

## Frequently Asked Questions About the Layoff Process and Retirement Benefits

**Depending on your years of City Service, there are different options you should know about regarding your retirement benefits, should you receive a layoff notice.**

### **1. What happens to my retirement contributions when I am no longer employed by the City?**

If you are full-time and have less than five years of Continuous City Service, you may:

- Leave your contributions on deposit with LACERS;
- Take a refund of your contributions plus accrued interest; or
- If you take a refund of your contributions, LACERS is required to withhold taxes and you may also be subject to additional tax penalties.
- Roll your funds over to another qualified retirement plan.

*If you withdraw or roll over your contributions, and also participate in the LACERS Larger Annuity Program, you will also be required to withdraw or roll over those funds.*

If you are full-time and have more than five years of Continuous City Service, were a part-time contributing member of LACERS, or have vested status through Reciprocity, you may:

- Apply for retirement, if you are eligible;
- Leave your contributions on deposit with LACERS until you are eligible for a Deferred-Service Retirement;
- Take a refund of your contributions plus accrued interest; or
- Roll your funds over to another qualified retirement plan.

*If you withdraw your contributions and also participate in the LACERS Larger Annuity Program, you will also be required to withdraw or roll over those funds.*

### **2. How long may I leave my funds on deposit with LACERS?**

Your funds can remain on deposit with LACERS until you reach age 70½, at which time the Internal Revenue Code requires you begin withdrawing funds from your account (minimum distribution) or incur tax penalties.

### **3. If I am a full-time employee, and have less than five years of Continuous City Service, is there anything I can do to meet the five-year Continuous City Service requirement to qualify for a retirement benefit?**

If you worked for another California governmental agency, you may qualify for reciprocity which may allow you to use your combined years of service from both agencies toward vesting and/or becoming eligible for a retirement allowance. If you have received your layoff notice, but before the actual termination date, you may be

able to purchase City Service to help you reach the five years of Continuous Service requirement.

#### **4. Can I continue to pay my Family Death Benefit Insurance Plan (FDBIP) premiums after I separate from City service?**

No, you must be an active City employee to participate in the FDBIP program. However, should you return to City service in the future, you may resume your participation in the FDBIP program.

#### **5. If I'm officially notified that I will be laid-off, but not yet terminated, can I still retire?**

If you are eligible for a service retirement, you may be able to apply after you receive your layoff notice, but before the actual termination date.

To qualify for a Normal Service Retirement, while an active employee, you must be:

- Age 55 or older, with at least 30 years of City Service;
- Age 60 or older, with at least 10 years of Continuous Service;

or

- Age 70 or older, regardless of your length of City Service.

To qualify for an Early Service Retirement, while an active employee, you must be:

- Age 55 or older with at least 10 years of Continuous Service;

or

- Less than age 55 with at least 30 years of City Service. \*\*

If you are a part-time employee and have been certified by your employing department, you immediately become a vested member of LACERS. However, in order to retire you must meet the minimum age requirement and have a first date of membership at least 10 years prior to your retirement effective date to apply.

*\* Please be aware that a full-time member age 70, who is eligible for an active service retirement as an active member, but who has less than five years of Continuous Service, may lose their right to apply for any deferred-service retirement benefits after they are terminated. This is because a full-time member must have a minimum of five years of Continuous Service to apply for deferred-service retirement. If they select a retirement effective date prior to their date of termination, they may proceed to retire. But if they did not retire prior to termination, they will not be eligible for a deferred service retirement allowance.*

*\*\* Please note: A member who is eligible for an active service retirement because they have 30 or more years of City Service, but who is under age 55, may proceed to retire if they apply prior to the actual date of termination. However, if they fail to apply as an active employee, and are terminated, they will need to wait until they are age 55 to apply for a deferred-service retirement.*

#### **6. When I'm officially terminated, can I still retire?**

If you are off the active payroll and you are eligible to retire, you may immediately apply for a Deferred-Service Retirement. If you are a full-time employee who has terminated employment with the City, you may qualify for a Normal Deferred-Service Retirement, as follows:

- Age 55 or older, with at least 30 years of City Service, and 10 years have elapsed since your First Date of Membership;

- Age 60 or older, with at least 10 years of Continuous Service and 10 years have elapsed since your First Date of Membership; or
- Age 70 or older, with at least 5 years of Continuous City Service (may also be completed via Full Reciprocity).

If you are a full-time employee who has terminated employment with the City, you may qualify for an Early Deferred-Service Retirement, as follows:

- Age 55 or older with 10 years of Continuous Service or 10 years since your First Date of Membership and at least 5 years of continuous service.

If you were a part-time employee and were certified for LACERS membership by your employing department, you immediately became a vested member of LACERS. You may apply if 1) You meet the minimum age requirement of age 55 and have a first date of membership at least 10 years prior to your retirement effective date, or 2) you are age 70 or older.

If you are eligible for a Deferred-Service Retirement, you may apply immediately without any waiting period. You must apply to start receiving your benefits immediately.

### **7. I think I may qualify for a disability retirement benefit, what are the eligibility requirements?**

If you became physically or mentally disabled while an active LACERS member, you may qualify for a disability retirement if you meet the following eligibility rules to apply:

- You have five or more years of Continuous City Service;
- You file your disability application within six months of your last date on your department's active payroll; or
- You file your application within six months of a final settlement date for a related Workers' Compensation claim.

### **8. Will purchasing service credit change my layoff status?**

No. Purchasing service credit will only enhance your retirement benefits or help you to meet eligibility requirements for a retirement.

### **9. What happens if I go to work for the Department of Water and Power (DWP) after being laid-off?**

It depends on the timeline and action you take between the time you are laid-off and go to work for DWP. If you:

- Go to work for DWP within seven days of leaving the City, you may qualify for Reciprocity through the Water and Power Employees Retirement Plan (WPERP).
- Leave your contributions on deposit with LACERS, you may be able to transfer your earned service credit and retirement funds to WPERP outside of the reciprocal agreement.
- Withdrew your funds after being laid-off, and deposited the funds into another qualified retirement plan, you may be able to purchase your previous service credit by rolling funds into WPERP. You will need to check with WPERP for details.

### **10. If I withdraw my retirement contributions, plus interest, will I be eligible for any type of retirement benefit from LACERS?**

No. Once you withdraw your retirement contributions, you forfeit your rights to any previously earned or potential future retirement benefits. However, if you later return to City service, you may be allowed to redeposit your contributions, plus interest, and may be able to qualify for a benefit later.