survivor or beneficiary.

## SUMMARY OF DIFFERENCES IN LACERA BENEFITS: PLAN E AND PLAN D

	PLAN D	PLAN E
<b>Contributions</b>	<ul style="list-style-type: none"> <li>Member makes contributions through pre-tax payroll deductions.</li> <li>Employer makes contributions.</li> </ul>	<ul style="list-style-type: none"> <li>Member does not make contributions.</li> <li>Employer makes contributions.</li> </ul>
<b>Vesting</b>	<ul style="list-style-type: none"> <li>5 years of County (or combined County and reciprocal service credit).</li> </ul>	<ul style="list-style-type: none"> <li>10 years of County (or combined County and reciprocal service credit).</li> </ul>
<b>Retirement Eligibility</b>	<ul style="list-style-type: none"> <li>Age 50 with 10 years of County (or combined County and reciprocal service credit).</li> <li>Any age with 30 years of County (or combined County and reciprocal system) service credit.</li> <li>Age 70, regardless of years of service credit.</li> </ul>	<ul style="list-style-type: none"> <li>Age 55 with 10 years of County (or combined County and reciprocal service credit).</li> <li>Age 70, regardless of years of service credit.</li> </ul>
<b>Final Compensation</b>	<ul style="list-style-type: none"> <li>Based on highest monthly average of pensionable earnings during any 12-consecutive-month period of service.</li> </ul>	<ul style="list-style-type: none"> <li>Based on highest monthly average of pensionable earnings during any three 12-consecutive-month periods of service.</li> </ul>
<b>Maximum Retirement Allowance</b>	<ul style="list-style-type: none"> <li>Equal to 100 percent of final compensation.<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Equal to 80 percent of final compensation.<sup>1</sup></li> </ul>
<b>Purchasable Service Credit</b>	<ul style="list-style-type: none"> <li>Certain County and non-County employment prior to LACERA membership.</li> <li>Additional Retirement Credit (ARC).</li> </ul>	<ul style="list-style-type: none"> <li>Additional Retirement Credit (ARC).</li> <li>May <b>not</b> purchase County and non-County employment prior to LACERA membership.</li> </ul>
<b>Disability Benefits</b>	<ul style="list-style-type: none"> <li>LACERA pays disability benefits if the Board of Retirement determines a member has become disabled.</li> </ul>	<ul style="list-style-type: none"> <li>LACERA <b>does not</b> pay disability benefits if a member becomes disabled.</li> </ul>
<b>Pre-Retirement Death Benefits</b>	<ul style="list-style-type: none"> <li>LACERA pays death benefits if a member dies in active service.</li> </ul>	<ul style="list-style-type: none"> <li>LACERA <b>does not</b> pay death benefits if a member dies in active service. Survivor or beneficiary receives lump-sum refund of any Plan D accumulated contributions, along with any money the decedent had paid to purchase Additional Retirement Credit (ARC).<sup>2</sup></li> </ul>
<b>Post-Retirement Death and Survivor Benefits</b>	<ul style="list-style-type: none"> <li>Upon the death of a retired member, LACERA pays from 65 to 100 percent of the member's retirement allowance to eligible surviving spouse or domestic partner or minor child(ren).<sup>3</sup></li> <li>LACERA pays \$5,000 lump-sum death/burial benefit.</li> </ul>	<ul style="list-style-type: none"> <li>Upon the death of a retired member, LACERA pays from 55 to 100 percent of the member's retirement allowance to eligible surviving spouse or domestic partner or minor child(ren).<sup>3</sup></li> <li>LACERA pays \$5,000 lump-sum death/burial benefit.</li> </ul>
<b>Restoring to a Prior Plan</b>	<ul style="list-style-type: none"> <li>A member who terminates service, withdraws his or her accumulated contributions, and later returns to County service may restore to Plan D, provided he or she redeposits all withdrawn contributions, plus the interest those contributions would have earned had they been left on deposit.</li> </ul>	<ul style="list-style-type: none"> <li>In most situations, Plan E members are not eligible to restore membership in a prior contributory plan.<sup>4</sup></li> </ul>

<sup>1</sup>Subject to employee benefit limits set forth in Internal Revenue Code Section 415(b).

<sup>2</sup>IRS regulations prohibit refunds of retirement contributions to members while they are in active service.

<sup>3</sup>Percentage depends on Retirement Option elected by member at retirement. Surviving minor child(ren) are eligible for survivor allowances only when there is no surviving spouse or domestic partner.

<sup>4</sup>If you previously terminated service from a contributory plan, withdrew your contributions, and later returned to County service prior to July 1, 1991, call 1-800-786-6464 to speak with a Retirement Benefits Specialist.

**Note:** The County-sponsored Long-Term Disability and Survivor Benefit Plan provides benefits to Plan E members who become disabled during active service. The plan also provides survivor benefits in the event a Plan E member dies during active service. (Certain conditions and restrictions apply. County-sponsored benefits vary according to the benefits plan.) LACERA does not administer this plan; contact your Department for plan details.

## DIFFERENCE IN COUNTY-SPONSORED LIFE INSURANCE: PLAN E AND PLAN D

	PLAN E	PLAN D
<b>Life Insurance*</b>	<ul style="list-style-type: none"> <li>County provides \$10,000 life insurance benefit for active members who die in service.</li> </ul>	<ul style="list-style-type: none"> <li>County provides \$2,000 life insurance benefit for active members who die in service.</li> </ul>

*\*Eligible employees may purchase additional coverage. County-sponsored life and disability insurance benefits and options vary for MegaFlex participants. LACERA does not administer these benefits; contact your Department for details on County-sponsored and/or administered insurance benefits.*

### Meeting the Requirements to Retire Under Each Plan

Eligibility to retire from each Plan is determined independently, based on the respective requirements. Under a PPT, service credit earned under each Plan will be combined and applied toward vesting requirements.

#### Members of LACERA Plan D are eligible to retire when they meet one of the following conditions:

- At age 50 with 10 or more years of County (or combined County and reciprocal system) service credit
- At any age with 30 years of County (or combined County and reciprocal system) service credit
- At age 70, regardless of years of service credit

#### Members of LACERA Plan E are eligible to retire when they meet either of the following conditions:

- At age 55 with 10 or more years of County (or combined County and reciprocal system) service credit
- At age 70, regardless of years of service credit

### Double Account

If a member with a double account is eligible to retire for service from Plan D, but has not met the minimum age requirement for Plan E, he or she may retire from Plan D. Plan E retirement benefits automatically become effective on the date of the member's 55th birthday.

### Deferred Retirement

A vested member who terminates County service prior to retirement (deferred) is eligible to receive a retirement allowance upon fulfilling the minimum age and service requirements. Members who terminate County service with less than 10 years of combined service credit forfeit their Plan E service credit and eligibility for a Plan E retirement allowance.



## EXAMPLES: RETIRING UNDER EACH PLAN

	Service Credit Earned	Total Combined Service Credit	Vested	Age	Eligibility for Service Retirement	Available Actions
<b>Plan D Plan E</b>	2 years 6 years	8 years	Yes No	55	No No	Work to earn two more years of service credit to retire under both Plans.
<b>Plan D Plan E</b>	5 years 5 years	10 years	Yes Yes	52	Yes No	Retire from Plan D now; receive allowance based on your Plan D service credit. Plan E retirement benefits begin on your 55 <sup>th</sup> birthday.
<b>Plan D Plan E</b>	10 years 2 years	12 years	Yes Yes	55	Yes Yes	Retire from both Plans now; receive combined Plan D and Plan E allowance.
<b>Plan D Plan E</b>	3 years 1 year	4 years	No No	35	No No	Work to earn six more years of service credit. You must also meet the minimum age requirements.

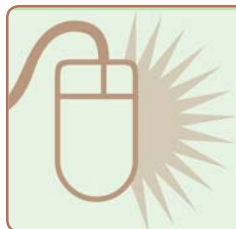
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COMPARISON OF PLAN E AND PLAN D RETIREMENT ALLOWANCES: PERCENTAGE OF FINAL COMPENSATION*					
	Years of Service	Age 50	Age 55	Age 60	Age 65
Plan E Plan D	10	— 11.82	7.50 14.92	12.02 19.17	20.00 24.32
Plan E Plan D	15	— 17.73	11.24 22.39	18.03 28.75	30.00 36.48
Plan E Plan D	20	— 23.64	14.99 29.85	24.04 38.33	40.00 48.64
Plan E Plan D	25	— 29.55	18.74 37.31	30.05 47.92	50.00 60.80
Plan E Plan D	35	— 41.36	26.24 52.23	42.06 67.08	70.00 85.13
Plan E Plan D	40	— 47.27	28.11 59.69	45.07 76.67	75.00 97.29
Plan E Plan D	42	— 49.64	28.86 62.68	46.27 80.50	77.00 100.00
Plan E Plan D	45	— 49.64	29.98 62.68	48.07 80.50	80.00 100.00

\*Figures are presented as a guide; your actual allowance may vary. The complete Percentage of Final Compensation Charts for each Plan can be viewed in the respective Summary Plan Description books.

## Impact of Social Security

Members who were in Plan D prior to January 1983 will have their LACERA retirement allowance reduced by a fixed dollar amount for each year of County service prior to 1983 that was covered by Social Security.\*



**LEARN HOW SOCIAL SECURITY AFFECTS YOUR ALLOWANCE**  
Visit [lacera.com](http://lacera.com), Benefits, Active Member

## For Complete Information on Plan E

The complete contents of all LACERA plan books, including the Plan E Summary Plan Description, are available online in the Plan Book Section on [lacera.com](http://lacera.com). PDFs of all LACERA Summary Plan Descriptions are available on the Brochures & Forms page of [lacera.com](http://lacera.com).

\*Members who were in Plan E prior to January 1983 will have a percentage of their estimated Social Security benefit subtracted from their retirement allowance, based on the total number of years and months of County service covered by Social Security. Members who transferred Plans multiple times prior to 1983 will have their Social Security benefit adjusted based on the time spent in each Plan.



**TWO WAYS TO ACCESS PLAN BOOKS ONLINE**  
Visit [lacera.com](http://lacera.com), Plan Book Section or Brochures & Forms Page

## Initiating a Prospective Plan Transfer to Plan E

If, after carefully reviewing the ramifications of a Plan transfer with a LACERA Retirement Benefits Specialist, you decide to transfer to non-contributory Plan E via a PPT, you must complete the enclosed Prospective Plan Transfer Election Form and submit it to LACERA.

Once LACERA has received your Prospective Plan Transfer Election Form, the transfer cannot be rescinded. You will not be eligible to transfer back to Plan D for three years from your effective transfer date. Additionally, once you elect a PPT, you may not elect an Open Window Transfer.



# PPT to Plan E: The Process



**1. Compare provisions of Plan E to Plan D.**

**2. Review PPT ramifications with a LACERA Retirement Benefits Specialist.**

**3. Want to proceed? Complete and submit a PPT Election Form to LACERA.**

**4. Your effective transfer date is the first day of the month.\***

**5. On your effective transfer date:**

- **Your Plan D contributions stop.**
- **You begin earning Plan E service credit.**

*\*At least 30 days from the date LACERA receives your signed PPT Election Form.*



## What's Your Plan?





# Prospective Plan Transfer

FROM CONTRIBUTORY PLAN D



NON-CONTRIBUTORY PLAN E

LACERA  
300 N. Lake Avenue Pasadena, CA 91101  
1-800-786-6464  
lacera.com

RSD 1519 (6/11)