

Questions and Answers on the Early Retirement Incentive Program

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If you have general questions about LACERS or retirement not specific to ERIP (or to calculate your retirement), go to www.lacers.org.

Q. What is a "full" or "unreduced" retirement?

A. LACERS members can retire with no penalty when they are at least 55 years old and have 30 years of service credit OR when they are at least 60 years old with at least 10 years of service credit, OR at any time when they are at least 70 years old. In shorthand, we can refer to these categories as 55/30, 60/10, and 70+.

Under LACERS rules, members who retire but don't meet any of those thresholds face a penalty in the form of a reduced retirement.

Q. What does it mean that members not yet eligible for full retirement could receive up to 5 years age and/or service credit by retiring under ERIP?

A. It means any combination of age credit + service credit that totals up to 5. So it could mean 3 years of age credit and 2 years of service credit. Or 5 years age credit with no service credit. Or 5 years service credit with no age credit. Or any other combination adding to 5 or less.

Q. How do I know how many years of credit I get?

A. If you are not yet eligible, but within 5 years credit (some combination of age and service credit totaling up to 5, as described above) of a full retirement, you qualify. You will receive that combination of credit (totaling up to 5 years), which you need to reach a full retirement. You will also receive \$15,000 cash incentive.

Q. When does the minimum of 3 years credit come into play?

A. If you are within 3 years total of age and service credit, you will receive 3 years of credit. Any excess will be added to your service credit, increasing your retirement amount.

ERIP Examples (Members not currently eligible for full retirement)						
At Retirement		ERIP Incentive			Retirement Category	Explanation Of Incentive
Age	Service	Age	Service	Cash		
52	28	3	2	\$15,000	55/30	Receives 3 years age and 2 years service to reach eligibility, totaling 5.
54	28	1	2	\$15,000	55/30	Receives 1 year age and 2 years service to reach eligibility, totaling 3.
58	7	2	3	\$15,000	60/10	Receives 2 years age and 3 years service to reach eligibility, totaling 5.
54	29	1	2	\$15,000	55/30	Receives 1 year age and 2 years service (only needs 1, but gets a 2nd due to minimum of 3 years credit).
62	9	0	3	\$15,000	55/30	Receives 0 years age and 3 years service (only needs 1, but gets 2 more due to minimum of 3 years credit).
54	23	-	-	-	None	Not eligible, needs more than 5 years combined age and service.
56	7	-	-	-	None	Not eligible, needs more than 5 years combined age and service.

Q. Are there any exceptions to the above, for those not currently eligible for full retirement?

A. Yes, there are exceptions in two categories, both of which override the eligibility rules and incentives above:

1. Workers with 33 or more years of service who are less than 55 years old. These workers would receive age credit up to age 55 and a \$15,000 incentive.

2. Workers who are part of the "defrayal group" but more than 5 years combined credit away from full retirement. The "defrayal group" were hired before 1983 and contribute less than 6 percent to LACERS. These workers would receive 5 years of service credit and \$15,000, but would take a reduced retirement. These are the only workers who are still eligible for ERIP even though they that can't reach full retirement through the ERIP credits.

Q. I'm already eligible for a full retirement under LACERS. What are the incentives for me to retire under ERIP?

A. If you are eligible, over 55, and have 33 or more years of service credit with the City, you would receive a cash incentive of \$1,000 for every year of service (and no age or service credit).

If you are eligible, over 55, and have fewer than 33 years of service credit, you would receive 3 years of service credit and \$15,000.

ERIP Examples (Members currently eligible for full retirement)						
At Retirement		ERIP Incentive			Retirement Category	Explanation Of Incentive
Age	Service	Age	Service	Cash		
55	30	-	3	\$15,000	55/30	Eligible with fewer than 33 years, so 3 years credit and \$15,000.
63	22	-	3	\$15,000	60/10	Eligible with fewer than 33 years, so 3 years credit and \$15,000.
71	7	-	3	\$15,000	70+	Eligible with fewer than 33 years, so 3 years credit and \$15,000.
59	33	-	0	\$33,000	55/30	Eligible with more than 33 years, so \$1,000 per year.
63	40	-	0	\$40,000	55/30	Eligible with more than 33 years, so \$1,000 per year.

Q. I have 34 years of service. Can I choose to get service credit rather than the cash incentive?

A. No.

Q. If I take ERIP, will I still get the entire sick and vacation credit that I have earned?

A. Yes.

Q. When will I get my sick and vacation credit cash? When will I get my cash incentive from ERIP?

A. You will get the in two lump sump payments, the first half upon retirement. You will get the second half sometime in the following tax year (calendar year). Your unions negotiated this split payment because it means more money in your

pocket. Having the full total land in one tax year would bump most retirees up into a higher tax bracket, greatly diminishing the total.

Q. In addition to the credit I would earn through ERIP, can I purchase service credit?

A. Yes, you will be able to purchase credit under the normal rules of LACERS. However, you may not purchase your way into ERIP eligibility if you do not qualify.

Q. I have credit for military service that I purchased under the buyback plan. Do I retain this under ERIP?

A. Yes.

Q. I understand there are caps on the number of people who can take advantage of ERIP and that a few classifications are excluded altogether.

A. Yes, there is an overall cap of 2,400 retirements under ERIP. This represents about one third of the people eligible for the program. In addition, there are a few classifications that are excluded or capped at 20 to 35 percent of those eligible. These caps were put in place because the City does not believe they would be able to replace these positions and continue to provide critical services.

It should be noted that the caps are not much lower than the overall average of people expected to leave under the program; they merely ensure that ERIP retirements are not concentrated too heavily in certain areas. Your union pushed to minimize these exclusions and caps.

Q. When is the deadline to sign up for ERIP? Can I apply now?

A. There will be a 45-day window period during which people can apply. The start of the window period would be determined after a formal ordinance is adopted by the City. This would happen only after ratification by LACERS members and the completion of an actuarial study on the program. In addition, the City Council passed a motion so that everyone who retires between June 26, 2009 and the window period will have access to ERIP incentives if they qualify.

Q. When would I actually retire?

A. Though all applications have to be in before the close of the 45-day window, processing may take a few months for some people.

Q. Can I retire under normal LACERS rules rather than under ERIP incentives?

A. Yes, but not during the 45-day window. No one is forced to take advantage of the program.

Q. If my retirement contribution goes up by 0.75 percent under this program, what does that mean to me?

A. Your union worked hard to minimize the impact to remaining workers. However, it was clear that a program like ERIP had no chance of passing unless workers shared some of the costs. The costs are real, but they are not large, especially in the context of layoffs and ten percent pay cuts through furloughs.

Annual Salary	Salary per Pay Period	Increased Contribution per Pay Period
\$30,000	\$1,154	\$8.59
\$40,000	\$1,538	\$11.45
\$50,000	\$1,923	\$14.31
\$60,000	\$2,308	\$17.18
\$70,000	\$2,692	\$20.04
\$80,000	\$3,077	\$22.90
\$90,000	\$3,462	\$25.76
\$100,000	\$3,817	\$28.63

Q. Will I be eligible for a LACERS Health Plan if I retire early under ERIP?

A. Yes. You will be eligible, and your health subsidy will be determined by your service credit (including any service credit received through ERIP).