





## **OPTIONAL PENSION FOR QUALIFIED SURVIVING SPOUSE/DOMESTIC PARTNER Tiers 3, 4, 5, 6**

City Charter Sections 1508(b) [Tier 3], 1608(b) [Tier 4], 1214 [Domestic Partner], City Administrative Code, Division 4, Chapter 20, Section 4.2008(b) [Tier 5], and City Charter Section 1708(b) [Tier 6] provides for an Optional Pension for a Qualified Surviving Spouse/Qualified Surviving Domestic Partner (hereinafter referred to as "spouse" or "domestic partner"). This provision allows you to elect to provide for more than the standard survivor pension for your spouse or domestic partner in case you die first. The larger pension for your spouse/domestic partner is contingent upon your agreeing to receive a lower pension amount during your lifetime.

**Example 1:** You are currently a Tier 3, Tier 4, Tier 5, or Tier 6 member and were never a former Tier 2 member. Shortly after you apply for a service pension, you are advised that your monthly pension amount will be \$1,000. Under the standard provisions, if you die before your spouse/ domestic partner, your surviving spouse/domestic partner would receive 60% of your pension or \$600 per month for the rest of her/his life.

You decide that you want your spouse/domestic partner to receive 75% of your pension after your death to meet expected living expenses.

Assuming you are 55 and your spouse/domestic partner is 51, using actuarial tables, it is determined that the 75% continuance to your spouse/domestic partner can be provided if you agree to accept a monthly pension of \$975 per month, or \$25 less than what you would receive if you did not elect a higher than standard continuance for your spouse/domestic partner. Your surviving spouse/domestic partner would receive 75% of your reduced pension or \$731.25.

**Example 2:** You are currently a Tier 5 member and were a former Tier 2 member. Shortly after you apply for a service pension, you are advised that your monthly pension amount will be \$1,000. (You are receiving approximately 75% of your \$1,333 Final Average Salary and your Normal Pension Base is \$1,500). Under the standard provisions, if you die before your spouse/ domestic partner, your surviving spouse/domestic partner would receive 55% percent of your Normal Pension Base or \$825 per month for the rest of her/his life.

You decide that you want your spouse/domestic partner to receive 100% of your pension after your death to meet expected living expenses.

Assuming you are 51 and your spouse/domestic partner is 53, using actuarial tables, it is determined that the 100% continuance to your spouse/domestic partner can be provided if you agree to accept a monthly pension of \$972 per month, or \$28 less than what you would receive if you did not elect a higher than standard continuance for your spouse/domestic partner. Your surviving spouse/domestic partner would receive 100% of your reduced pension or \$972.00.

You may elect a higher continuance to your spouse/domestic partner in 5% increments between 60% and 100%. The higher the continuance you elect, the lower your monthly pension amount will be during your lifetime.

**Once you have made the decision regarding the election of a higher continuance, your decision is final and cannot be changed,** even if your spouse/domestic partner dies before you or your marriage/domestic partnership is dissolved. Cost of Living Adjustments will be applied to all eligible member and survivor pensions, including Optional Pensions for a Qualified Surviving Spouse or Qualified Domestic Partner.

## **OPTIONAL PENSION FOR QUALIFIED SURVIVING SPOUSE/DOMESTIC PARTNER Tiers 3, 4, 5, 6 (CONT.)**

Charter Section 1508(b) [Tier 3], 1608(b) [Tier 4], 1214 [Domestic Partner], and 1708(b) [Tier 6] provide for an Optional Pension for a Qualified Surviving Spouse/Qualified Surviving Domestic Partner. The following excerpt from the Administrative Code applies to Tier 5 members.

Administrative Code Sections 4.2008(b) Optional Pensions for Qualified Surviving Spouse or Qualified Surviving Domestic Partner. At any time before the first payment of a service pension, a service-connected disability pension or a non service-connected disability pension, the Plan Member may elect to receive, in lieu of his or her pension as provided in Section 4.2004 or Section 4.2006, the actuarial equivalent at that time of such pension and of the pension for the Qualified Surviving Spouse or Qualified Surviving Domestic Partner as provided in subsection (a) of this section, by electing an optional pension payable throughout the balance of his or her life, with the provisions that upon his or her death such optional pension shall be continued to the Plan Member's Qualified Surviving Spouse or Qualified Surviving Domestic Partner in the proportional amount designated by the Plan Member at the time of election of the option provided by this section.

The amount of such optional pension shall be so calculated that the liability of the Fire and Police Pension Plan at the date of retirement under the optional pension shall be equal to the liability of the Fire and Police Pension Plan at the same date under the pension awarded in accordance with the provisions of Section 4.2004 or Section 4.2006 and of the survivorship pension provided by subsection (a) of this section. For the purpose of this section, the liability of the Fire and Police Pension Plan is defined as the present value, in accordance with tables adopted by the Board, of the pensions or optional pensions calculated by approved actuarial methods, and recommended by the Board's actuary. In determining the actuarial equivalent of the pension for a Qualified Surviving Spouse or Qualified Surviving Domestic Partner as provided pursuant to subsections (a)(3),(4),and(5) of this section, the equivalent of a 60% survivorship pension shall be used in all cases.

The optional amounts, calculated in accordance with the foregoing paragraph, shall provide a range of optional values such that the amount to be paid to the Qualified Surviving Spouse or Qualified Surviving Domestic Partner of the Plan Member shall range from 60% to 100% of the pension payable to the Plan Member, varying by increments of 5%.

The Board shall by rule provide for a method in which the election to receive an optional pension shall be exercised.

**If you have any questions, please contact the DROP/Service Pensions Section at:**

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