

LAP Features

Cost of Living Adjustment (COLA)—Your initial monthly payment will be adjusted to allow for COLAs. Each year the LACERS Board of Administration reviews the Los Angeles area Consumer Price Index (CPI) to determine the COLA retirees will receive the following July 1. You will receive similar COLAs to your Larger Annuity payment.

The COLA rate is subject to the CPI but the Los Angeles Administrative Code limits the COLA to 3% annually. Any increases in the annual CPI over 3% will be “banked.” If the CPI increase in any year is less than 3%, previously banked amounts are used to provide you with a larger increase, up to the 3% maximum.



Survivorship—LAP includes a joint and survivorship option which pays benefits to the annuitant and continues to the joint annuitants after the first annuitant dies.

How LAP Compares to Deferred Compensation

- The **LAP** is **another** means of saving towards your retirement, particularly if you have maximized your Deferred Compensation Plan (457) contributions within a year
- Deferred Compensation Plan (457) contributions are pre-tax—the contributions are not reported as taxable income during the years you contribute
- Contributions to the **LAP** are taken after your taxes are withheld
- The **LAP** allows you to defer tax reporting of any earnings you achieve as a participant

You may want to obtain assistance from a trusted advisor or a certified financial planner to help you in making a decision about the Larger Annuity Program or any other investments.

LACERS

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Larger Annuity Program

The Larger Annuity Program (LAP) is a voluntary supplementary retirement income investment program for LACERS Members. With the LAP, you can save more money for your retirement and, upon retiring, convert your funds into a lifetime monthly annuity payable in addition to your regular LACERS retirement allowance.



The Larger Annuity Program (LAP)

What is an Annuity?

An annuity is a fixed payment stream over an individual's lifetime (that is purchased at retirement).

- Your annuity would be based on your **LAP** lump sum value at the time you start receiving the payments
- The annuity amount will be adjusted for options you've chosen for payment
- Your amount will vary based on your age and assumptions applicable at the time you retire



Fees—Because LACERS is a non-profit organization, there are no processing fees and you may receive a greater annuity per each dollar of your investment.

Getting Started

There are a few ways to fund the Larger Annuity Program (**LAP**):

- By contributing post-tax payroll deductions
- Via periodic lump-sum post-tax payments, **or**
- By rolling over funds from other qualified retirement plans

What are my Investment Options?

Option 1—Earn interest based on the average 5-year Treasury Note, the same rate paid for your mandatory regular City retirement contributions.

Option 2—Earn returns based on the LACERS rate of return for the publicly-traded portion of the LACERS investment portfolio.*

**This option involves investment returns, which may be either positive or negative. There is no guarantee against future negative performance for any investment returns.*

When You Retire

You may choose from any combination of three options for your **LAP** funds when you retire:

- Purchase a monthly Larger Annuity **and/or**
- Receive a cash

refund of your **LAP** account (subject to all tax withholding and tax liabilities), **and/or**

- Rollover of your LAP funds to another qualified retirement plan

What are the advantages of investing in LAP?

- Since LACERS is a non-profit organization, you might receive a larger payment per dollar of your investment from LACERS versus other entities
- There is no maximum **LAP** account balance. However, the IRS limits the annual contributions you can make to the **LAP**
- It's convenient. With almost no effort, you could be investing alongside LACERS publicly-traded assets. LACERS has a well diversified investment portfolio including: US Equity, Non-US Equity, Alternative Investment, Core Fixed Income and Real Estate



This pamphlet is a general description of the main features of the Larger Annuity Program (LAP) as set forth in the Los Angeles City Charter (LACC) and the Los Angeles Administrative Code (LAAC). If there are any discrepancies between the pamphlet and the provisions of the LAP, the LACC & LAAC provisions will govern at all times.