

LACERS NEWS

ACTIVE MEMBERS
SUMMER 2024



IN THIS ISSUE



**LACERS
NEWS**

Board President Message – Annie Chao

In 2016, my peers elected me to the LACERS Board of Administration. I have never wavered in my commitment to the LACERS mission of delivering retirement and healthcare benefits to all Members by securing and growing the trust fund. This has been a resolute goal for me and the rest of the LACERS board. Today, I am proud to share that I have been re-elected to the LACERS Board by Active Membership and re-elected as its President by peers. I am equally thrilled to share that I will be sharing executive duties with my colleague, Janna Sidley, who was not only reappointed to the Board by Mayor Karen Bass but also elected as Vice President of the LACERS Board. I look forward to leading the Board with courage, passion, and a spirit of unparalleled collaboration.



The Board and I have remained steadfast in administering the cost-of-living adjustment (COLA). We are committed to reinforcing our governing policies and reaffirming transparency and accountability to our Members. We have actively listened to feedback on refining our communication methods with our Members and have supported greater access to language services for our Members and their beneficiaries, among other initiatives.

The Board has prioritized engaging in a full-day discussion with staff about the department's strategic direction. This ensures that LACERS' Mission, Vision, Guiding Principles, Goals, and Objectives are aligned to meet the retirement system's needs and challenges moving forward. This effort marks the beginning of the positive disruption necessary to provide a solid foundation for our mission with renewed vigor.

When I look at the many accomplishments over the past several months, I am proud of the Board and the LACERS staff for keeping the needs of our Members at the center of our goals and objectives for 2024, 2025, and beyond. I could not be more grateful for the opportunity to lead the LACERS Board of Administration through these changing times. Here is to another year of enjoying the rewards of our hard work.

Sincerely,

Annie Chao

A Message From General Manager, Neil Guglielmo



I am incredibly proud of where we stand today. We have remained unwavering in the delivery of the promised retirement benefits to all Members. I could not be prouder of the work we have collectively accomplished, and I am excited to announce the launch of our new

strategic plan, which can be found on our website at lacers.org/strategic-plan, setting the course for LACERS' future, reaffirming our existing seven strategic goals and the specific objectives that we will work to accomplish over the next several years. This plan builds on the progress we have made at LACERS. It strengthens our commitment to enhancing the Member experience and providing timely benefits delivery to our Members, investing in staff career and professional development, and ensuring long-term financial sustainability of the Plan in order to deliver the promised benefits to its Members and beneficiaries. Our vision of "a forward-thinking organization and industry leader in financial strength and service excellence to our Members" reflects what LACERS continuously strives for. Our mission "To provide retirement and healthcare benefits to all Members by securing and growing the trust fund," represents our core focus and purpose.

Our efforts will continue to focus on these goal areas:

- **Customer Service** - Provide outstanding customer service that meets Members' needs.
- **Benefits Delivery** - Deliver accurate and timely Member benefits.
- **Health and Wellness** - Improve value and minimize Members' health and wellness benefits costs.
- **Investments** - Optimize long-term risk-adjusted returns through superior investments.
- **Governance** - Uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

- **Organization** - Increase organizational effectiveness, efficiency, and resiliency.
- **Workforce** - Recruit, retain, mentor, empower, and promote a high-performing workforce.

I want to thank our Board Members, LACERS staff, LACERS retired and active Members, consultants, City Officials, and our stakeholders, who have contributed their ideas and insights throughout the planning process. At the heart of this plan and all our work are our Members. With this in mind, we have launched an appointment-based system for our Members to provide them with the convenience of coordinating and getting all their retirement needs addressed on their schedule. In addition, we are implementing state-of-the-art safety enhancements in the LACERS building for our staff, the Board, Members, and stakeholders. After a hiatus due to the COVID-19 pandemic, we also held our first in-person Public Employee Appreciation Week and Guiding Principles Awards to celebrate the staff who power LACERS and make it a great place to do meaningful work. I am proud of the exceptional talent at LACERS, who work with collaboration, creativity, and dedication. They foster a workplace where innovation thrives, and every employee is empowered to contribute and positively impact our people and communities.

Lastly, I extend my warmest congratulations to Board President Annie Chao on her re-election to the LACERS Board by Active Members and her re-election as President. Congratulations to Commissioner Janna Sidley on her reappointment to the LACERS Board by Mayor Karen Bass and her election as Vice President. I look forward to the remarkable work we will achieve together as we secure and grow the LACERS trust fund.

Looking ahead, we have significant momentum and a carefully laid-out plan that offers us the opportunity to make substantial advances. We will stay focused on our goals and continue to bring our passion, vision, and discipline to providing retirement benefits to all Members. I wish you a safe season ahead and look forward to a year of exponential progress and positive change.

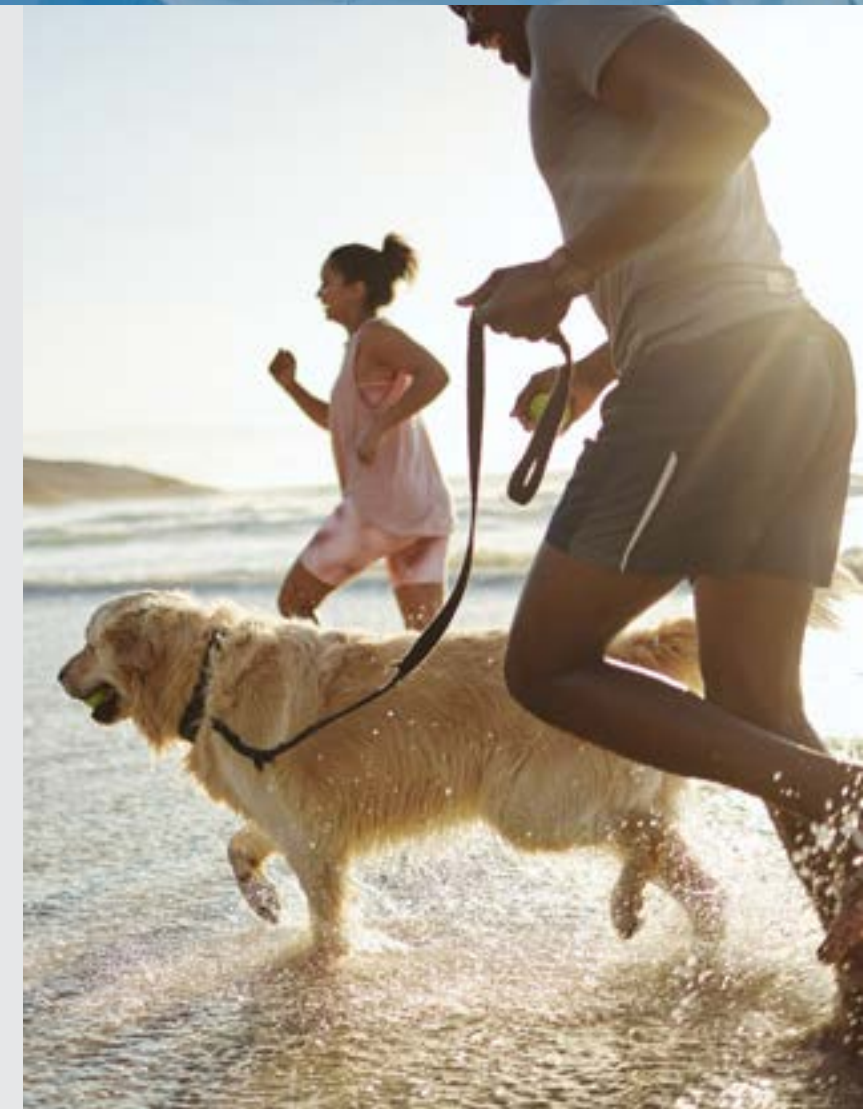
Sincerely,

Neil M. Guglielmo

Put Your LACERS Knowledge to the Test

1. What is the name of the LACERS-sponsored optional retirement savings plan that allows Members to contribute post-tax contributions that are supplemental to their mandatory LACERS contributions?
 - A. *Deferred Compensation*
 - B. *Larger Annuity Program*
 - C. *Deferred Annuity*
 - D. *Retirement Savings Plan*
2. What is the required filing period for submitting your retirement application to LACERS?
 - A. *30-60 days*
 - B. *30-45 days*
 - C. *60-90 days*
 - D. *None of the above*
3. How many years of Service Credit do I need to receive the maximum health subsidy in retirement?
 - A. *15*
 - B. *20*
 - C. *25*
 - D. *30*
4. Which factors are used to calculate your retirement allowance with LACERS?
 - A. *Your Final Compensation*
 - B. *Your Service Credit*
 - C. *A LACERS Retirement Factor*
 - D. *All of the Above*
5. How many times can you attend a Retirement Benefits Seminar with LACERS to learn about your benefits?
 - A. *Once*
 - B. *Twice*
 - C. *Four times*
 - D. *As many as you'd like.*

Answer key on page 9



Next Stop: The LACERS YouTube Channel



Where is one place LACERS Members can go to access information about their retirement benefits and the retirement process at any time? The Official [LACERS YouTube channel!](#) Members can find videos about [planning for retirement](#), [survivor benefits](#), the [retirement application portal](#), [LACERS Well](#), and other retirement-related topics. If you are looking for computer tips and advice, check out the [Cybersecurity playlist](#) with recorded videos presented by Mom's Computer.

Head to the [LACERS YouTube channel!](#) at youtube.com/@lacersofficial to subscribe and join over 2,400 other Members who are notified when new content is posted!



SoCal Summer Night Activities

Summer nights are in full swing. It's time to grab those folding chairs and picnic baskets and head to some of L.A.'s favorite hot spots for some *evening* summertime fun.

Want to see the stars? Visit the Griffith Park Observatory. The observatory hosts "Star Party" monthly through December. At this outdoor event on the lawn, you can talk to knowledgeable amateur astronomers and test out a variety of telescopes. The event is FREE for all ages. For more information on Star Party, visit griffithobservatory.org.

Is music more of your thing? Enjoy a variety of musical concerts throughout summer nights at the iconic Hollywood Bowl Amphitheater. Whether you're into blues bands, reggae, or enjoying the sounds of the philharmonic orchestra, the Hollywood Bowl can be your ticket. Go to hollywoodbowl.com for more information.

Feeling adventurous? Take a walk on the wild side through August at L.A. Zoo's "Zoo Friday Nights." See your favorite animals, enjoy musical performances, and learn more about wildlife in the interactive educational stations. There will be a picnic area, food trucks, and fun for the whole family. For more information on Zoo Friday nights, visit lazoo.org.

Ready to unwind? Check out jazz at the Los Angeles County Museum of Art (LACMA) and hear some of L.A.'s finest jazz musicians performed on Friday evenings through October in a beautiful outdoor setting. For more information, visit lacma.org.

What Filing a Domestic Partnership with LACERS Means

What is the advantage of filing a Declaration of Domestic Partnership with LACERS?

The domestic partner of a LACERS Member may qualify for benefits provided by LACERS, but only if the Member and domestic partner have established a domestic partnership with LACERS by filing a Declaration of Domestic Partnership (formerly known as an Affidavit of Domestic Partnership), or registering with the State of California.

For LACERS benefits, how are "domestic partners" defined?

The Los Angeles Administrative Code defines domestic partners as "...two adults who have chosen to share one another's lives in an intimate and committed relationship of mutual caring." Domestic partners may be of the same gender or opposite genders.

What are LACERS' requirements for establishing a domestic partnership?

To establish a domestic partnership with LACERS, you must file a Declaration of Domestic Partnership with LACERS or register your domestic partnership with the State of California. The Declaration of Domestic Partnership or State-registered Domestic Partnership must be filed at least twelve months before you retire in order to qualify your domestic partner to receive a Continuance benefit upon your death. Should you die before retirement, your domestic partner may qualify for survivorship benefits (a lifetime monthly pension) **only if** your domestic partnership form is on file with LACERS and satisfies LACERS requirements, **and** your domestic partner is your designated beneficiary for all your contributions.

Does filing a Declaration with the City's Personnel Department or with your operating department fulfill the requirement to file a Declaration with LACERS?

Generally, no. You must file a Declaration with LACERS.

Additional information on domestic partnerships can be viewed on the [Domestic Partnership section of our website](#).



DIVISION SPOTLIGHT:

Investments Section

With over 50,000 active and retired Members and over 23 billion in total assets, the LACERS Investment Division, alongside the Investment Committee of the LACERS Board, oversees the system's diverse portfolio. The combination of employee and employer contributions and the earnings from LACERS investments makes up the LACERS Trust Fund, which allows LACERS to pay retirement allowances, health benefits, and survivor benefits.

The division helps guide the LACERS Board in making investment decisions and keeps a vigilant eye on the investment portfolio through meticulous due diligence. It also helps carry out the daily activities to manage the investments by generating and evaluating reports and considering investment performance and risk. In all, the investment division is tasked with generating a sufficient risk-adjusted return to ensure the economic sustainability of LACERS into the future.

For this new fiscal year, the goals for the division remain the same: achieving a 7% net return, increasing training and educational opportunities to ensure a high-performing and skilled professional staff, and developing a robust risk management program to properly assess investment and operational risks that could impact the division's ability to meet its performance objectives.

Additional information on the investment division, investment updates, and performance reports can be found on the LACERS' website. <https://www.lacers.org/investments>

A Message From Chief Investment Officer, Rod June



With the first half of the year behind us, the U.S. economy continues to fire on all cylinders as stock markets reached all-time highs: the S&P 500 up 14.5%, the Nasdaq up 18.1%, and the Dow Jones Industrial Average up 3.8%. The rally has been fueled, in part, by investments in the

Information Technology sector, which has surged 27.8% in the first six months of the year as interest in artificial intelligence and the capacity it promises for greater efficiencies and streamlining capabilities remains at the forefront of investors' minds.

While the unemployment rate ticked up to 4.1% through mid-year, recent job data shows the job market remains healthy with 206,000 jobs added in June, an increase of 8.4% above the consensus. The Federal Reserve looks to the job market as a key gauge for the overall health of the consumer to absorb higher prices and whether inflation is causing a pullback in spending. Despite sticky inflation, elevated home prices, and record-high retirement savings, consumer spending continues to keep the economy on solid footing. This has kept the Fed on the sidelines from further interest rate hikes as the Core Personal Consumption Expenditures Index (PCE), a measure of prices for goods and services, retreated from 2.8% in early 2024 to 2.6% as of June 30, 2024, supporting its objective of creating a soft landing.

As attention shifts to the upcoming presidential election in the fall, inflationary concerns, geopolitical tensions, and elevated interest rates are topics that remain top of mind for investors. However, LACERS remains a long-term strategic investor with a highly diversified portfolio designed to weather changing market conditions. Our investment approach will continue to support highly selective strategies that provide attractive risk-adjusted returns, regardless of the geopolitical landscape.

Rod June



Retirement Readiness Starts with You

Consider these facts from the United States Department of Labor:

- Only about half of Americans have calculated how much they need to save for retirement.
- The average American spends roughly 20 years in retirement.
- When retired, you will need approximately 70 to 90 percent of your preretirement income to maintain your standard of living.

With this in mind, the key to a secure retirement is to plan ahead and understand your benefits.

As an employee of the City of Los Angeles, one of the benefits you'll receive once you're eligible is a lifetime monthly allowance. For each year of service credit worked, you earn a percentage of your final compensation. This percentage is determined by what is referred to as a retirement factor. For Tier 1 Members, the retirement factor is 2.16%, and for Tier 3 Members, it ranges between 1.5% and 2.1%, depending on how you qualify for retirement.

Your final compensation is determined to be the average of your highest paid 12 consecutive months while working for the City if you are a Tier 1 Member or the average of your highest paid 36 consecutive months while working if you are a Tier 3 Member.

If you have the required years of service credit to qualify for retirement but are younger than age 55 under either Tier, it is considered an Early Retirement, and a reduction factor based on your age will be added to your calculation. You can find a list of reduction factors based on age at the back of the [Summary Plan Description for Tier and Tier 3 Members](#).

Your retirement allowance is determined by your final compensation, your years of service credit, retirement factor, and if you take an Early Retirement, a reduction factor.

A helpful tool available to all Members is the benefit calculator, which can be found in their [MyLACERS portal](#). Based on the current payroll, the calculator provides a good estimate of what they can expect as a retirement benefit from LACERS. Please visit the [Understanding Your Retirement Section of our website](#) for additional information.

While your LACERS retirement allowance should be considered the foundation of your retirement financial planning, it is also important to understand your current expenses and how they might impact you in retirement. Items like housing expenses, non-essential spending, and credit card debt can affect the quality of your retirement. Keep these in mind when deciding when to retire. As a reminder, LACERS does not provide financial advice and recommends that you speak to a financial advisor if needed.

Retiring Out of State? Consider the Medical Premium Reimbursement Program (MPRP)

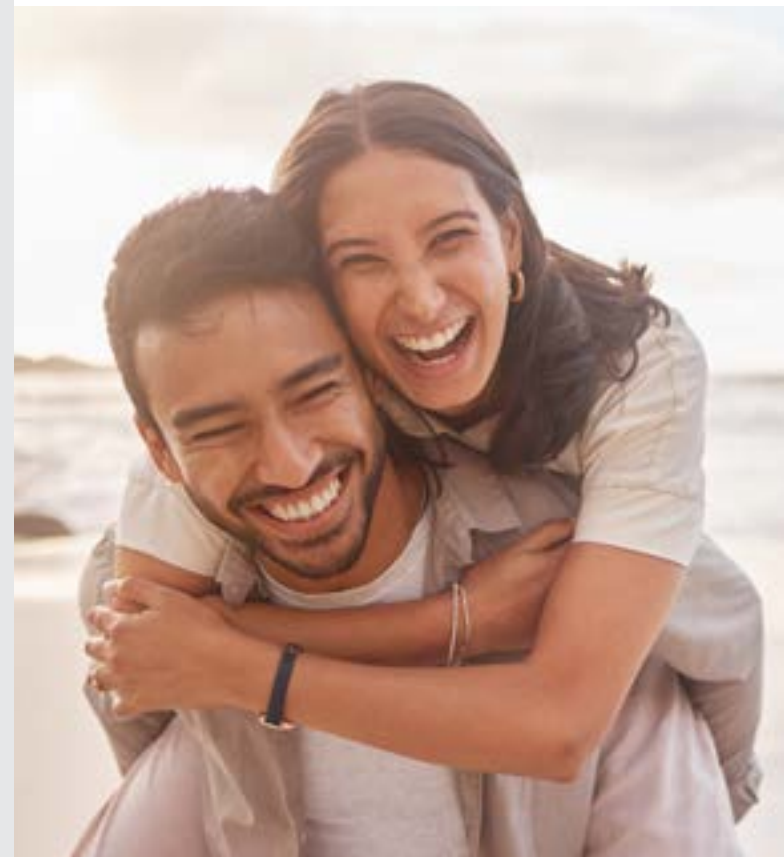
If you are planning to move outside of California or within California but outside of a LACERS HMO or Medicare Advantage HMO plan's authorized zip code service area, in retirement, you may want to consider asking if the Medical Premium Reimbursement Program, also known as MPRP, is available for you. The MPRP program allows eligible Members to purchase their health insurance directly from an authorized federally qualified HMO or state-regulated non-LACERS plan. Enrolled Members are then reimbursed quarterly up to their maximum monthly medical subsidies to cover the cost of medical insurance premiums. Members can potentially choose the structure and familiarity of an HMO if a LACERS-sponsored Anthem PPO plan is the only other option based on where they reside.

For example, many Members enjoy Kaiser Permanente (Kaiser) HMO or Senior Advantage HMO as a healthcare option. Although Kaiser is found outside of California, LACERS only offers Kaiser coverage in Southern and select parts of Northern California. The MPRP program would be an option for those interested in having Kaiser coverage in a non-LACERS Kaiser coverage area.

This could save Members a lot of money on the cost of premiums by having a traditional HMO or Medicare Advantage HMO option where the only LACERS-sponsored plans are the Anthem PPO and for Members with Medicare Parts A&B, the Anthem Medicare Supplement plan and Medicare Preferred (PPO).

For Members with Medicare Parts A&B LACERS does also offer the UnitedHealthcare plan in parts of Arizona and Nevada which may be a good alternative to either of the Anthem plans or MPRP. LACERS currently offers Anthem Blue Cross PPO, Anthem Blue Cross Medicare Preferred (PPO), and Anthem Blue Cross Life & Health Medicare Plan (Medicare Supplement) across the United States and its territories. While the Anthem Blue Cross PPO and Medicare Supplement and Medicare Preferred (PPO) plans are very versatile, they may be harder to navigate for some Members making the MPRP a worthy option to consider.

For more information on the MPRP program, visit the [Medical Premium Reimbursement \(MPRP\) section of our website](#) or call (800) 779-8328 and ask to speak to a Health Advocate.



Answer Key

1. B. Larger Annuity Program
2. A. 30-60 days
3. C. 25
4. D. All of the Above
5. D. As many as you'd like



Watermelon and Mint "Agua Fresca" Recipe

(Serves 8)

Ingredients

- 4 cups watermelon, seeded and cubed (about 3 pounds)
- 1/2 cup water
- 24 mint leaves, divided
- 8 tablespoons super-fine sugar (use and adjust as needed. If you use a naturally sweeter watermelon, you may not need to add much if any sugar), divided
- 4 lime slices, halved into half-moons, divided
- Ice cubes

Directions

1. Add the watermelon and the water to a blender and puree until smooth.
2. Divide the mint leaves, sugar, and lime slices among 8 glasses and muddle the ingredients.
3. Add ice to each glass and pour the Agua Fresca.
4. Stir, serve, and enjoy this refreshing drink with friends and family!

Stay Cool at a Cooling Center Near You

Summer fun often brings summer heat waves. If you need to cool off, the City of LA offers cooling centers where you can take a break from the sun. These cooling centers are in LA City facilities where you can enjoy recreational activities, chat with friends, or read a good book while escaping the day's peak heat. Cooling centers are open and available during regular hours of operation unless otherwise noted. You can call 3-1-1 from within LA City or 2-1-1 within LA County to learn more about cooling center locations and hours of operation.

If you live in the County of Los Angeles, their Cooling Center Program lists free places where anyone can go to find relief during hot summer days. For a map and hours of operations of cooling centers in the larger L.A. County area, visit <http://lacounty.gov/heat>.

And don't forget about your pets! If it's too hot for you, it's even hotter for your furry friends. Prolonged exposure to high temperatures can be extremely dangerous and even fatal for your pets. Try to keep them as cool as possible; offer them shady areas to rest if it is necessary to keep them outside, and always have plenty of drinking water available.



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