

**Section 4.0 BENEFITS ADMINISTRATION**

**4.1 BOARD RULES**

*Revised: October 8, 2013; September 9, 2014; June 14, 2016; May 8, 2018; January 22, 2019; June 8, 2021; August 8, 2023; May 22, 2024; August 13, 2024; October 8, 2024*

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#### **GENERAL MANAGER AUTHORIZATIONS (GMA):**

GMA 1: Pursuant to its authority under Charter section 1106, unless otherwise provided in these Board Rules, the Board of Administration hereby delegates to the General Manager the responsibility to develop and modify LACERS operating policies, procedures, and guidelines in order to facilitate the provision of retirement and retirement-related benefits and management of member, former member, and nonmember accounts, as provided in Chapters 10, 11, 18, and 18.5 of the Los Angeles Administrative Code.

The General Manager is authorized to make benefits determinations as provided in Chapters 10, 11, 18, and 18.5 of the Los Angeles Administrative Code; to approve of such benefits that may be granted pursuant to the provisions of the plan; and to enter into member, former member, and nonmember agreements that facilitate the provision of benefits under the plan. Benefits approved by the General Manager shall be reported to the Board in a timely manner.

This limited delegation of the authority granted to the Board of Administration by Charter Section 1106 shall not be construed to delegate to the General Manager the authority to make any decision that the law requires the Board to make based upon findings of fact.

Any request by a member, former member, or nonmember, to rescind, revoke, or cancel a prior election made irrevocable by the Charter, Los Angeles Administrative Code, Board Rules, or any other administrative decision adverse to the request shall be presented to the Board for decision making, provided that the General Manager, in consultation with the City Attorney, determines there is a legal basis upon which to grant the member, former member, or nonmember relief. If the General Manager, in consultation with the City Attorney, determines that no such legal basis exists, the General Manager has the authority to make and communicate a final decision in writing, on behalf of LACERS, to deny the request for relief from the irrevocable election or decision. This final decision-making authority for irrevocable elections and decisions shall not be delegated below the level of General Manager. (Adopted: June 14, 2016)

GMA 2: Pursuant to Internal Revenue Code Section 415, the Board of Administration hereby delegates to the General Manager the authority to determine a different manner and priority of reduction of benefits of a Member, to enter into an agreement with any or all other plans covering such Member, and to create the administrative rules necessary to facilitate different manners for reduction of benefits. Reference Board Rule IRC 1(n) Reduction of Benefits Priority. (Adopted: January 22, 2019)

GMA 3: Upon a member or former member with five or more years of service who dies after applying for retirement and after their retirement effective date, but prior to making a continuance election, or a retired member or retired former member who has made an election but dies prior to receiving their first benefit payment, the General Manager is delegated authority to approve eligible surviving spouse or eligible

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domestic partner a one hundred percent continuance. (Adopted January 9, 2018; Revised March 23, 2021)

#### **DISABILITY RETIREMENT (DR):**

- DR 1: All disability retirement applications shall be processed in a manner designed to protect the privacy rights of applicants. All medical information shall be retrieved from Board members after each Board meeting. Board members not present at meetings during which an application for disability retirement is considered shall return all medical information to staff at the next regularly-scheduled meeting or dispose of the information in a manner that will protect the privacy rights of the applicant. (Resolution: 05127; Adopted: June 14, 2005; Revised: June 14, 2016)
- DR 2: The Los Angeles Administrative Code allows the Board to grant a disability retirement to an applicant who dies before three medical reports can be obtained. In these cases, a finding that the applicant was physically or mentally incapacitated since the discontinuance of service and incapable of performing the duties of his or her position may be made by the Board if (1) the cause of death, as shown on the death certificate, is attributable to the stated disability on the application for disability retirement or (2) if a different cause of death that would have incapacitated the member continuously from his or her discontinuance of service is shown on the death certificate. These findings can be made by the Board based on existing evidence on record at the time of death, if sufficient, or based on evidence obtained subsequent to the member's death. (Resolution: 05127; Adopted: June 14, 2005; Revised: June 14, 2016)
- DR 3: The medical examinations shall be performed as indicated in the Los Angeles Administrative Code. The General Manager and/or his/her designees are delegated full authority to obtain additional medical examinations, tests, and/or reexaminations, beyond those normally required when such additional medical evidence is reasonably required to perform a thorough assessment of the member's disability application. (Resolution: 05127; Adopted: June 14, 2005; Revised: June 14, 2016)
- DR 4: All disability retirement applicants who are City employees shall have their applications considered by the Board in closed session unless the applicant requests in writing that his or her application be considered by the Board in open session. (Resolution: 130326-B; Adopted: March 26, 2013; Revised: June 14, 2016)
- DR 5: An applicant for a disability retirement must submit within 120 days of filing an application with all medical documentation (including the names of all physicians and medical providers) he or she believes supports the application. Additionally, he or she must cooperate with staff's processing of the application by, among other things, attending medical examinations. Failure to submit supporting documentation within 120 days, and/or failure to otherwise reasonably cooperate with the processing of the application, may result in a recommendation to the Board to deny the application. (Resolution: 130326-B; Adopted: March 26, 2013; Revised: June 14, 2016)

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- DR 6: The applicant may request one continuance as a matter of right prior to a first consideration of their disability application. After that, good cause must be shown before other continuances are granted. The General Manager and/or his/her designees are authorized to determine if good cause exists. Good cause shall not include issues related to a workers' compensation claim, including, but not limited to the status of a workers' compensation claim and/or workers' compensation physician reports. (Resolution: 05128; Adopted: June 14, 2005; Revised: June 14, 2016)
- DR 7: The applicant has the right to be present during any Board consideration of the case but does not have to be present during the initial consideration. (Resolution: 05128; Adopted: June 14, 2005; Revised: June 14, 2016)
- DR 8: The applicant has the right to be, but does not have to be, represented by an attorney or other representative during consideration of their disability application by the Board.(Resolution: 05128; Adopted: June 14, 2005) (Revised: June 14, 2016)
- DR 9: When a case is brought before the Board, for initial consideration of a disability application, the Board may take one of three actions:
- a) Grant the disability retirement.
  - b) Request staff to provide further information and bring the case back for further consideration; or
  - c) Order a hearing, with or without a request to staff for further information.
- (Resolution: 05128; Adopted: June 14, 2005) (Revised: June 14, 2016)
- DR 10: Unless the Board specifies a shorter period of time, or permanently excludes a disability retiree from medical reexamination, pursuant to the Los Angeles Administrative Code, up to age 60, the first reexamination shall always be conducted five years after the date the disability retirement application was approved by the Board. Subsequent reexaminations, up to age 60, shall also be conducted every five years thereafter unless directed otherwise by the Board. (Resolution: 05032; Adopted: October 26, 2004; Revised: June 14, 2016)
- DR 11: For reviews initiated by LACERS under the Los Angeles Administrative Code, the General Manager and/or his/her designees are authorized to make a finding to continue a disability retirement allowance where at least one examining physician opines that the retiree remains disabled. Where upon re-examination, the examining physician finds that the retiree is no longer disabled; the retiree shall then be examined by two additional physicians before the matter is referred to the Board for further determination.(Resolution: 05032; Adopted: October 26, 2004) (Resolution: 130326-B; Adopted: March 26, 2013, Amended Language; Revised: June 14, 2016)
- DR 12: If a disability retiree believes that he/she is no longer disabled, he/she may request to have his/her disability retirement reviewed for continued disability.(Resolution: 05032; Adopted: October 26, 2004; Revised: June 14, 2016)

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DR 13: A Disability Retired Member who received a refund of his or her survivor contributions at retirement, who subsequently returns to work and later retires with an eligible spouse or domestic partner, must restore the refunded survivor contributions plus interest in order to leave a continuance. (Adopted: January 22, 2019)

DR 14: Tier 3 Disability Retired Members returning to active service who are eligible to purchase time spent on a disability retirement must purchase service for the entire duration spent on a disability retirement and restore any survivor contributions that were refunded. (Adopted: January 22, 2019)

#### **DISABILITY LOAN (DL):**

DL 1: The following shall apply to all disability loans:

1. A disability loan shall never be allowed to exceed  $\frac{1}{2}$  (one-half) of the amount of a member's contribution account, including interest earnings contained in the account.
2. The maximum term for a disability loan shall not exceed four (4) years from the effective date unless permitted under a military leave exception allowed by federal law.
3. A member may repay a disability loan early without any early payment penalties.
4. The amount of a disability loan shall never exceed \$50,000.

*(Resolution: 03024; Adopted: September 10, 2002, #1, #2, #3, #4; Revised: June 14, 2016)*

DL 2: For full-time members, the loan amount shall be the value of four pay periods of the member's latest biweekly salary found in the City's payroll records when associated with a member contribution posted to the member's account.

For part-time members, if they were part-time on the last pay period posted prior to the date of filing of their disability application, staff shall determine a part-time factor to be used to prorate the value of the disability loan. (Resolution: 03024; Adopted: September 10, 2002) (Revised: June 14, 2016)

DL 3: Members will be charged interest on their disability loans equal to the assumed rate of investment returns for LACERS. (Resolution: 130326-B; Adopted: March 26, 2013, Amended Language; Revised: June 14, 2016)

DL 4: The loan repayment schedule may be monthly or biweekly, depending on the member's payroll status. (Resolution: 03024; Adopted: September 10, 2002; Revised: June 14, 2016)

DL 5: The loan is in default if any payment due is not made within six months of its scheduled due date. The entire amount of the principal and interest owed as of the default date shall be reported to the Internal Revenue Service as a "deemed

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distribution” subject to applicable penalties. If the member pays the defaulted loan amount after a deemed distribution has been reported to the IRS, such payments shall be credited as post-tax contributions. (Resolution: 03024; Adopted: September 10, 2002; Revised: June 14, 2016)

DL 6: LACERS shall retain a security interest in all member LACERS accounts until a disability loan has been repaid. This security interest shall apply to all parties, members, and beneficiaries and shall be contained in writing within the loan agreement. If a member takes out a loan without obtaining proper signature authority from a spouse or domestic partner who maintains a community property interest in the member’s regular contributions, staff shall be required to recover the disability loan as advised by legal counsel. (Resolution: 03024; Adopted: September 10, 2002; Revised: June 14, 2016)

DL 7: Pursuant to the Los Angeles Administrative Code (LAAC), the purpose of the loan program is to support members through the application process. If it is determined that the member has misused the loan process, and does not intend to retire on disability, future requested disability loans shall be denied. (Adopted: October 8, 2024)

#### **HEARING PROCEDURES (HP):**

HP 1: All hearings shall be processed in a manner designed to protect the privacy rights of all members or other persons who are subjects of a hearing. (Resolution: 05127; Adopted: June 14, 2005; Resolution: 130326-B; Revised: March 26, 2013; June 14, 2016)

HP 2: When the Board orders a hearing, staff shall promptly schedule the matter before the Board. LACERS’ staff shall attempt to schedule the hearing on a mutually agreeable date, not more than 60 days after the Board’s initial consideration of the matter. (Resolution: 05128; Adopted: June 14, 2005; Revised: June 14, 2016)

HP 3: Unless otherwise stipulated by all parties, notice of a hearing shall be given at least ten days before such hearing, and shall be given in person or by mail to each subject of a hearing or representative. (Resolution: 05128; Adopted: June 14, 2005; Revised: June 14, 2016)

HP 4: The subject of a hearing may specifically request one continuance as a matter of right prior to a first presentation of their issue to the Board. After that, good cause must be shown before other continuances are granted. The General Manager and/or his/her designees are authorized to determine if such good cause exists.

The Board shall grant “continuances” for continued consideration of any hearing when such a request is approved, as moved by a member of the Board, upon a majority vote of the Board members present. This shall apply when a specific request is made by the subject of the hearing or by their representative during the course of a hearing. (Resolution: 05128; Adopted: June 14, 2005; Revised: June 14, 2016)

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- HP 5: The subject of a hearing has a right to be, but does not have to be, represented by an attorney or other representative during the hearing of their matter by the Board. (Resolution: 05128; Adopted: June 14, 2005; Revised: June 14, 2016)
- HP 6: Subjects of a hearing shall have the right to present written evidence. To minimize delays in processing the information, subjects of hearings are urged to provide written evidence as early as possible. Such written information shall be submitted, when not already within LACERS' possession, but relevant to the hearing, at least 15 business days prior to a scheduled or planned hearing date. (Resolution: 05128; Adopted: June 14, 2000) (Resolution: 130326-B; Adopted: March 26, 2013, Last Sentence Added; Revised: June 14, 2016)
- HP 7: The subject of a hearing shall have the right to be present during any Board hearing but does not have to be personally present if they choose to be represented. However, the subject of a hearing shall be required to attend a hearing if the Board specifically requests their attendance. (Resolution: 05128; Adopted: June 14, 2005; Revised: June 14, 2016)
- HP 8: The subject of a hearing has a right to present testimony at the hearing and they or their representative may bring other witnesses to present testimony. (Resolution: 05128; Adopted: June 14, 2005; Revised: June 14, 2016)
- HP 9: The subject of a hearing or their representative shall have the right to question any witnesses who testify at the hearing. (Resolution: 05128; Adopted: June 14, 2005; Revised: June 14, 2016)
- HP 10: The Board has the right to question the subject of a hearing and/or any witnesses. (Resolution: 05128; Adopted: June 14, 2005; Revised: June 14, 2016)
- HP 11: The Board may direct any person attending a hearing to testify whether or not the person was subpoenaed to attend or testify. (Resolution: 05128; Adopted: June 14, 2005; Revised: June 14, 2016)
- HP 12: The Board shall, within its authority as provided in Charter Section 217 and Los Angeles Administrative Code 19.21, conduct Board hearings and investigations and obtain the issuance of subpoenas for attendance of witnesses and/or the production of evidence upon any request by a Board member or upon receipt of a written request provided by the subject of a hearing or their representative. Requests submitted by the subject of a hearing, or their representative shall state the names and addresses of any proposed witnesses, and/or state the exact nature of any evidence sought, describing the materiality to the issues of the hearing. The written request shall also state how any proposed witness may have any desired evidence in his or her possession or under his or her control.

The General Manager and/or his/her designees are authorized to request the City Clerk to issue these subpoenas under the provisions of the Charter. (Resolution: 05128; Adopted: June 14, 2005) (Resolution: 130326-B; Adopted: March 26, 2013,

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Last Sentence Added; Revised: June 14, 2016)

HP 13: The Board may grant a re-hearing to reconsider its decision relative to any prior hearing upon demonstration (A) that material evidence now exists which would have tended to affect the Board's decision had it been available or obtainable at the time of said decision, or (B) that the Board's previous decision was contrary to the evidence and clearly in error. Any request for the Board to reconsider a prior decision must be submitted in writing not more than 90 days after the date the Board's Findings of Fact was mailed, when required, such as for a Disability hearing, or the date of a letter mailed notifying the party of the denial decision. The request for reconsideration shall be in writing and shall minimally include:

(A) copies of any additional written evidence, or a general description of the nature of any additional testimony, which it is proposed for the Board to consider; and/or, (B) a statement setting forth the nature of the Board's error in arriving at its decision. (Resolution: 05128; Adopted: June 14, 2005) (Revised: June 14, 2016)

HP 14: Any hearing need not be strictly conducted according to the formal rules relating to evidence and witnesses. The Board President and/or designee shall exercise the Board's authority to keep the testimony and discussion relevant to the subject of the hearing and shall require maintenance of order within the hearing room, may order the exclusion of witnesses, may expel anyone who disturbs the hearing, and may secure the aid of the Chief of Police or security officer for such purposes. (Resolution: 05128; Adopted: June 14, 2005; Revised: June 14, 2016)

HP 15: The Board may continue a hearing at any stage. (Resolution: 05128; Adopted: June 14, 2005; Revised: June 14, 2016)

HP 16: The Board has the power to hear and determine all matters pertaining to the granting or termination of any benefits. The determinations of the Board are final and conclusive. (Resolution: 05128; Adopted: June 14, 2005; Revised: June 14, 2016)

HP 17: A hearing reporter shall record all proceedings. The General Manager and/or his/her designees may request a hearing reporter's notes be transcribed and one copy procured at the request of the subject of the hearing or their representative, upon payment of the fee for providing such a transcription. If the notes have already been transcribed, the original transcript shall be placed into the files of the Board hearings and any other interested persons may thereafter purchase additional copies of the transcript by paying the cost of copying the transcript. Staff is authorized and directed to prepare the necessary demands for such payments. Transcriptions shall only be provided as legally permitted pursuant to applicable laws on confidentiality. (Resolution: 05128; Adopted: June 14, 2005; Revised: June 14, 2016)

HP 18: If the subject of a hearing or their representative or any other person requests an official certified transcript of a hearing proceeding, the requestor shall be



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responsible for bearing the entire cost of the official certified copy. (Resolution: 130326-B; Adopted: March 26, 2013; Revised: June 14, 2016)

HP 19: Board members shall provide staff with all medical or other confidential information at the end of or after each Board hearing. Board members who are not present at hearings during which medical or confidential information, such as for a disability hearing, was considered shall return all medical or confidential information to staff at the next regularly-scheduled meeting or dispose of this information in a manner that will protect the privacy rights of the concerned parties. (Resolution: 05127; Adopted: June 14, 2005; Revised: June 14, 2016)

#### **FAMILY DEATH BENEFIT PLAN (FDBP):**

FDBP 1: Participation in the FDBP shall automatically continue during all temporary leaves of absence, including leaves pending retirement. (Resolution: 05020; Adopted: July 27, 2004; Revised: June 14, 2016)

FDBP 2: The General Manager and/or his/her designees are authorized to administer an annual earnings test to FDBP beneficiaries and enact reductions where applicable. *(Resolution: 05020; Adopted: July 27, 2004) (Revised: March 26, 2013, by Resolution: 130326-B, Format Change; Revised: June 14, 2016)*

FDBP 3: Disabled FDBP child benefits shall terminate the third month following the month in which a disability ceases. *(Resolution: 05020; Adopted: July 27, 2004) (Revised: March 26, 2013, by Resolution: 130326-B, Format Change; Revised: June 14, 2016)*

FDBP 4: Disabled FDBP benefit recipients, whose disabilities are determined not to be permanent, shall be reviewed once every three years to assess whether their disabilities continue to exist. *(Resolution: 05020; Adopted: July 27, 2004) (Revised: March 26, 2013, by Resolution: 130326-B, Format Change; Revised: June 14, 2016)*

FDBP 5: LACERS shall initiate medical examinations to determine whether an FDBP applicant still has a disability of such a nature as to qualify for continued eligibility under the terms of the Plan. FDBP applicants shall be required to undergo examinations by three physicians specializing in the medical fields of the claimed disabilities. The disability criterion shall be through an assessment of each recipient's inability to engage in any substantial gainful activity by reason of a medically determined physical or mental impairment expected to result in death or to be long continued, and indefinite in duration.

Re-examination shall be required for any disabled child at age 18 and shall continue pursuant to FDBP 04 or as otherwise specified by the Board.

Surviving Spouse/Domestic Partners who receive a disabled widow/widower benefit prior to reaching age 60, due to disability, shall only be examined at the time of the original benefit eligibility determination and no subsequent re-

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examinations shall be required. (Resolution: 130326-B; Adopted: March 26, 2013; Revised: June 14, 2016)

FDBP 6: Where the FDBP Dependent Child Applicant's medical records clearly indicate the Applicant is severely impaired or disabled, as determined by the Retirement Services Division Chief, the Applicant shall be required to undergo an examination by only one physician specializing in the medical field of the claimed impairment or disability. (Adopted: January 22, 2019)

#### **LARGER ANNUITY (LA):**

LA 1: Cash payments toward a Larger Annuity shall be referred to the Office of the City Attorney whenever staff determines a member may be establishing an account for purposes other than those stated in the LAAC for the Larger Annuity Program, based on information communicated to the staff by a Member. (Resolution: 77147; Adopted: February 22, 1977) (Resolution: 130326-B; Adopted: March 26, 2013, Format Change; Revised: June 14, 2016)

LA 2: Rollovers targeted for payment into a Larger Annuity account, pursuant to the LAAC, must be pretested for potential excess benefits pursuant to IRC Section 415(b), the Defined Benefit Limit. If a member's rollover arrives at LACERS and must be rejected due to driving an IRC Section 415(b) excess benefit, such excess funds may be refunded to the member. If the member has "post-tax" funds contained within such a rollover, such a "post-tax" portion alone may be accepted as a post-tax payment, but only when acceptable pursuant to a pretest for IRC Section 415(c) Defined Contribution Limit. (Adopted: June 14, 2016)

LA 3: In the case of proposed annual additions for a Larger Annuity, member contributions (excluding rollover contributions and picked-up employee contributions) shall not be permitted to the extent the post-tax contributions would exceed the member's 415(c) compensation that has been paid through the date of the proposed annual addition. Subsequent to that date, additional member post-tax contributions may be made up to the lower of either the published 415(c) limit or the member's to-date actual 415(c) compensation. (Adopted: June 14, 2016)

LA 4: Only one refund of Larger Annuity additional contributions and accumulated interest is permitted during a term of membership. (Resolution: 95193; Adopted: June 13, 1995) (Resolution: 130326-B; Adopted: March 26, 2013, Format Change; Revised: June 14, 2016)

LA 5: Participating members and former members with funds on deposit may elect to:

- Receive interest in their Larger Annuity account at the same rate of return and in the same manner as is used for their regular member contributions (i.e., floating average for the five-year Treasury Note); or,
- Receive a rate of return in their Larger Annuity account based on the LACERS rate of return, net of fees, for the publicly traded, highly liquid strategies of the LACERS investment portfolio.

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- Change their investment option once a year effective the first day of the month following the change request.  
(Resolution: 95193; Adopted: June 13, 1995) (Resolution: 130326-B; Adopted: March 26, 2013, Format Change; Revised: June 14, 2016)
- LA 6: Upon a change in a member's investment option, the member or former member's entire Larger Annuity account shall be transferred to the new investment option. (Resolution: 95193; Adopted: June 13, 1995) (Resolution: 130326-B; Adopted: March 26, 2013, Format Change; Revised: June 14, 2016)
- LA 7: Participating members may, at the time of their retirement, elect to receive either a refund of their Larger Annuity account or may convert the value of their Larger Annuity account into a monthly annuity based on their selection of available monthly annuity options. (Resolution: 070724-B; Adopted: July 24, 2007, modified, Resolution: 02094; Adopted: May 28, 2002, modified, Resolution: 130326-B; Adopted: March 26, 2013, Format Change; Revised: June 14, 2016)
- LA 8: At the time of retirement, members and former members desiring to purchase a Larger Annuity monthly allowance shall submit an application to convert their Larger Annuity account prior to their retirement effective date. (Resolution: 130326-B; Adopted: March 26, 2013; Revised: June 14, 2016)
- LA 9: If a member, or a former member, has funds within a Larger Annuity account and requests to convert the Larger Annuity account balance into a monthly Larger Annuity benefit, such a Larger Annuity allowance shall only be established when the monthly value, based on the annuity effective date, is larger than or equal to \$50 per month. If a Larger Annuity does not meet this criterion, such Larger Annuity account shall be refunded to the member as a lump sum payment or as a refund to be rolled over into another qualified plan. (Adopted: June 14, 2016)
- LA 10: Only members may elect to initiate a trustee-to-trustee rollover of funds from another qualified plan, but a rollover must also be received and posted to the member's account within 90 days of such initiation. The funds must also be received prior to the retirement unless they are being rolled over from the City's Deferred Compensation plan. (Resolution: 130326-B; Adopted: March 26, 2013; Revised: June 14, 2016)
- LA 11: Former members who have rights pursuant to State reciprocity are to be treated in the same manner as any other former member who has terminated City employment. (Adopted: June 14, 2016)
- LA 12: Former members who leave their mandatory contributions on deposit with LACERS may leave their Larger Annuity funds on deposit with LACERS. (Resolution: 130326-B; Adopted: March 26, 2013; Revised: June 14, 2016)
- LA 13: Former members who terminate their employment and request a refund of their mandatory contributions shall be required to take a refund of their Larger Annuity account balance via a cash payment, or as a refund to be rolled into another

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- qualified plan. (Resolution: 130326-B; Adopted: March 26, 2013; Revised: June 14, 2016)
- LA 14: Former members may not initiate a rollover of funds from Deferred Compensation or another qualified retirement plan to augment their Larger Annuity account. (Adopted: June 14, 2016)
- LA 15: Members who transfer their accumulated contributions to WPERP upon becoming employed by the Department of Water and Power shall be required to take a refund of their Larger Annuity account balance as a lump sum, via a cash payment, or as a refund to be rolled over into another qualified plan. (Adopted: June 14, 2016)
- LA 16: Pre-tax rollovers from other qualified plans for purchase of service under Plan provisions, when exceeding the cost for a service purchase, will be placed into a Larger Annuity account on behalf of the member, assuming the funds were lawfully rolled over after passing all IRC Section 415(b) "Defined Benefit Limit Pretests". The excess funds, plus any earnings thereon, shall not be eligible for a refund to the member unless there is a termination of employment, death, retirement, or other event otherwise permitting a refund under federal tax law. A distribution will be required for these funds whenever a member has no right to roll funds into a Larger Annuity account. (Resolution: 130326-B; Adopted: March 26, 2013; Revised: June 14, 2016)
- LA 17: Transfers from other City plans, provided for the purposes of purchasing Service under Plan provisions, but where the rolled over funds exceed the cost of the service purchase, shall be placed into a Larger Annuity account. However, these funds and earnings thereon shall not be refunded as an in service payment to the member unless there is a subsequent break in service via a termination of employment, death, retirement, or some other event permitting legal payment under federal tax law. (Resolution: 130326-B; Adopted: March 26, 2013; Revised: June 14, 2016)
- LA 18: If a Tier 1 member at the time of their retirement is retested for excess benefits under the DB Limit, and excess benefits are identified, but all the Larger Annuity funds were properly received, pretested and accepted by LACERS, then the excess benefits driven by these funds shall be payable from the Excess Benefits Plan.
- If a Tier 3 member at the time of their retirement is retested for excess benefits under the DB Limit, and excess benefits are identified, the Tier 3 member shall be issued a refund for any portion of their Larger Annuity account expected to drive such excess benefits. However, a Tier 3 member shall not be allowed any refund after they have already received a payment of their Larger Annuity allowance. (Adopted: June 14, 2016)
- LA19: New participation and additions of any funds to a Larger Annuity account shall be limited to active City employees who are also members of LACERS pursuant to the Los Angeles Administrative Code. (Resolution 130326-B; Adopted: March 26, 2013; Revised October 8, 2013; June 14, 2016)

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- LA 20: Non-member beneficiaries of a deceased active member or former member shall only be allowed to take a refund of any Larger Annuity account balance. (Resolution: 130326-B; Adopted: March 26, 2013; Revised: June 14, 2016)
- LA 21: On the July 1st following the effective date for payment of a Larger Annuity allowance, members, former members, and beneficiaries entitled to receive a Larger Annuity allowance or continuance, shall receive a prorated increase of three percent (3%) per annum, calculated as 1/12th of three percent (3%) for each full month of participation for the fiscal year of the first payments. For each year thereafter, members, former members, or beneficiaries shall receive three percent (3%) flat increases each subsequent July 1st. (Resolution 131008-B; Adopted October 8, 2013; Revised: June 14, 2016)
- LA 22: A Larger Annuity Program account shall be established by an Active Member for at least six (6) months prior to any refund or distribution. In the event that the Member retires prior to this six-month period, their funds may only be used to purchase a larger annuity. (Adopted: September 14, 2021)

#### **DEFERRED SERVICE RETIREMENT (DSR):**

- DSR 1: Applicants who file for a deferred service retirement allowance must, within 60 days, submit their required documentation and complete their service retirement application process. If an applicant fails to meet this requirement, the deferred service retirement application shall be canceled. If they should later re-apply for a deferred service retirement, the later date for their deferred service retirement application shall apply and no retroactivity will be allowed based on filing an earlier application. (Resolution: 130326-B; Adopted: March 26, 2013; (Revised: June 14, 2016)

#### **MEMBER CONTRIBUTIONS (MC):**

- MC 1: For purposes of determining missing contributions, the first contribution required is at the end of the bi-weekly payroll period when the member was first employed by the City in a position covered by LACERS. (Supersedes Resolution 18, dated August 21, 1956) (Resolution: 89322; Adopted: May 23, 1989; Revised: June 14, 2016)
- MC 2: Upon employment on a regular full-time or part-time basis covered by LACERS, the regular contribution posted shall be based on the member's Tier. The compensation earnable shall be as designated by tier, and for deduction purposes the salary rate used shall be the one applicable on the last day of the bi-weekly payroll period. (Supersedes Resolution 18, dated August 21, 1956) (Resolution: 89322; Adopted: May 23, 1989; Revised: June 14, 2016)
- MC 3: If a member was on a Workers' Compensation temporary disability (also known as "State Rate") leave, the compensation earnable for contributions purposes shall be based on the last pay period accrued with working hours prior to a change in status

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- to State rate. (Supersedes Resolution 18, dated August 21, 1956) (Resolution: 89322; Adopted: May 23, 1989; Revised: June 14, 2016)
- MC 4: Staff at the time of retirement, shall collect any missing contributions by deduction from a retiree's first monthly allowance payment. Staff may make exceptions, approved by the General Manager and/or his/her designee, when good cause exists. (Resolution: 97161; Adopted: February 11, 1997) (Revised: June 14, 2016)
- MC 5: In the case of Members who terminate City employment or LACERS membership coverage and elect a deferred service retirement, or who terminate by disability or service retirement or death, the regular contribution for the last payroll period, and service credit shall be granted for said period in which the member received compensation earnable. Members and former members shall pay retroactive regular contributions as required for any pay increases in their compensation earnable, applied retroactively. (Supersedes Resolution 18, dated August 21, 1956) (Resolution: 89322; Adopted: May 23, 1989; Revised: June 14, 2016)
- MC 6: Member, former member, and nonmember accounts, constituting the regular account contributions made by members and accumulated interest therein, shall be credited monthly with interest. The interest rate to be credited shall be based on the annualized average rate for the 5-year Treasury Notes based on the previous third month as obtained from the Bloomberg indices divided by twelve. This rate shall be applied to the prior month ending balance of the member accounts. No other interest shall be credited thereon to a member's regular account. (Supersedes Resolution 83014, dated July 13, 1982) (Resolution: 97126; Adopted: December 23, 1996; Revised: June 14, 2016)
- MC 7: The ex-spouse of a Member granted a Separate Account shall be required to make an irrevocable election to either receive a separate account allowance, a refund, or a rollover of their community property share within six months of notification from LACERS that a Separate Account has been established in their name. If the ex-spouse fails to make an election within the prescribed period, their failure to elect shall be deemed an election to receive a refund of contributions. (Adopted: January 22, 2019)

#### **RECIPROCITY (R):**

- R 4: A member's decision to participate in reciprocity shall be revocable. Such revocations shall not allow for a member to engage in a Government Service Buyback (GSB) service purchase whenever the service period would be eligible for reciprocity except for this revocation. (Resolution: 04029; Adopted: September 23, 2003; Revised: June 14, 2016)
- R 5: If a member with reciprocity is participating in a Deferred Retirement Option Plan (aka a DROP plan), LACERS will begin to pay the member a retirement allowance based on when the reciprocal system considers the member to be retired. (Resolution: 04029; Adopted: September 23, 2003; Revised: June 14, 2016)

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- R 6: If a member with reciprocity is participating in a DROP, LACERS will determine his/her Final Compensation for the purposes of calculating his/her retirement allowance based on the specific Tier requirements using the compensation accrued before being considered retired by the other reciprocal system. Subsequent compensation shall not be considered. (Resolution: 04029; Adopted: September 23, 2003; Revised: June 14, 2016)
- R 7: If a member is employed by a reciprocal agency for less than one year and wants LACERS to recognize the period for his/her Final Compensation, the period will be blended with the member's other contiguous period of highest compensation to develop a twelve-month Final Compensation amount. (Resolution: 04029; Adopted: September 23, 2003; Revised: June 14, 2016)

### **RECOUPMENT OF RETIREMENT BENEFIT OVERPAYMENTS (RBO):**

#### RBO 1: Small Overpayment Rule

Recoupment of overpayments of \$250 or less will not be sought from the participant or the beneficiary. IRC Rev. Proc. 2021-30, §6.02. If the IRC limit is raised above \$250 after adoption of this RBO 1, that higher limit shall govern. (*Resolution: 240514-A, Adopted: May 14, 2024*)

#### RBO 2: Waiver Exceeding Cost of Collection

Collection of overpayments will not be pursued if the expected costs to collect exceed the recoupment amount, as determined by the General Manager, after applying and documenting a fiduciary analysis. (*Resolution: 240514-A, Adopted: May 14, 2024*)

#### RBO 3: Recoupment Options

LACERS has sole discretion to determine the method to apply for the return of an overpayment with appropriate interest. As provided in EPCRS, the options include (1) a lump sum payment, (2) installment payments, or (3) a reduction of future benefits.

The installment payment plan option reduces the member's monthly benefit for a certain period that cannot exceed the member's life expectancy. Once repaid in full, the normal benefit amount will resume. Any remaining overpayment amount upon the Member's death may be recovered from any accumulated lump sum payment refund of contributions, from the estate, or through a voluntary agreement with the spouse or beneficiary to repay the overpayment in lieu of recovery from the member's estate. The remaining overpayment balance may not be collected from a continuance benefit.

The reduction of future benefits option actuarially reduces the member's benefit for their lifetime. Repayment is satisfied upon the member's death.

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*(Resolution: 240514-A, Adopted: May 14, 2024)*

#### RBO 4: Interest Rate

In recoupments using the actuarial reduction of future benefits option, interest shall be calculated using the actuarially assumed rate of return, as adopted by the Board.

Overpayments resulting from fraud or dishonest conduct by the Member, as determined by the General Manager, will be charged interest at the actuarially assumed rate of return from the inception of the overpayment to the final date of repayment.

In all other cases, the General Manager may determine the interest rate to apply after considering the facts and circumstances, consistent with ECPRS, other tax regulations, and fiduciary responsibilities. *(Resolution: 240514-A, Adopted: May 14, 2024)*

#### RBO 5: Fiduciary Determination of Recoupment Terms Based on Hardship

The General Manager may determine if full correction is not feasible and determine the terms of recoupment in cases of hardship, based on a documented fiduciary analysis.

All records supporting such fiduciary determinations of hardship, and the terms of recoupment shall be retained in the Member's official file. *(Resolution: 240514-A, Adopted: May 14, 2024)*

To the extent that a fiduciary determination of hardship results in unrecovered interest or other amounts in an individual case, full correction will be recouped from the plan sponsor as part of the unfunded liability. *(Resolution: 240514-A, Adopted: May 14, 2024)*

### **HEALTH BENEFITS ADMINISTRATION (HBA):**

HBA 1: An "Eligible Primary Subscriber," as used throughout these rules, shall mean anyone receiving a monthly benefit payment who is eligible to enroll themselves and/or enroll a dependent(s) pursuant to Administrative Code eligibility requirements and health insurance carrier subscriber/dependent eligibility requirements. (Adopted: June 14, 2016)

HBA 2: The following rules shall apply to enrolling "Eligible Primary Subscribers" and dependents, as follows:

- (a) An Eligible Primary Subscriber shall be eligible to enroll in a LACERS medical/dental plan if he or she is receiving a monthly retirement allowance from LACERS (LAAC 4.1100) and otherwise meets eligibility requirements as stated in carrier contracts, administrative policy, and all applicable State or federal laws.



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- (b) Upon the death of a Retired Member, a dependent eligible to become an Eligible Primary Subscriber may continue their health plan coverage in the same plan(s).
- (c) When Eligible Primary Subscribers become ineligible for enrollment or coverage, they and their dependents coverage shall be terminated.
- (d) At age 65 (or sooner if eligible for Medicare insurance), Eligible Primary Subscribers and their Medicare eligible dependents must enroll in a LACERS Medicare plan. (LAAC 4.1103.2)
- (e) Retired Members or Eligible Surviving Spouses/Domestic Partners whose medical coverage has been terminated due to a lapse in Medicare Part B enrollment may re-enroll themselves and their dependents in their LACERS medical plan within 30 days of re-establishing Medicare Part B enrollment.
- (f) Medical plan dependents whose medical coverage is terminated due to a lapse in Medicare Part B coverage may be re-enrolled in the primary subscriber's (Retired Member's or Eligible Surviving Spouse's/Domestic Partner's) medical plan within 30 days of re-establishing Medicare Part B enrollment.

The General Manager and/or his/her designees are authorized to waive compliance with these rules when it is determined good cause exists. *(Resolution: 120110-B; Adopted: January 10, 2012; added "(h), (i)" above)*  
*(Revised: June 14, 2016)*

HBA 3: Eligible Dependents shall include all of the following:

- a) Spouse
- b) Domestic partner (the partnership must be registered with LACERS or the State)
- c) Dependent child who is:
  - Under age 26, except when an adult child is eligible to enroll in an employee-sponsored plan.
  - Unable to engage in gainful employment because of a mental or physical disability (disability must have occurred before age 26).

Note: A "dependent child" includes:

- One born to an Eligible Primary Subscriber.
- One legally adopted by an Eligible Primary Subscriber.
- A step-child living with an Eligible Primary Subscriber in a parent-

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- child relationship.
  - A child of whom an Eligible Primary Subscriber has legal custody or is the legal guardian, and provides the principal financial support.
  - An Eligible Primary Subscriber's domestic partner's child.
- d) Grandchildren under age 26, if they are those of an Eligible Primary Subscriber or an Eligible Primary Subscriber's spouse/domestic partner when they are also the legal guardian or have legal custody; or if an Eligible Primary Subscriber's grandchild is the child of an Eligible Primary Subscriber's dependent child as defined in c) above.

Eligibility verifications shall be required to verify any dependent is eligible to enroll in a LACERS health plan, and Eligible Primary Subscribers and their dependents shall be required to provide LACERS with all supporting documents. *(Revised: June 14, 2016)*

HBA 4: Enrollment Periods shall be permitted as follows:

An Eligible Primary Subscriber may enroll in a LACERS-sponsored medical/dental plan or the Medical Premium Reimbursement Program as follows:

- Within 60 days of the date an Eligible Primary Subscriber's name is placed onto the Retirement Roll
- During the annual LACERS Open Enrollment period.
- Within 60 days of turning age 55.
- Within 60 days of turning age 65.
- Within 30 days of relocating out of or into a LACERS plan authorized zip code service area.
- Within 30 days of involuntary termination of a non-LACERS medical plan (proof required).
- Within 30 days of re-establishing his/her Medicare Part B/Part D after a lapse in Medicare Part B/Part D enrollment.

New dependents must be added to an Eligible Primary Subscriber's medical and/or dental plan within 30 days of becoming eligible for enrollment; if this requirement is not met, the next opportunity to enroll the dependent shall be at the annual Open Enrollment period.

The General Manager and/or his/her designees are authorized to waive compliance with this rule when it is determined good cause exists. *(Resolution 120110-B; Adopted: January 10, 2012; Revised: June 14, 2016)*

HBA 5: The Medical Premium Reimbursement Program (MPRP) is available to all

Eligible Primary Subscribers who are unable to access a LACERS HMO medical plan as contained in LAAC Sections 4.1112 and 4.1127, and as follows:

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- (a) Dental coverage is exempt from this program.
- (b) Eligible Primary Subscribers who are eligible may receive reimbursement for their supplemental Medicare Part D basic or standard premium in order to maintain creditable coverage. Reimbursement for the supplemental Medicare Part D basic or standard premium, when added to the reimbursement for the Eligible Primary Subscriber's primary medical plan, will not exceed the maximum subsidy available to that Eligible Primary Subscriber.
- (c) Eligible Primary Subscribers who are enrolled in one of the following types of plans, besides plans defined in LAAC Sections 4.1112(a) and 4.1127(a), and are paying all or a portion of the premium, will be eligible for participation in the MPRP:
  - 1. a plan sponsored by an employer.
  - 2. a plan sponsored by a retirement system other than LACERS.
  - 3. a partially subsidized health plan.
- (d) Retired members who qualify for MPRP and are enrolled in Medicare Parts A and B, who receive health coverage premium-free, will be eligible for Medicare Part B premium reimbursement.
- (e) Eligible Primary Subscribers may receive reimbursement for separate vision plan insurance if their existing medical plan does not provide vision coverage, or the vision services provided are not equivalent to LACERS vision benefits. Reimbursement for separate vision plan insurance, when added to the reimbursement for the Eligible Primary Subscriber's primary medical plan and Medicare Part D, will not exceed the maximum subsidy available to that Eligible Primary Subscriber.
- (f) Any Eligible Primary Subscriber who receives a payment as a refund or rebate of any portion of his/her health plan premium for which the Eligible Primary Subscriber has been reimbursed by LACERS under the MPRP shall report the payment to LACERS and provide supporting documentation. LACERS will determine if any portion of the payment is due to LACERS. Should an Eligible Primary Subscriber refuse to reimburse LACERS the payment, the amount due to LACERS shall be included in the Eligible Primary Subscriber's taxable income as reported to the IRS and the State of California.
- (g) Effective September 1, 2013, all Eligible Primary Subscribers participating in the MPRP shall attest the following on each claim form submitted:
  - The Eligible Primary Subscriber will inform LACERS if he/she receives a rebate or refund of any portion of his/her health plan premium for which LACERS has reimbursed the Eligible Primary Subscriber under the MPRP and provide supporting documentation for such a payment.

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- The member Eligible Primary Subscriber agrees to reimburse LACERS in an amount of the payment received less any portion the Eligible Primary
- Subscriber paid for his/her MPRP-eligible medical plan coverage that was not reimbursed by LACERS.
- The Eligible Primary Subscriber agrees to repay LACERS its portion of any medical plan premium payment through personal check, withholding from future MPRP payments, or deduction from the Eligible Primary Subscriber's Retirement or Continuance Allowance.  
(*Resolution 130514-G; Adopted May 14, 2013; added Items g, h, i, j*)  
*Revised: June 14, 2016, by Resolution: 99999*)

(h) A Member enrolled in Medicare Parts A and B, providing medical coverage for an eligible dependent, and participating in the MPRP, will be eligible to receive a total reimbursement that shall not exceed the amount of subsidy available to Members enrolled in the LACERS Kaiser Permanente Senior Advantage plan covering a non-Medicare dependent in the LACERS Kaiser Permanente HMO plan. (*Added August 27, 2019*)

HBA 6: The handling of insufficient funds for premium deductions shall be as follows:

- (a) Effective November 1, 2003, an Eligible Primary Subscriber may submit to LACERS the contribution shortage between their monthly deduction and the monthly premium owed for the next Plan Year effective January 1. The total contribution shortage for the 12-month period beginning January 1 of the following year, is due to LACERS no later than November 30. LACERS shall send a notice of the contribution shortage amount to the Eligible Primary Subscriber at his or her last known address prior to October 10 (Dates are subject to change depending on when the Board adopts the next plan year's health plan premium rates).
- (b) If an Eligible Primary Subscriber fails to make full payment by November 30 (regardless of whether a notice of contribution shortage is received by the Eligible Primary Subscriber), the Eligible Primary Subscriber shall not have coverage effective January 1 of the next Plan Year.
- (c) Cancellation of an Eligible Primary Subscriber's coverage pursuant to this rule shall not affect LACERS right to collect any and all contribution shortages for coverage already provided and seek recoveries for premiums required for such coverage from the beneficiary or an estate of a beneficiary. (*Revised: June 14, 2016*)

HBA 7: The following are participant requirements for providing timely notices to LACERS and/or for dealing with the recovery of benefits paid when the participant was ineligible:

- If an event occurs which makes a person ineligible for continued enrollment or coverage in the health plan(s) offered or sponsored by LACERS, an

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Eligible Primary Subscriber or their representative shall notify LACERS of the event as soon as is reasonable.

- All such notices shall be in writing and shall be sent to LACERS.
- LACERS shall be entitled to seek recovery of any benefits that were provided to any participants after an event that terminated the participant's enrollment or that otherwise made that participant ineligible for continued enrollment in or coverage by the health plans administered by LACERS.
- In seeking to recover benefits under this rule, LACERS staff shall have the right of offset against any other benefits payable, including without limitation, the right to recover amounts from and out of any and all future benefits payable to the participant whose enrollment was terminated.
- *(Revised: June 14, 2016)*

HBA 8: Eligible Primary Subscribers shall be responsible for:

- (a) Providing current and accurate personal information required for maintaining coverage and eligibility.
- (b) Paying the premium contributions in the amount or amounts required above the amount of any subsidy paid by LACERS for the applicable health benefit plan.
- (c) Paying the premium contributions at the times and in the manner prescribed by LACERS.
- (d) Complying with these Board Rules, Administrative Policies and Procedures and carrier contract provisions.
- (e) Enrolling in all parts of Medicare for which they are eligible if enrolled in a LACERS health plan.

*(Revised: June 14, 2016)*

HBA 9: A retired Member identified as a dependent who meets the definition of an Eligible Retiree as provided in LAAC Section 4.1113(b) shall be eligible for Medicare Part B premium reimbursement and shall be subject to and responsible for complying with these Board Rules, Administrative Policies and Procedures, and carrier contract provisions. This shall not apply if the retired Member is receiving a Medicare Part B premium reimbursement as a primary subscriber in a LACERS or other plan. *(Revised: June 14, 2016; Resolution: 180508-C; Adopted: May 8, 2018)*

HBA 10: The determinations of the total annual premium costs for discretionary benefit changes shall be as follows:

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In order to determine if a benefit change meets the one-half of one percent total annual premium cost threshold described in LAAC Section 4.1106, staff will use the following to measure the cost impacts related to discretionary health plan benefit changes:

For a mid-year benefit change, staff shall utilize the enrollment and premium cost data associated with the health plan premium renewal report adopted by the Board for the plan year in which the discretionary benefit change is being recommended;

For a new plan year benefit change, staff shall utilize the enrollment and premium cost data associated with the proposed final premiums that will be recommended to the Board for the upcoming new plan year in which the discretionary health plan benefit change is being recommended.

1. The “total annual premium cost” shall refer to the estimated annual premium cost of the Health and Welfare Program administered by the LACERS Board. *(Adopted: September 13, 2011; Revised: June 14, 2016)*

#### **LIMITED TERM RETIREMENT PLAN (LTRP):**

LTRP 1: Participants in the LTRP plan shall be allowed options to change their investment asset allocation of 1) old money (funds posted into their LTRP account), and/or 2) new money (funds to be posted prospectively to their LTRP account). *(Adopted: June 14, 2016)*  
 LTRP 2: The Board establishes the interim valuation dates for presentation of values to the participants as the end of each quarter of the calendar year. For purposes of an interim valuation associated with a termination of participation or a request for refund of the LTRP account, the valuation date shall be the same date as completion of the liquidation of the investments for the participant’s assets. *(Adopted: June 14, 2016)*

#### **REQUIRED MINIMUM DISTRIBUTION (RMD):**

RMD 1: LACERS will pay all benefits in accordance with the requirements of Internal Revenue Code Section 401(a)(9) as applicable to governmental plans, as defined by 414(d) of the Internal Revenue Code (IRC). *(Adopted: March 26, 2013; Revised: June 14, 2016)*

RMD 2: The initial RMD must be paid by the later of April 1st, the calendar year following the attainment of age 70½, or April 1st of the year following termination of City Service. In each subsequent year, the RMD must be made on or before December 31st. *(Resolution 130326-B; Adopted: March 26, 2013; Revised: June 14, 2016)*

RMD 3: If a former member fails to apply for retirement benefits or requests a refund, as provided in the LAAC, by the later of the articulated above in RMD 02, the Board shall begin distribution as prescribed by the IRC. *(Resolution 130326-B; Adopted: March 26, 2013; Revised: June 14, 2016)*

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- RMD 4: The RMD shall be calculated in a manner to allow for even distribution over a time period not extending beyond the life expectancy of the former member and his or her qualified survivor or designated beneficiary. *(Resolution 130326-B; Adopted: March 26, 2013; Revised: June 14, 2016)*
- RMD 5: Pursuant to a court order, a portion of a member's RMD benefit may be paid to a nonmember. *(Resolution 130326-B; Adopted: March 26, 2013; Revised: June 14, 2016)*
- RMD 6: Under a good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, Q&A-2(b), and taking into account the deferred-service rights in LACERS retirement benefits, if a deferred member is also a current employee and member of another retirement system with which LACERS has reciprocity under the California law, then for purposes of determining the Required Beginning Date under the LACERS plan, the former member shall be treated as a current employee covered by LACERS as if he or she had not retired, even if he or she has attained age 70 ½. The RMD shall not be required for any employment periods reciprocal with another State agency whenever the former member has established the State Reciprocity with LACERS for the same active employment. RMDs will be required when such a former member terminates employment with such an agency. However, if the former member later again establishes or reestablishes State Reciprocity with the same or another State agency, the RMD may again not be required during such periods when the former member is actively employed by a reciprocal State agency. *(Resolution 130326-B; Adopted: March 26, 2013; Revised: June 14, 2016)*
- RMD 7: If a former member dies after the RMD has begun, the remaining portion of the member's interest must be distributed at least as rapidly as under the method of distribution before the member's death. *(Resolution 130326-B; Adopted: March 26, 2013; Revised: June 14, 2016)*
- RMD 8: If a member or former member dies before the RMD has commenced, the member or former member's entire interest must be either:
- (a) Distributed (in accordance with federal regulations) over the life or life expectancy of the qualified survivor, with the distributions beginning no later than December 31st or the calendar year following the calendar year of the member's death, or
  - (b) Distributed within five years of the member or former member's death. *(Resolution 130326-B; Adopted: March 26, 2013; Revised: June 14, 2016)*
- RMD 9: The amount of an annuity paid to a member's beneficiary may not exceed the maximum determined under the incidental death benefit requirement of Section 401(a)(9)(G) of the IRC, and the minimum distribution incidental benefit rule under Treasury Regulation Section 1.401(a)(9)-6, Q & A-2. *(Resolution 130326-B; Adopted: March 26, 2013; Revised: June 14, 2016)*

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RMD 10: The death and disability benefits provided by LACERS are limited by the incidental death benefit rule set forth in Section 409(a)(9)(G) of the IRC, and Treasury Regulation Section 1.401(b)(1)(i), or any successor regulation thereto. The total death or disability benefits payable may not exceed 25% of the cost for all the member's benefits received from LACERS. (*Resolution 130326-B; Adopted: March 26, 2013; Revised: June 14, 2016*)

RMD 11: Benefit options may continue so long as the option satisfies Section 401(a)(9) of the IRC based on a reasonable and good faith interpretation of that Section. (*Resolution 130326-B; Adopted: March 26, 2013; Revised: June 14, 2016*)

#### **TRUSTEE-TO-TRUSTEE TRANSFERS (TTT):**

TTT 1: Any member eligible to:

- i. pay for Back Contributions,
- ii. pay a Redeposit of contributions,
- iii. pay for any buyback service credit,
- iv. pay contributions for periods during when they were on Workers' Compensation status,
- v. pay additional contributions towards the purchase of a Larger Annuity, or
- vi. pay funds to receive an increased benefit,

Shall be allowed to make full or partial payment for these purposes by a direct trustee-to-trustee transfer of funds from any eligible retirement plan (as defined in Section 402(c)(8)(B) of the Internal Revenue Code) as permitted under current federal and state law or under these laws as amended in the future. Should this transfer constitute a partial payment, any additional payment received in a lump sum shall, together with the amount transferred, directly be considered one payment for purposes of the Plan. (Adopted: June 14, 2016)

#### **INTERNAL REVENUE CODE (IRC):**

IRC 1: The following rules shall apply to members and beneficiaries and shall require compliance with Internal Revenue Code Section 415. These tax rules are extensions of the provisions on federal tax laws contained in Sections 4.1029 and 4.1080.26, Tiers 1 and 3, respectively.

##### *(a) Participation in Other Qualified Plans: Aggregation of Limits.*

(1) The 415(b) limit with respect to any member who at any time has been a member in any other defined benefit plan as defined in section 414(j) of the Internal Revenue Code maintained by the member's employer in this plan shall apply as if the total benefits payable under all such defined benefit plans in which the member has been a member were payable from one (1) plan.

(2) The 415(c) limit with respect to any member who at any time has been a



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member in any other defined contribution plan as defined in section 414(i) of the Internal Revenue Code maintained by the member's employer in this plan shall apply as if the total annual additions under all such defined contribution plans in which the member has been a member were payable from one (1) plan.

*(b) Basic 415(b) Limitation.*

- (1) Before January 1, 1995, a member could not receive an annual benefit that exceeded the limits specified in section 415(b) of the Internal Revenue Code, subject to the applicable adjustments in that section. On and after January 1, 1995, a member may not receive an annual benefit that exceeds the dollar amount specified in section 415(b)(1)(A) of the Internal Revenue Code, subject to the applicable adjustments in section 415(b) of the Internal Revenue Code and subject to any additional limits that may be specified in the retirement system. In no event shall a member's benefit payable under the plan in any limitation year be greater than the limit applicable at the annuity starting date, as increased in subsequent years pursuant to section 415(d) of the Internal Revenue Code and the regulations thereunder.
- (2) For purposes of section 415(b) of the Internal Revenue Code, the "annual benefit" means a benefit payable annually in the form of a straight life annuity (with no ancillary benefits) without regard to the benefit attributable to after-tax employee contributions (except pursuant to section 415(n) of the Internal Revenue Code) and to rollover contributions (as defined in section 415(b)(2)(A) of the Internal Revenue Code). The "benefit attributable" shall be determined in accordance with Treasury Regulations.

*(c) Adjustments to Basic 415(b) Limitation for Form of Benefit.*

If the benefit under the plan is other than the form specified in subsection (c)(2), then the benefit shall be adjusted so that it is the equivalent of the annual benefit, using factors prescribed in Treasury Regulations.

- (1) If the form of benefit without regard to the automatic benefit increase feature is not a straight life annuity or a qualified joint and survivor annuity, then the preceding sentence is applied by either reducing the section 415(b) of the Internal Revenue Code limit applicable at the annuity starting date or adjusting the form of benefit to an actuarially equivalent amount [determined using the assumptions specified in Treasury Regulation section 1.415(b)-1(c)(2)(ii)] that takes into account the additional benefits under the form of benefit as follows:
- (2) For a benefit paid in a form to which section 417(e)(3) of the Internal Revenue Code does not apply [a monthly benefit], the actuarially equivalent straight life annuity benefit that is the greater of (or the reduced

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Limit applicable at the annuity starting date which is the "lesser of" when adjusted in accordance with the following assumptions):

- (A) The annual amount of the straight life annuity (if any) payable to the member under the plan commencing at the same annuity starting date as the form of benefit to the member, or
  - (B) The annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the member, computed using a 5% interest assumption (or the applicable statutory interest assumption) and (i) for limitation years prior to January 1, 2009, the applicable mortality tables described in Treasury Regulation section 1.417(e)-1(d)(2) (Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Rulings 2001-62), and (ii) for limitation years after December 31, 2008, the applicable mortality tables described in Internal Revenue Code section 417(e)(3)(B) (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing Internal Revenue Code section 417(e)(3)(B)).
- (3) For a benefit paid in a form to which section 417(e)(3) of the Internal Revenue Code applies [a lump sum benefit], the actuarially equivalent straight life annuity benefit that is the greatest of (or the reduced section 415(b) of the Internal Revenue Code limit applicable at the annuity starting date which is the "least of" when adjusted in accordance with the following assumptions):
- (A) The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using the interest rate and mortality table, or tabular factor, specified in the plan for actuarial experience;
  - (B) The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using a 5.5 percent interest assumption (or the applicable statutory interest assumption) and (i) for years prior to January 1, 2009, the applicable mortality tables described in Treasury Regulation section 1.417(e)-1(d)(2) (Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Rulings 2001-62), and (ii) for years after December 31, 2008, the applicable mortality tables described in Internal Revenue Code section 417(e)(3)(B) (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing Internal Revenue Code section 417(e)(3)(B)); or
  - (C) The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the

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particular form of benefit payable (computed using the applicable interest rate for the distribution under Treasury Regulation section 1.417(e)-1(d)(3) (using the rate in effect for the third month prior to the beginning of the plan year with a one-year stabilization period) and (i) for years prior to January 1, 2009, the applicable mortality tables described in Treasury Regulation section 1.417(e)-1(d)(2) (Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Rulings 2001-62), and (ii) for years after December 31, 2008, the applicable mortality tables described in Internal Revenue Code section 417(e)(3)(B) (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing Internal Revenue Code section 417(e)(3)(B)), divided by 1.05.

- (4) The actuary may adjust the 415(b) limit at the annuity starting date in accordance with the above subsections (2) and (3).

*(d) Benefits Not Taken into Account for 415(b) Limitation.*

For purposes of this section, the following benefits shall not be taken into account in applying these limits:

- (1) Any ancillary benefit which is not directly related to retirement income benefits;
- (2) That portion of any joint and survivor annuity that constitutes a qualified joint and survivor annuity;
- (3) Any other benefit not required under section 415(b)(2) of the Internal Revenue Code and Treasury Regulations thereunder to be taken into account for purposes of the limitation of section 415(b)(1) of the Internal Revenue Code.

*(e) Other Adjustments in 415(b) Limitation.*

- (1) In the event the member's retirement benefits become payable before age sixty-two (62), the limit prescribed by this section shall be reduced in accordance with Treasury Regulations pursuant to the provisions of section 415(b) of the Internal Revenue Code, so that such limit (as so reduced) equals an annual straight life benefit (when such retirement income benefit begins) which is equivalent to a one hundred sixty thousand dollar (\$160,000) (as adjusted) annual benefit beginning at age sixty-two (62).
- (2) In the event the member's benefit is based on at least fifteen (15) years of service as a full-time employee of any police or fire department or on fifteen (15) years of military service, or is based on a fifteen (15) years combination, the adjustments provided for in (1) above shall not apply.

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(3) The reductions provided for in (1) above shall not be applicable to members who receive disability retirement benefits or survivors who receive survivors' benefits prior to the date the member reaches age sixty-two (62).

*(f) Less than Ten (10) Years of Participation or Service Adjustment for 415(b) Limitations.*

The maximum retirement benefits payable to any member who has completed less than ten (10) years of participation shall be the amount determined under subsection (c), as adjusted under subsection (c) and/or (e) multiplied by a fraction, the numerator of which is the number of the member's years of participation and the denominator of which is ten (10). The limit under subsection (g) concerning the \$10,000 limit shall be similarly reduced for any member who has accrued less than ten (10) years of service, except the fraction shall be determined with respect to years of service instead of years of participation. The reduction provided by this subsection cannot reduce the maximum benefit below 10% of the limit determined without regard to this subsection. The reduction provided for in this subsection shall not be applicable to pre-retirement disability benefits or pre-retirement death benefits. The reductions provided for in this subsection (f) shall not be applicable to members who receive disability retirement benefits or survivors who receive survivors' benefits prior to the date the member reaches age sixty-two (62).

*(g) Ten Thousand Dollar (\$10,000) Limit.*

Notwithstanding the foregoing, the retirement benefit payable with respect to a member shall be deemed not to exceed the 415 limit if the benefits payable, with respect to such member under this plan and under all other qualified defined benefit pension plans to which the member's employer contributes, do not exceed ten thousand dollars (\$10,000) for the applicable limitation year and for any prior limitation year and the employer has not any time maintained a qualified defined contribution plan in which the member participated.

*(h) Effect of COLA without a Lump Sum Component on 415(b) Testing.*

Effective on and after January 1, 2009, for purposes of applying the limits under section 415(b) of the Internal Revenue Code (the "Limit") to a member with no lump sum benefit, the following will apply:

- (1) a member's applicable 415(b) Limit will be applied to the member's annual benefit in the member's first limitation year without regard to any cost-of-living adjustments under the LAAC;
- (2) to the extent that the member's annual benefit equals or exceeds the Limit, the member will no longer be eligible for cost-of-living increases until such time as the benefit plus the accumulated increases are less

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than the Limit; and

- (3) thereafter, in any subsequent limitation year, a member's annual benefit, including any cost-of-living increases under LAAC § 4.1040, et seq., shall be tested under the then applicable benefit Limit including any adjustment to the section 415(b)(1)(A) of the Internal Revenue Code dollar limit under section 415(d) of the Internal Revenue Code, and the regulations thereunder.

*(i) Effect of COLA with a Lump Sum Component on 415(b) Testing.*

On and after January 1, 2009, with respect to a member who receives a portion of the member's annual benefit in a lump sum, a member's applicable Limit will be applied taking into consideration cost of living increases as required by section 415(b) of the Internal Revenue Code and applicable Treasury Regulations.

*(j) Section 415(c) limitations on contributions and other additions.*

After-tax member contributions or other annual additions with respect to a member may not exceed the lesser of \$40,000 (as adjusted pursuant to section 415(d) of the Internal Revenue Code) or 100% of the member's compensation.

- (1) Annual additions are defined to mean the sum (for any year) of employer contributions to a defined contribution plan, member contributions, and forfeitures credited to a member's individual account. Member contributions are determined without regard to rollover contributions and to picked-up employee contributions that are paid to a defined benefit plan.
- (2) In the case of proposed annual additions to purchase permissive service credit, member contributions (excluding rollover contributions and picked-up employee contributions) shall not be permitted in any test year once the modified 415(c) limit has already been reached, notwithstanding whether or not the 415(b) limit has been reached.
- (3) For purposes of applying section 415(c) of the Internal Revenue Code and for no other purpose, the definition of compensation where applicable will be compensation actually paid or made available during a limitation year, except as noted below and as permitted by Treasury Regulation section 1.415(c)-2, or successor regulation; provided, however, that member contributions picked up under section 414(h) of the Internal Revenue Code shall not be treated as compensation.
- (4) Compensation will be defined as wages within the meaning of section 3401(a) of the Internal Revenue Code and all other payments of compensation to an employee by an employer for which the employer is required to furnish the employee a written statement under sections 6041(d), 6051(a)(3) and 6052 of the Internal Revenue Code and will be determined without regard to any

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rules under section 3401(a) of the Internal Revenue Code that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in section 3401(a)(2) of the Internal Revenue Code).

- (5) However, for limitation years beginning after December 31, 1997, compensation will also include amounts that would otherwise be included in compensation but for an election under section 125(a), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b) of the Internal Revenue Code. For limitation years beginning after December 31, 2000, compensation shall also include any elective amounts that are not includible in the gross income of the member by reason of section 132(f)(4) of the Internal Revenue Code.
- (6) For limitation years beginning on and after January 1, 2008, compensation for the limitation year shall also include compensation paid by the later of 2½ months after a member's severance from employment or the end of the limitation year that includes the date of the member's severance from employment if:
  - (A) the payment is regular compensation for services during the member's regular working hours, or compensation for services outside the member's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar payments, and, absent a severance from employment, the payments would have been paid to the member while the member continued in employment with the employer; or
  - (B) the payment is for unused accrued bona fide sick, vacation or other leave that the member would have been able to use if employment had continued; or
  - (C) payments pursuant to a nonqualified unfunded deferred compensation plan, but only if the payments would have been paid to the member at the same time if the member had continued employment with the employer and only to the extent that the payment is includible in the member's gross income.

Any payments not described in paragraph (B) above are not considered compensation if paid after severance from employment, even if they are paid within 2½ months following severance from employment, except for payments to the individual who does not currently perform services for the employer by reason of qualified military service (within the meaning of section 414(u)(1) of the Internal Revenue Code) to the extent these payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the employer rather than entering qualified military service.

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An employee who is in qualified military service (within the meaning of section 414(u)(1) of the Internal Revenue Code) shall be treated as receiving compensation from the employer during such period of qualified military service equal to (i) the compensation the employee would have received during such period if the employee were not in qualified military service, determined based on the rate of pay the employee would have received from the employer but for the absence during the period of qualified military service, or (ii) if the compensation the employee would have received during such period was not reasonably certain, the employee's average compensation from the employer during the twelve month period immediately preceding the qualified military service (or, if shorter, the period of employment immediately preceding the qualified military service).

- (7) Back pay, within the meaning of Treasury Regulation section 1.415(c)-2(g)(8), shall be treated as compensation for the limitation year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included under this definition.
- (k) If the annual additions for any member for a plan year exceed the limitation under section 415(c) of the Internal Revenue Code, the excess annual addition will be corrected as permitted under the Employee Plans Compliance Resolution System (or similar IRS correction program).*
- (l) For limitation years beginning on or after January 1, 2008, a member's compensation for purposes of subsection (j) shall not exceed the annual limit under section 401(a)(17) of the Internal Revenue Code.*
- (m) Service Purchases under Section 415(n).*

Effective for permissive service credit contributions made in limitation years beginning after December 31, 1997, if a member makes one or more contributions to purchase permissive service credit under the plan, then the requirements of section 415(n) of the Internal Revenue Code will be treated as met only if:

- (1) the requirements of section 415(b) of the Internal Revenue Code are met, determined by treating the accrued benefit derived from all such contributions as an annual benefit for purposes of section 415(b) of the Internal Revenue Code, or
- (2) the requirements of section 415(c) of the Internal Revenue Code are met, determined by treating all such contributions as annual additions for purposes of section 415(c) of the Internal Revenue Code.
- (3) For purposes of applying this section, the system will not fail to meet the reduced limit under section 415(b)(2)(C) of the Internal Revenue Code solely by reason of this subparagraph and will not

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fail to meet the percentage limitation under section 415(c)(1)(B) of the Internal Revenue Code solely by reason of this section.

- (4) For purposes of this section the term "permissive service credit" means service credit—
- (A) recognized by the system for purposes of calculating a member's benefit under the system,
  - (B) which such member has not received under the system, and
  - (C) which such member may receive only by making a voluntary additional contribution, in an amount determined under the system, which does not exceed the amount necessary to fund the benefit attributable to such service credit.

Effective for permissive service credit contributions made in limitation years beginning after December 31, 1997, such term may include service credit for periods for which there is no performance of service, and, notwithstanding clause (B), may include service credited in order to provide an increased benefit for service credit which a member is receiving under the system.

- (5) The system will fail to meet the requirements of this section if—
- (A) more than five years of nonqualified service credit are taken into account for purposes of this subparagraph, or
  - (B) any nonqualified service credit is taken into account under this paragraph before the member has at least five years of participation under the system.
- (6) For purposes of paragraph (5), effective for permissive service credit contributions made in limitation years beginning after December 31, 1997, the term "nonqualified service credit" means permissive service credit other than that allowed with respect to—
- (A) service (including parental, medical, sabbatical, and similar leave) as an employee of the Government of the United States, any State or political subdivision thereof, or any agency or instrumentality of any of the foregoing (other than military service or service for credit which was obtained as a result of a repayment described in section 415(k)(3) of the Internal Revenue Code),
  - (B) service (including parental, medical, sabbatical, and similar



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leave) as an employee (other than as an employee described in clause (A)) of an education organization described in section 170(b)(1)(A)(ii) of the Internal Revenue Code which is a public, private, or sectarian school which provides elementary or secondary education (through grade 12), or a comparable level of education, as determined under the applicable law of the jurisdiction in which the service was performed,

- (C) service as an employee of an association of employees who are described in clause (A), or
- (D) military service (other than qualified military service under section 414(u) of the Internal Revenue Code) recognized by the system.

In the case of service described in clause (A), (B), or (C), such service will be nonqualified service if recognition of such service would cause a member to receive a retirement benefit for the same service under more than one plan.

- (7) In the case of a trustee-to-trustee transfer after December 31, 2001, to which section 403(b)(13)(A) of the Internal Revenue Code or section 457(e)(17)(A) of the Internal Revenue Code applies (without regard to whether the transfer is made between plans maintained by the same employer)—
  - (A) the limitations of paragraph (5) will not apply in determining whether the transfer is for the purchase of permissive service credit, and
  - (B) the distribution rules applicable under federal law to the system will apply to such amounts and any benefits attributable to such amounts.
- (8) For an eligible member, the limitation of section 415(c)(1) of the Internal Revenue Code shall not be applied to reduce the amount of permissive service credit which may be purchased to an amount less than the amount which was allowed to be purchased under the terms of a Plan as in effect on August 5, 1997. For purposes of this paragraph an eligible member is an individual who first became a member in the system before January 1, 1998.

*(n) Modification of Contributions for 415(c) and 415(n) Purposes.*

Notwithstanding any other provision of law to the contrary, the system may modify

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a request by a member to make a contribution to the system if the amount of the contribution would exceed the limits provided in section 415 of the Internal Revenue Code by using the following methods:

- (1) If the law requires a lump sum payment for the purchase of service credit, the system may establish a periodic payment plan for the member to avoid a contribution in excess of the limits under section 415(c) or 415(n) of the Internal Revenue Code.
- (2) If payment pursuant to subparagraph (1) will not avoid a contribution in excess of the limits imposed by section 415(c) or 415(n) of the Internal Revenue Code, the system may either reduce the member's contribution to an amount within the limits of those sections or refuse the member's contribution.

*(o) Repayments of Cashouts.*

- (1) Any repayment of contributions (including interest thereon) to the plan with respect to an amount previously refunded upon a forfeiture of service credit under the plan or another governmental plan maintained by the retirement system shall not be taken into account for purposes of section 415 of the Internal Revenue Code, in accordance with applicable Treasury Regulations.
- (2) In the case of any repayment of contributions and interest to the system with respect to an amount previously refunded upon a forfeiture of service credit under another California State or local governmental plan maintained with the State of California, any such repayment with the system shall not be taken into account for purposes of this section.

*(p) Reduction of Benefits Priority.*

Reduction of benefits and/or contributions to all plans, where required, shall be accomplished by first reducing the member's benefit under any defined benefit plans in which the member participated, such reduction to be made first with respect to the plan in which the member most recently accrued benefits and thereafter in such priority as shall be determined by the plan and the plan administrator of such other plans, and next, by reducing or allocating excess forfeitures for defined contribution plans in which the member participated, such reduction to be made first with respect to the plan in which the member most recently accrued benefits and thereafter in such priority as shall be established by the plan and the plan administrator for such other plans provided, however, that necessary reductions may be made in a different manner and priority pursuant to the agreement of the plan and the plan administrator of all other plans covering such member. The Board of Administration is authorized to create administrative rules necessary to facilitate

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different manners for reduction of benefits. *(Revised: June 14, 2016)*

- IRC 2: LACERS IRC Section 401(a)(17) grandfathering rights shall only be based upon a “true” membership entry dates into active membership status with LACERS prior to July 1, 1996. This shall apply ONLY when the member has associated membership funds on account with LACERS. If a member also had a prior “true” membership entry date(s) with any other City-sponsored DB plan, such as the Water and Power Employees Retirement Plan (WPERP), the Los Angeles Fire and Police Pension Plan (LAFPP), a Hiring Hall plan sponsored by the City, or the LIUNA plan, those membership dates shall NOT be used to provide for IRC Section 401(a)(17) grandfathering rights.
- IRC 3: If a member has no grandfathering rights pursuant to LAAC Section 4.1001(b) or 4.1080.1(b) with LACERS, a member’s “Final Compensation” shall be determined as the “average monthly salary” provided by the State reciprocal system (assuming the average provided is greater than any average based solely upon LACERS service), but shall NOT be allowed to exceed the IRC Section 401(a)(17) limit, even if a State reciprocal system sends LACERS a higher average based upon IRC Section 401(a)(17) grandfathering rights with the other State reciprocal system. The State average monthly salary shall first be reduced for any forms of compensation not allowable for such purposes at LACERS based on the member’s tier at the time of retirement. The average monthly salary shall then be limited by the IRC Section 401(a)(17) limit applicable for the date of retirement. Any such base benefit shall thereafter also be limited to comply with the applicable cap requirements for maximum percentage of a member’s “Final Compensation”, based upon the member’s tier at the time of retirement. *(Adopted: June 14, 2016)*
- IRC 4: If a member has LACERS grandfathering rights pursuant to LAAC Section 4.1001(b) or 4.1080.1(b) with LACERS, and the average salary provided by a State reciprocal agency was capped based on IRC 401(a)(17) when the member actually had a higher level of Compensation within the reciprocal agency than applicable based on LACERS compensation earnable, LACERS shall obtain the salary information necessary to allow for determination of the final compensation based on rules for compensation applicable at LACERS. This reciprocal treatment will only apply when a member otherwise fulfills all the requirements for State Reciprocity (limited or full). Any resulting base benefit will also thereafter be limited to comply with the applicable percentage of compensation cap required for their Tier at the time of their retirement. *(Adopted: June 14, 2016)*
- IRC 5: This rule defines the “Normal Retirement Age,” as the term is used in Treasury Regulation Section 1.401(a)-1(b)(2), for Tier 1 and Tier 3 Members. This rule applies for tax purposes, including for purposes of the in-service distribution rule exception set forth in IRC 401(a)(36).

For members of Tier 1, the Normal Retirement Age shall be the earliest age described in subparts (1) and (2) of Section 4.1005(a) of the Los Angeles Administrative Code, meaning the earliest of (1) age fifty-five (55) with thirty (30) or

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more years of City service or (2) age sixty (60) with ten (10) or more years of continuous City service.

For members of Tier 3, the Normal Retirement Age shall be the age described in Section 4.1080.5(a)(2)(i) of the Los Angeles Administrative Code, namely age sixty (60) with ten (10) or more years of service, including at least five (5) years of continuous City service.

This rule does not modify the age and service eligibility requirement or requirement factors for Tier 1 and Tier 3 Members and does not create any vested right under California or Federal law including but not limited to the contracts clause of the California Constitution. *(Adopted: January 22, 2019)*

#### **SURVIVOR BENEFITS (SB)**

SB1: In order for a beneficiary form to be considered valid it must be received by the Plan prior to the Member's death or postmarked prior to the Member's death. Beneficiary forms received after the death of a Member or postmarked after the Member's death will be considered invalid and the beneficiary form on file with the plan will remain in effect and used to pay designated beneficiaries. *(Resolution: 180508-C; Adopted: May 8, 2018)*

SB 2: In the event an active Member, who is eligible for retirement, dies without submitting a Designation of Beneficiary Form and the surviving spouse, who is eligible to receive the Member's survivor benefits, dies prior to filing the required benefit election packet or Designation of Beneficiary Form, then LACERS will pay the accumulated contributions and any benefits due to the estate of the surviving spouse. *(Adopted: October 8, 2024)*

#### **SERVICE PURCHASES (SP)**

SP 1: Additional interest is charged on service purchase payments that are received after the 5<sup>th</sup> of the month following the due date except when:

- The recalculated interest amount is less than \$15; or,
- The payment is postmarked five (5) calendar days or earlier, before the end of the month due for personal checks mailed through the United States Postal Service (USPS); or three (3) calendar days or earlier, before the end of the month due for checks issued by the Deferred Compensation plan administrator and sent via a courier service. *(Resolution: 180508-C; Adopted: May 8, 2018; Updated: September 14, 2021; Revised: August 8, 2023)*

SP 2: For the purpose of a Government Service Buyback, full-time status is determined by the employment status certified by the employing agency to LACERS and not based on the number of hours worked. *(Resolution: 180508-C; Adopted: May 8, 2018)*

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#### **ENHANCED BENEFITS – DISABILITY RETIREMENT (DR)**

- EB-DR1: If the Board approves an increase or decrease in an Enhanced Benefit disability retirement benefit due to the submission of new medical evidence, the benefit change will become effective from the Boards' approval date with no retroactive adjustments. *(Resolution: 171113-B; Adopted: November 13, 2017)*
- EB-DR2: The disability rating schedule adopted by the Board for the purpose of standardizing disability retirement benefits for Service-connected and non- Service-connected disability retirements will be reviewed every five years. *(Resolution: 171113-B; Adopted: November 13, 2017)*
- EB-DR3: Applicant medical records and related ancillary documentation shall be processed and transmitted to contracted medical providers exclusively by LACERS disability retirement staff. Under no circumstances is an applicant representative or operating department to provide any material or documents to a LACERS' contracted examining physician. An applicant may provide material or documents to a LACERS' contracted examining physician under particular circumstances approved by LACERS' disability staff. *(Resolution: 171113-B; Adopted: November 13, 2017)*
- EB-DR4: Any Enhanced Benefit eligible Member who meets the eligibility requirements to apply for disability retirement but has a deferred vested status will require City Attorney review of his/her application and medical records to determine if the Applicant has a matured right to apply. *(Resolution: 171113-B; Adopted: November 13, 2017)*
- EB-DR5: Requisite disability medical evaluations shall be arranged within a 15-mile driving radius of the Enhanced Benefit eligible Member's home address if living in California, or within a 15-mile driving radius of Los Angeles City Hall. Scheduling of appointments outside of the specified radii shall be allowed on an exception basis upon approval from LACERS disability staff. *(Resolution: 171113-B; Adopted: November 13, 2017)*
- EB-DR6: The beneficiary(ies) of an Enhanced Benefit eligible Member who dies while awaiting the processing of his/her disability retirement application shall be paid death and survivor benefits in accordance with applicable section(s) of the Los Angeles Administrative Code. *(Resolution: 171113-B; Adopted: November 13, 2017)*
- EB-DR7: In order for a workers' compensation claim to toll the filing period for a disability retirement application, it must be accepted, open and related. If the claim is settled, the application period is extended one year from the settlement date. *(Resolution: 171113-B; Adopted: November 13, 2017)*
- EB-DR8: Sub Rosa services shall be used in cases where staff, in consultation with the City Attorney, agree additional evidence is needed in regards to the Applicant's

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medical condition and ability to perform the duties of his/her position. (*Resolution: 171113-B; Adopted: November 13, 2017*)

EB-DR9: An Enhanced Benefit eligible Member who applied for and was denied a disability retirement shall have the right to make back contributions for up to six months of the period while such application was pending. Should the Enhanced Benefit eligible Member elect to make installment payments by payroll deduction, the minimum number of biweekly payroll deductions shall be 26, with a maximum of 130. The annual interest rate for installment payments via payroll deduction shall be the published assumed rate of return for LACERS' investments at the time the service purchase was approved. (*Resolution: 171113-B; Adopted: November 13, 2017*)

EB-DR 10: In the event an Enhanced Benefit Disability Retired Member dies within three years of being granted a service-connected disability and the death is directly attributable to the service-connected disabling condition, the surviving spouse/domestic partner shall receive a retroactive cost of living adjustment (COLA) based on the difference between the service-connected disability base continuance and 80% of Member's final compensation. The adjustment will be retroactive to the Board approval date of original disability retirement benefit. (*Resolution: 180508-C; Adopted: May 8, 2018*)

EB-DR 11: Enhanced Benefit Disability Retired Members requesting reconsideration (i.e., appealing) of the retirement benefit decision of the Board, whether non-service connected or service-connected, where the reconsideration results in an increased disability rating, shall have the COLA applied to the approved increased disability rating retroactive to the original benefit approval date. (*Resolution: 180508-C; Adopted: May 8, 2018*)

EB-DR 12: Reexaminations that result in an increased disability percentage will not have a retroactive COLA applied back to the original benefit approval date. COLA adjustments will take effect as normally applied from Board approval date of the increased disability percentage. (*Resolution: 180508-C; Adopted: May 8, 2018*)

EB-DR 13: A Service Purchase made as a result of returning to work from a non-service-connected disability retirement (pursuant to Los Angeles Administrative Code Section 4.1008.1(f)(2)) shall be treated as a Back Contribution and interest will apply. (*Resolution: 180508-C; Adopted: May 8, 2018*)

EB-DR 14: The Board, at its discretion, may cancel a retirement allowance where a beneficiary fails, neglects, or refuses either to submit to a medical examination ordered by the Board or to return to active service when deemed no longer incapacitated and within such reasonable time as determined by the Board. (*Adopted: August 13, 2024*)

EB-DR 15: All medical records an Applicant believes support their disability retirement application must be provided to LACERS staff directly from the physicians or medical providers treating the Applicant. The Applicant is required to complete the

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disability retirement document listing the names of all physicians and medical providers who have treated the Applicant at application submission. Medical records provided by the Applicant or their representative will not be accepted. *(Adopted: August 13, 2024)*

#### **ENHANCED BENEFITS – TERMINATION OF DISABILITY RETIREMENT (TDR)**

EB-TDR1: An Enhanced Benefits eligible Member who is restored to active duty from a non-Service connected disability retirement may, after completing one year of Service, make contributions to restore his/her Service Credit for the period he/she received a disability retirement, subject to the current eligibility rules of purchasing back contributions with LACERS. *(Resolution: 171113-B; Adopted: November 13, 2017)*

#### **ENHANCED BENEFITS – PERIODIC MEDICAL EXAMINATIONS (PME)**

EB-PME1: Unless the Board stipulates, at the time of benefit approval, to permanently exclude a Member retired on an Enhanced Benefit disability retirement from periodic medical examinations based on the nature of his/her disability, all Members retired on an Enhanced Benefit disability retirement shall undergo medical examinations at periodic intervals for the first five years and anytime thereafter up to age 60. *(Resolution: 171113-B; Adopted: November 13, 2017)*

EB-PME2: Financial hardship, for purposes of the Board exercising their authority to defray reasonable costs of travel related to the periodic medical examination of a Member retired on an Enhanced Benefit disability retirement who lives outside of California, shall be defined as an inability to meet basic living expenses for goods and services necessary for the survival of the retiree and his or her spouse and dependents. A written request from the Member, including supporting documentation such as: proof of income including public assistance; evidence of expenditures such as unreimbursed health insurance premium payment receipts; income tax returns; mortgage/rent receipts; property tax receipts; and/or utility bills, etc., shall be submitted to the Board, through disability staff. *(Resolution: 171113-B; Adopted: November 13, 2017)*

EB-PME3: If a Member retired on an Enhanced Benefit disability retirement fails to comply with the re-examination process, a hearing shall be scheduled after 60 days of non-compliance and staff will request the Board suspend the retiree's benefit for 60 days. After 120 days of non-compliance a second hearing will be scheduled, and staff will request the Board suspend the benefit until such time as the re-examination process is completed. The Member may attend either hearing to present evidence of hardship or evidence related to the reason for his/her non-compliance. *(Resolution: 171113-B; Adopted: November 13, 2017)*

EB-PME 4: The reduced allowance of an Enhanced Benefit Disability Retired Member, whose allowance is reduced pursuant to Los Angeles Administrative Code Section 4.1008.1(g), who after five years, is found no longer disabled or who refuses to submit to medical examination shall have his or her allowance reduced

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by the Board to thirty percent (30%) of his or her Final Compensation. The adjusted benefit shall reflect those cost-of-living adjustments as would have occurred had the Enhanced Benefit Disability Retiree's pension originally been based on the adjusted percentage. The reduced allowance shall be fully taxable. *(Resolution: 180508-C; Adopted: May 8, 2018)*

#### **ENHANCED BENEFITS – HEARING PROCESS (EB-HP)**

EB-HP 1: Thirty (30) days prior to the Enhanced Benefits Eligible Member's scheduled hearing date, LACERS' staff will send the proposed rating recommendation to the Member and, if applicable, the Member's representative. The Member must return the recommendation letter with their signature acknowledging either their agreement or disagreement with the proposed recommendation within ten (10) days of the letter date. Failure to submit a response within the prescribed period will be taken as acceptance of the proposed recommendation. Only specified items of disagreement submitted within the prescribed period will be discussed at the LACERS Board Hearing. *(Adopted: January 22, 2019; Updated September 26, 2023, for process to be named "Alternative 2" or "Alt 2")*

EB-HP 2: When an Enhanced Disability Retirement Application is brought before the Board for consideration, the Board may take the following actions:

- (a) Grant a Service-Connected or Nonservice-Connected Disability Retirement as recommended;
- (b) Grant a Service-Connected or Nonservice-Connected Disability Retirement, notwithstanding the staff recommendation;
- (c) Request staff provide further information and bring the case back for further consideration; or
- (d) Deny the Disability Application.

*(Adopted: January 22, 2019; Updated September 26, 2023, for process to be named "Alternative 2" or "Alt 2")*

EB-HP 3: Under an Alternative 1 (Alt 1) process, the Board may take the following actions:

- (a) Approve staff recommendations for disability retirement awards on the open, closed session, or Consent agenda;
- (b) Acknowledge that a single vote to approve the entire Consent agenda includes approval of any properly agendaized staff recommendation to award or deny a disability retirement application; and,
- (c) If the Board rejects or wishes to alter one or more of the agreed elements of the staff recommendation, the case will be deferred to an open or closed formal presentation/hearing known as Alternative 2 (Alt 2) at a future date.

*(Adopted: August 13, 2024)*

EB-HP 4: When an Enhanced Disability Retirement Applicant agrees to have their case brought before the Board for consideration under the Alternative 1 (Alt 1) process, the following actions must take place:



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The Applicant must sign an acknowledgment form that:

- (a) Confirms the Applicant agrees with the proposed recommendation to the Board to approve the disability retirement benefit as presented by staff;
- (b) Confirms the Applicant agrees and accepts the submission of all documentation used as evidence by the Board to make a finding and determination to approve or deny the disability retirement application;
- (c) Acknowledges the Applicant's case will be heard in open session and that Applicant and/or their representative are not required to appear; and,
- (d) Confirms the Applicant understands that if the Board rejects or wishes to alter any part of the recommendation, the case will be deferred to an open or closed formal hearing known as Alternative 2 (Alt 2) at a future date.

*(Adopted: August 13, 2024)*

#### **ENHANCED BENEFITS – MEMBER CONTRIBUTIONS (MC) (EB-MC)**

EB-MC 1: The mandatory \$5,700 in additional contribution paid by sworn Members in connection with the LACERS' Enhanced Benefits plan provisions under the Administrative Code are not refundable in the event the sworn Member converts to a civilian classification. The additional funds will remain a part of the Member's account as regular contributions. *(Adopted: January 22, 2019)*

#### **ENHANCED BENEFITS – MISSED MEDICAL APPOINTMENTS (MMA)**

EB-MM 1: An Enhanced Benefit eligible Member applying for a disability retirement, or a Member retired on an Enhanced Benefit disability retirement, undergoing a re-examination who misses any scheduled medical appointments not due to factors beyond his/her control will be responsible to pay the current contracted missed appointment rate. Payment for such missed appointment(s) shall be deducted under rule EB-MMA3. *(Resolution: 171113-B; Adopted: November 13, 2017)*

EB-MMA 2: Costs incurred for new or updated medical reports stemming from delays caused by an Applicant or a Member retired on an Enhanced Benefit disability retirement undergoing a reexamination shall be paid by the Applicant or Retiree if reasonable justification for the delay cannot be established. Payment for additional medical record(s) under this section shall be deducted under rule EB-MMA3. *(Resolution: 171113-B; Adopted: November 13, 2017)*

EB-MMA 3: Costs incurred for missed appointments under EB-MMA1 and/or additional report(s) stemming from delays under EB-MMA2 shall be deducted from the applicant's first disability or current retirement allowance, or deducted from the Applicant's accumulated contributions, when such contributions have been requested as a refund by the applicant. The Member may also pay by check. If the disability retirement applicant is deceased, the cost shall be deducted from any

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survivor benefit payments prior to distribution to any beneficiary(ies). *(Resolution: 171113-B; Adopted: November 13, 2017)*

#### **ENHANCED BENEFITS – APPLICATION AFTER DENIAL (RAD)**

EB-RAD 1: An Active Enhanced Benefit eligible Member who was denied a disability retirement and subsequently files a new application for the same or similar medical reason shall do so with the submission of new, objective, and compelling medical evidence to support the new claim within 90 days of the Board's denial date. *(Resolution: 171113-B; Adopted: November 13, 2017)*

#### **ENHANCED BENEFITS – EMPLOYMENT IN A DIFFERENT POSITION (RDP)**

EB-RDP 1: Any Member retired on an Enhanced Benefit disability retirement re- employed in a different classification pursuant to Los Angeles Administrative Code Section 4.1008.1(j), should he or she be eligible for membership in the Retirement System, will become a member of the Tier I plan and not eligible for any enhanced Tier I benefits. *(Resolution: 171113- B; Adopted: November 13, 2017)*

#### **ENHANCED BENEFITS – LOAN PROGRAM (LP)**

EB-LP 1: An Enhanced Benefit eligible Member who resigned or was terminated from city employment is not eligible to apply for a disability retirement loan. *(Resolution: 171113-B; Adopted: November 13, 2017)*

#### **ENHANCED BENEFITS – OPTION TO CONVERT A SERVICE RETIREMENT (CSR) TO A DISABILITY RETIREMENT**

EB-CSR 1: Any Airport Peace Officer Former Member, who became such because of termination of his or her employment for any reason including Service retirement, who believes they are eligible to receive disability retirement benefits may file his or her written disability retirement application within one

(1) year from the Service retirement effective date; one (1) year from the resignation or termination date; or, one (1) year from his or her last day on active payroll, whichever occurs first. An open, related and accepted workers' compensation claim may extend the filing period. *(Resolution: 171113-B; Adopted: November 13, 2017; Revised: January 22, 2019)*

EB-CSR 2: A Member receiving an Enhanced Service retirement while his/her disability retirement application is being processed will continue to receive the Service retirement benefit until the Board approves and determines the disability rating percentage. In the event the disability retirement benefit is less than the Service retirement benefit being received, the Member shall have the right to withdraw his/her disability retirement application. *(Resolution: 171113-B; Adopted: November 13, 2017)*

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EB-CSR 3: Upon Board approval of the Disability Retirement of the Member receiving an Enhanced Service retirement, and acceptance by the Member pursuant to EB-CSR2, the conversion of a Service retirement to a Service-connected disability or non-Service connected disability retirement benefit will be retroactively adjusted to the Service retirement effective date. Any federal or state taxes withheld from the Service retirement benefit will not be reimbursed by LACERS. *(Resolution: 171113-B; Adopted: November 13, 2017)*

EB-CSR 4: Upon Board approval of the conversion of an Enhanced Service Retirement or Public Safety Officer Service Retirement to an Enhanced Disability Retirement and the acceptance by the Member pursuant to EB-CSR3, the Member may elect to change their Retirement Allowance Option. *(Adopted: August 13, 2024)*

#### **ENHANCED BENEFITS – FAMILY DEATH BENEFIT PLAN (FDBP)**

EB-FDBP 1: FDBP payments shall only be made on account of the non-Service-connected death of an Enhanced Benefit eligible Active Member who has at least three years of Service, but less than five years of Service. *(Resolution: 171113-B; Adopted: November 13, 2017)*

EB-FDBP 2: No FDBP payments shall be made on account of the death of an Enhanced Benefit eligible Active Member in which a survivorship allowance provided by LAAC Section 4.1010.1(b) is paid. *(Resolution: 171113-B; Adopted: November 13, 2017)*

#### **ENHANCED BENEFITS – SURVIVOR BENEFITS (SB)**

EB-SB 1: LACERS shall initiate medical examinations to determine whether a Dependent Child of a deceased Enhanced Benefit Eligible Active Member, or deceased Member retired on an Enhanced retirement benefit, qualifies for eligibility under the terms of LAAC Section 4.1010.1. Dependent Child applicants shall be required to undergo examination(s) by physicians specializing in the medical fields of the claimed disability(ies). The applicant's disability shall be determined based on an assessment of each applicant's inability to earn a livelihood. *(Resolution: 171113-B; Adopted: November 13, 2017)*

EB-SB 2: A Dependent Child of a deceased Enhanced Benefit Eligible Active Member, or a deceased Member retired on an Enhanced retirement benefit, whose disability is determined not to be permanent, shall be reviewed once every three years to assess whether his/her disability continues to exist for purposes of maintaining his or her continued eligibility under the terms of LAAC Section 4.1010.1. *(Resolution: 171113-B; Adopted: November 13, 2017)*

EB-SB 3: The Dependent Parent of a deceased Enhanced Benefit Eligible Active Member, or deceased Member retired on an Enhanced retirement benefit, financial status shall be reviewed annually to ensure their earnings do not exceed the upper exemption limitation specified by the Social Security Administration. During the annual review process, the Dependent Parent shall submit a copy of his or her income tax return for the previous year. If the Dependent Parent did not file an

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income tax return the previous year, then they shall submit a notarized declaration with their itemized statement of earnings. If the earnings exceed the higher exemption limit, then the benefit for the Dependent Parent shall terminate. Such person shall be a Dependent Parent only until such time as he or she is able to independently pay his or her necessary living expenses. *(Resolution: 171113-B; Adopted: November 13, 2017)*

If a Dependent Parent's benefit is terminated and he or she subsequently becomes unable to pay his or her necessary living expenses, said Dependent Parent may request reinstatement of the survivor benefit, provided he or she is able to show proof of earnings for the prior year did not exceed the higher exemption limit specified by the Social Security Administration. *(Resolution: 171113-B; Adopted: November 13, 2017)*

EB-SB 4: The reconsideration period following an active death, where the service-connected claim has already been denied by the Board, shall be 90 calendar days from the Board's decision. *(Adopted: January 22, 2019)*

#### **ENHANCED BENEFITS – SURVIVOR BENEFITS – ACTIVE DEATH HEARINGS (ADH)**

EB-ADH 1: Hearings to determine whether the death of an Enhanced Benefit eligible Active Member was service-connected shall be conducted in the same manner as a disability retirement hearing. The surviving spouse/domestic partner, dependent parent, or legal guardian of minor or dependent children shall be notified of and invited to be present or be permitted to offer evidence and testimony to support a claim that the death was service connected. *(Resolution: 171113-B; Adopted: November 13, 2017)*

#### **ENHANCED BENEFITS – SURVIVOR BENEFITS – SURVIVOR BENEFIT PURCHASE PROGRAM (SBP)**

EB-SBP 1: A Member retired on an Enhanced retirement benefit may elect after retirement to provide a survivor benefit to a spouse/domestic partner. In order for the election to vest, the Member must survive one year from the date of the election. The benefit is paid through a reduction of the benefit only. The cost of the purchase will be based on the actuarial assumptions in effect on the date of the election and based on the benefit reductions beginning at the time of election. *(Resolution: 171113-B; Adopted: November 13, 2017; Amended: May 8, 2018)*

#### **ENHANCED BENEFITS – RETIREMENT ELECTION CHANGES (SR)**

EB-SR 1: An Enhanced Benefit eligible Member retiring under a Service retirement allowance, a Service-connected disability allowance, or a non-Service connected disability allowance may elect for an optional allowance for an Eligible Survivor in the proportional amount designated by the Member, with a minimum amount of 80%, provided the election is made before the first payment of the benefit. *(Resolution: 171113-B; Adopted: November 13, 2017)*

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**ENHANCED BENEFITS – RETIREMENT CONTRIBUTIONS (RC)**

EB-RC 1: If an Enhanced Benefit eligible Active or Deferred Vested Member who pays the required \$5,700 lump sum additional contribution payment to qualify for the sworn Enhanced Benefits subsequently changes classification prior to retirement, he or she shall not be entitled to a refund of the additional contributions. The \$5,700 additional contributions will be treated as regular contributions for refund purposes, pursuant to Los Angeles City Charter Section 1162. (Resolution: 171113-B; Adopted: November 13, 2017)