LACERS NEWS

ACTIVE MEMBERS
SUMMER 2026

WHAT'S NEW: ACCESSIBILITY EFFORTS AT LACERS

TURNING 65? HERE'S WHAT YOU NEED TO KNOW ABOUT MEDICARE AS AN ACTIVE MEMBER

RETIREMENT APPLICATION PORTAL: YOUR GATEWAY TO RETIREMENT

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LACERS NEWS

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Board President Message – Annie Chao

Every season brings its own joy, and summer is no exception. For students, it's a time of celebrating hard-earned achievements before stepping into a new year of growth. For businesses and travel destinations, it's a lively season filled with energy, opportunity, and preparation for what lies ahead. And for many of us, summer offers a chance to pause, recharge, and enjoy moments with family, friends, and perhaps a little adventure of our own.

At LACERS, our summer spirit arrived early in May with the LACERS Guiding Principles Festivity. Throughout my years on the Board, this event has been a highlight—an annual reminder of the people who embody our core principles of Professionalism, a Culture of Innovation, Respect, Kindness, and Teamwork. This year, the celebration aligned with Public Service Recognition Week, offering an even brighter spotlight on the dedication of LACERS staff and the vital work performed by City employees across Los Angeles. As both a Member and an active City employee, I am always grateful for the chance to attend and personally thank the individuals whose efforts strengthen our pension plan.

We also have something truly worth celebrating. After 15 years, the 1% ERIP employee contribution surcharge was officially sunset on June 30, 2026. This marks the long-awaited end of a significant commitment shared by active Members. More details are available in the LACERS FAQ section on our website.

As for summer plans for the LACERS Board? Much like the businesses gearing up for the rest of the year, the Board's work continues with purpose and focus:

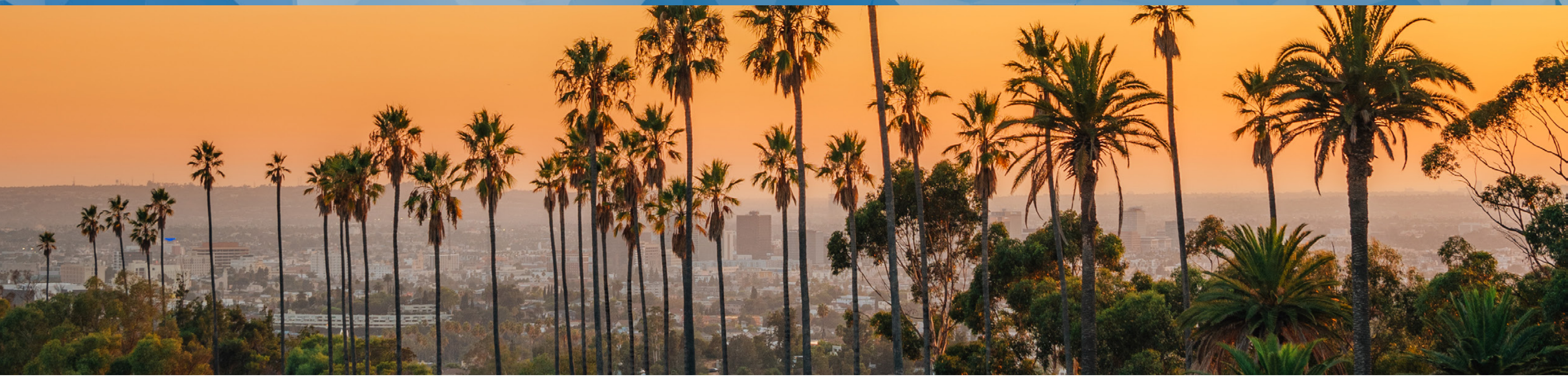
- Income-Related Monthly Adjustment Amount (IRMAA) impacts remain a priority. Recent LACERS Board meetings have included public discussion of Member concerns over IRMAA and options that might be available to the Board to address those concerns. On July 7th, LACERS staff hosted an educational session on IRMAA with key stakeholders, including City leaders, union representatives, and employee groups.
- We have recently conducted our triennial actuarial experience study. This important work helps ensure LACERS remains financially strong for the long term. Actuaries review economic assumptions—such as anticipated investment performance—and demographic assumptions—such as membership trends and longevity. These insights guide the Board in establishing the actuarial assumptions used in funding the plan, which directly impacts City contributions. Regularly reviewing and setting these assumptions is essential to sustaining the system and ensuring we can meet our obligations to all Members. The Board fully adopted the actuary's recommendations.
- We continue to oversee and guide LACERS' investment program. This includes renewing investment manager contracts, dismissing underperforming managers, adding new asset classes such as infrastructure, and carefully monitoring performance with the goal of achieving long-term success. As of June 30, 2026, the portfolio posted a 1-year return of 14.35% net of fees, with total assets reaching $28.1 billion.

Whatever your plans may be this season, I hope your summer is filled with rest, renewal, and joyful moments.

Wishing each of you a very Happy Summer!

*Annie Chao

**Annie Chao is no longer on the LACERS Board. We thank her for her service.*



A Message From General Manager, Todd Bouey

As we move into the mid-point of 2026, I want to share several important updates within LACERS and offer reassurance at a time when many people are feeling the effects of ongoing uncertainty in the broader economic and market environment.

Our Chief Investment Officer (CIO) Rod June officially retired following a distinguished career in public service, including 14 years of service as LACERS' CIO, where he guided the investment strategy with clarity, discipline, and foresight. Under Rod's leadership, our portfolio grew from $10.6 billion in 2012 to approximately $28.1 billion today, and he strengthened LACERS' investment policies, systems, and governance to improve portfolio flexibility and risk management. Rod's steady stewardship and forward looking approach leave a lasting impact on the trust fund and the Members we serve.

To ensure continuity, Deputy CIO Wilkin Ly has been designated as Acting CIO. Wilkin is a long time leader within LACERS' Investment Division, with deep experience, sound judgment, and a thorough understanding of our long term strategies. His leadership ensures a smooth transition and ongoing stability within the investment program.

We are also pleased to welcome Rahoof "Wally" Oyewole back to LACERS as our new Assistant General Manager. Wally previously served LACERS from 2013 to 2022—first as Departmental Audit Manager, and later as Departmental Chief Accountant, overseeing the Fiscal Management Division. Most recently, Wally worked in the City Controller's Office as Director of Financial Analysis and Reporting, leading eight divisions responsible for fund accounting, appropriations, financial systems support, and citywide mandated financial reports and forecasts.

These leadership transitions come at a time when many Members are understandably feeling cautious amid economic fluctuations and broader global volatility. It's natural to feel this way—but I want to reassure you that LACERS remains strong, stable, and focused squarely on the long term. As our outgoing CIO shares in his own message this month, the Board and staff are fully committed to protecting the Plan for the benefit of our Members.

Our investment strategy is intentionally designed to navigate shifting economic and market conditions. Through diversification, disciplined risk management, strong governance, and a multi decade planning horizon, we work to ensure that the trust fund remains resilient and well positioned to meet future obligations.

At the same time, we continue to modernize and improve how we serve you—expanding digital tools, simplifying processes, and maintaining our commitment to personal service whenever you need it.

Thank you for your continued trust. It is an honor to support you and your financial future.

Todd Bouey

What's New: Accessibility Efforts at LACERS

LACERS is working to make its website and online tools easier for everyone to use, especially Members who rely on screen readers or other assistive technology.

Our latest addition has come in the form of DocAccess, a tool that improves how you view and interact with PDFs on our site by making them accessible, searchable, and assistive. Watch a video describing DocAccess to learn more or explore the PDF documents on the LACERS website to see it in action.

Many web pages have been updated so screen readers can read menus, headings, and links in the correct order. LACERS is also updating its forms to ensure they are clearly labeled and easier to navigate. Videos now include captions—great for Members who use assistive technology or for anyone who wants to learn about LACERS in a quiet space. Staff are also being trained to create accessible materials and a simple online form is now available for Members to report accessibility issues. These improvements make it easier to find information, use online services, and stay connected to your benefits.

Getting the Most out of MyLACERS

Managing your retirement benefits shouldn't feel like a chore. The MyLACERS portal helps make it simple. Whether you are a current City employee planning your future or a retiree managing your monthly pension, maximizing this platform saves time and keeps you informed on your LACERS account.

Here is how to get the most out of your MyLACERS account.

Create and Track Your Retirement Estimates

Planning for retirement requires accurate data. The portal features a robust retirement calculator that uses your actual tier, service credit, and salary history.

- **Run Multiple Scenarios:** You can project your monthly pension based on different retirement dates or ages.
- **Member Statements:** Generate a Member Statement to view your service credit, contributions, and other important account information.

View Beneficiaries

Life changes quickly and keeping your beneficiary designations up to date ensures your loved ones are protected. The portal allows you to view your beneficiaries on file with LACERS. If changes are needed, you can submit a new beneficiary form to update your selections. We recommend reviewing this section annually or updating it after major life events, such as marriage, divorce, or the birth of a child.

Sign Up for LACERS Events

Register to attend Retirement Benefit Seminars, Retirement Orientations, and other LACERS events directly through the MyLACERS portal.

Review Your Service Credit and Balance of Contributions

You can view your current service credit, including any service credit purchases, and your balance of contributions as of the last payroll cycle.

To activate your account, you can request a PIN letter by clicking on "Enroll" on MyLACERS.lacers.org or call all us at (800) 779-8328 for assistance.

LACERS Lowers Investment Return Assumption to 6.75%: What it Means for the City and Members

On June 23, 2026, the LACERS Board lowered the Plan's long term assumed rate of return from 7.00% to 6.75%. This reduces long term funding risk but increases near term City contributions to fund future benefits more prudently. Member benefits remain secure and unchanged, and this adjustment does not affect retiree payments or employee contribution rates.

What changed — quick facts

- **Assumption lowered:** 7.00% → 6.75%
- **Short term fiscal impact:** Increase in the City's actuarial contribution rate for the Fiscal Year (FY) 2027-28. This increase reflects a responsible funding approach that reduces the likelihood of larger shocks to City contributions in future years.
- **Why it matters:** The assumed rate of return is the long-term expected average investment gain the Plan uses to calculate how much money must be set aside today to fund future benefits.

Why the Board made this decision

- The Board followed the consulting actuary's recommendation based on LACERS' actuarial experience and a survey of investment professionals on capital market expectations.
- This change aligns with long term trends: over 60% of California public pension plans now assume 6.75% or lower, and the National Association of State Retirement Administrators' average of 239 US public plans was 6.91% (as of December 31, 2025).

Impact on Members' benefits and contributions

- No change to current retirees' benefits or to active employees' contribution rates. Whether you retire next year or in ten years, your benefit formula—based on salary and years of service—remains the same.
- New mortality tables will be implemented effective July 1, 2027. Because updated mortality tables reflect longer life expectancies, they can affect the cost of certain optional benefits and annuities for Members who have not yet retired. Members planning to retire in FY 2027-28 and interested in optional benefits and annuities should contact LACERS for details.

Long term benefits for the City and Members

- **Improved funding discipline:** Contributing more now reduces the chance of larger contribution spikes later if investments underperform.
- **Lower risk of funding deficits:** A more conservative assumption reduces the likelihood of actuarial losses; if actual returns exceed the assumption, Plan funding may improve further.
- **Greater financial stability and credibility:** Predictable City contributions support City budgeting and are viewed positively by bond rating agencies, auditors, regulators, and other stakeholders.
- **Stronger benefit security for Members:** More assets accumulated today reduce the chance of underfunding in weak markets.
- **Prudent investment posture:** A realistic return assumption reduces pressure to "reach for yield," supporting a more balanced, less volatile risk approach.

Bottom line

Lowering the assumed return to 6.75% is a move toward more conservative funding — it raises near term City contributions but aims to strengthen long term sustainability and reduce financial risk for both the City and LACERS Members. For more details, see the LACERS Actuarial Experience Study, for the period from July 1, 2022, to June 30, 2025, found on the Financial Reports and Statistics page of our website.

A Message From Chief Investment Officer, Rod June: A Final Parting Thought

I have had the distinguished honor and privilege to serve the LACERS Board and its Members as Chief Investment Officer (CIO) for the past 14 years. The responsibility of how to allocate and invest billions of institutional dollars eventually became routine for me, but it did not just happen overnight. As such, I would like to share a simplified perspective of how to understand institutional investing through my lens.

Investing pension dollars is nothing more than implementing a series of functional steps. I like to compare it to driving a sophisticated vehicle down a long highway. Investors like LACERS can achieve a positive and satisfactory experience during the journey (i.e., positive investment performance) but with some curvy and bumpy roads along the way (i.e., intentional and unforeseen risk). Achieving superior risk-adjusted performance under such varied market conditions is no easy feat, as it requires preparation, knowledge, vigilance, and making some very tough but necessary decisions.

To set our investment program in the right direction, the Board develops a multi-year asset allocation policy that defines long-term performance objectives and specifies acceptable risk levels and tolerances for major asset classes, including stocks, bonds, and private market investments. Determining this specific policy is arguably the most important and critical investment decision of the Board. Through a rigorous asset allocation exercise that considers many market and risk factors, an optimal weighted mix of assets and strategies is identified that is designed to yield a reasonable likelihood of achieving established long-term risk-adjusted performance goals.

Additionally, a strong but practical investment governance framework works in tandem with the asset allocation policy; its importance is similarly critical to meeting performance objectives. Effective governance includes sufficient guardrails to control risk, but also recognizes that, due to market factors and operational circumstances, a limited degree of discretion is granted to staff to maintain the portfolio in optimal condition and to enable progress and adaptability in a dynamic yet challenging investment environment.

Once the Board makes these decisions, the CIO, along with staff, implements the policies and directives with precision in a timely manner. To facilitate these responsibilities, the CIO helps to develop or procure a wide variety of performance and risk dashboards, manager reports, robust analytical and technology-based tools, and cutting-edge research. To complete the governance loop, staff and its investment consultants provide informational presentations and reports throughout the year to help the Board fulfill its fiduciary oversight responsibilities. Reliance on this circular governance model removes the mystery and guesswork of how the Board and staff allocate and invest billions of pension dollars. Consistent application of these steps results in a high degree of confidence that established financial goals and objectives can be achieved.

As I ride across the proverbial bridge into retirement, I do so with confidence that the Board and staff will continue to protect the integrity, health, and strength of the LACERS organization by keeping their watchful eyes on the road and maintaining the plan in tip-top shape. Continual improvements to our investment program will strengthen our organization and provide peace of mind to our retirees and beneficiaries, ensuring that their LACERS retirement benefits remain secure.

Rod June

Turning 65? Here's What You Need to Know About Medicare as an Active Member

Still Employed with the City and Enrolled in LAwell Medical Benefits

Part B and D

If you're working and are approaching age 65, it is generally recommended that you **do not enroll in Medicare Part B or Part D** if you are covered under the City's LAwell (active employee) medical benefits. However, you must maintain your City active employee medical coverage from the time you become eligible for Medicare (usually age 65) until your Medicare enrollment becomes effective (usually at age 65 or older and retired). Doing so will prevent Medicare from assessing late enrollment penalties.

Part A

If you are still working and are turning 65 and have earned enough Medicare credits, Social Security may automatically enroll you in Medicare Part A and mail you a Medicare ID card. This is a common scenario, and in this instance, Part A is typically provided at no cost to you.

Planning to Retire and You're Within Three Months of Age 65 or Older

If you are planning to retire and your retirement date is within three (3) months of your turning 65, or you are 65 or older, LACERS will assist you by providing a special enrollment form to complete your Medicare enrollment. This form will be given to you during your retirement application process.

Questions? For more information on Medicare and the City, visit the LAwell website.

Understanding Medicare IRMAAs in Retirement

If you are enrolled in Medicare Part B and/or Part D and a high-income earner (single with a yearly income of $109,000+ or married and filing taxes jointly with a yearly income of $218,000+), you may face a federal surcharge that can increase your healthcare expenses in retirement in the form of the **Income-Related Monthly Adjustment Amount (IRMAA)**.

Understanding how IRMAA is calculated and what may trigger it in retirement can help prepare you for a little-known expense that can make a substantial dent in your retirement budget.

How It's Calculated

The government uses a **two-year look-back rule** to determine if you owe IRMAA.

- Your premiums for the current year are based on your tax returns from **two years ago**. For 2026, the Social Security Administration (SSA) looks at your 2024 tax returns to see if you must pay an IRMAA. IRMAA is calculated every year. That means if your income is higher or lower year after year, your IRMAA status can change.
- The calculation uses your Modified Adjusted Gross Income (MAGI), which is your adjusted gross income plus any tax-exempt interest.

What Can Trigger It

Many retirees hit IRMAA thresholds due to one-time or mandatory income spikes, including:

- **Required Minimum Distributions (RMDs)** from traditional IRAs or 401(k)s.
- **Roth IRA conversions** that create a sudden surge in taxable income.
- **Selling a home** or investment property that generates large capital gains.

If your income goes even one dollar over a threshold, you are pushed entirely into the next bracket, triggering the full monthly surcharge for the whole year. If you file taxes jointly, **both spouses must pay the surcharge individually**.

For more information on IRMAA, visit the National Council on Aging webpage.

Goodbye Tier 1 ERIP Contributions Surcharge: What Now?

The Member Statement is an important tool found The Early Retirement Incentive Program (ERIP) was initially proposed and negotiated as an early retirement window with the bargaining units representing LACERS Members. The program was specifically designed to reduce annual ongoing costs to the City's payroll by providing eligible LACERS Members with separation pay and retirement benefit enhancements to incentivize early retirement. The cost obligation spanned a defined 15-year period, July 1, 2011, to June 30, 2026.

Beginning July 1, some LACERS Members' retirement contribution rates changed. Please review the details below to understand how these changes may impact your paychecks.

Tier 1 Members

- The current **1% ERIP contribution surcharge ended effective July 1.**

Tier 3 Members

- **No changes.** Tier 3 Members were not subject to ERIP costs, their contribution rates will remain the same.

For more information, please view the ERIP Frequently Asked Questions section on our website.

10-Years of Tier 3: Tier 3 Retirement Eligibility

On **February 21, 2026**, Tier 3 reached its 10-year anniversary. This milestone is significant because it marks the first point at which some Tier 3 Members meet the ***minimum*** service requirement for retirement, making them the first Tier 3 Members eligible to begin receiving a normal retirement allowance.

How to Know if You Are a Tier 3 Member

Your tier is primarily based on your **date of hire**. If you were hired as a LACERS Member on or after February 21, 2016, you are a Tier 3 Member.

Being part of Tier 3 **does not automatically mean you are eligible to retire.** Eligibility depends on meeting specific age and service requirements.

Tier 3 Retirement Eligibility

Normal Service Retirement

- Age 60 with 10+ years of service: Retirement Factor 1.5%
- Age 60 with 30+ years of service: Retirement Factor 2.0%

Enhanced Service Retirement

- Age 63 with 10+ years of service: Retirement Factor 2.0%
- Age 63 with 30+ years of service: Retirement Factor 2.1%

Early Service Retirement

- Any age with 30+ years of service: Retirement Factor 2.0%*

* If the Member is younger than age 55 at the date of retirement, a reduction factor shall be applied.

Now that you can determine when you are eligible to retire, use the formula below to estimate your monthly allowance. Please note that certain pay may not be pensionable.

Average Monthly Final Compensation X Years of Service Credit X Retirement Factor X Early Retirement Factor (if applicable) = Monthly Retirement Allowance

Example Calculation: $5,000 (Average Monthly Final Compensation) x 10 (Years of Service Credit) x 1.5% (Retirement Factor) **= $750 Monthly Retirement Allowance**

Additionally, your retirement allowance shall not exceed 80% of your Final Compensation.

Additional information can be found on the LACERS Website and the Tier 3 Summary Plan Description. You can also run a retirement estimate in your MyLACERS account in the Estimate a Benefit section or call (800) 779-8328 for assistance.

Retirement Application Portal: Your Gateway to Retirement

Applying for your retirement is simple and convenient. For Tier 1 Members, the [LACERS Retirement Application Portal (RAP)] lets you submit and track your application online, and upload your required documents securely, all in one secure place. Quickly access resources, including links to videos explaining different retirement topics, check your application status, and stay informed every step of the way.

If you're ready to retire, follow these steps:

1. **Notify LACERS** of your intent to retire 90 days before your desired retirement effective date. You will be scheduled to attend an in-person LACERS Retirement Orientation between the 60th and 30th day prior to your desired retirement effective date. You can register for your corresponding Retirement Orientation via MyLACERS or contact us at (800) 779-8328 for assistance.
2. **Generate a retirement estimate** for yourself for your desired retirement effective date via your MyLACERS account.
3. **Attend your Retirement Orientation**, complete your Retirement Decision Sheet, and LACERS staff will be available to answer your questions in person. All retiring Members are highly encouraged to attend this Retirement Orientation. Individual counseling will not be available for retiring Members who have not completed the orientation.
4. **Complete and submit your retirement application** the same day at the Retirement Orientation or in the comfort of your home.

If you are a Tier 1 Enhanced Member, Tier 1 Deferred Vested Member, or Tier 3 Member, visit our website for information on how to start your application for retirement.

Accrued Time at Retirement

Have you ever wondered what happens to your unpaid vacation, sick, and banked overtime when you retire? These unpaid hours are usually paid out to you as a separate check after you retire and are paid directly through your department and the Controller's office, not through LACERS. If you have a Deferred Compensation account with the City of Los Angeles, you may choose to defer some or all of it into your Deferred Compensation account (up to IRS limits), instead of receiving a lump sum check.

For more specific guidelines on how these and other unpaid hours are treated upon retirement, refer to your Memorandum of Understanding (MOU) or contact your department's Human Resources team.

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, and other retirement-related topics. Head to the LACERS YouTube channel to subscribe and join over 3,000 other Members who are notified when new content is posted!

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