

## **ERIP Benefits**

### **What are the benefits offered under the ERIP?**

The Early Retirement Incentive Program (ERIP) provides incentives in the form of retirement benefit enhancements and/or separation payments. The incentives are dependent on your eligibility. There are five distinct groups of benefits, each with their own unique incentives and eligibility criteria. A description of each group is as follows:

#### **Group 1**

ERIP benefit:

- 3 years of Service Credit **and**
- \$15,000 Separation Payment

Retirement allowance calculation formula:

- $[\text{Final Compensation} \times \text{ERIP Enhanced Service Credit} \times 2.16\% \text{ (Retirement Factor)}] \times .99 \text{ (ERIP Reduction Factor)}$

#### **Group 2**

ERIP benefit:

- additional age credit to make them eligible for an unreduced retirement **and**
- 3 years of Service/Service Credit **and**
- a \$15,000 Separation Payment

Retirement allowance calculation formula:

- $[\text{Final Compensation} \times \text{ERIP Enhanced Service Credit} \times 2.16\% \text{ (Retirement Factor)}] \times .99 \text{ (ERIP Reduction Factor)}$

#### **Group 3**

ERIP benefit:

- a minimum of 3 years and a maximum of 5 years of additional age and/or Service/Service Credit **and**
- a \$15,000 Separation Payment

Retirement allowance calculation formula:

- $[\text{Final Compensation} \times \text{ERIP Enhanced Service Credit} \times 2.16\% \text{ (Retirement Factor)}] \times .99 \text{ (ERIP Reduction Factor)}$

#### **Group 4**

ERIP benefit:

- a Separation Payment of \$1,000 per year of Service
  - this payment is prorated for fractional years
  - the years of Service for this payment do not include years purchased under the Government Service Buyback program
  - This is not considered a retirement benefit
  - The payment will be made by the employing department (not LACERS – unless they are a LACERS employee)

Retirement allowance calculation formula:

- [Final Compensation x Service Credit x 2.16% (Retirement Factor)]
  - This is the standard non-ERIP formula
  - There is no reduction factor for Group 4 retirements

#### **Group 5**

ERIP benefit:

- 5 years of Service/Service Credit **and**
- a \$15,000 Separation Payment

Retirement allowance calculation formula:

- [Final Compensation x ERIP Enhanced Service Credit x 2.16% (Retirement Factor)] x [Early Retirement Reduction Factor] x .99 (ERIP Reduction Factor)
  - Note that LACERS early retirement reduction factor applies to these members (in addition to the 1% ERIP reduction factor).
  - Health Subsidy Warning!!
    - These members may not qualify for a health subsidy from LACERS until age 55 inclusive of the years of age granted under the ERIP

#### **Is it possible to purchase Service Credit under the Government Service Buyback (GSB) program to increase my retirement allowance?**

Yes, as long as the purchase is completed by your retirement date. Please note that, to be used to help you qualify for ERIP, your purchase must be completed (including having paid for the Service Credit) by November 7, 2009, the end of the pay period in which the window opens.

**If I am in the process of purchasing Service Credit under:**

**Government Service Buybacks (GSB)**

**Back Contributions and**

**Re-Deposits**

**Public Service Buybacks (PSB)**

**by when do I have to pay off the purchase to have it count toward my retirement allowance?**

The purchases must be paid off prior to your retirement date (which is decided by City management).

**Is it possible to change ERIP Groups during the window period?**

Yes, it is possible. In such a situation, you can select the Group you would like to belong to.

**If I receive additional years of Service Credit under the ERIP, is it possible that my retirement allowance could exceed 100% of my Final Compensation?**

No, your ERIP retirement allowance cannot exceed your Final Compensation.

**If I retire under the ERIP, what happens to my accumulated sick and vacation time?**

You will not be entitled to payment of their sick or vacation time; however, you will receive a Severance Payment in the amount that you would have been paid for your sick and vacation time.

This payment will be paid over two calendar years with the City selecting the payment dates.

The Severance Payments will be paid by the member's employing department. (This is not a retirement benefit and is not paid by LACERS.)

This Severance Payment does not apply to people who retired before the ERIP enrollment (window) period ("Grandfathered Participants") as:

Their retirements are not considered retirements under the ERIP and

They would have (or will, depending on the timing) receive their sick and vacation payouts pursuant to standard, non-ERIP policies and procedures.

**How do the ERIP Separation Payments work?**

Separation Payments for Groups 1, 2, 3, and 5 will be \$15,000 (this is in addition to other ERIP benefits these Group members will receive.

The Separation Payments for Group 4 members is \$1,000 per year of Service

The Group 4 payments are prorated for fractional years

The years of Service for the Group 4 payment do not include years purchased under the Government Service Buyback program

The Separation Payments are not considered retirement benefits.

The Separation Payments will be made by the employing department (not LACERS – unless they are a LACERS employee)

These payments will be paid over two calendar years with the City selecting the payment dates.

**If I retire under the ERIP and want to leave a continuance to a spouse/domestic partner, does the usual requirement that I must be married or have filed domestic partnership documents at least a year before my retirement apply?**

Yes

**If I retire under ERIP, will I be eligible for retiree health benefits and a retiree health subsidy from LACERS?**

You are eligible to participate in LACERS medical and dental plans if you are receiving a monthly retirement allowance from LACERS, so all members retiring under ERIP would be eligible, however

To be eligible for a medical plan premium subsidy you must:

Be age 55 or older **and**

inclusive of the years of age granted under the ERIP

Some Group 5 members will still not have enough age to qualify

Have at least 10 years of Service (Service Credit for part-time members whose LACERS membership date is after April 22, 1990) **and**

Be enrolled in a LACERS-sponsored medical plan or a participant in LACERS Medical Premium Reimbursement Program (MPRP)

The amount of the subsidy will depend on your years of Service (Service Credit for part-time members whose LACERS membership date is after April 22, 1990) and/or Medicare status.

**What impact, if any, does the Severance Agreement have on pending claims for Workers' Compensation benefits?**

The release/waiver language contained in the Severance Agreement shall not apply to any claim for Workers Compensation benefits where the employee has filed an application for adjudication of the claim. No prior or existing award of workers' compensation benefits will be affected by the Severance Agreement.

If you have any further questions regarding your ERIP benefits, you may e-mail LACERS at: [lacers.services@lacity.org](mailto:lacers.services@lacity.org)