

pension perspectives

ACTIVE/DROP MEMBER NEWSLETTER

General Manager's Message

I'm sure many of you have read or heard about the pension reform initiative known as the "Voter Empowerment Act of 2016" proposed by former San Jose Mayor Chuck Reed and a bipartisan group of current and former local government officials. As of this writing, the proponents of this initiative and the "Government Pension Cap Act of 2016," have decided to forego their efforts to place these pension reform measures on the November 2016 ballot and instead focus on placing one measure on the November 2018 ballot. They anticipate a more favorable political environment and strong public support in 2018.

We have provided a timeline of events and a summary of the initiatives for your review. Please continue to follow these initiatives or any subsequent revisions as they could be "game changers" for government employees.

Other highlighted news includes the launch of our pension administration system replacement project. Last year, we selected Creative Pension Administration System (CPAS), a Xerox Company, to help us replace our existing system (OnPoint). Over the next three years we will be working with CPAS to design and implement the new system, which will allow us to provide members with better, more efficient service. CPAS and LAFPP began work to document requirements for the new system in September 2015 and have made significant progress in converting active member data. In the coming months, CPAS will focus on converting retired member data and completing requirements documentation in conjunction with LAFPP staff. Periodic updates will be provided to keep members apprised of the project's status.

Additionally, we have been working with our construction contractor on the new headquarters building. Our progress was delayed last year due to seismic and other design issues, but these issues have since been resolved and we are nearing completion of the construction and tenant improvements. We will be open for business at the new building on March 21, 2016. Look for future announcements regarding our move and open house at the new building at our website, lafpp.com.

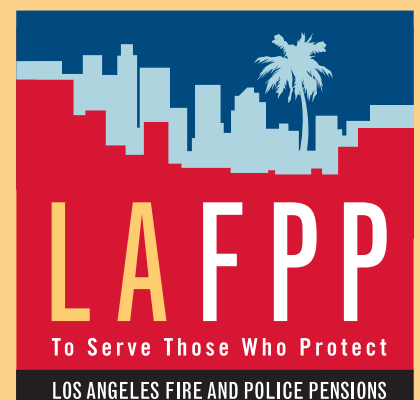
Again, thank you all for your service to the residents of the City of Los Angeles.

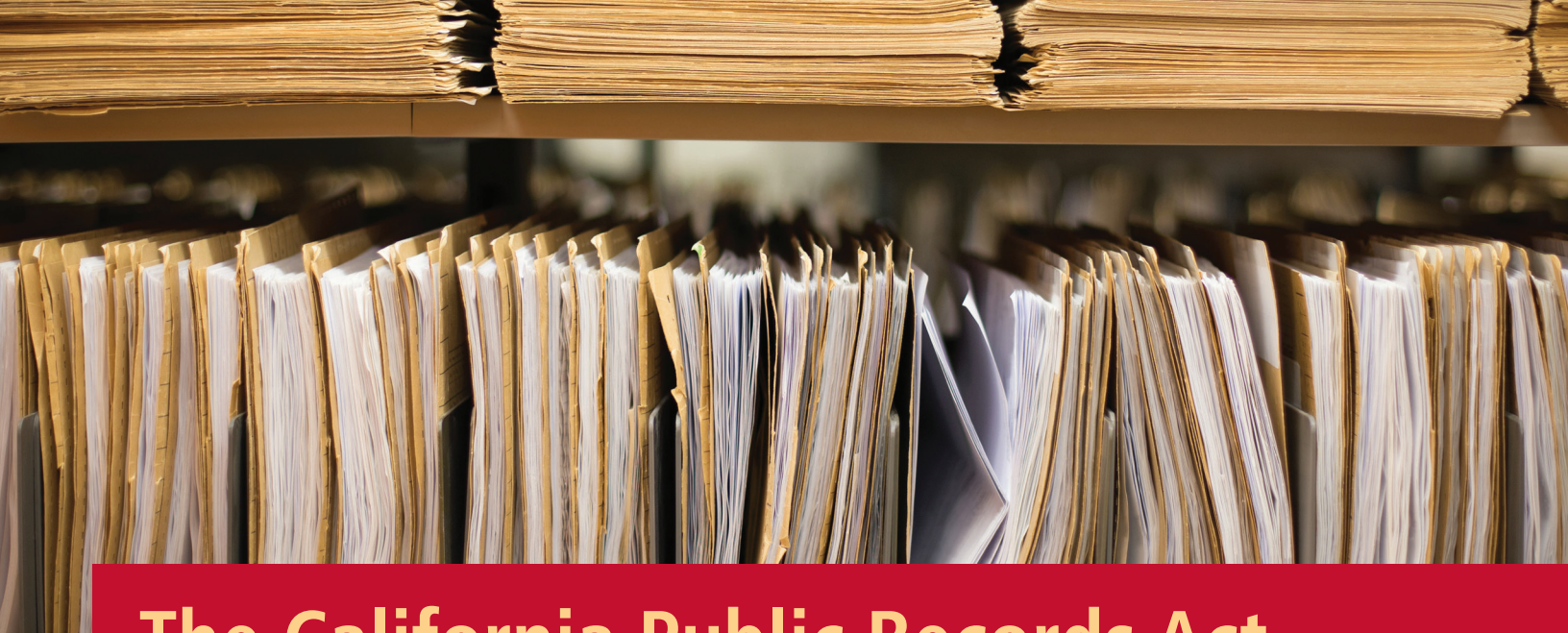
Ray Ciranna
General Manager

February 2016

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The California Public Records Act

The California Public Records Act and how it may affect LAFPP members.

The purpose of the California Public Records Act (CPRA) is to give the public access to information that enables them to monitor the functioning of their government. The CPRA applies to state and local agencies. Public records are defined as all communications related to a public business retained by any state or local agency regardless of physical form or characteristics, and includes writings, pictures, sound or symbols, and electronic records. Los Angeles Fire and Police Pensions (LAFPP) occasionally receives requests from members of the public, websites and the media for Plan information. Pursuant to the CPRA, LAFPP is required to release information that is not legally exempt from disclosure. These requests are routinely reviewed by the City Attorney's office to ensure the information being released is appropriate for disclosure.

Information that is exempt from disclosure includes personnel records such as birthdates, home addresses, home telephone numbers,

Social Security numbers, medical records, and bank account numbers. LAFPP does not release exempt information to the public.

The types of information that can be released include the names of members, employing departments, pension and health subsidy amounts, tier membership and years of service. A recent example of public information released by LAFPP was provided to *Transparent California*. The organization published the information, along with that of many other public agencies, on their website at www.transparentcalifornia.com.

LAFPP has an obligation to respond to all requests for public records and staff works diligently to provide timely, accurate information to our Plan members, the public, and other stakeholders. For questions concerning CPRA requests, please contact the Communications & Special Projects Section at (213) 978-4530.

If you plan to enter the **DROP** Program...

Allow time to purchase all service credit, such as Police Academy or Fire Drill Tower training and/or military service, prior to entering. Deferred Compensation will no longer process "rush" fund transfers to cover the purchase of service credit. LAFPP must receive the payment in full for

the purchase of service credit to be considered "complete" and calculated as part of your pension. It is recommended that members allow at least three months to complete a purchase prior to entering DROP.

Don't let this delay your plans to enter DROP!

Protect Your Online Identity



Police Officers and Firefighters are constantly in the public eye while protecting and serving our community. Constant exposure may lend itself to the risk of identity theft. Your online identity, which includes but is not limited to, your bank account, Social Security number and various log-in passwords, can be stolen or compromised if you are not careful and alert. You can take preventative measures to avoid falling victim to identity theft:

- **Create strong passwords – and update them frequently!** Avoid using simple, common, or easy-to-guess passwords like your birth date, pet's name, or something related to your line of work. Try to utilize upper and lower case letters as well as symbols to keep identity thieves and scammers from figuring out your passwords
- **Keep personal and financial documents secure.** This goes for both electronic and paper documents. If you store personal and financial documents on your computer, make sure that you install a firewall, utilize anti-spyware and anti-virus software to keep your internet browser up-to-date and to

ensure that your wireless network is secure. If you are throwing away any paper documents with confidential or sensitive information, make sure that you shred them before they are disposed. And, if you are keeping any hard copies of the documents, make sure they are secured in a safe area.

- **Be careful what you share on social media!** Your social media accounts, such as Facebook, LinkedIn, Google+, and Twitter, may have a lot more personal information available than you think. Review the information you currently have in your accounts and limit the amount of personal information you have available to the public.
- **Don't fall for email/ Phishing scams!** There are a large number of fraudulent emails that claim to be from trustworthy sources, like a bank or a government agency. They are designed to seem as legitimate as possible. You are often asked to click on a link and enter personal information such as account numbers or even your Social Security number. Trustworthy companies would never ask for your personal or sensitive

information before first having you sign into your account behind a secure firewall.

- **Monitor your credit report!** You are entitled to one free credit report per year. Take advantage of this opportunity to catch any possible fraudulent activity and errors. If any information has been compromised, set up a fraud alert with the major credit bureaus (Experian, Equifax, and TransUnion) to put a freeze on your files. For a free credit report, you may visit <https://www.annualcreditreport.com/index.action>
- **Restrict address information!** As Active and Retired Police Officers, you have the opportunity to restrict your home address information through the Department of Motor Vehicles (DMV), according to Vehicle Code Section 1808.4.

The above tips are only a handful of the ways to reduce the chances of your identity and personal information from being stolen. Always use common sense and consideration when dealing with your personal sensitive information.



OTHER news & updates



Los Angeles Fire and Police Pensions is Moving to a New Location with New Phone Numbers



Los Angeles Fire and Police Pensions (LAFPP) will be open for business at our new headquarters location on **March 21, 2016**.

The new address is **701 East 3rd Street, Los Angeles CA 90013** (NE corner of East 3rd Street & Alameda Street) in the downtown Arts District. The actual move will take place from end of business Friday through Sunday, March 18-20, 2016.

We occupied our current offices in Little Tokyo for nearly 30 years. The new headquarters building

purchased by LAFPP is a 54,000 square foot four-story office building constructed in 1924. LAFPP will occupy floors 2 through 4 and plans to lease out the 1st floor. The building has undergone a number of tenant improvements and will feature:

- Energy and Environmental (“Green”) Design – to reduce operating costs and benefit the environment.
- Enhanced security – to include key card access to office space and a security guard.

- Larger and more counseling rooms – for private individual appointments with members.
- Upgraded Board Room – with technology to offer all stakeholders the benefits of improved viewing and audio of Board meetings. This room will also be used for training sessions for members and staff.
- Ergonomic workstations that offer employees the ability to sit or stand while they work.

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news & updates

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New LAFPP Phone Numbers

All LAFPP phone numbers, including our toll-free number, will change when we move on **March 21**. Please take time to update your records.

Section	Phone No.
Toll Free Number	(844) 88-LAFPP (52377)
LAFPP Main Line	(213) 279-3000
TDD, Reception Desk	(213) 628-7713
Active Member Services Fax No. – 2nd Floor	(213) 279-3140 (213) 628-7716
Communications & Special Projects Fax No. – 4th Floor	(213) 279-3155 (213) 628-7720
DROP/Service Pensions Fax No. – 2nd Floor	(213) 279-3100 (213) 628-7716
Disability Pensions Fax No. – 3rd Floor	(213) 279-3165 (213) 628-7782
Medical and Dental Benefits Fax No. – 3rd Floor	(213) 279-3115 (213) 628-7782
Retirement Services Fax No. – 2nd Floor	(213) 279-3125 (213) 628-7716

We will continue to keep you up-to-date on the details of our upcoming move through our website, social media, emails and other mailings to your home. Our website at www.lafpp.com will always have the most current information and you can find us on Facebook and Twitter as well. We look forward to serving you at our new offices beginning on **March 21, 2016**.

Pension Administration System Replacement Project

Staff has been working over the past year to select a new Pension Administration System (PAS) to maintain member information, calculate benefits, process pension payments, and provide enhanced self-service features to members. In May 2015, the Board awarded a

contract to implement the new PAS to Creative Pension Administration System (CPAS), a Xerox Company. In July 2015, we began working with CPAS to design and implement our new PAS. We anticipate it will take approximately 36 months to complete this project.

We Are 91.5% Funded!

For the Fiscal Year ending June 30, 2015, on an actuarial basis, LAFPP is 91.5% funded for pension benefits and 45.4% funded for health benefits, an increase of 4.9% and 2.2%, respectively. The combined funded status of pension and health benefits is 85.0%, an increase of 4.2% from the previous year.

An actuarial valuation is conducted once a year to determine whether the Plan's assets and the employer and member contributions are sufficient to provide plan benefits. The study also includes the calculation of the employer contribution rate which consists of: (1) the employer's share of defined entry-age normal costs (designed to fund a member's total plan benefit over the course of his/her career); (2) the percentage necessary to amortize the "unfunded liability" of the System (the Plan's obligations in excess of the Plan's projected assets); (3) the amount to provide for health plan subsidies; and (4) the amount to account expenses. For more information, you may visit the Financial Reports page of our website at www.LAFPP.com.

Through the implementation of our new PAS, we expect to provide faster, more efficient service to all of our members as well as provide members with more self-service options. Updates on this exciting project will be posted on our website and in future newsletters.

Voter Empowerment Act of 2016

California pension reform proponents are postponing their efforts to place one of their initiatives on this year's November ballot. Instead, former San Jose Mayor Chuck Reed and former Councilman Carl DeMaio aim to place a pension reform initiative on the November 2018 ballot. Proponents believe that 2018 will provide a more favorable environment for pension reform. Please review the following timeline of events and summary of the initiatives for more

information. The Board of Fire and Police Pension Commissioners, management and staff will continue to monitor this and other legislation that may affect Plan member benefits.

Timeline of Events

June 2015 - Former San Jose Mayor Chuck Reed and a bi-partisan group of current and former local government officials filed a pension reform initiative known as the "Voter Empowerment Act of 2016" that would change how California state and local government employee compensation and retirement benefits are determined.

October 2015 - After the California Attorney General issued the official title and summary which determines the language used to collect signatures, the proponents were not satisfied with the language and proceeded to file a new alternative version



of the "Voter Empowerment Act of 2016" and a new initiative entitled, "Government Pension Cap Act of 2016." The proponents planned to qualify one of the two measures for the November 2016 ballot. The Voter Empowerment Act would have required voter approval for new government employees hired on or after January 1, 2019 to participate in defined benefit pension plans (like LAFPP), and limited government employers from paying more than half of the total cost of retirement benefits for new employees, unless voters approve a higher proportion. The Government Pension Cap Act would have limited how much government employers could pay for new hires' retirement benefits to a certain percentage of their salary (13% for new public safety employees).

January 2016 - Proponents decide not to pursue their efforts to place a measure on the November 2016 ballot and will instead focus on the November 2018 ballot.



Summary of Initiatives

The initiative’s proponents are as follows:

- | | | |
|---|--|--|
| <ul style="list-style-type: none"> • Chuck Reed
former San Jose Mayor | <ul style="list-style-type: none"> • Stephanie Gomes
former Vallejo Mayor | <ul style="list-style-type: none"> • Pat Morris
former San Bernardino Mayor |
| <ul style="list-style-type: none"> • Carl DeMaio
former San Diego council member | <ul style="list-style-type: none"> • Bill Kampe
Pacific Grove Mayor | <ul style="list-style-type: none"> • Tom Tait
Anaheim Mayor |

“Government Pension Cap Act of 2016”

(Initiative #15-0077)

- Limits government employers from making retirement benefit contributions of more than 13% of base compensation for new public safety employees, and not more than 11% for new general employees. All other costs, including unfunded liability costs, are the responsibility of the new employee, unless voters establish a new limit. New employees are considered those hired on or after 1/1/2019.
- Limits government employers from paying more than 1/2 of the total cost of retirement benefits for new employees, unless voters approve a higher proportion.
- The Act shall not alter any current labor agreement in effect, but shall apply to future labor agreements, renewals or extensions entered into after the effective date of the Act.
- Government employers may continue to offer defined benefit pension plans, defined contribution plans, or a combination of both plans, but the plans are subject to the limitations of the Act.
- Disability and death benefits are not subject to the limitations outlined in the Act.

“Voter Empowerment Act of 2016”

(Initiative #15-0076)

- Limits government employers that sponsor defined benefit pension plans from providing benefit enhancements, unless approved by voters.
- New government employees (hired on or after 1/1/2019) may be enrolled in defined benefit pension plans only if approved by voters.
- Limits government employers from paying more than 1/2 of the total cost of retirement benefits for new employees, unless voters approve a higher proportion.
- Limits placement of financial conditions upon government employers closing defined benefit plans to new employees.
- The Act shall not alter any current labor agreement in effect, but shall apply to future labor agreements, renewals or extensions entered into after the effective date of the Act.
- The Act does not modify or limit any disability or death benefits, or require voter approval for these benefits.

“Voter Empowerment Act of 2016”

(Initiative #15-0033 – Public Employees. Pension and Retiree Healthcare Benefits. Initiative Constitutional Amendment)

- Eliminates constitutional protections for vested pension and retiree healthcare benefits for current public employees, including those working in K-12 schools, higher education, hospitals, and police and fire protection, for future work performed.
- Adds initiative/referendum powers to Constitution, for determining public employee compensation and retirement benefits.
- Bars government employers from enrolling new employees (hired after 1/1/2019) in defined benefit plans, paying more than 1/2 of the cost of new employees’ retirement benefits, or enhancing retirement benefits, unless first approved by voters.

ABOUT LAFPP

QUARTERLY REVIEW

Fast Facts!

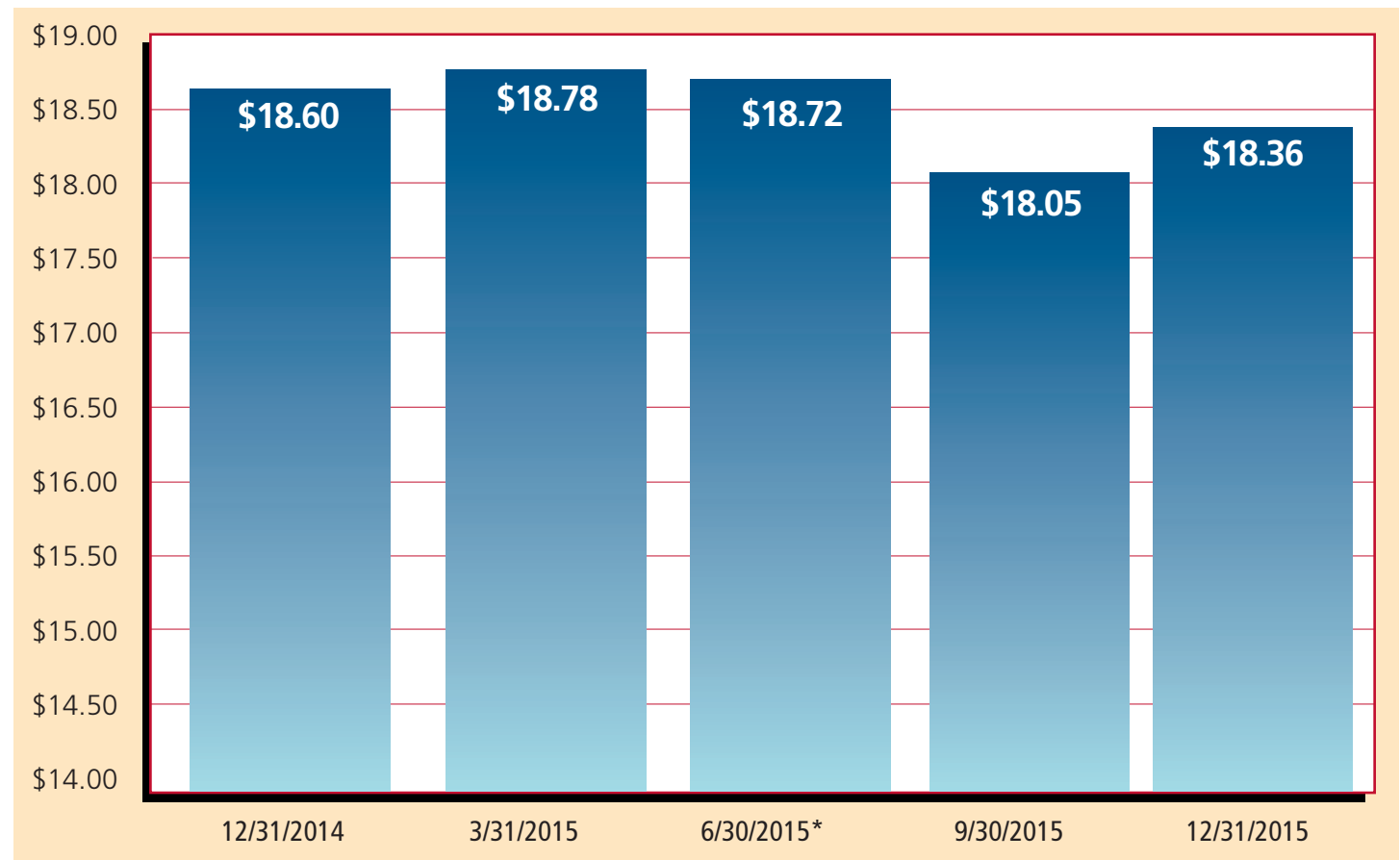
As of December 31, 2015:

Membership	
Total Membership	25,525
Active Members (including DROP)	12,795
Service Pensioners	8,143
Disability Pensioners	2,134
Qualified Survivors	2,453

DROP Program	
Total Entries – FY thru 12/31/2015	120
Fire	36
Police	84
Harbor Port Police	0
Total Exits – FY thru 12/31/2015	86
Fire	35
Police	51
Harbor Port Police	0
Total Current Participants	1,397

Investment Portfolio

Market Value (in billions)



* Market value for Fiscal Year ending June 30, 2015 is audited.

Except where noted, the information provided above is unaudited. More information for this period is available on our website from the *About LAFPP* and *Investments* sections.

The Board of Fire and Police Pension Commissioners

Board Member Election

At the regular meeting held July 16, 2015, the Board elected Commissioner Robert von Voigt and Commissioner Pedram Salimpour as the new President and Vice President, respectively. These positions are rotated annually between appointed and elected Commissioners. Additionally, Commissioners may serve more than one term in either position, provided their terms in any one position are not consecutive.

On November 17, 2015, the City Council approved the Mayor's appointment of Brian Pendleton to the Board to serve the unexpired term ending June 30, 2018. Commissioner Pendleton fills the vacancy created by former Commissioner Cielo Castro.

Thank you Cielo Castro for your service on the Board.

LAFPP welcomes Commissioner Pendleton!

Board Directory

Commissioner	Appointed/Elected	Term Expiration
Robert von Voigt, President	Elected by Active Police Members	June 30, 2020
Pedram Salimpour, Vice President	Appointed by the Mayor	June 30, 2017
George V. Aliano	Elected by Retired Police Members	June 30, 2019
Sam Diannitto	Elected by Retired Fire Members	June 30, 2020
Adam Nathanson	Appointed by the Mayor	June 30, 2020
Ruben Navarro	Elected by Active Fire Members	June 30, 2017
Brian Pendleton	Appointed by the Mayor	June 30, 2018
Corinne E. Tapia	Appointed by the Mayor	June 30, 2019
Belinda M. Vega	Appointed by the Mayor	June 30, 2016

The Board normally meets on the first and third Thursdays of the month at 8:30 a.m. at the LACERS facility, in the Los Angeles Times Building: 202 W. First Street, Suite 500, Los Angeles, CA 90012. We expect to hold our first Board meeting in our new headquarters facility at 701 E. Third St., 4th floor in April 2016. Most meetings, including special meetings, are from one to four hours in duration. More information on the Board's schedule and agendas are available from the *Board of Administration* section of our website.

contact information & more

Our staff is available to assist you Monday through Friday (excluding holidays) from 8:00 am to 5:00 pm PT. Our contact information below is valid through March 18, 2016. See page 5 for our new location and telephone numbers effective March 21, 2016.

Department Directory

Active Member Services (213) 978-4522

- Annual Member Statements
- Beneficiary Designations
- Contribution Accounts
- Dissolution of Marriage Information
- Refund of Contributions
- Request to Purchase Service Credit
 - Military or Other Government Service (PSP)
 - Recruit Training Time
 - Other Service Credit

Communications & Special Projects (213) 978-4530

- Annual Report
- Benefits Presentations
- Financial Planning Education Seminars
- Social Media (e.g., Facebook)
- MyLAFPP
- Newsletters
- Website Updates

Disability Pensions (213) 978-4500

- Active Member Deaths – Survivor Pensions
- Disability Pension Inquiries, Processing and Reviews
- Review of Dependent Children/Dependent Parent Qualifications

DROP/Service Pensions (213) 978-4575 (213) 978-4504 fax

- 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

Other Ways to Contact Us

Address 360 E. Second Street
Suite 400
Los Angeles, CA 90012

Mail Stop 390

Main (213) 978-4545

Fax (213) 978-4450

TDD (213) 978-4455

Email pensions@lafpp.com

Website www.lafpp.com

Upcoming Important dates & events

Holiday Schedule:

- March 28 Cesar Chavez Day
- May 30 Memorial Day
- July 4 Independence Day
- September 5 Labor Day

Our office will be closed on these holidays, but you can still find information on our website!

Board & Committee Meetings:

- February 18
- March 3 & 17
- April 7 & 21
- May 5 & 19
- June 2 & 16
- July 7 & 21
- August 4 & 18
- September 1 & 15

Please check the LAFPP website at <https://www.lafpp.com/board/meetings/upcoming> for meeting information.