

## LACERS Navigating Tough Times with You



by Board President, Cynthia M. Ruiz

This is not the 2020 I imagined. Many of us are practicing safe distancing away from family and friends; living rooms have become home offices, classrooms, and gyms; and who could have predicted a shortage of toilet paper? But whether you're missing out on a planned vacation, your best friend's birthday bash, or your

favorite meal from your local restaurant: you are not alone. We are all grieving the loss of our "normal" separately, and collectively.

While many things remain uncertain, one thing that I hope you can take comfort in is LACERS' unwavering support and service to you and your families. LACERS staff has been tirelessly working to make sure your benefits are administered uninterrupted. Many are telecommuting, while others remain in the LACERS offices to provide critical support. This crisis has forced the LACERS team to evolve their practices and procedures in such a short period of time and I'm truly inspired by their continued dedication and resourcefulness.

Additionally, I want to reassure you that the LACERS plan is financially secure: We have support from the City, whom despite its own financial concerns, is committed to making its full annual actuarial contribution to the Plan. We also have our dedicated Investments Team who is continuing to manage the Plan assets in conformance with LACERS policy, best practices and with the

insight and advice of industry experts. As long-term investors with a diverse portfolio, we will continue to have funds to pay benefits today, tomorrow, and into the future.

To help keep Members up to date with the latest LACERS news, I want to invite each of you to visit our new website at [www.LACERS.org](http://www.LACERS.org) and let me know what you think of it. The updated website and increased functionality are part of LACERS' renewed efforts to connect to you on the platforms that you use daily which is essential now more than ever.

The new website is continuously updated to provide Members with current information. For example, you can now find a page dedicated to resources regarding COVID-19. You can also still find information about financial reports, investments, and other detailed facts and figures on our website. We have an archive that includes:

- LACERS Comprehensive Annual Financial Report (CAFR) for FY 2018-19
  - LACERS Popular Annual Financial Report (a condensed version of the CAFR)
- Investment Performance Reports
- Audited Financial Statements
- Actuarial Valuation Reports

Let's all take care of each other and remain vigilant with our own health and safety. And please do not hesitate to reach out if you need resources or assistance; LACERS is here for you.

## Earthquakes, Fires, Pandemics, Floods & Postal Disruptions LACERS Is Prepared. Are YOU?



by General Manager, Neil Guglielmo

We are in the midst of a Global Pandemic and our lives, and that of our family, friends and community, have been profoundly impacted. We have experienced other disasters in our past and have emerged scarred, but we are also stronger for the experience. For myself, our Board of Commissioners and all LACERS staff, we

will continue to work through this crisis to serve all of you to the best of our ability.

Some impacts have been local and some have been global. No matter where you live, LACERS wants you to know what to expect from us and how you can prepare yourself in the event of an emergency. LACERS has held emergency exercises to test our preparedness and is currently working through the disruptions of COVID-19. One of the things that stood out during these

exercises was Member Communications during and after an emergency.

### Here's what we learned:

There may be a disruption in communications. Expect that our phones, including our 800 number, may be out of service for a while. Or, if you are able to get through, you may hear a message such as, "Due to today's emergency, there may be a delay in returning your call. Please check our website, [www.LACERS.org](http://www.LACERS.org) for answers to your questions or send an email to [Lacers.Services@LACERS.org](mailto:Lacers.Services@LACERS.org)."

For Active Members, scheduling your retirement, or attending a seminar or counseling session may be impacted. Events may be rescheduled and/or modified as soon as possible. Tasks such as requesting a PIN letter for a new MyLACERS account or assistance with a MyLACERS password reset will be delayed.

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As we navigate the current emergency at hand—the COVID-19 pandemic—Members can count on the continued service of LACERS staff members. Our offices remain physically closed, but our staff continues to adapt to a mobile workforce paradigm, which allows essential services to continue and prepares us for any future crisis that might occur.

All of you, our Members, are our extended LACERS family and we wish you all good health and safety now and in the days, months and years ahead.

## A Message from Chief Investment Officer Rod June



In 2019, U.S. stocks, as reflected by the S&P 500 Index, gained 28.9%. This year we see the long-run bull market ending, much of it caused by recent global health concerns. The enormous market volatility can and probably will continue for many months. As such, you may have many concerns about its impact on LACERS.

LACERS' investment portfolio continues to be managed according to a thoughtful strategic policy that is designed to weather changing market conditions. This strategic approach has been proven to be the best safeguard to ensure the continued strength of LACERS' ability to pay your earned retirement benefits.

## LACERS Planning for Retirement Seminars Go Online

Do you have questions about your Tier 1 Retirement Benefits? If so, you may want to consider viewing our newly recorded Planning for Retirement Seminars online at <https://www.lacers.org/planning-retirement>. The LACERS Member Engagement Team understands that even while we are being asked to practice “Social Distancing” at this time due to COVID-19, many Members still want to learn about their future Retirement Benefits such as:

- When you will be eligible to retire
- How to calculate your retirement allowance

- What your health benefits are in retirement
- What survivor benefits are available

Additionally, we are working to bring you live seminars via Zoom in the coming months. At this time all in-person seminars have been postponed due to COVID-19, but we look forward to hosting in-person seminars again in the future. To view future available dates for our in-person (tentative due to COVID-19) and Zoom online seminars, and to register, please log onto your MyLACERS online account.

\*Note: Tier 3 recorded seminars coming soon.

## Furlough Information: Full-Time (72+ hour) Employees

### Will mandatory furloughs affect my retirement benefits?

No. Taking furlough days will not impact your retirement benefits because your benefit is determined by your Compensation Earnable, which is the amount your classification earns for 80 hours in a pay period.

### If I am earning less money because of the furlough days, why won't my retirement benefits be impacted?

Your retirement allowance is based on the following formula: Service Credit x Final Compensation x Retirement Factor (0.0216 for Tier 1 Members and varies for Tier 3 Members).

**Service Credit** – This is determined by the amount of time you have worked as a member of LACERS and made contributions to your retirement account (LAAC 4.1001). As long as you work enough hours to cover the costs of your full retirement contribution and any other payroll deductions (this very likely will not be an issue with two furlough days per month), you will continue to earn the same amount of Service Credit with or without furlough days.

**Final Compensation** – This is the average of the last 12 months\* (or any other 12 consecutive month period you designate) of Compensation Earnable in your classification and will not be affected by furlough days. “Compensation Earnable” is the amount your classification earns for full-time service (LAAC Sections 4.1001). Taking furlough days will

reduce the amount of money you earn, but it will not reduce your Compensation Earnable. Because furlough days will not impact your Service Credit or your Final Compensation, they will have no impact on your retirement allowance.

### While I understand mandatory furlough days will not affect my retirement benefits, it will reduce my salary. Can I borrow from my retirement account?

No. The Los Angeles Administrative Code does not provide LACERS the authority to allow members to borrow from their LACERS accounts.

### Do I have to take furlough days?

Please check with your Department Personnel Director to determine if you are required to take any furlough days.

### Does LACERS have any services that will help me cope with the salary reduction of mandatory furlough days?

If you are facing other specific problems and feel you need assistance, the City's Employee Assistance Program (EAP) provides help and counseling for a variety of issues. The EAP can be contacted 24 hours a day, 7 days a week by their toll-free line at (800) 213-5813. Their website is also available for information at: [www.liveandworkwell.com](http://www.liveandworkwell.com), company code: CityofLA.

\*Note: For Tier 3 Members it is 36 months.

# Keeping Productive and Organized This Spring

Springtime brings more daylight, warmer weather and a sense of new beginnings! With many people spending an increased amount of time at home due to the COVID-19 pandemic, it is the perfect time to get organized. Spring cleaning can include many activities, from rearranging closets to clearing out the garage and donating unneeded goods to charities, which not only feels good to do, but can be a tax write-off.

Another productive activity to add to your to-do list each spring is checking to make sure your vehicle does not have any recalled parts. According to Carfax, the number of vehicles with recalls is on a decline, but as of 2019, there were still 57 million vehicles

with outstanding recalls in the U.S. Checking to see if your vehicle has a recalled part is as easy as entering your vehicle's VIN number in the search bar at the National Highway Traffic Safety Administration's recall website: [www.nhtsa.gov/recalls](http://www.nhtsa.gov/recalls). This will ensure the safety of yourself and your loved ones, and keep you prepared for whatever comes next!



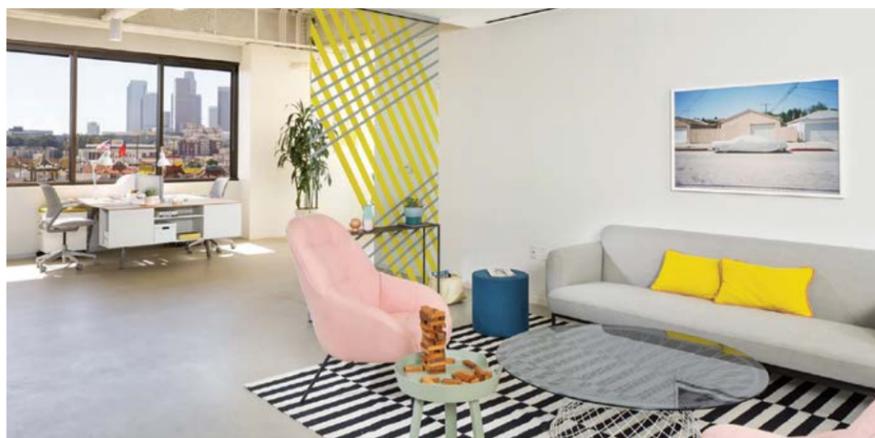
## New MyLACERS Two-Step Verification Security Feature

In mid-May, the MyLACERS Member portal will implement a new two-step verification security feature to enhance the safety of your information. Once this feature has been enabled, you will be asked to verify your account via your choice of a code sent via SMS text messaging or email. You can update your account security settings selection between SMS text messaging and email under your MyLACERS profile. Once your device is verified, you will not need to repeat the verification process. The verification process will only be initiated when: you log in from an untrusted device, a trusted device has expired, you require a password reset, or you have forgotten your username.

If you have not yet created your MyLACERS online portal account, there's never been a better time to get started. Just follow these three steps:

- ➔ **STEP 1:** Request an enrollment PIN on <https://mylacers.lacers.org> through the "Enroll Now" button. For security purposes, your PIN will be mailed.
- ➔ **STEP 2:** Once you receive your enrollment PIN in the mail, log onto <https://mylacers.lacers.org> and click "Enroll Now."
- ➔ **STEP 3:** Complete the information on the screen and click "Enroll."

## Transition to the New LACERS Headquarters Begins



Did you know part of the LACERS family recently moved to the Department's soon-to-be headquarters, located at 977 N. Broadway? The Investments Division and Member Engagement section are the first groups to inhabit this modern new space. They will be joined by the remaining LACERS staff over the next year. In the meantime, seismic improvements, space planning, and construction of the interior of the building



will continue to take place. It's an exciting time, but for now, LACERS Members will only be able to receive service at LACERS' current office located at 202 W. First Street.\* Stay tuned for more details about the move!

\*Note: LACERS' in person office visits are currently suspended due to COVID-19.

## LACERS Retirement Counseling Gets Creative

Are you currently in the process of retiring or planning to retire in the near future? If so, the "norm" of coming into the LACERS office to attend a Group Retirement Counseling session and/or meeting with LACERS staff to complete your paperwork has been adjusted due to the effects of COVID-19. Our Retirement Counselors are working hard to make sure each and every one of you is able to retire via other methods such as mail with telephone assistance. Counselors are also working on online options and

other creative ways of addressing your important retirement needs. In order to receive the most efficient service, please make sure to have all your documents in order, fill out the paperwork completely and correctly, and submit your retirement application within the proper filing period of 30-60 days prior to your selected retirement date. As this process is constantly evolving, we recommend that you visit <https://www.lacers.org/applying-retirement> for the latest information.

# There's More Than One Way to Reach Us!

Website: [www.LACERS.org](http://www.LACERS.org)

E-mail: [LACERS.services@lacers.org](mailto:LACERS.services@lacers.org) | [LACERS.health@lacers.org](mailto:LACERS.health@lacers.org)

Mailing Address: P.O. Box 512218, Los Angeles, CA 90051-0218

Visit LACERS at 202 W. First Street, Suite 500, Los Angeles, CA 90012, Mon-Fri, 7:00 a.m. to 4:00 p.m. (Currently suspended due to COVID-19)

Call: (800) 779-8328 | TTY (888) 349-3996 (Currently retrieving voicemails only due to COVID-19)

Fax: (213) 473-7297 (Delayed processing due to COVID-19)

## Notice to Employees Who May be Eligible to Purchase Service Credit

Tragedy can strike at any time leaving so many plans unfulfilled. Don't delay looking into increasing your retirement benefit through optional Service Purchases. You may be eligible if you:

- worked full-time for another governmental entity;
- worked for the City as a part-time or temporary employee not in the LACERS plan;
- had uncompensated maternity leave;
- received worker's compensation at the state rate;
- had an approved leave without pay over six months; or
- lost service credit due to a divorce or dissolution of domestic partnership.

Please allow sufficient time to complete the service purchase process, which averages eight months due to the need for LACERS to communicate with outside entities and the research required to verify information on your past service.

A recent death of one of our Active Members illustrates the importance of not delaying your request to purchase.

This particular Member had 23 years of City service, was 59 years old, and had seven years of service from another California pension system, which he was in the process of purchasing. Unfortunately, he passed away before he could complete the service purchase contract process. As a Tier 1 Active Member who was at least age 55, he would have been eligible to retire with 30 years of Service if he had completed his service purchase, and his Surviving Spouse would have been immediately entitled to his pension, which would have been nearly 65% (30 years X 2.16 retirement factor) of his pensionable salary.



With an incomplete service purchase, his Surviving Spouse although still eligible to receive a lifetime benefit, would only be eligible to receive the benefit based on 23 years of City service which would be the equivalent to just under 50% (23 years X 2.16 retirement factor X early reduction factor) of his pensionable salary.

If you are thinking about a purchase, don't delay, inquire today.

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## 1% Payroll Contribution to "ERIP"

In 2010, an Early Retirement Incentive Program (ERIP) was offered to 2,400 eligible City employees. The City Ordinance enacting ERIP also required that the active employees pay an additional 1% retirement contribution to pay for ERIP, which would last 15 years from July 1, 2011

to June 30, 2026 or until the cost of the ERIP liability, \$355 million, was paid off. The current amount paid toward ERIP is \$197.4 million as of 12/31/2019. Additional information is provided on our website in the Frequently Asked Questions section.

