Section 3.0 FINANCIAL AND ADMINISTRATIVE OVERSIGHT

3.2 VOLUNTARY BENEFIT PAYROLL DEDUCTIONS POLICY

Adopted: June 8, 2021; Revised: May 27, 2025

LACERS authorizes organizations that perform services to the benefit of LACERS' retirees and beneficiaries to receive voluntary payroll deductions from Members' monthly pension benefit. All Rules as stipulated herein are applicable to all organizations participating in LACERS Voluntary Payroll Deductions program, unless specifically stated otherwise.

1. The following organizations are approved to receive payments authorized by LACERS' annuitants for premiums, fees, dues, assessments or contributions through voluntary payroll deductions from periodic pension benefits.

    - All City Employees Benefits Service Association (ACEBSA)
    - American Federation of State, County and Municipal Employees – Retirees Chapter 36 (AFSCME Chapter 36)
    - American Federation of State, County and Municipal Employees – People (AFSCME People)
    - Employees Club California (LACEA)
    - Los Angeles Federal Credit Union (LAFCU)
    - Los Angeles Police Federal Credit Union (LAPFCU)
    - Los Angeles Police Relief Association, Inc. (Police Relief)
    - Retired Los Angeles City Employees, Inc. (RLACEI)
    - Service Employees International Union, CTW, CLC (SEIU Local 721)

2. Organizations must satisfy the following requirements to request authorization and receive voluntary payroll deductions from LACERS:

    a. Letter signed by the organization's authorized officer requesting authorization to receive payroll deductions.
    b. Documents containing the organization's information and details of operations, that are intended to benefit LACERS' retirees and beneficiaries.
    c. Certification that 100 or more LACERS' retirees and beneficiaries are willing to authorize the requested payroll deductions.
    d. Provision of any other documents, requirements, specifications and information as requested by LACERS as necessary to evaluate the request.

    The above documents will be used by the General Manager or designee to evaluate the request for approval.

3. Upon approval by the General Manager, the organization must submit a total of 100 or more requests for payroll deduction in the first payroll processing based on the prior certification submitted. The first payroll deduction will be scheduled on the second payroll month after the month the initial payroll deduction list was received. The organization will be billed for the implementation cost, which may include personnel, overhead and chargeback cost from LACERS' system vendor.

4. The authorization to receive voluntary payroll deductions may be cancelled by LACERS when the organization has less than 50 active contributing retirees and beneficiaries for three consecutive payroll months. Three months termination notification will be given prior to final termination. Organizations named in Section 1 above that fall below this threshold will remain eligible to continue receiving voluntary payroll deductions unless otherwise directed by the Board but may not add new deductions without accumulating a total of at least 50 contributing LACERS Members. Any organization who is subject to cancellation whether due to this provision or any other reason is solely responsible to provide proper notification and any alternative payment mechanisms to its participants.

5. Organizations are responsible for obtaining and safekeeping authorization forms for payroll deduction properly signed by the Member. The form should contain information such as proper identification and amount of authorized payroll deduction, which will be effective until revoked or cancelled by the Member or upon cancellation of the organization's authorization to receive payroll deduction from LACERS.

6. Organizations must submit copies of Members' signed authorization forms and organizational financial records upon request of LACERS.

7. Authorized organizations are responsible for receiving and processing all requests to change, cancel and revoke annuitants' voluntary payroll deduction. LACERS is not liaison to Members regarding payroll deductions on behalf of authorized organizations.

8. Organizations must complete and submit electronically, the Schedule of Authorized Payroll Deduction Changes that will list all the additions, terminations and changes in payroll deductions to LACERS on or before the 8th day of each month. The schedule should be properly signed and certified true and correct by the organization's authorized employee.

9. Authorized organizations must directly indemnify LACERS and LACERS Members for costs that arise out of any errors or omissions in the information an organization provides to LACERS.

10. In exchange of information between LACERS and external organizations, secured file transfer services are required such as Hightail, Box Shield, and/or vendor established secured file transfer software (subject to review and approval of LACERS). Transmitting files containing personally identifiable information and financial accounts must include password protection enabled.

    Member information sent between LACERS and external organizations shall be limited to collection of data to the minimum amount needed to carry out necessary functions, and in accordance with all applicable current and future LACERS' Information Security Policies. LACERS will provide each authorized organization a monthly deceased report and a single monthly validation file in Excel or text format for each month in which a payroll deduction occurs for the respective organization. Requests for additional reports or files by the authorized organization are subject to review and approval of LACERS, and costs for production and administration of such files or reports will be charged back to the authorized organization.

11. Authorized organizations must enter into a Non-Disclosure Agreement with LACERS to ensure sufficient protection of Member information.

12. Any changes to an authorized organization's information such as address, payment information and changes in administration or organizational status should be timely communicated to LACERS via an official letter signed by the organization's authorized officer. Additional documents may be required related to changes in organization that involve assignment and transfer of administration. Organizational changes are subject to review by LACERS and could be cause for termination of participation in LACERS' voluntary payroll deduction. Such documents impacting payroll deduction processes must be submitted before the 8th day of the month for the change to be effective in the same payroll month.

13. Requests for payroll deduction changes affecting all or a majority of Members or any changes that will require new and updated system set up including request for additional reports or changes to the existing reports being provided should be submitted via an official letter detailing the required change at least three months before the 1st day of the requested implementation month. The organization may be required to submit additional documentation related to the change request, as needed. The request will be evaluated as to the complexity and resources required to

accomplish the change request and will be subject to General Manager approval. LACERS will strive to effectuate the requested change(s) as of the implementation month, contingent upon timely submission of all required documents and information including the identification of requested payroll deduction changes. The organization will be billed for the full cost to implement the change request, which shall include but might not be limited to personnel costs and expenses incurred by LACERS for charges from LACERS' system vendor as the case may be.

14. If a member or member's estate received an overpayment or is found to be ineligible for benefit payments already received ("unauthorized payment"), and any portion of the payment(s) included a deduction to an authorized organization, LACERS will reverse any associated voluntary benefit payroll deduction(s) taken from any unauthorized payment(s). This adjustment will be applied to the next vendor payroll payment. An authorized organization seeking LACERS' consent to waive an adjustment must submit a memo justification on organization letterhead addressed to LACERS' General Manager for consideration. Any determination by the General Manager or their designee to approve or deny the request to waive the adjustment shall be final.

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