



LACERS

LA CITY EMPLOYEES'
RETIREMENT SYSTEM

LACERS Guide to Dissolution of Marriage and Your Pension

Revised September 2025

RETIREMENT BENEFIT CONSIDERATIONS FOR DISSOLUTIONS

If you and your Spouse/State-Registered Domestic Partner decide to legally dissolve your marriage or partnership, there are a few considerations you should keep in mind. For specific advice regarding your particular situation, please consult an attorney.

- **In Process** – If your divorce is not finalized, you will retire married unless the divorce is finalized prior to your retirement date. If you retire married, then your former spouse will not be eligible for a separate account.
- **Retirement Benefit**– Your former Spouse/State-Registered Domestic Partner may be entitled to a portion of your monthly retirement benefit.
- **Community Property** – In California, assets and pensions that former Spouses/State-Registered Domestic Partners acquire during their marriage belong to both of you jointly. In a divorce, Community Property laws may lead to the courts dividing your retirement benefits.
- **Domestic Partnerships** – Only State-Registered Domestic Partners are entitled to community property. Domestic Partners who are solely registered with LACERS are not entitled to community property.
- **Remarry** – If you remarry, your former Spouse/State-Registered Domestic Partner's community property share remains. If your former Spouse/State-Registered predeceases you, their share may be passed on to their beneficiary(ies) or their estate.
- **Survivorship Benefit** – This is a lifetime monthly benefit provided to an Eligible Survivor or Eligible State/LACERS-Registered Domestic Partner as a result of your death **prior** to retiring. If you die leaving an Eligible Surviving Spouse/Eligible Surviving State-Registered Domestic Partner, your former Spouse or former State-Registered Domestic Partner may receive part of the survivorship pension payable to them.
- **Choosing to Continue Working Beyond Retirement Eligibility** – If you are eligible to retire but choose instead to continue working, your former Spouse /State-Registered Domestic Partner can request an immediate distribution of monthly payments of their community property share of your retirement benefits.



RETIREMENT BENEFIT CONSIDERATIONS FOR DISSOLUTIONS, *Continued*



- **Continuance Benefit** – This is a lifetime monthly benefit payable to your Surviving Spouse/State-Registered Domestic Partner, or Designated Beneficiary if you die **after** you retire and is effective on the first day following your date of death. Your former Spouse/State-Registered Domestic Partner may have a community property interest in the Continuance benefit. Your former Spouse/State-Registered Domestic Partner will be ineligible for a Continuance benefit, but they may have a community property interest in any Continuance benefit that is provided to a different eligible survivor.
- **Beneficiaries** – If either before or during the marriage or domestic partnership, you designated your former Spouse/State-Registered Domestic Partner, that designation is deemed revoked under California law. For advice regarding your particular situation, please consult an attorney regarding when to update your beneficiary designation.
- **Health Plan Coverage** – Your former Spouses/State-Registered Domestic Partner is not eligible for any LACERS health plans and their coverage will be terminated. If you do not notify LACERS, and your former Spouse/State-Registered Domestic Partner utilizes health benefits, you will be charged accordingly.





INTRODUCTION

This guide is designed to be used as a reference, providing general information to you about the process, requirements, and methods for dividing LACERS retirement benefits in the event of a dissolution.

The statements and material in this guide are for informational purposes only. You should not rely solely on the information contained herein, and this information should not be considered legal advice.

The LACERS plan provisions are set forth in the Los Angeles City Charter and the Los Angeles Administrative Code. Be advised, while every effort is made to keep the guide updated and consistent with changes or amendments to the Plan, if any information provided in this guide differs from these plan provisions, the provisions of the Plan shall govern.

Although we have made every effort to accurately summarize applicable law, this guide may not be used to impede LACERS, nor may any provision of this guide be read as contradicting case law or statute. For specific advice regarding your particular situation, please consult an attorney.

This guide will discuss the following to help you better understand how the dissolution of a marriage or State-Registered Domestic Partnership impacts your retirement benefit:

- Community Property
- Calculating Community Property
- Documentation
- Changing Your Beneficiary





COMMUNITY PROPERTY

In California, community property laws serve as the method for defining ownership of property acquired during a marriage or State-Registered Domestic Partnership. California law defines community property as all property, real or personal, acquired by a married person or State-Registered Domestic Partner during the marriage or State-Registered Domestic Partnership. Generally, the timeframe for defining which assets may be community property includes the period between the date of marriage or registration of domestic partnership through the date of separation.

If you make contributions to LACERS while you are married or in a State-Registered Domestic Partnership, and you subsequently legally terminate the relationship or legally separate, the court may award a community property interest in your LACERS benefits to your former Spouse/State-Registered Domestic Partner.

If you are divorced at the time of your retirement, or thereafter, and your former Spouse/State-Registered Domestic Partner was awarded a portion of your retirement benefit, half of your monthly allowance may be withheld.

If LACERS receives a claim for benefits from your former or current spouse, also known as a Notice of Adverse Interest pursuant to Family Code Section 755, LACERS will begin withholding the community property portion from your monthly allowance. You will continue receiving your separate property portion of the benefits, and LACERS will hold the community portion until we receive a conformed copy of a Domestic Relations Order (DRO).

CALCULATING COMMUNITY PROPERTY AT RETIREMENT



In order to calculate your former Spouse/State-Registered Domestic Partner's Community Property portion of your monthly retirement benefit, you must calculate the Unmodified Retirement Allowance (UA). The UA is your monthly retirement allowance **before** taxes. The UA is paid in monthly installments calculated using a three-component formula including your Final Compensation (FC), your Service Credit (SC), and a Retirement Factor (RF). Where applicable, an Early Retirement Reduction Factor (ERF) is applied.

$$\begin{array}{ccccccc}
 \text{FC} & \times & \text{SC} & \times & \text{RF}^* & \times & \left(\text{ERF}^* \right) = \text{UA} \\
 \text{FINAL} & & \text{SERVICE} & & \text{RETIREMENT} & & \text{UNMODIFIED} \\
 \text{COMPENSATION} & & \text{CREDIT} & & \text{FACTOR} & & \text{RETIREMENT} \\
 & & & & & & \text{ALLOWANCE} \\
 & & & & & & \text{IF APPLICABLE,} \\
 & & & & & & \text{EARLY} \\
 & & & & & & \text{RETIREMENT} \\
 & & & & & & \text{REDUCTION FACTOR}
 \end{array}$$

FC

FINAL COMPENSATION

The **HIGHEST** pensionable compensation earned by a Member during any consecutive 12-month period for Tier 1 or 36-month period for Tier 3. The compensation amount used is based on the requirements of the Los Angeles Administrative Code and or MOU for the job classification.

SC

SERVICE CREDIT

The **HOURS** worked as an Active LACERS Member. Full-time employees receive .03835 years of Service Credit per pay period. Part-time employees will be prorated based on the actual hours worked divided by 80 hours.

RF

RETIREMENT FACTOR*

Retirement Factor is the percentage of pay which a Member is entitled to for each year of Service Credit. For Tier 1, the Retirement Factor is 2.16%. For Tier 1-E, the Retirement Factor is 2.3%. For Tier 3, the Retirement Factor varies based on age and years of service.

ERF

EARLY RETIREMENT FACTOR*

Early Retirement Reduction Factors **only applies** when a Member chooses to retire early. They are based on age and calculated in quarter years. Factors are subject to change by ordinance of the City Council.

UA

UNMODIFIED RETIREMENT ALLOWANCE

A monthly payment to Member or their Survivors either for a limited-term or a lifetime. The UA is a Member's monthly retirement allowance **before** taxes.

* A full list of the retirement and early retirement reduction factors is located in the Summary Plan Description for the specific tier. **5**

CALCULATING COMMUNITY PROPERTY AT RETIREMENT, *Continued*

Once the **UA** is calculated, it can be applied to the Time Rule (or Brown) Formula. The **Time Rule (or Brown) Formula** is commonly used in California to divide community property benefits in a retirement plan. It is used to calculate the portion of your retirement benefits that your former Spouse/State-Registered Domestic Partner (Nonmember) is entitled to receive. For this purpose, the court order or DRO should contain the parties' date of marriage or date of registration of domestic partnership, as well as the parties' date of separation. In its division of the assets, the court may award an "in-kind" division of the retirement benefit – usually a 50:50 split of the community property share – assigning each party a percentage interest to be paid upon the member's retirement, termination, or death.



The Community Property Interest Amount would be the quotient of the number of months of LACERS service from the date of marriage or domestic partnership to the date of separation (**MP**) divided by total months of LACERS service accrued at the time of member's retirement (**SC**) multiplied by your **UA**, multiplied by the DRO Community Property Percentage (**%**). The result is the portion of the Member's allowance to which the Nonmember is entitled (**CP**). To determine the specific amount that the Nonmember is entitled to receive (the Nonmember's allocated monthly benefit), the percentage is then multiplied by the Member's monthly retirement allowance amount.

TIME RULE FORMULA


$$\left(\frac{\text{MP}}{\text{SC}} \right) \times \text{UA} \times \% = \text{CP}$$

LEGEND

- MP** - Service Credit from Date of Marriage to Date of Separation
- SC** - Total Member Service Credit
- UA** - Member's Monthly Unmodified Retirement Allowance (pre-tax)
- %** - Domestic Relations Order Community Property Percentage
- CP** - Nonmembers' Community Property Interest Amount

CALCULATING COMMUNITY PROPERTY AT RETIREMENT, *Continued*

In the example below, the marriage overlapped with 80% of the Service Credit period. The \$1,000 of the Member's monthly retirement allowance was multiplied by 80% which produced \$800 as the amount of the Member's monthly retirement allowance that should be considered community property. The DRO designated 50% of the \$800 as the portion that the Nonmember was entitled to receive. Consequently, 50% of the \$800 equals \$400 that LACERS will issue to the former Spouse/State-Registered Domestic Partner on a monthly basis.



TIME RULE FORMULA

$$\left(\frac{MP}{SC} \right) \times UA \times \% = CP$$

$$\left(\frac{96 \text{ mos}}{120 \text{ mos}} \right) \times \$1,000 \times 50\% = \$400$$

Portion of the Member's UA to which the Nonmember is entitled (CP)

Length of Marriage/Domestic Partnership (in months) that overlapped with time Member worked for the City (MP) - **96 months**
 Member's Service Credit in months (SC) - **120 months**
 Member's Monthly Unmodified Retirement Allowance (UA) - **\$1,000**
 DRO Percentage (%) - **50%**

However, when a **Continuance** is involved, the **CP** benefit will be halved. Consequently, the equation is calculated as follows.

$$\left(\frac{96 \text{ mos}}{120 \text{ mos}} \right) \times \$500 \times 50\% = \$200$$

Portion of the Member's CA to which the Nonmember is entitled (CP)

Length of Marriage/Domestic Partnership (in months) that overlapped with time Member worked for the City (MP) - **96 months**
 Member's Service Credit in months (SC) - **120 months**
 Default Continuance Amount (CA) - **\$500**
 DRO Percentage (%) - **50%**

DOCUMENTATION

If you divorce prior to retiring, an important step in the retirement process is gathering all your required documents. The following must be provided to LACERS prior to your retirement:

- Any updates to your designated beneficiaries
- Conformed documents showing the termination of the retiring Member's prior marriages or State-Registered Domestic Partnerships

The following are key conformed court documents LACERS must receive.

1) Joinder — specific documents filed with the court to make LACERS a party to the divorce action or termination of a domestic partnership. LACERS cannot comply with a court order to divide your retirement benefits or contributions until it becomes a party to the divorce action. Only one party has to file the joinder on LACERS.

LACERS is not subject to the jurisdiction of out-of-state courts and cannot be made a party to the divorce action or termination of a domestic partnership. Any judgments or Domestic Relations Orders (DROs) filed in out-of-state courts must be domesticated in a California court in order to be binding on LACERS. To avoid the time and added expense of domestication, you can include a waiver of domestication in your judgment or DRO. LACERS staff can provide you with the sample provisions that have suggested language regarding waiver that you may review with your attorney.

2) Judgment of Dissolution of Marriage/Domestic Partnership/Legal Separation signed by the Judge — Court orders requiring LACERS to recognize a community property interest in an account must specifically refer to “Los Angeles City Employees’ Retirement System”.

The court order must also provide the following information:

- Names
- Date Marriage or Domestic Partnership Ends

3) Domestic Relations Order (DRO), Marital Settlement, or Stipulation Order — A court order that instructs LACERS how to divide your retirement benefit or contributions, typically drafted by the attorney preparing the court documents or an attorney who specializes in DRO preparation. If the settlement agreement /stipulated order accompanying the Judgment is sufficient, the DRO is not necessary.

LACERS strongly urges the parties to submit a proposed DRO to be forwarded to the City Attorney's Office for review and preapproval before filing it with the court to avoid future potential problems and/or delays. Upon request, LACERS can provide sample dissolution provisions. If LACERS is unable to comply with the conformed copy of a DRO, amendments may be necessary.

As some documents may take longer to acquire, please plan ahead to avoid delays in processing your retirement application.



CHANGING YOUR BENEFICIARY

ACTIVE MEMBER

As an Active Member of the Plan, you may designate a beneficiary to receive your Member contributions if you die before retiring. You must submit a Designation of Beneficiary for Active Members (Beneficiary) form to LACERS to ensure that your benefits are paid to the individuals you intend in the order in which you designate. Submitting a beneficiary form to Personnel's Employee Benefits is not sufficient to cover your benefits here with LACERS. LACERS and the Personnel's Employee Benefits section are two distinct entities with separate benefit offerings, and a beneficiary form must be on file with each entity.

RETIRED MEMBER

If you are a Retired Member, you would submit each one of the following forms to designate who would receive your different death benefits:

Receive any unused portion of your retirement contributions:

Designation of Beneficiary for Unused Contributions and Accrued Payments

Receive payment of the Funeral Expense Allowance:

Designation of Beneficiary for Funeral Expense Allowance

Your Former Spouses/State-Registered Domestic Partners may also designate who may receive their community property share of your retirement allowance:

Designation of Beneficiary for Community Property

If you are in the process of your divorce, check with your legal representative about when to change your beneficiary.



COMMUNITY PROPERTY	Most assets and debts acquired by spouses during a marriage in a community property state, where each spouse is considered to own a half-share of the marital property. This applies to earnings, property, and liabilities incurred during the marriage, but not to pre-marital assets or gifts and inheritances received by one spouse.
CONFORMED	An exact copy of a signed legal document where the original signatures are replaced by typed or printed names on the signature lines. The conformed copy includes an official stamp from the filing clerk, noting the document's filing or signing dates and details, making it a reliable record even without the original signature.
CONTINUANCE BENEFIT	A lifetime monthly benefit paid to eligible spouse, domestic partner, or beneficiary when a Member dies. A continuance is set up at the time of the Member's retirement and is effective on the first day following the Member's date of death. The marriage or submission of the LACERS Declaration of Domestic Partner must have occurred at least a year before the Member's retirement effective date and they must be the Member's eligible spouse, domestic partner, or beneficiary at the time of death.
DOMESTICATION	If your divorce was an out-of-state judgment, then you must register the sister-state judgment in a California court. You may include a waiver of domestication in your judgment, subject to approval by LACERS staff.
DOMESTIC RELATIONS ORDER	A state-issued court order related to divorce, separation, or support that assigns rights to benefits from a retirement plan or other financial arrangement to a spouse, child, or other dependent.
EARLY RETIREMENT FACTOR	This applies to Members who select to retire early. It is a factor used to calculate a Member Retirement Allowance and is based on age of the Member. ERFs are calculated in quarter years. ERFs are subject to change by ordinance of the City Council.
ELIGIBLE	Refers to a Spouse/Domestic Partner who was married or in a LACERS-Registered Domestic Partnership with the Member at least a year before the Member's retirement and must be married or in a LACERS-Registered Domestic Partner with the Member on the day the Member retired and on the day of the Member's death.
MEMBER	The term refers to the City employee.
NONMEMBER	The term refers to the Member's former Spouse/State-Registered Domestic Partner.
SURVIVORSHIP BENEFIT	A lifetime monthly benefit provided to a qualified beneficiary as the result of the death of a Member prior to retiring.



Los Angeles City Employees' Retirement System (LACERS)

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