



NEW PAYROLL SYSTEM (APRIL 30, 2010) RETIREMENT AND DEFERRED COMPENSATION PLANS

Auditor-Controller
Announcement
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What is Changing?

The County will be replacing its payroll system (CWPA) with the April 30, 2010 payday. With the implementation of the new eHR Payroll System, retirement contributions and service credit will be reported on a semi-monthly basis and the calculations of the employees contributions to deferred compensation plans will be simplified.

In this Issue:

Retirement

- Retirement Contribution Service Credit
- Employee Contribution Earnings Amount

Deferred Compensation Plans

- Employee Contributions

eHR Payroll Highlights!

- Replacing a 30-year old payroll system (CWPA)
- First Payday: April 30, 2010
- Semi-Monthly Pay
- Work Day Pay Schedule
- Earnings and Deductions on each pay statement

Does This Impact My Pay?

HORIZONS AND SAVINGS PLAN

Employees will need to increase their contributions percentage in order to maintain the same dollar amount they are currently contributing. (See examples on next page.)

Please note this does not change the calculation of the County's match.

In 2010, the employee contribution calculation will be simplified to use the actual amount of

Cafeteria Plan Taxable Cash in the base used to calculate an employee's contribution. This is a change from the current practice using a variety of methods to determine the portion of the cafeteria plan contribution that is used in the base.

What Do I Need to Know?

RETIREMENT CONTRIBUTIONS AND SERVICE CREDIT

Employee contributions will be reported to LACERA as a semi-monthly amount and service credit will be granted in semi-monthly increments, rather than the current practice of reporting monthly.

Service Credit will be granted in semi-monthly increments.

There will be no change in employee contributions other than being withheld twice a month.

RETIREMENT CONTRIBUTION EARNINGS AMOUNT (RCEA)

The earnings base used to determine your retirement benefits and employee contributions will be calculated as a semi-monthly total and reported to LACERA after each semi-monthly pay day.

HORIZONS AND SAVINGS PLANS

As part of the County's overall effort to streamline its payroll practices in 2010, the calculation of employee contributions to Horizons and Savings plan has been simplified.

Additional information will be provided by Great West with your 2009 4th Quarter Account Statement/ Newsletter.

Frequently Asked Questions

For more details on these issues and other information visit the Employee Portal: <http://payroll.lacounty.gov/faq> or ask your payroll manager.

For more information on the new eHR Payroll System, please visit the LA County Employee Portal at: <http://payroll.lacounty.gov>



HORIZONS AND SAVINGS PLAN SIMPLIFICATION EXAMPLE

Calculating An Employee's Horizons' Deduction

Example: A County employee enrolled in the Options cafeteria plan making a 4% contribution to his Horizons plan.

The example illustrates the method used to determine the portion of the Options cafeteria plan contribution that is included in the employee's deduction base. In the new payroll system the amount used to calculate the Horizons and Savings Plan employee contribution will include the actual cafeteria plan taxable cash.

Pay Day	Current Calculation	New Calculation		
	May 15	April 30	May 15	Total
Salary	\$4,940.14	\$2,470.07	\$2,470.07	\$4,940.14
Cafeteria Plan Taxable Cash		\$57.88	\$57.88	\$115.76
Maximum Taxable Cash - Waiver Cafeteria Plan Contribution of \$228 less Admin Fee of \$3.78	\$224.22			
Less: Retirement Deduction	-\$419.92	-\$209.96	-\$209.96	-\$419.92
Deduction Base	\$4,744.44	\$2,317.99	\$2,317.99	\$4,635.98
Employee Contribution Rate	4.00%	4.00%	4.00%	4.00%
Employee Horizons Deduction*	\$189.78	\$92.72	\$92.72	\$185.44
Calculated County Match at 4% (Salary X Match Rate)	\$4,940.14	\$2,470.07	\$2,470.07	\$4,940.14
	4.00%	4.00%	4.00%	4.00%
	\$197.60	\$98.80	\$98.80	\$197.60
Match Loss (County Match less Employee Deduction)	(\$7.82)	(\$6.08)	(\$6.08)	(\$12.16)

To avoid loss of County match, in this example the employee must contribute at a minimum rate of 4.3% in order to receive the full County match.

Deduction Base	\$2,317.99	\$2,317.99	\$4,635.98
Employee's Contribution Rate	4.3%	4.3%	4.3%
Employee's Horizons Deduction	\$99.67	\$99.67	\$199.34
County Match at 4% of Salary	\$98.80	\$98.80	\$197.60
No Loss of Match	\$0.00	\$0.00	\$0.00

- * Based upon this change, the employee may want to adjust the deduction percent in order to continue contributing the same dollar amount. In this example, an increase of 0.3% to employee's deferred plan deduction is necessary to maximize the County contribution.

The calculation of the County contribution for the Savings and Horizons Plans will not change. The County will continue to match dollar for dollar up to 4% of your Deferred Plan Contribution.