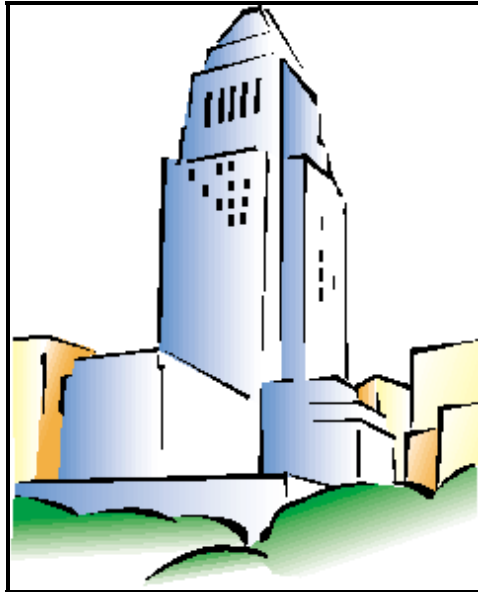


LACERS

LOS ANGELES CITY
EMPLOYEES' RETIREMENT SYSTEM



DISABILITY RETIREMENT BENEFITS GUIDE

This brochure provides general information about disability retirement. If any discrepancies exist between the information in this brochure and LACERS' plan provisions (as set forth in the Los Angeles City Charter and Administrative Code), the plan provisions will prevail.

You are encouraged to call the LACERS' Disability Retirement Coordinator should you have any questions about the disability retirement process.

If a disability makes it difficult to do the following:

- Read LACERS' bulletins, publications, and forms
- Communicate with LACERS staff via phone or in-person
- Complete forms

LACERS offers the following services to assist you:

- Sign Language Interpreting Services
- Telecommunications Device for the Deaf (TDD)
- Assistive listening devices (for the hearing-impaired)
- Assistance in reading/completing forms

Members who may wish to request these services or who have questions about the availability of these services should telephone LACERS at (800) 779-8328 or (888) 349-3996 (TDD). To ensure availability at the time the services are needed, Members are encouraged to make requests at least six working days prior to their appointment.

LACERS Disability Retirement

The Los Angeles City Employees' Retirement System (LACERS) provides a disability retirement allowance for a Member who becomes physically or mentally incapacitated from performing his/her job.

If you are approved for disability retirement, you will receive an allowance that is approximately one-third of your highest 12-month average salary. This will be adjusted upward if you are a long-term City employee. Disability retirement allowances may be subject to cost-of-living increases.

LACERS' disability retirement benefit is separate from disability insurance payments through the City's Modified Flex Benefits Plan (Flex Plan) and benefits through Workers' Compensation.

Who is Eligible to File an Application for Disability Retirement?

You are eligible to file an application for disability retirement with LACERS if you meet the following requirements:

- You have five or more years of continuous service with the City. [*"Continuous" means you did not have a break in service longer than three years.*]

-and-

- Your application for disability retirement is filed with LACERS **no later than six months after the date you were last paid by your employing department** [*This filing period may be extended if you have a Workers' Compensation claim or your claim closed within the last six months. However, filing for or receiving disability insurance payments through the Flex Plan does not extend the six-month filing period.*]

If you do not meet the above criteria, your application will not be accepted for processing.

The Disability Retirement Process

Once your application is accepted:

Your employing department will submit a duties assessment for your current position to LACERS. Upon receipt of the duties assessment, medical records from your health care provider(s) and, if applicable, your Workers' Compensation file, LACERS will usually process your application with the use of at least three physicians to evaluate your condition(s), and determine your ability to perform your current duties.

After LACERS receives your medical reports and other evaluating material, the Board of Administration will consider your application and determine whether you will be granted a disability retirement allowance or have your matter deferred for a hearing.

Most applications are processed within six months. Delays in obtaining the necessary information may extend that processing time.

If the Board approves your application:

You will receive a disability retirement allowance retroactive to the effective date of your disability retirement (*usually, the day after your last day on the payroll*). If you are under age 60, the Board may require you to be re-examined to determine whether your disability retirement allowance should continue or be canceled.

If your application is deferred for a hearing:

You may present testimony and other evidence to support your application at the Board hearing. Based upon all the evidence received, the Board will then determine whether or not you will be approved for a disability retirement allowance.

If the Board denies your application, you may:

- Return to work, unless your City employment has been terminated.

-or-

- Request that the Board reconsider their denial (within prescribed time limits).

-or-

- Pursue legal action in court contesting the Board's decision. *[A petition for a judicial review of the Board's final decision must be filed within the time limits specified in Section 1094.6 of the California Code of Civil Procedure.]*

-or-

- File an application for a service retirement when you meet the eligibility requirements.

If your disability application is denied and you terminate City employment, you can:

- Request a refund or rollover of your contributions and interest. If you get a refund or rollover, you will no longer be entitled to any benefits from LACERS, including disability retirement benefits. (See LACERS' *Termination Guide* for details of your refund options.)

-or-

- Leave your contributions and interest on deposit and receive a service retirement allowance when you become eligible.

Loans to Disability Retirement Applicants

You can apply to receive a loan while your application for disability retirement is being processed. The amount of the loan cannot exceed any of the following:

- Four pay periods of your last salary rounded down to the nearest \$100

-or-

- One-half of the contributions and interest in your LACERS account

-or-

- \$50,000

If you are married, your spouse must also sign the loan application.

You will usually receive your loan at the end of the month in which your loan application is processed. You are required to repay the loan within four years. The interest rate on the loan is currently set at 8%.

Loan payments are due on a quarterly basis, beginning three months after you receive the loan. An additional 90-day grace period is available prior to the first payment.

The payment schedule may change, depending on the following:

- If you are receiving a disability or service retirement allowance, the loan payments will be deducted from your monthly checks. For disability retirees, a lump-sum payment can be deducted from your retroactive disability retirement allowance.
- If you return to City employment, the loan payments will be deducted from your biweekly checks.
- Even if you do not return to City employment and do not receive a retirement allowance of any kind, you are still responsible to repay the loan quarterly.

Loan Terms and Conditions Include:

- Only one loan per year is allowed and you may not have more than one outstanding loan.
- There are no prepayment penalties.
- If you terminate City employment and request a refund of your contributions and interest, your loan balance will be deducted from your refund.

If you do not make timely payments on your loan:

- LACERS will report the delinquent loan to the Internal Revenue Service.
- The balance of your loan will become taxable to you as ordinary income.
- If you are under age 55, you will owe an additional 10% as a penalty for your federal income taxes and 2.5% as a penalty for your State of California income taxes.
Further, you will owe repayment of the loan to LACERS, including additional interest that accrues on the loan until is paid.

Please read the *LACERS Loan Program Information Sheet* to receive more information about the program.

QUESTION AND ANSWER SECTION

Q: What happens to my City employment status while my disability application is being processed?

A: If you have not resigned or have not been terminated from City employment, you will be placed on an unpaid leave of absence.

Q: What other programs or benefits should I consider?

A: If you were injured on the job, you may apply for Workers' Compensation benefits with the City of Los Angeles Personnel Department. Please keep in mind that Workers' Compensation and a LACERS disability retirement are two distinct and separate benefits, and that one outcome of an application does not directly impact the other. If you are receiving temporary disability ("State rate") payments at the time of your retirement, these payments may be terminated when you are granted a disability retirement allowance.

Also, you may apply for disability insurance benefits, which are provided to employees through the City's Modified Flex Benefits Plan (Flex Plan).

For more information, contact the Flex Plan's insurance carrier.

Please note: Applying for or receiving disability insurance benefits through the Flex Plan does not extend the time period you have to apply for a LACERS disability retirement allowance.

You must apply for a LACERS disability retirement within six months of your last City paycheck or you will lose the right to receive a disability allowance from LACERS.

The Flex Plan disability insurance is a separate benefit from LACERS' disability retirement benefits. The Flex Plan insurance carrier could require you to apply for LACERS disability retirement benefits. They could reduce the amount of the disability insurance payments you receive from them by the amount of any disability payments you are entitled to receive from LACERS.

Q: Is my LACERS disability retirement allowance a lifetime benefit?

A: Possibly. If you remain disabled you will receive your allowance throughout your lifetime. Your disability retirement allowance would be canceled if you:

- Were appointed again to active City status through another eligible list

-or-

- Voluntarily decided to return to your former position and were capable of performing the job duties

-or-

- Were determined by the Board to be no longer disabled through the results of a periodic review

Before a disability allowance would be canceled by the Board, at least three physicians would once again evaluate you to determine your present condition(s). The Board would then determine your capability to work in the job you held at the time of your retirement — as well as any potential for accommodation — and as such, may return you to active City service (unless you resigned or were terminated from your position).

Q: If I am granted a disability retirement allowance, will my surviving spouse/domestic partner be eligible for a continuance if I die before him/her?

A: Upon your death, your surviving spouse/domestic partner may be entitled to a disability survivorship allowance. For a spouse to qualify for a survivorship allowance, you must be married to him/her at least one year prior to the effective date of your disability retirement, at the time of your retirement, and at the time of your death. Your spouse must be the sole primary designated beneficiary for your unused contributions.

For a domestic partner to qualify for a survivorship allowance, a *Declaration of Domestic Partnership* must be on file with LACERS for at least one year prior to the effective date of your disability retirement. You must also be domestic partners (or married) at the time of retirement and domestic partners (or married) at the time of your death, and your domestic partner must be the sole primary designated beneficiary for your unused contributions. For more information on Domestic Partnerships, visit our Web site or contact LACERS.

If you qualify, you (and your eligible surviving spouse/domestic partner) may also enroll in a LACERS health plan and be eligible for a medical

premium subsidy (if you meet the minimum age and City service requirements) in addition to a monthly allowance.

Q: Is an attorney necessary for the disability retirement application process?

A: Although you are not required to retain an attorney or representative, you may elect to have one help you at any time during the process.

Q: What if my disability retirement application is denied?

A: Unless you previously terminated your City service, you will be instructed to return to duty. You can request a reconsideration by the Board or file a court action requesting that the Court review the Board's denial.

LACERS' staff cannot offer our Members legal advice. For such counseling, please consult your own representative.

Q: May I simultaneously apply for more than one type of retirement?

A: No. You may have on file only one type of retirement application at a time. However, if you qualify, you may file for a service retirement after you withdraw a disability retirement application.

Q: If approved, when will my disability retirement become effective?

A: Generally, it will be effective the day after your last day on the payroll.

Q: When will I receive my first check?

A: Usually 30-45 days after the Board grants your disability retirement. Benefits are paid at the end of the month.

Q: Will my retirement allowance ever change?

A: Yes. Your retirement allowance may be adjusted every July 1st to reflect changes in the cost of living. Unless the City Council grants a discretionary cost-of-living adjustment (COLA), COLAs are limited to not more than 3% per fiscal year. These changes will be reflected in your allowance deposited or mailed on July 31st.

Q: As a disability retiree, am I eligible for health insurance?

A: Most disability retirees who have at least 10 years of City service are eligible for a medical premium subsidy when they reach age 55.

If you are a part-time employee who became a member of LACERS after April 22, 1990 you are eligible for a medical premium subsidy when you reach age 55 and have at least 10 years of City service credit.

You may enroll in one of LACERS' health plans, as long as your net allowance is sufficient to cover your portion of the cost of your health insurance. The cost of your portion of the insurance premiums, if any, will be deducted from your retirement allowance.

Q: Can I work elsewhere while I'm receiving a disability retirement allowance?

A: Yes. You can obtain employment from another employer. However, you are prohibited from City employment (including the Department of Water and Power) while receiving a disability allowance. If you return to work for the City, your disability allowance will be canceled and you will resume accruing additional retirement service credit.

Q: Is my retirement allowance reported to the IRS?

A: Yes. All disability retirement payments are reported to the Internal Revenue Service. If you live in California at any time during the calendar year, the income will also be reported to the State Franchise Tax Board as well.

Q: Is my disability retirement allowance taxable?

A: Typically, it is fully taxable. But, if you made post-tax contributions to LACERS before January 1, 1986 or made post-tax payments to purchase service credit, part of your allowance may temporarily not be taxed after you reach age 55. Your annual 1099-R will show you what part of your allowance is excluded from taxation.

Q: Can I withdraw my application for a disability retirement?

A: Yes. You can withdraw your application anytime before the Board takes final action on your disability retirement application.

(This brochure is intended to answer commonly asked questions about the Disability Retirement Benefits offered by the City of Los Angeles. Any additional questions you may have may be covered in the LACERS' Summary Plan Description, or can be answered in a counseling session.)

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