

2022 NON-MEDICARE HEALTH SUBSIDY INCREASE

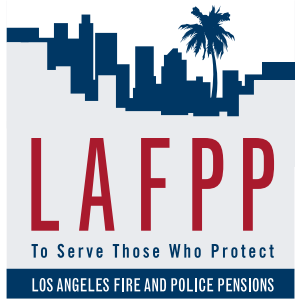
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LOS ANGELES FIRE & POLICE PENSIONS

JUNE 2022



2022 NON-MEDICARE RETIREE HEALTH SUBSIDY INCREASE

Effective July 1, 2022, the new non-Medicare health subsidy maximum is \$2,046.97 per month. This subsidy maximum is applicable to retired members who are either under the age of 65, or age 65+ enrolled in Medicare Part B only. Retirees over 65 will also experience changes in their health plan premiums and subsidy amounts, effective July 1st due to changes in their retiree health plan premiums.

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General Manager's Message



It is amazing how quickly Springtime approached. There are several activities and changes taking place during this Spring. First, the Board experienced changes to its Board members. Some of the Board members resigned and were replaced while others completed their terms. At this time, I want to welcome Rigo Arellano, Firefighter III,

who will join the Board in July 2022 as the Fire Department Employee Board member. Mr. Arrellano will replace our long-standing Commissioner Ruben Navarro who is scheduled to exit DROP at the end of June 2022. Additionally, I want to welcome Commissioner Andrea Ambriz who replaced Commissioner Belinda Vega in March 2022. Lastly, the Mayor nominated Michael Lawson to replace Commissioner Adam Nathanson who resigned from the Board in March 2022. Mr. Lawson's nomination is being considered by the City Council and is expected to be approved in June 2022.

It is that time of the year again, where the Board approves the cost-of-living increase (COLA) for the upcoming fiscal year. We are all aware of inflationary pressures in the current state of the economy. On April 7, 2022, the Board reviewed the U.S. Bureau of Labor Statistics' Consumer Price Index (CPI) and approved a COLA adjustment of 7.4% effective July 1, 2022. The featured article on the COLA describes in detail the cost-of-living increase based on your respective pension tier.

I highly encourage you to read the article on the 2022 Non-Medicare Health Subsidy Increase, as it provides a summary of the information and considerations in the Board's decision-making process.

Our continuing commitment is to focus on administering your benefits in new, more efficient ways to serve your needs. Should you have any questions, please contact us at (213) 279-3000 or via email at pensions@lafpp.com.

Respectfully,
Ray Ciranna
General Manager

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2022 NON-MEDICARE RETIREE HEALTH SUBSIDY INCREASE

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On April 21, 2022, the Board of Fire and Police Pension Commissioners approved a 4.5% increase to the non-Medicare health subsidy maximum. The approved increase is consistent with the Board's fiduciary duty to all members, both active and retired. The Board considered the following information:

- Impact to out-of-pocket premium costs for non-Medicare subsidy-eligible retirees;
- Impact to retirees in multi-party Medicare plans; and
- Average premium changes among most eligible plans



With the increase to the non-Medicare health subsidy, most eligible members will be fully subsidized or experience a lower out-of-pocket premium deduction on their monthly pension check. In fact, the new maximum amount will fully subsidize all LAFRA, LAPRA, or UFLAC single-, two-party, and some family non-Medicare plan premiums for members with a non-frozen subsidy and at least 25 years of service.

Staff conducted a thorough analysis of the health plan premium increases to develop the subsidy recommendation that was presented to the Board. As part

of that analysis, staff reviewed the premium changes for all plans impacted by the non-Medicare subsidy. This year, many plans either have premiums that are not changing or are less than the current maximum non-Medicare subsidy, which means most eligible members will continue to pay *less* for their health plans than in previous years or pay *nothing* out of pocket. In fact, non-Medicare retiree health plan premiums over the last five years have increased less than 2% per year on average, well below the average annual subsidy increase of 4.7%.

The Board has the authority to annually increase the non-Medicare subsidy by up to the lesser of 7.0% or the actuarial medical trend rate for the upcoming fiscal year. The non-Medicare actuarial medical trend rate for fiscal year 2022-2023 is 7.5%, therefore the Board had the authority to increase the subsidy by up to 7.0% this year. Over the last five years, the actuarial medical trend, which is used by our actuary to estimate future liabilities in the annual retiree health benefits valuation, has been approved at an average rate of 6.9%, which is well above the average 2.0% increase in actual premiums of the five most common health plans over the same period.

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Do I qualify to receive the non-Medicare subsidy?

The actual increase in subsidy benefit per member is dependent upon eligibility (see green box) and the retiree's respective health plan premium. The approved increase to the maximum non-Medicare subsidy provides fully subsidized single- and two-party coverage for all eligible pensioners with a non-frozen subsidy and 25+ years of service. Family plan premiums may be fully subsidized depending on your health plan administrator or if you have Medicare Parts B&D only. Pensioners who are enrolled in a single-party Medicare health plan are not impacted by the maximum non-Medicare subsidy increase. Qualified survivors are also not impacted by this non-Medicare subsidy increase.

Non-Medicare Health Subsidy Eligibility Requirements

Retired members are eligible to receive the **non-Medicare health subsidy** provided all the following requirements are met:

- At least age 55 (age 60 for members who retired before July 1, 1998) or age 65 and older who qualify for Medicare Part B only*.
- Receiving a monthly pension (member has exited DROP).
- Retired with at least 10 years of service or a Tier 6 member who retired on a service-connected disability pension**.
- Enrolled in a Board-approved health plan or participating in the Health Insurance Premium Reimbursement (HIPR) Program.

* Retirees who qualify for both Medicare Parts A and B receive the Medicare health subsidy.

** Tier 6 service-connected disability pensioners with less than 10 years of service receive 40% of the maximum non-Medicare health subsidy or 40% of the single-party cost of the retiree's plan, whichever is lower.

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Calculating Your Monthly Subsidy Amount

Members who retired with 25 or more years of service may qualify for the maximum monthly subsidy of \$2,046.97. Those who retired with 10 to 24 years of service receive 4% of the maximum subsidy for each whole year of service as demonstrated in the chart below.

How to calculate the Non-Medicare Health Subsidy for Retired Members with 10-24 Years of Service	
Maximum Monthly Subsidy*	\$2,046.97
Calculating Your Monthly Subsidy**	$\text{Member's Whole Years of Service} \times 4\% \times \text{Maximum Subsidy Amount} = \text{Monthly Subsidy}$
<p>*The July 1, 2011 maximum rate of \$1,097.41 applies to members with a frozen health subsidy. **The actual <i>Monthly Subsidy</i> provided may not exceed the premium of the health plan in which the participant is enrolled.</p>	

NON-FROZEN HEALTH SUBSIDY

You will receive a health subsidy based on the **non-frozen** maximum amount of \$2,046.97 if you:

- Retired or entered DROP prior to July 15, 2011
- or**
- Chose to opt-in during the designated period to contribute 2% of your base salary

FROZEN HEALTH SUBSIDY

You will receive a **frozen** health subsidy based on the July 1, 2011 maximum amount of \$1,097.41 if you:

- Retired or entered DROP on or after July 15, 2011
- and**
- Did not opt-in during the designated period to contribute 2% of your base salary

If you have questions regarding your health subsidy entitlement, please contact the Medical and Dental Benefits Section at (213) 279-3115, (844) 88-LAFPP, ext. 3115, or via email at mdb@lafpp.com. Information is also available on the Retired Members and Qualified Survivors sections of our website at www.lafpp.com.

2022 Cost of Living Adjustment is 7.4%

The Cost-of-Living Adjustment (COLA) is 7.4% for 2022 and was approved by the Board of Fire and Police Pension Commissioners on April 7, 2022. The COLA will be effective July 1, 2022, and all eligible pensioners and Deferred Retirement Option Plan (DROP) participants will receive an increase accordingly, beginning with the pension payment/DROP account deposit dated July 31, 2022. For new pensioners and DROP entrants in Tiers 3-6, the first year's COLA is prorated based on the number of complete months since the pension effective date, therefore these members may not receive the full 3.0%.

- Tiers 1 & 2 retirees and beneficiaries will receive 7.4%.
- Tiers 3 & 4 retirees and beneficiaries, and DROP participants in Tiers 2, 3, and 4 will receive up to 3.0%.
- Tiers 5 & 6 retirees, beneficiaries, and DROP participants will receive up to 3.0% and the remaining 4.4% will be stored in the COLA

bank*, which can be applied in future years when the CPI is below 3%.

*Must have retired or entered DROP with a pension effective date prior to June 2, 2022, in order to receive the COLA bank deposit.

Consumer Price Index/Bureau of Labor Statistics

The COLA is based on the annual change in the Consumer Price Index (CPI) as published by the U.S. Bureau of Labor Statistics (BLS). Pursuant to the City of Los Angeles Charter/Administrative Code, the 2022 COLA was calculated based on the Los Angeles-Long Beach-Anaheim area using the period from February 2021 through February 2022.

How does this affect LAFPP Pensioners?

This is an example of how a monthly pension benefit of \$6,386 would be affected by this year's COLA of 7.4%:

FOR TIERS 1 - 2

If 7.4% of \$6,386 = \$472.56

(\$6,386 x 0.074)

Then the monthly pension benefit increases to \$6,858.56

(\$6,386 + \$472.56)

FOR TIERS 3 - 6

If 3.0% of \$6,386 = \$191.58

(\$6,386 x 0.030)

Then the monthly pension benefit increases to \$6,577.58

(\$6,386 + \$191.58)

For questions regarding the COLA, please contact the Retirement Services Section at (213) 279-3125, (844) 88-LAFPP, ext. 3125, or via email at rs@lafpp.com.

For detailed information on the calculation of the CPI, please visit the [BLS website](#) or call (202) 691-7000.





GO GREEN!

Help us reduce your carbon footprint! Go paperless and receive your newsletters, the latest pension updates, Pension Verification Letters, and responses to your frequently asked questions by email.

To submit or update your email address with LAFPP, you may do so by:

1. Logging in to MyLAFPP (your member self-service portal); OR
2. Visiting our website at www.lafpp.com to complete the *Change of E-Mail Address Form* found under Forms & Publications.

NOTE: You will continue to receive your monthly pension payment advice/check in the mail.



For questions or assistance with going paperless, please contact the Communications & Education Section at (213) 279-3155 or via email to pensions@lafpp.com.

2021 ANNUAL REPORT

IS NOW AVAILABLE ONLINE!



LAFPP is pleased to present our **2021 Annual Report**. The LAFPP Annual Report provides financial information, such as the Department's budget summary, asset allocation data, investment performance, actuarial data, and statistical information for the fiscal year ending June 30, 2021. The report also includes a list of milestones since the inception of the Plan, along with a summary of benefits and other provisions that serve as a great reference tool for members of all Tiers. The report provides a wealth of information for members and stakeholders and conveys the strong financial standing of the plan given the 32.56% return achieved last fiscal year.

The 2021 Annual Report is now available on our website lafpp.com, under *Forms & Publications, Financial Reports*, or by entering the following link: www.lafpp.com/financial-reports.

Statistical Facts!

As of March 31, 2022*

DROP PROGRAM

Total Entries <i>FY thru 3/31/2022</i>	270
Fire	37
Police	233
Harbor Port Police	0
Airport Police	0
Total Exits <i>FY thru 3/31/2022</i>	262
Fire	58
Police	204
Harbor Port Police	0
Airport Police	0
Total Current Participants	1,494

MEMBERSHIP

Total Membership	26,353
Active Members <i>(including DROP)</i>	12,565
Service Pensioners	9,595
Disability Pensioners	1,673
Qualified Survivors	2,520

*This information is unaudited.



BOARD DIRECTORY

The Board of Fire and Police Pension Commissioners consists of nine members: five members appointed by the Mayor and confirmed by the City Council, and four members elected by active and retired Fire and Police members. The Board is committed to acting in strict accordance with its fiduciary duties, including those of prudence, loyalty, and care.

Board meetings are normally held on the first and third Thursdays of each month at 8:30 AM in the Sam Diannitto Boardroom, located at 701 E. 3rd Street, Suite 400, Los Angeles 90013. Members of the public who wish to attend the Board meeting in person must comply with these four requirements: 1) provide proof of COVID-19 vaccination (fully vaccinated) OR negative COVID-19 test results (for test taken within 72-hours prior to building entry); 2) provide government issued photo identification; 3) submit to take a temperature scan, registering a temperature lower than 100.4 degrees; **AND** 4) wear appropriate face coverings regardless of vaccination status. For more information and instructions on how to listen to or participate in meetings via phone, or to live stream the meetings on your computer, please visit our website at LAFPP.com.

COMMISSIONER	APPOINTED/ELECTED	TERM EXPIRATION
Brian Pendleton, PRESIDENT	Appointed by the Mayor	June 30, 2023
Kenneth E. Buzzell, VICE PRESIDENT	Elected by Retired Fire Members	June 30, 2025
Andrea Ambriz	Appointed by the Mayor	June 30, 2026
Brian J. Churchill	Elected by Active Police Members	June 30, 2025
Ruben Navarro	Elected by Active Fire Members	June 30, 2022
Sumi Parekh	Appointed by the Mayor	June 30, 2024
Pedram Salimpour, MD	Appointed by the Mayor	June 30, 2022
Garrett W. Zimmon	Elected by Retired Police Members	June 30, 2024
Michael Lawson	Expected to be approved by June 2022	

For additional Board information, please visit www.lafpp.com/board.

Commissioner Andrea Ambriz Appointed To The Board Of Fire And Police Pension Commissioners



On March 9, 2022, Andrea Ambriz was appointed member of the Board of Fire and Police Pensions by Mayor Eric Garcetti and confirmed by the City Council to serve the remaining term ending June 30, 2026, for the seat vacated by former Commissioner Belinda Vega.

Commissioner Ambriz is Deputy Secretary of External Affairs at the California Natural Resources Agency cultivating strategic partnerships to facilitate the agency's stewardship of California's natural, historic, and cultural resources; and Vice President of the Board of the Municipal Improvement Corporation of Los Angeles and on the Upper Los Angeles

River and Tributaries Working Group within the Santa Monica Mountains Conservancy.

Prior to her role at the California Natural Resource Agency, Ms. Ambriz served 44th U.S. President Barack Obama at the White House as Deputy Director of Private Sector Engagement, crafting innovative partnerships with business, nonprofit, and philanthropic leaders to benefit American workers and communities. Ms. Ambriz also served as Chief Operating Officer at nonprofit River LA, executing key initiatives to revitalize communities across Los Angeles along the LA river. Furthermore, Ms. Ambriz held the position of Chief of Staff at Service Employees International Union (SEIU) Local 2015.

Welcome Commissioner Ambriz and congratulations on your appointment!

GENERAL ELECTION RESULTS

Fire Department Employee Member Board Of Fire And Police Pension Commissioners

LAFPP welcomes Rigo Arellano, the Fire Department Employee Member, to the Board of Fire and Police Pension Commissioners! Mr. Arellano will be sworn-in June 2022 to fulfill his fiduciary responsibilities as a Board member beginning July 1, 2022. Please note, Mr. Arellano's biography will also be posted to the LAFPP website in early July 2022 when he formally assumes the Commissioner role as the Fire Department Employee Member of the Board.

2022 CALENDAR

HOLIDAY SCHEDULE

July 4, 2022	Independence Day
September 5, 2022	Labor Day
October 10, 2022	Indigenous Peoples Day
November 11, 2022	Veterans Day
November 24 & 25, 2022	Thanksgiving Holidays
December 26, 2022	Christmas Holiday Observed

BOARD MEETINGS

June 16	October 6 & 20
July 7 & 21	November 3 & 17
August 4 & 18	December 1 & 15
September 1 & 15	

Please check the **Board of Commissioners** section of our website www.lafpp.com for meeting information.

Our staff is available to assist you Monday through Friday (excluding City holidays) from 7:30 am to 4:30 pm PT. Please refer to the following information to contact us. When calling our toll-free number, (844) 88-LAFPP, please enter the extension number as detailed below.

DEPARTMENT DIRECTORY

ACCOUNTING

(213) 279-3040 (toll-free ext.: 3040)

(213) 628-7782 (Fax)

Email: accounting@lafpp.com

- Form 1099-R (current and prior tax years)
- Workers' Compensation Recapture (balances due, offset inquiries, etc.)

COMMUNICATIONS & EDUCATION

(213) 279-3155 (toll-free ext.: 3155)

(213) 628-7716 (Fax)

Email: pensions@lafpp.com

- Annual Report
- MyLAFPP
- Newsletters
- Social Media (e.g., Facebook, Twitter)
- Website Updates

DISABILITY PENSIONS

(213) 279-3165 (toll-free ext.: 3165)

(213) 628-7782 (Fax)

Email: disability@lafpp.com

- Disability Pension Inquiries, Processing and Reviews
- Review of Dependent Children/Parent Qualifications

DROP/SERVICE PENSIONS

(213) 279-3100 (toll-free ext.: 3100)

(213) 628-7716 (Fax)

Email: dropsp@lafpp.com

- DROP – Information on the Deferred Retirement Option Plan
 - DROP Entry/Exit Inquiries and Processing
 - DROP Member Beneficiary Designation
- Service and Deferred Pension Inquiries and Processing

MEDICAL & DENTAL BENEFITS

(213) 279-3115 (toll-free ext.: 3115)

(213) 628-7782 (Fax)

Email: mdb@lafpp.com

- Health and Dental Insurance Subsidies
- Health Insurance Premium Reimbursement Program
- Medicare Part B Reimbursement
- Year-to-Date Insurance Deduction Totals

RETIREMENT SERVICES

(213) 279-3125 (toll-free ext.: 3125)

(213) 628-7716 (Fax)

Email: rs@lafpp.com

- Retired Member Records and Information
 - Change of Address
 - Cost of Living Adjustments
 - Direct Deposit
 - Pension Verification Letters (for home loans, etc.)
 - Tax Withholding
- Post-Retirement Marriage Dissolutions
- Retired Member and Qualified Survivor Deaths
- Survivor Benefit Purchases – Post-Retirement Marriages/Domestic Partnerships
- Survivor Pensions

CONTACT US

Address	701 East 3rd Street Suite 200 Los Angeles, CA 90013
Business Hours	7:30 AM – 4:30 PM, Monday - Friday
Main	(213) 279-3000
Toll Free	(844) 88-LAFPP (52377)
TDD	(213) 628-7713
Email	pensions@lafpp.com
Website	www.lafpp.com



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