

# The Guardian

Los Angeles Police Relief Association, Inc.



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## LAPRA 2012 Financial Update

By Tim McBride

There are many individuals and families throughout the country that have been impacted by violence, including the families impacted recently by the manhunt across southern California of one of our own. We all know that police work can be dangerous. And sometimes, for unexplainable reasons or circumstances, terrible things can happen. But we move on, and life goes on. We can only hope that anyone impacted by violence can move on, and find peace. President Dwight D. Eisenhower once said, "After the loss of a child, life will never be the same." I believe for most people, after the loss of a spouse, parent, sibling or friend, and of course a child, life will never be the same. Our hearts and prayers go out to all those impacted by violence from recent events.

As we move forward into calendar year 2013, we need to review what occurred in 2012 and the prospects for 2013 from a financial perspective. Following the great recession of 2008 Bill Gross, Co-President and CEO of PIMCO stated, "We need to get used to a new normal." Although he was referring to the uncertainty of the world's financial markets, getting used to a new normal seems to apply

to many areas of life. The world seems more dangerous than ever before — civil war in Syria, religious confrontations in many parts of the world, high debt in the U.S. and Europe, and an uncertain investment climate.

In 2011, investments in equities and bonds ended nearly flat. During 2012, the financial markets rebounded with the S&P 500 Index posting a 16% gain, Dow Jones 30 a 10.2% gain, and NASDAQ and Emerging Markets posting even higher gains. Fixed Income had mixed results with Short Term Government Bonds returning 1.2%, Short Term Treasuries returning less, California Municipal Bonds returning 5.4% and High Yield (Junk) Bonds returning 14.5%.



Tim McBride

In my view, a proper asset allocation can protect assets, to some extent, from downside risk as it did in 2008, and can also reap some gain, as it did in 2012. The LAPRA asset allocation is 40% equities and 60% fixed income of which at least 30% must be in government insured or government backed instruments.

Of the total, 15% may be in international bond or equity investments. LAPRA returned 8.7% for calendar year 2012.

The Los Angeles Police Relief and Assistance Foundation, which was implemented to provide assistance to active and retired officers in need and support a scholarship program, has

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**LAPRA**  
LOS ANGELES POLICE RELIEF ASSOCIATION, INC.



## LAPRA 2012 Financial Update (continued)

an asset allocation of 50% equities and 50% fixed income with 20% of that available for international investments. Having no government insured or government backed requirement resulted in a 12.7% return for 2012. The returns for both LAPRA and the Foundation were outstanding especially when you consider the reduced returns of fixed income which in most cases are in short term, low return funds.

In 1980, LAPRA was a Certificate of Deposit (CD) only fund. By the end of 2013, LAPRA will have totally moved out of CDs as they have been returning only a half percent or less for short term investments. In contrast, our short term Government Fund returned 1.6%. As with many of our investments, the short term Government Fund exceeded its benchmark, as mentioned above, which was 1.2%.

There are always interesting side stories to mutual fund investing. The T. Rowe Price Small Cap Value Fund, managed by Preston Athey for more than 20 years, is about to retire along with Ed Owens who manages Vanguard Health Care which returned 15% in 2012. Moving forward, we will closely watch these funds to determine whether the new fund managers are as adept at picking quality companies as their predecessors. Also David Giroux, manager of the T. Rowe Price Capital Appreciation Fund, was selected by Morningstar as the manager of the year in the moderate allocation category.

### Stand out investments for 2012 included the following:

Fund	2012 Return
T. Rowe Price Small Cap Value Fund1	17.8%
Metropolitan West Total Return Fund2	11.5%
Vanguard Wellington Fund	12.6%
Mutual Global Discovery Z	13.7%
T. Rowe Price Capital Appreciation Fund	14.7%

1) The benchmark Russell 2000 returned 16.4%.

2) The benchmark Barclays Capital Aggregate Bond Fund Index returned 4.2%.

A little luck arguably can go a long way in picking mutual funds. Several years ago we were looking for a Mid Cap Value Fund to add to the portfolio. We selected the T. Rowe Price Mid Cap Value Fund. However, when we tried to invest, the fund was closed to large investors, and later closed to new investments of any size. While searching for a replacement fund, we selected the T. Rowe Price Media and Telecommunications Fund which outpaced the original selection posting a 22.7% return in 2012 and a ten year annualized return of 17.7% compared to the outstanding record of the T. Rowe Price Mid Cap Value Fund which returned 19.63% in 2012 and a ten year annualized return of 11.58%. We later selected a different Mid Cap Value Fund, Vanguard Select Value which returned 15.3% in 2012.

Looking forward, it seems that almost anything could happen in the financial markets. We hope that our legislators will get their act together, that peace will prevail in the world, and that the *new normal* will become a thing of the past. We believe in our investment strategy and in our asset allocation. We try to be optimistic for the future - but prepare for adversity. The other day one of our members asked, "Do you invest the same personally as LAPRA is invested?" The answer is yes. ■



## 2013 Open Enrollment Q&As

This year's open enrollment period for all medical and dental plans offered by the Los Angeles Police Relief Association (LAPRA) to its members is May 1 through May 31, 2013. This is the annual period during which members may make changes to their medical and/or dental plans, by changing plans or adding or deleting eligible dependents.

Please look for your open enrollment packet in the mail during the first week of May 2013 and call LAPRA at (213) 674-3701 or (888) 252-7721 if you do not receive it. If you have moved and did not previously complete an address change form with LAPRA, please call us immediately.

Here are answers to some frequently asked questions about open enrollment:

### Q: What documents are needed to add my eligible dependents to my insurance plans?

**A:** Once you receive the forms from LAPRA, you will need to submit the following document(s):

**Child:** a copy of the certified birth certificate (or commemorative hospital certificate listing the names of both parents)

**Spouse:** a copy of the certified marriage certificate

If you do not have a copy of the certified certificate at the time of enrollment, you may complete and submit a verification of birth or marriage form. You will then have 60 days from your dependent's coverage effective date to submit a copy of the required certified certificate. If you fail to submit the required certificate within the 60-day period, your dependent's coverage will automatically be canceled on the first day of the month following the expiration of the 60-day period. You will then be required to wait until the next open enrollment period to re-enroll your dependent and submit the copy of the certified certificate.

### Q: How do I add my domestic partner to my medical and/or dental plans?

**A:** First request an affidavit to add your domestic partner by calling:

**Active Members:** the City Employee Benefits Department at (213) 978-1640

**Retired Members:** the Pension Department at (213) 978-4529

Next, call LAPRA to request the necessary medical and dental enrollment forms. Please be aware that even though you may complete an affidavit, addition of your domestic partner to your medical and dental plans is not automatic. You also need to make sure that the plan enrollment forms are completed and mailed to LAPRA.

### Q: How will I know my dependent has been added to my coverage?

**A:** Once LAPRA receives your completed forms and any required documentation, you will receive a confirmation letter advising you of the name of the dependent that was added and the effective date. If you do not receive a confirmation letter,



please call our office to inform a benefits representative at (213) 674-3701 or (888) 252-7721.

### Q: Do I have to cancel my cash-in-lieu benefits if I enroll in a LAPRA medical plan?

**A:** Yes. If you enroll in a LAPRA medical plan, you will need to contact the City Personnel Department at (213) 978-1584 to cancel your cash-in-lieu benefits. You will not be able to get on payroll for your medical benefits until the cash-in-lieu is canceled.

### Q: What happens to my medical plan if I move out of state?

**A:** Your PPO medical plan is the same regardless of the state in which you reside. If you are covered by the Blue Cross CaliforniaCare HMO or Kaiser HMO, you will need to change to the PPO plan.

### Q: Under the Blue Cross CaliforniaCare HMO plan, can I see any specialist I want?

**A:** No. Your primary care physician will make the decision whether to refer you to a specialist and who that specialist will be.

**Q: When does my Blue Cross PPO deductible start?**

**A:** The Blue Cross PPO plan has a calendar year deductible (January 1 through December 31). Even though you may enroll in the plan July 1, the deductible starts over again in January. Any covered expense applied to your calendar year deductible during the last quarter of the calendar year (October 1 through December 31) will also be applied toward your calendar year deductible for the next year.

**Q: Can I change my medical plan election after the open enrollment period has closed?**

**A:** No. If your change is received by LAPRA and is postmarked after May 31, 2013 (the last day of the open enrollment period), it will not be processed and you will have to wait until the 2014 open enrollment period to make your change.

**Q: What if I enroll in the Anthem CaliforniaCare HMO medical plan or the Anthem HMO dental plan and don't indicate a medical group or a dental office number on the enrollment form?**

**A:** If you do not list a medical group or dental office number on your enrollment form, Anthem will automatically assign you to one within 30 miles from your home address. If you're not satisfied with Anthem Blue Cross' selection, you should call Anthem Blue Cross Customer Service at (800) 289-2250 to request a medical group change or dental office change.

**Q: If I change my Blue Cross plan from the PPO to the CaliforniaCare HMO, can I keep my same primary care doctor?**

**A:** Only if your doctor is your primary care doctor under the medical group you select when you enroll in the HMO.

**Q: What is the "Plus" portion of the Blue Cross CaliforniaCare HMO plan?**

**A:** Under the "Plus" benefits, you have the option to choose providers outside the CaliforniaCare HMO network for certain outpatient services and still receive limited benefits for those services. See the Blue Cross CaliforniaCare Evidence of Coverage booklet for details, or call a LAPRA benefits representative.

**Q: I have a child who is under age 26 and not a full-time student. May I add my child to my LAPRA plans?**

**A:** Yes. You may add your child to your LAPRA medical and dental plans provided you complete the required enrollment forms during the open enrollment period. Coverage may continue until your child turns age 26.

**Q: If my spouse or domestic partner is a sworn active or retired LAPD officer, may we both enroll in the same medical and dental plans and have dual coverage?**

**A:** No. You are eligible to enroll for coverage as either a member or as a dependent, but not both. Your children may be covered as the family members of either you or your spouse, but not both.

**Q: How will I know the amount of my new retiree medical subsidy and when will I start receiving it?**

**A:** Subsidy changes for Medicare eligible retirees are made effective January 1st of each year. Subsidy changes for non-Medicare eligible retirees are made effective July 1st of each year. You should call the Pension Department Medical and Dental Benefits section at (213) 978-4560 for the amount of your new subsidy. ■



## Your Donations Can Help Us Take Care of Our Own

When you least expect it, life can change in an instant. A tragic auto accident, a home fire, the death of a loved one; at one time, or another, we have all faced personal challenges.

The Los Angeles Police Relief and Assistance Foundation (LAPRAF) was formed to provide financial assistance and other support to active and retired officers and their families who find themselves in dire financial circumstances. The foundation was established in 2007 from donations of dollars and securities from individuals and officers dating all the way back to the 1970's.

Since 2007, LAPRAF has helped a number of members and their families with financial assistance

resulting from the death or serious illness or injury of an officer or family member.

In August 2012, LAPRAF awarded its first-ever academic scholarships to four worthy recipients to help offset the cost of pursuing a college degree.

For the foundation to thrive and reach its full potential, we are reaching out to our members for their support. Here are some ways you can make a donation:

- Contribute a small ongoing amount through charity deductions on your paycheck.
- Make a tax-deductible direct donation to the foundation.

- Through estate planning, add the foundation as a beneficiary to your trust or will.
- Reach out to your contacts who have the means and the desire to offer financial support to the foundation.

We encourage all active and retired members to consider making a donation to this worthwhile cause and help the foundation take care of its own. For more information on how you can make a donation, please call (213) 674-3724. ■



*“The Los Angeles Police Relief and Assistance Foundation (LAPRAF) was formed to provide financial assistance and other support to active and retired officers and their families who find themselves in dire financial circumstances.”*



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This year's open enrollment period for the medical and dental plans offered by LAPRA is May 1 through May 31, 2013. This is the annual period when members can change medical and/or dental plans, and add or delete eligible dependents. See pages 3 and 4 for questions and answers about Open Enrollment.

The *GUARDIAN* is a quarterly publication for members of the Los Angeles Police Relief Association. All rights reserved. If you have an idea for a future newsletter article, send an email to [guardianeditor@lapra.org](mailto:guardianeditor@lapra.org). Members with specific concerns are urged to contact the appropriate Board member at the number listed below.

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