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LACERS

LA CITY EMPLOYEES'
RETIREMENT SYSTEM

2020 POPULAR ANNUAL FINANCIAL REPORT

for the fiscal year ended June 30, 2020

Our Popular Annual Financial Report is a summary of the Los Angeles City Employees' Retirement System's Comprehensive Annual Financial Report.

Available online at www.lacers.org/reports-and-statistics

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NEIL M. GUGLIELMO
General Manager

IN OUR 83RD YEAR...

The global COVID-19 pandemic suddenly and unexpectedly accelerated the need for LACERS to transform and digitize our operations while also requiring us to make temporary adjustments in our investment policy to preserve the financial health of our Fund.

It is our mission to serve our Members with excellence and to protect and grow our Fund and it is with immense pride that I can say LACERS has responded to the challenges brought on by this pandemic with vigor. Since the first reported case of COVID-19 in the US, we grew our Fund and modernized our operations by strides, allowing us to create a more immersive experience for our Members and a safe work environment for our employees.

As a different world takes shape, LACERS will continue to respond by finding new and innovative ways to improve our operations, while ensuring the best experience for our Members.

NEIL M. GUGLIELMO
General Manager

LACERS



OUR MISSION

To protect and grow our trust fund and to ensure the sustainable delivery of ethical, reliable, and efficient retirement services to our Members.

\$4,100

AVERAGE MONTHLY PENSION

change from 2011: +28.8%

57,120

TOTAL MEMBERSHIP

change from 2011: +18.3%

\$263.9

MILLION IN MEMBER CONTRIBUTIONS

change from 2011: +130.1%

60.4

AVERAGE AGE AT RETIREMENT

change from 2011: +0.3%

72

AVERAGE AGE OF RETIREE

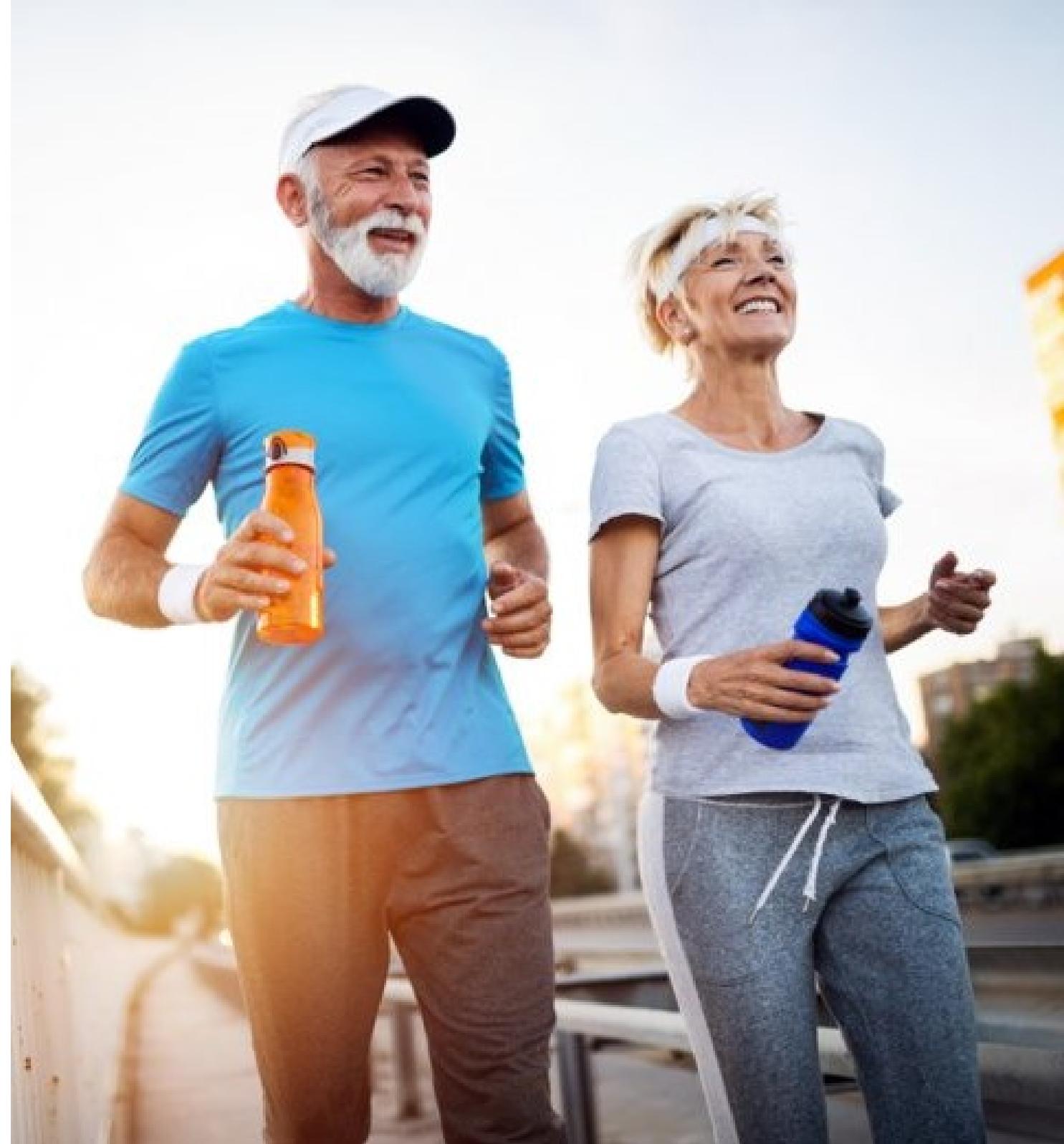
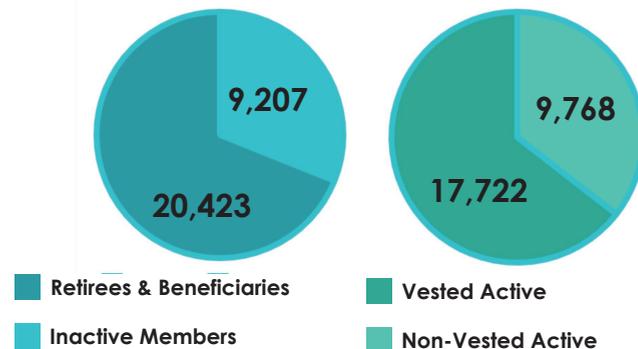
change from 2011: +1.6%

COMMITTED TO OUR MEMBERS

LACERS is committed to providing the best experience for our Members by improving our outreach and engagement programming. Through maturing our data collection practices, identifying new effective outreach tools and strategies, and promoting an open and transparent environment to engage with Members, we strive to be best-in-class.

From a recently launched modern and mobile responsive website to a YouTube channel providing Member education to the roll-out of video and tele-conference capabilities for remote seminars, counseling, and meetings, **we take our commitment to our Members seriously.**

MEMBER BREAKDOWN



WEATHERING THE STORM OF A GLOBAL PANDEMIC

How we ended net positive during an economic downturn

The COVID-19 pandemic suddenly and unexpectedly disrupted the global and local economies. In order to mitigate the impacts of the COVID-19 pandemic, the Board made several temporary modifications to its Investment Policy.

These modifications, combined with a steady hand, ensured that LACERS mitigated the economic volatility brought on by the pandemic and ended net positive from the year prior.

NET INCREASE WITHIN THE YEAR

\$155,414,000

Learn about some of the actions the Board took here.

\$17,863,324,000

FIDUCIARY NET POSITION



Allocation

The total Fiduciary Net Position is allocated between the Retirement Plan and the Postemployment Health Care Plan.

84%
RETIREMENT

16%
HEALTH

ADDITIONS and DEDUCTIONS

(Dollars in Thousands)

	2020	2019	% Change
BEGINNING NET POSITION	\$ 17,707,910	\$ 16,989,616	4.2%
ADDITIONS			
City Contributions	665,358	586,754	13.4%
Member Contributions	263,936	240,357	9.8%
Insurance Premium & Reserve	12,501	6,558	90.6%
Net Investment Income	365,492	968,497	(62.3%)
Other Income	792	--	--
TOTAL ADDITIONS	\$ 1,308,079	\$ 1,802,166	(27.4%)
DEDUCTIONS			
Benefit Payments	1,112,911	1,049,283	6.1%
Contribution Refunds	12,332	11,684	5.5%
Administrative Expenses	27,422	22,905	19.7%
TOTAL DEDUCTIONS	\$ 1,152,665	\$ 1,083,872	6.3%
NET INCREASE WITHIN YEAR	\$ 155,414	\$ 718,294	(78.4%)
ENDING NET POSITION	\$ 17,863,324	\$ 17,707,910	0.9%

ASSETS and LIABILITIES

2020 vs 2019 ASSETS AND LIABILITIES

(Dollars in Thousands)

ASSETS	2020	2019	% Change
Cash, Short-term Investments, and Receivables	\$ 818,311	\$ 752,960	8.7%
Investments, at Fair Value	17,530,909	17,990,214	(2.6%)
Capital Assets, Net of Depreciation	42,359	8,789	382.0%
TOTAL ASSETS	\$ 18,391,579	\$ 18,751,963	(1.9%)
LIABILITIES			
Securities Lending Collateral and Other Payables	\$ 528,255	\$ 1,044,053	(49.4%)
FIDUCIARY NET POSITION	\$ 17,863,324	\$ 17,707,910	0.9%

2020 RETIREMENT AND HEALTH PLANS

ASSETS	2020 Retirement Plan	2020 Health Plan	2020 Total
Cash, Short-term Investments, and Receivables	\$ 687,698	\$ 130,613	\$ 818,311
Investments, at Fair Value	14,732,763	2,798,146	17,530,909
Capital Assets, Net of Depreciation	35,598	6,761	42,359
TOTAL ASSETS	\$ 15,456,059	\$ 2,935,520	\$ 18,391,579
LIABILITIES			
Securities Lending Collateral and Other Payables	\$ 443,939	\$ 84,316	\$ 528,255
FIDUCIARY NET POSITION	\$ 15,012,120	\$ 2,851,204	\$ 17,863,324

FUNDED STATUS

WHAT IS THE COMBINED FUNDED STATUS OF THE PLAN?

The Combined Funded Status is the ratio of the System's Fiduciary Net Position to Total Pension Liability. This funding ratio represents the percentage of Plan Assets available toward paying expected benefit obligations of LACERS Members.

71.6%

COMBINED PLAN FUNDED STATUS

About the Retirement Plan

LACERS administers a defined benefit pension plan that provides for service and disability retirement benefits, as well as death benefits.

The Retirement Plan covers all civilian and certain segments of sworn employees of the City who are not exempted due to employment from other proprietary agencies. 

Plan Members have a vested right to their own contributions and accumulated interest posted to their accounts.

RETIREMENT PLAN FUNDED STATUS

66.3%

About the Health Plan

LACERS administers, and provides single-employer postemployment healthcare benefits to eligible retirees and their eligible spouses/domestic partners who participate in the Retirement Plan regardless of their membership tiers.

These benefits consist of subsidies which may also apply to the coverage of other eligible dependent(s).

HEALTH PLAN FUNDED STATUS

81.8%



RODNEY JUNE
Chief Investment
Officer

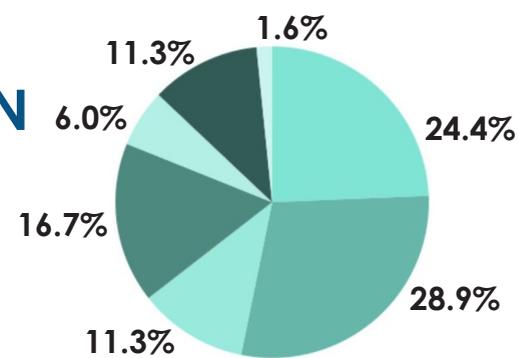
INVESTMENT PORTFOLIO SUMMARY

Fiscal year 2019-2020 was an especially volatile period for financial markets due to the COVID-19 pandemic and unprecedented shutdown of the U.S. economy in an attempt to contain the virus. Consequently, the LACERS' investment portfolio returned 1.24% (gross of fees) for the one-year period ending June 30, 2020.

While markets have mostly recovered from the pandemic-induced bear market, serious questions remain about the real economy, as many job losses and business closures could be permanent. As we reflect on the unprecedented events of fiscal year 2019-2020, you should be reassured that the LACERS' investment portfolio is designed and constructed to weather such volatile periods and the challenges ahead.

[Read our market synopsis here.](#)

ASSET ALLOCATION (by Percent)



Tip: Hover your cursor over each segment for allocation by percent

- U.S. Equity
- Non-U.S. Equity
- Private Equity
- Core Fixed Income
- Credit Opportunities
- Real Assets
- Unallocated Cash

INVESTMENT PORTFOLIO VALUE

HOW DID OUR INVESTMENT PORTFOLIO DO?

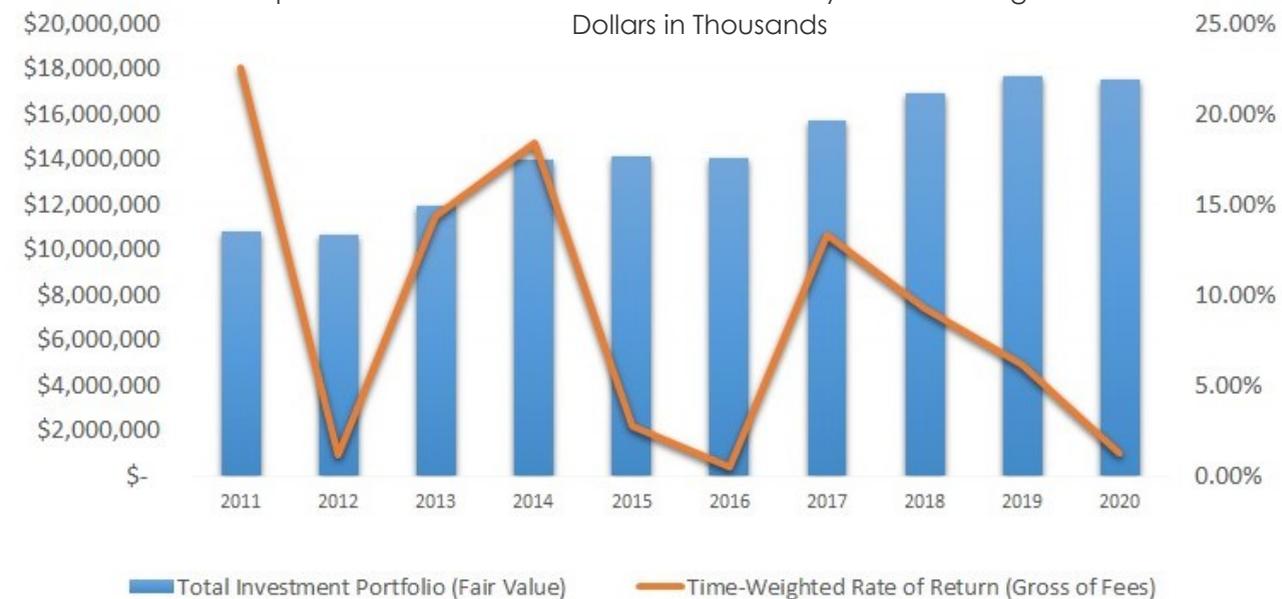
Though the Fiduciary Net Position increased over the previous year, the Investment Portfolio underperformed its policy benchmark by 277 basis points (gross of fees) for the fiscal year, mainly attributed to the relative underperformance of Credit Opportunities, U.S. equities, Real Assets and Private Equity.

TOTAL INVESTMENT PORTFOLIO VALUE \$ 17,654,460,000

ANNUALIZED RATES OF RETURN (GROSS OF FEES)

	1 YR (%)	3 YR (%)	5 YR (%)
LACERS Total Fund	1.24	5.49	5.98
LACERS Policy Benchmark	4.01	6.51	6.64

Portfolio Value Rate of Return (Gross of Fees)
compared to Total Portfolio Value for ten fiscal years all ending on June 30.



EXECUTIVE OFFICERS

Neil M. Guglielmo
General Manager

Lita Payne
Assistant General Manager

Todd Bouey
Assistant General Manager

Rodney June
Chief Investment Officer



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

BOARD OF ADMINISTRATION

Cynthia M. Ruiz
President

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Vice President

Annie Chao
Commissioner

Elizabeth Lee
Commissioner

Sandra Lee
Commissioner

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Commissioner

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Commissioner

LACERS

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