Prospective Plan Transfer

Non-Contributory Plan E

TO

Contributory Plan D
Prospective Plan Transfer

About This Brochure
Plan E members who are interested in gaining certain benefits not available under their non-contributory retirement plan have the option to transfer to contributory Retirement Plan D. This brochure explains the two methods of plan transfer offered by LACERA, but focuses on the provisions of the Prospective Plan Transfer from non-contributory Plan E to contributory Plan D.

The Los Angeles County Employees Retirement Association (LACERA) is governed by the County Employees Retirement Law of 1937 (CERL) and the California Public Employees’ Pension Reform Act of 2013 (PEPRA); LACERA retirement benefits are administered in accordance with these laws. If there is any conflict between statements made herein and provisions of the applicable retirement law, the law will prevail.

For additional information, contact LACERA

Phone: 800-786-6464
Visit: Member Service Center
300 N. Lake Avenue, Suite 100
Pasadena, CA 91101-4199
Website: lacera.com
Email: welcome@lacera.com
### PROSPECTIVE PLAN TRANSFER (PPT) TABLE OF CONTENTS

1. Plan Transfer Methods at a Glance: Plan E to Plan D
2. **Section 1: Why Transfer?**
   - Why Transfer?
   - **Chart:** Comparison of Plan D and Plan E: Percentage of Final Compensation Used to Calculate Retirement Allowance
   - Allows Purchase of Service Credit
   - Pre-retirement Death and Disability Benefits
   - **Chart:** Comparison: Basic Provisions of Plan D and Plan E
3. **Section 2: Two Transfer Methods**
   - Open Window Plan Transfer or Prospective Plan Transfer – Decide Which Method is Right for You
   - **Chart:** Overview: Open Window Plan Transfer and Prospective Plan Transfer
   - Open Window Plan Transfer
   - Prospective Plan Transfer
4. **Section 3: Prospective Plan Transfer**
   - **Chart:** Example: Determining Your Effective Date of Transfer
   - Contributing to Plan D
   - **Chart:** Example: Computing Your PPT Plan D Entry Age
   - Plan D Service Credit
   - Service Retirement Eligibility
   - **Chart:** Retirement Eligibility Requirements
   - Vesting
   - Deferred Retirement
   - **Chart:** Example: Combining Service Credit for Vesting and Service Requirement Eligibility
5. **Section 4: Purchasing and Converting Plan E Service Credit**
   - Your Option to Purchase and Convert Plan E Service
   - **PPT Payment Contracts**
6. **Section 5: Reviewing the Basics**
   - Quick Review: PPT Basics
   - **Election Form: Prospective Plan Transfer to Contributory Plan D**
Active Plan E members who wish to gain benefits not available under non-contributory Plan E may transfer to contributory Plan D.

TRANSFER METHODS

Prospective Plan Transfer (PPT):
- **Simple plan change**, quickest transfer method
- Begin making semimonthly retirement contributions based on current age
- Become a Plan D member the first day of the month following 30 days after receipt of your signed election form
- See page 5 for PPT details
- Option to purchase and convert some or all Plan E service credit to Plan D service credit*
- See page 10 for purchasing and converting service credit

Open Window Plan Transfer (OWPT):
- **Requires purchase** of all Plan E service credit
- Begin making Plan D semimonthly retirement contributions based on Plan E entry age
- Requires back payment of Plan D retirement contributions and interest, calculated from your LACERA membership date
- Remain Plan E member until transfer contract is paid in full
- See page 4 for OWPT details

contract: payment options
- Lump sum (includes 457 and 401(k) rollovers)
- Semimonthly payroll deductions
- Combination of both
- See page 10 for payment details

Alert: Things to Consider
- Consult with a LACERA Retirement Benefits Specialist prior to proceeding with a plan transfer. Call 800-786-6464 or visit our Member Service Center.
- PPT to Plan D cannot be revoked once LACERA receives the election form.
- PPT transferees are ineligible to transfer back to Plan E for three years.
- PPT transferees may not elect an Open Window Plan Transfer in the future.

*Plan E ARC cannot be purchased and converted to Plan D service credit. Other exceptions may apply.
SECTION 1: WHY TRANSFER?

Why Transfer?

In general, Plan D provides a larger and higher-paying scope of benefits than provided under Plan E. Keep in mind, however, as a contributory plan, Plan D also requires you to make retirement contributions, which are automatically deducted from your paycheck.

Plan D benefits not available under Plan E:

- More generous monthly allowance at retirement
- Purchase of service credit for certain types of County and non-County government service performed prior to the date you became eligible for LACERA membership
- Provisions for pre-retirement death and disability benefits

More Generous Monthly Allowance at Retirement

The amount of the allowance you will be entitled to receive at retirement under any LACERA retirement plan is based on three factors:

- Age at Retirement
- Years of Service Credit
- Final Compensation

However, the manner in which the factors are applied and calculated under Plan D provides a more generous monthly allowance at retirement than that provided under Plan E.

Final compensation is an average of your highest monthly compensation earnable over a specified length of time. Under Plan E, your final compensation is averaged over any three 12-consecutive-month periods, whereas Plan D averages your monthly compensation earnable over any one 12-consecutive month period. Generally, using one 12-month period rather than three 12-month periods results in a higher final compensation. Additionally, Plan D uses a higher percentage of your final compensation to calculate your monthly allowance at retirement.

Plan E calculates your age at retirement in full years; each year on your birthday the amount of the allowance you will be entitled to receive upon retirement increases. In Plan D, your age is calculated in quarter years (not indicated on the comparison table); therefore, the amount of your future retirement allowance increases every three months.

For these reasons, Plan D provides a higher monthly allowance at retirement than does Plan E.

### COMPARISON OF PLAN D AND PLAN E:

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Age 50</th>
<th>Age 551</th>
<th>Age 60</th>
<th>Age 652</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Plan D</td>
<td>Plan E</td>
<td>Plan D</td>
<td>Plan E</td>
</tr>
<tr>
<td>10</td>
<td>11.82%</td>
<td>——</td>
<td>14.92%</td>
<td>7.50%</td>
</tr>
<tr>
<td>15</td>
<td>17.73%</td>
<td>——</td>
<td>22.39%</td>
<td>11.24%</td>
</tr>
<tr>
<td>20</td>
<td>23.64%</td>
<td>——</td>
<td>29.85%</td>
<td>14.99%</td>
</tr>
<tr>
<td>25</td>
<td>29.55%</td>
<td>——</td>
<td>37.31%</td>
<td>18.74%</td>
</tr>
<tr>
<td>30</td>
<td>35.46%</td>
<td>——</td>
<td>44.77%</td>
<td>22.49%</td>
</tr>
<tr>
<td>35</td>
<td>——</td>
<td>——</td>
<td>52.23%</td>
<td>26.24%</td>
</tr>
<tr>
<td>40</td>
<td>——</td>
<td>——</td>
<td>——</td>
<td>——</td>
</tr>
<tr>
<td>45</td>
<td>——</td>
<td>——</td>
<td>——</td>
<td>——</td>
</tr>
</tbody>
</table>

Members who worked for the County prior to January 1983 will have their retirement allowances reduced according to the provisions of their Plans.

1 Minimum Plan E retirement age is 55.
2 There is no additional age benefit after age 65.
3 Plan D members reach 100% of final compensation at age 65 with 41 years, two months of service.
Your election to initiate a PPT to Plan D cannot be revoked once your signed Prospective Plan Transfer election form is received by LACERA.
SECTION 2: TWO TRANSFER METHODS

Open Window Plan Transfer or Prospective Plan Transfer — Decide Which Method Is Right for You

Before you decide to initiate a Prospective Plan Transfer (PPT), it’s important to understand LACERA offers a choice of plan transfer methods: The Open Window Plan Transfer (OWPT) and the Prospective Plan Transfer. We recommend you compare the provisions of both transfer methods before making a final decision.

OVERVIEW: Open Window Plan Transfer and Prospective Plan Transfer

<table>
<thead>
<tr>
<th>OPEN WINDOW PLAN TRANSFER</th>
<th>PROSPECTIVE PLAN TRANSFER</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contributions calculated at a lower rate.</strong> Based on your entry age to LACERA.</td>
<td><strong>Contributions calculated at a higher rate.</strong> Based on your current age.</td>
</tr>
<tr>
<td><strong>Must</strong> purchase and convert all Plan E service credit to Plan D service credit.</td>
<td><strong>May opt</strong> to purchase and convert some or all Plan E service credit to Plan D service credit.</td>
</tr>
<tr>
<td><strong>Cost to purchase and convert Plan E service credit</strong> based on your entry age to LACERA.</td>
<td><strong>Cost to purchase and convert Plan E service credit based</strong> on your age on the beginning date of the service being purchased.</td>
</tr>
<tr>
<td>Contract payment periods from one month up to 10 years.</td>
<td>Contract payment periods from one month up to 10 years.</td>
</tr>
<tr>
<td><strong>You remain a Plan E member until your transfer contract is paid in full.</strong> Although you begin earning Plan D service credit and making semimonthly retirement contributions on your effective date of transfer, you are not entitled to Plan D benefits until your transfer is completed.</td>
<td>You begin earning Plan D service credit on the effective date of transfer and become eligible for disability/survivor benefits when Plan D service requirements are met.</td>
</tr>
</tbody>
</table>

1 Certain exceptions apply.
2 Plan E ARC cannot be purchased and converted to Plan D service credit.
3 Certain eligibility applies: To qualify, you must have two years of continuous service after your most recent effective date of transfer. (During that two-year period, you must not take a medical leave necessitated by a preexisting condition.) Or, if you had a break in service, you must have earned five years of service credit as an active Plan D member after your most recent effective date of transfer.

Open Window Plan Transfer

The OWPT requires you to purchase and convert all your previous years of Plan E service credit before your transfer becomes effective. Basically, this means you must catch up on the back contributions you would have paid had you elected Plan D when you entered LACERA membership, along with the interest those contributions would have accrued. The purchase can be made by a lump-sum payment or through semimonthly payroll deductions made over a maximum of 10 years or through a combination of both. You remain in Plan E until you have paid the transfer contract in full.

Under an OWPT, your contributions are based on your entry age to LACERA. As a result, your cost to purchase and convert all of your Plan E service credit under an OWPT is based on a lower contribution rate than it is under a PPT. (For more about the effect of entry age on contributions, see Contributing to Plan D on page 6.)

For additional information on an OWPT, read the Open Window Transfer Guide on lacera.com or call 800-786-6464 to speak with a LACERA Retirement Benefits Specialist.

Open Window Plan Transfers are available only during periods designated by the Los Angeles County Board of Supervisors. To check on the availability of an OWPT, visit lacera.com or call 800-786-6464.
**Prospective Plan Transfer**

A PPT is a simple plan change; you switch from Plan E to Plan D and begin making the semimonthly contributions. You become a Plan D member the first day of the month following 30 days after LACERA receives your signed election form. You retain all service credit you accrued under Plan E.

You are not required to purchase any of your Plan E service credit; however, you have the option to purchase and convert some or all of it to Plan D service credit.

Under a PPT, any purchase and conversion of Plan E service credit to Plan D service credit is calculated based on your age on the beginning date of the service being purchased. Upon completion of the Payment Contract, the period of Plan E service credit you purchased is converted to Plan D service credit. At that time, your monthly Plan D contribution rate is adjusted to reflect your age at the birthday nearest the first date of the period purchased. That adjusted rate becomes your new contribution rate on a going-forward basis.

For example: At age 40, you elect a PPT to Plan D. At age 42, as a Plan D member, you elect to purchase and convert a seven-year period of your prior Plan E service. You were age 33 on the first day of that seven-year period. Therefore, your cost to purchase that period of Plan E service and convert it to Plan D service credit will be calculated based on age 33. When that purchase is paid in full, your monthly Plan D contribution rate will be adjusted to reflect age 33. Until that time, your contribution rate will remain based on age 40.

Note: Members who elect a PPT are not eligible to transfer back to Plan E for three years from their effective date of transfer to Plan D. In addition, members who elect a PPT may not elect an Open Window Transfer in the future.

If you purchase and convert some, but not all, of your Plan E time, any unpurchased portion will remain as Plan E service credit. In that case, when you retire, you will receive a combined Plan D and Plan E retirement allowance. The amount you are entitled to under each plan will be calculated separately, based on the service credit you earned under each plan. The allowance you receive at retirement will reflect the total of those two (Plan D and Plan E) amounts. All Plan D service credit is eligible for COLA adjustments; only Plan E service credit earned after June 4, 2002 is eligible for automatic COLA.

If you transfer to Plan D via a PPT while you are paying on a contract to purchase Plan E Elective COLA (for Plan E service earned prior to June 4, 2002), your Plan E service credit and the contract to purchase Elective Plan E COLA will remain intact. Payroll deductions associated with the purchase contract will continue until the contract is paid in full or you terminate employment or retire. At retirement, the portion of your allowance based on Plan E service credit will be eligible to receive automatic COLA and any purchased Elective Plan E COLA. For additional information regarding Plan E Elective COLA, refer to your Plan E Summary Plan Description (Plan Book) or visit the Benefits, Active Member section of lacera.com.

Note: Any purchased Plan E ARC will remain as Plan E service credit.

*Effective January 1, 2011, the three-year waiting period to transfer back to Plan E no longer applies to certain disabled Plan D Prospective Plan Transferees.

**SECTION 3: PROSPECTIVE PLAN TRANSFER**

**PPT: Who Is Eligible**

Plan E members who are actively performing their duties in a fulltime or part-time position are eligible to transfer to Plan D via a PPT. Plan E members on an authorized paid leave of absence are also eligible to initiate a PPT to Plan D. Members who are totally disabled and receiving (or are eligible to receive) disability benefits under the County’s Long-Term Disability and Survivor Benefit Plan are not eligible for a PPT.

A PPT may be used by Plan E members to transfer to Plan D only. Plan E members cannot transfer to or be reinstated in any other LACERA retirement plan.

**Effective Date of Transfer**

Your effective date of transfer is the first day of the month that is at least 30 days after the date LACERA receives your signed Prospective Transfer Election form.
NOTE: Your election to initiate a PPT to Plan D cannot be revoked once the election form is received by LACERA.

Contributing to Plan D
Your Plan D retirement contributions apply from your effective date of transfer forward. Generally, payroll deductions for your contributions begin within 30 days and continue on each semimonthly paycheck throughout your active service.

Your contribution rate is a percentage of your compensation earnable, based on your Plan D entry age. The younger your entry age, the lower your contribution percentage.

Note: Although your contribution rate will always be based on your LACERA entry age, it’s important to remember that all contribution rate percentages are subject to change as the result of several factors, including periodic negotiations between management and employee groups, interest rate changes set by the Board of Investments, and system actuarial valuations.

Entry Age
For purposes of a PPT, your entry age is your age at the birthday nearest your effective date of transfer to Plan D. If you are within six months of your next birthday on your transfer date, your Plan D entry age will be based on the age you will become on that birthday. If you are more than six months from your next birthday on your transfer date, your entry age will be based on the age you were on the effective date of your transfer to Plan D.

Plan D Service Credit
As a PPT transferee to Plan D, you begin earning Plan D service credit as of your effective date of transfer. Plan D members earn service credit for each payroll period during which a contribution is deducted from their paychecks.

As noted in the Overview chart on page 4, as a PPT transferee, you will also have the option to purchase and convert some or all of your Plan E service credit to Plan D service credit. Your Plan E service credit is converted to Plan D service credit upon completion of your Payment Contract. Once payment is completed, your Plan D contribution rate is adjusted (lowered) to reflect your age at the birthday nearest the first date of the service period you purchased.
**Service Retirement Eligibility**

A member who meets the minimum age and service requirements under any LACERA plan may retire for service and receive a monthly lifetime retirement allowance.

<table>
<thead>
<tr>
<th>Retirement Eligibility Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Plan D</strong></td>
</tr>
<tr>
<td>Age 50 with at least 10 years of County (or combined County and reciprocal system) service credit, or</td>
</tr>
<tr>
<td>Any age with 30 years of County (or combined County and reciprocal system) service credit, or</td>
</tr>
<tr>
<td>Age 70, regardless of years of service credit</td>
</tr>
<tr>
<td><strong>Plan E</strong></td>
</tr>
<tr>
<td>Age 55 with at least 10 years of County (or combined County and reciprocal system) service credit, or</td>
</tr>
<tr>
<td>Age 70, regardless of years of service credit</td>
</tr>
</tbody>
</table>

**Note:** 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.

**Vesting**

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

In **Plan D**, vesting is based on the completion of five or more years of active County (or combined County and reciprocal system) service. **Vesting in Plan E is based on the completion of 10 or more years of active County (or combined County and reciprocal system) service.** Under a PPT, your service credit under each plan is combined and applied toward vesting requirements.

If you terminate service with less than 10 years of combined service credit, you will forfeit your Plan E service credit and eligibility for a Plan E retirement allowance. Visit the Benefits section of lacera.com for additional information on vesting.

**Deferred Retirement**

If you are vested, terminate service prior to meeting the combined minimum age and service requirements, and leave your Plan D contributions on deposit, you may defer your retirement until you:

- Meet the age requirement for each plan, and
- Reach the date on which you would have accrued 10 years of combined service credit had you remained in service

Your contributions will continue to earn interest until you retire.

**EXAMPLE:** Combining Service Credit for Vesting and Service Retirement Eligibility

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Age</th>
<th>Years of Combined Service</th>
<th>Vesting Status</th>
<th>Service Retirement Eligibility</th>
<th>Available Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan E – 5</td>
<td></td>
<td></td>
<td>Plan E – yes</td>
<td>Plan D – no Plan E – no</td>
<td></td>
</tr>
<tr>
<td>Plan D – 10</td>
<td>55</td>
<td>12</td>
<td>Plan D – yes</td>
<td>Plan D – yes Plan E – yes</td>
<td>Retire from both plans now.</td>
</tr>
<tr>
<td>Plan E – 2</td>
<td></td>
<td></td>
<td>Plan E – yes</td>
<td>Plan D – no Plan E – no</td>
<td></td>
</tr>
<tr>
<td>Plan D – 3</td>
<td>55</td>
<td>6</td>
<td>Plan D – yes</td>
<td>Plan D – no Plan E – no</td>
<td>You need 4 more years of combined service credit.</td>
</tr>
<tr>
<td>Plan E – 3</td>
<td></td>
<td></td>
<td>Plan E – no</td>
<td>Plan D – no Plan E – no</td>
<td></td>
</tr>
<tr>
<td>Plan D – 3</td>
<td>35</td>
<td>4</td>
<td>Plan D – no</td>
<td>Plan D – no Plan E – no</td>
<td>You need 6 more years of combined service credit and must meet minimum age requirements.</td>
</tr>
<tr>
<td>Plan E – 1</td>
<td></td>
<td></td>
<td>Plan E – no</td>
<td>Plan D – no Plan E – no</td>
<td></td>
</tr>
</tbody>
</table>
**Double Account**

A Plan E member who transfers to Plan D via a PPT and elects not to purchase and convert all of his or her Plan E service credit maintains a double account at LACERA. At retirement, the member receives a combined retirement allowance based on the service credit earned under each plan.

<table>
<thead>
<tr>
<th>EXAMPLE AGE 55: Comparing Plan E Retirement Allowance with Combined Plan E/Plan D Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age at Retirement</strong></td>
</tr>
<tr>
<td>-----------------------</td>
</tr>
<tr>
<td>55</td>
</tr>
<tr>
<td><strong>Years of Service Credit</strong></td>
</tr>
<tr>
<td>20</td>
</tr>
<tr>
<td><strong>Final Compensation</strong></td>
</tr>
<tr>
<td>$5,000.00</td>
</tr>
<tr>
<td><strong>Percentage of Final Compensation</strong></td>
</tr>
<tr>
<td>14.99%</td>
</tr>
<tr>
<td><strong>Monthly Plan E Allowance</strong></td>
</tr>
<tr>
<td>$749.50</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXAMPLE AGE 65: Comparing Plan E Retirement Allowance with Combined Plan E/Plan D Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age at Retirement</strong></td>
</tr>
<tr>
<td>65</td>
</tr>
<tr>
<td><strong>Years of Service Credit</strong></td>
</tr>
<tr>
<td>20</td>
</tr>
<tr>
<td><strong>Final Compensation</strong></td>
</tr>
<tr>
<td>$5,000.00</td>
</tr>
<tr>
<td><strong>Percentage of Final Compensation</strong></td>
</tr>
<tr>
<td>40.00%</td>
</tr>
<tr>
<td><strong>Monthly Plan E Allowance</strong></td>
</tr>
<tr>
<td>$2,000.00</td>
</tr>
</tbody>
</table>

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.

A table displaying the percentage of final compensation your Plan will use to calculate your retirement allowance is included in the back of your Plan Book and can also be viewed in the Plan Book Section of lacera.com. Each Plan Book includes the table specific to that plan.

**County Healthcare Subsidy for Double Accounts**

For a member with a double account, the County subsidy for LACERA-administered retiree healthcare is based on the member’s total years of service credit, regardless of whether the member retires concurrently from Plan D and Plan E.

**PERCENTAGE OF FINAL COMPENSATION TABLES**

Visit lacera.com, Plan Book Section
Eligibility for Disability Retirement

A PPT transferee may apply for service-connected or nonservice-connected disability and receive disability benefits under Retirement Plan D only if he or she meets either of the following conditions:

- Completed two years of continuous service as an active Plan D member after your most recent effective date of transfer. (During that two-year period, you must not take a medical leave necessitated by a preexisting condition.)

- Or, if you had a break in service, you must have earned five years of service credit as an active Plan D member after your most recent effective date of transfer.

**NOTE:** Prior to 2011, the law placed restrictions on members who had transferred from Plan E to Plan D via a PPT and were determined by the Board of Retirement not to have met the required disability application eligibility conditions. Those restrictions, which included three-years of service in Plan D prior to transferring back to Plan E, no longer apply. Affected Plan D members are now permitted to transfer back to Plan E and continue under the County LTD program as Plan E members.

Under certain circumstances, it may be more advantageous for the affected member to continue LTD benefits under Plan E than under Plan D. Factors such as the member’s age, amount of service credit, and election of LTD Health Insurance may influence whether the member transfers back to Plan E or remains in Plan D.

Additional information regarding disability retirement eligibility and benefits is available in the Plan D Book and the Employee Disability Retirement Package.

Double Account: Disability Benefits

A member with a double account resulting from a PPT from Plan E to Plan D who is granted a disability retirement under Plan D is not eligible to receive Plan E service retirement benefits. The benefit the member will receive depends on the type of disability retirement granted.

**If the member is granted an SCD retirement,** he or she would receive the greatest of:

- One-half of his or her final compensation, or
- The full amount of a service retirement allowance, or
- The combined benefit the member would have received had he or she been entitled to a service retirement from both Plan D and Plan E.

**If the member is granted an NSCD retirement,** he or she would receive the greater of:

- An amount based on age and length of service up to one-third of the member’s final compensation, or
- The full amount of a Plan D service retirement allowance, if eligible.

Familiarize Yourself with Plan D

Before You Make a Decision

Plan D is complex, with a broad scope of provisions and components. Not every provision can be discussed in this brochure. Before making a decision to transfer plans, it is important you familiarize yourself with Plan D and its potential impact on your individual situation.

Read the Plan D Summary Plan Description (Plan Book) prior to making a final decision. Plan Books are available in an electronic format in the Plan Book section of lacera.com. PDFs of Plan Books are available for downloading from the Brochures & Forms page of lacera.com.

Be sure to consult with a LACERA Retirement Benefits Specialist before initiating a PPT.
SECTION 4: PURCHASING AND CONVERTING PLAN E SERVICE CREDIT

Your Option to Purchase and Convert Plan E Service

If you transfer to Plan D via a PPT, you become eligible to purchase and convert some or all of your Plan E service credit to Plan D service credit as soon as you make your first Plan D retirement contribution. Remember, you are not required to make a purchase; purchasing your Plan E service credit is completely optional.

Purchasing and converting Plan E service credit to Plan D service credit may not be advantageous for everyone. Consult with a LACERA Retirement Benefits Specialist to determine if a purchase is right for you. The specialist will help you weigh the associated costs of a purchase against the associated benefits. In the course of the consultation, the specialist will provide you with calculations illustrating how a purchase would affect your contribution rate and the amount of monthly benefit you will be entitled to receive at retirement.

It is in your best interest to carefully review and consider all the associated costs and potential benefits prior to deciding whether purchasing and converting your Plan E service credit is right for you.

Purchasing and Converting Plan E Service Credit to Plan D Service Credit

Any Plan E service credit you elect to purchase and convert must be purchased in a minimum of one-year increments; the most recent period of service credit must be purchased first. Transferees with less than 12 months of Plan E service must purchase the total amount of their Plan E service credit. Upon completion of the Payment Contract, the period of purchased Plan E service credit is converted to Plan D service credit and the member’s monthly Plan D contribution rate is adjusted to reflect the member’s age at the birthday nearest the first date of the period purchased.

The cost to purchase and convert your Plan E service credit to Plan D service credit equals the amount you would have paid in contributions had you been a Plan D member during the period of service you are purchasing, plus interest.

LACERA offers a choice of three payment options for purchasing service credit:

- **Lump-Sum Payment**: A single payment for the total cost of your service credit, including interest calculated through the contract expiration date.
- **Payroll Deductions**: Automatic semimonthly deductions from your paycheck, determined by dividing the total dollar amount of your contract by the term (number of payroll periods) of your contract. Interest is calculated over the term of the contract; therefore, the total amount you pay through payroll deductions is greater than it would be through a lump-sum payment.
- **Combination Lump-Sum Payment/Payroll Deductions**: An amount of your choice in a single payment up front; you pay off the balance of the contract through semimonthly payroll deductions.

Lump-sum payments may be made using the following types of funds:

- Qualified plans: 401(k)/KEOGH
- 457 and 401(k) transfers: In-service or after termination
- Traditional IRAs (Non-Roth IRAs not accepted)
- 403(b)
- After-tax dollars

NOTE: LACERA is not responsible for any decrease in your funding account(s) balance resulting from financial market volatility. Consult a professional financial advisor to protect yourself from adverse market conditions.

PPT Payment Contracts

You may choose a contract term (payment period) from one month to 10 years (2-240 payroll periods). The ability to change or revoke your contract hinges on the type of payment method you select:

- **Signed and Submitted Before-Tax Contracts Are Irrevocable**
  - contracts that include payroll deductions and/or payments using other before-tax funds
- **After-Tax Contracts Allow Changes**
  - contracts that indicate your payments will be made exclusively with after-tax dollars

Visit lacera.com, Benefits, Calculators

ESTIMATE PLAN TRANSFER COSTS ONLINE

10
**SECTION 5: REVIEWING THE BASICS**

**QUICK REVIEW: PPT BASICS**

The following five FAQs summarize the basics of a PPT from Plan E to Plan D:

1. **Q: What is a Prospective Plan Transfer?**
   **A:** A Prospective Plan Transfer (PPT) is a method for transferring from non-contributory Plan E to contributory Plan D; it is a simple plan change in which no purchase is necessary. A Plan E member simply submits a PPT election form and begins making semimonthly Plan D contributions approximately 30 days later.

2. **Q: Will I be permitted to purchase my Plan E time if I implement a PPT to Plan D?**
   **A:** Yes. As a PPT transferee to Plan D, you have the option to purchase and convert some or all of your Plan E service credit to Plan D service credit. Such a purchase is completely optional.

3. **Q: Is there another method by which I can transfer to Plan D from Plan E?**
   **A:** Yes. Plan E members can also transfer to Plan D via an Open Window Plan Transfer. This type of transfer requires you to purchase and convert all your Plan E service credit to Plan D service credit before the transfer is effective.

4. **Q: What types of payment options are available for purchasing and converting my Plan E service?**
   **A:** Transfer contracts may be paid by lump-sum payments, payroll deductions, or a combination of both.

5. **Q: Can I change my mind after I submit a PPT election form to LACERA?**
   **A:** No. A PPT to Plan D cannot be revoked once the signed election form is received by LACERA. Additionally, PPT transferees are not eligible to transfer back to Plan E for three years or to elect an Open Window Plan Transfer in the future.

Initiating a PPT to Plan D is a big decision with big consequences. A PPT may not be appropriate for every situation. Make sure it’s right for you; review your decision carefully.

Consult with a LACERA Retirement Benefits Specialist prior to proceeding with a plan transfer! Call 800-786-6464, visit our Member Service Center, or email us at welcome@lacera.com.*

Remember, once LACERA receives your PPT election form, you can’t change your mind.

*General questions only; email is not secure.
1. Speak with an expert
Consult with a Retirement Benefits Specialist; call 800-786-6464 or visit our Member Service Center.

3. Questions?
Give us a call for answers.

2. Read the details
Receive and review the Prospective Plan Transfer: Non-Contributory Plan E to Contributory Plan D brochure.

4. Ready to proceed?
Complete, sign, and submit an Election Form: Prospective Plan Transfer to Contributory Plan D.
(attached within this brochure)

5. It takes up to 60 days
You’ll be a Plan D member within 30-60 days and begin paying semimonthly retirement contributions.

6. Optional purchase
You may purchase and convert some or all of your Plan E service credit to Plan D service credit once you make your first Plan D retirement contribution.

7. Thinking of purchasing service credit?
Access the Transfer Calculator on lacera.com to get an idea of the cost. Results display cost estimates for both a PPT and an Open Window Plan Transfer.

8. Get the cost upfront
Interested in purchasing Plan E service credit? Complete, sign, and submit a Request for Cost Notification: Prospective Plan Transfer – Purchase and Convert Plan E Service Credit to Plan D Service Credit.
(located in the pocket of this folder)

You’ll be a Plan D member within 30-60 days and begin paying semimonthly retirement contributions.

Ready to proceed?
Complete, sign, and submit an Election Form: Prospective Plan Transfer to Contributory Plan D.
(attached within this brochure)

Optional purchase
You may purchase and convert some or all of your Plan E service credit to Plan D service credit once you make your first Plan D retirement contribution.

Get the cost upfront
Interested in purchasing Plan E service credit? Complete, sign, and submit a Request for Cost Notification: Prospective Plan Transfer – Purchase and Convert Plan E Service Credit to Plan D Service Credit.
(located in the pocket of this folder)
Simple Plan E to Plan D PPT
- Use the attached form, Election Form: Prospective Plan Transfer to Contributory Plan D.
- Complete the form, sign, and mail to:
  - LACERA
    P.O. Box 7060
    Pasadena, CA
    91109-7060

PPT Transfer and Purchase Plan E Service Credit
- Use the attached form, Election Form: Prospective Plan Transfer to Contributory Plan D, and
- Use the form located in the pocket, Request for Cost Notification: Prospective Plan Transfer – Purchase and Convert Plan E Service Credit to Plan D Service Credit.
- Complete both forms, sign, and mail to:
  - LACERA
    P.O. Box 7060
    Pasadena, CA
    91109-7060

Ready to proceed? Please fill out the appropriate forms.