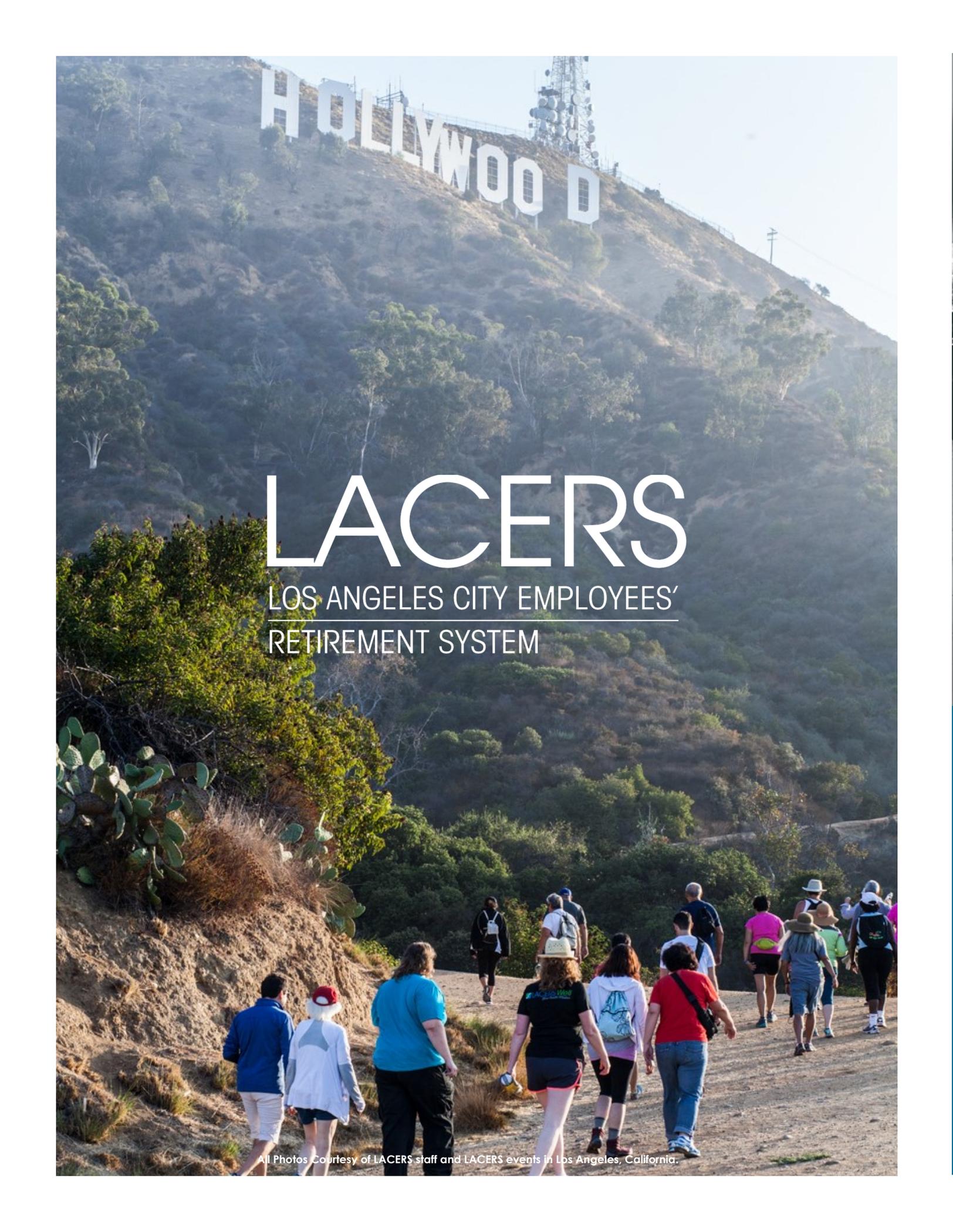


LACERS

LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

2019-20 FISCAL YEAR
STRATEGIC PLAN
ANNUAL REPORT

THE PATH FORWARD
ADOPTED 2019

A group of people is hiking on a dirt trail that winds up a hillside. In the background, the Hollywood sign is visible on a higher ridge. The hillside is covered in green trees and shrubs. The sky is clear and blue. The people are wearing various hiking gear, including hats, backpacks, and casual clothing. The overall scene is bright and sunny, suggesting a clear day.

HOLLYWOOD

LACERS

LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

All Photos Courtesy of LACERS staff and LACERS events in Los Angeles, California.



STRATEGIC PLAN

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LACERS

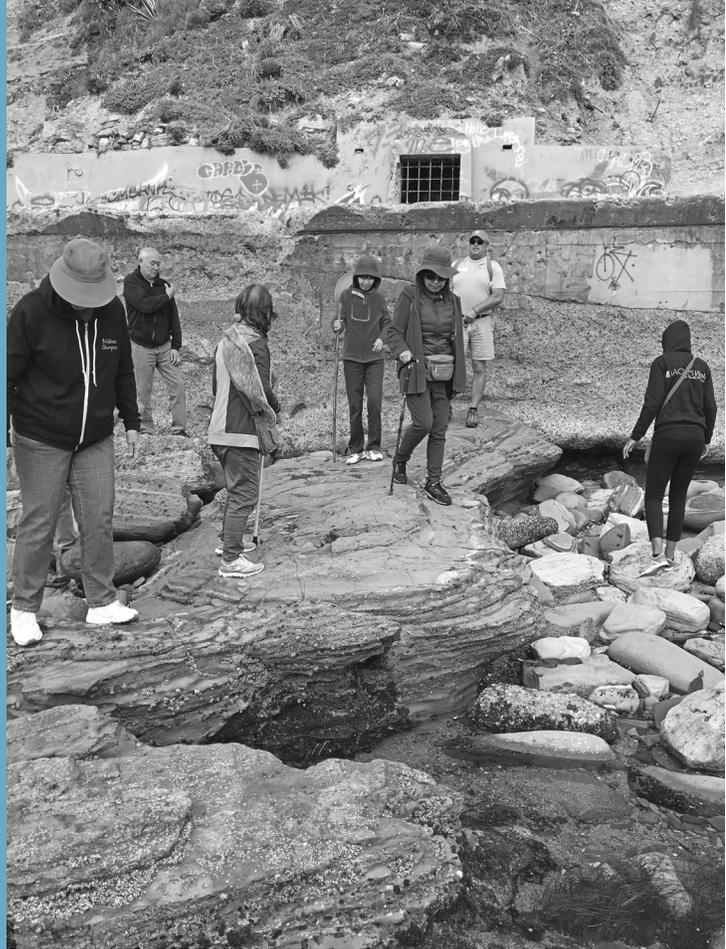
LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

The Los Angeles City Employees' Retirement System is a department of the City of Los Angeles, established by City Charter in 1937, to provide retirement benefits to the civilian employees of the City of Los Angeles. Currently, LACERS provides services to more than 26,000 active employees, and provides benefits to over 19,000 retirees and their beneficiaries. LACERS administers the pension and retiree health benefits approved by the City; and manages the pension fund investment portfolio.

Service to our Members is first and foremost, not only because we are bound by our fiduciary duty, but also because the Board and staff at LACERS are committed to 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.

ABOUT US

Who We Are



ABOUT US

Highlights



\$17.7
BILLION
FUND ASSETS
JUNE 30, 2019

7.9%
FUND RETURN
AVERAGE
LAST 15 YRS
NET OF FEES

AVERAGE MONTHLY	
PENSION	HEALTH SUBSIDIES
\$4,326 SERVICE	\$1,791 MAX NON-MEDICARE
\$1,714 DISABILITY	\$1,121 AVERAGE NON-MEDICARE
\$2,236 SURVIVOR	\$490 AVERAGE MEDICARE

26,042 
ACTIVE MEMBERS

19,379 
RETIRES & BENEFICIARIES



\$6.590
BILLION
UNFUNDED ACTUARIAL
ACCRUED LIABILITY

STATISTICS FROM FISCAL YEAR ENDED 2018 UNLESS OTHERWISE STATED



MESSAGE TO YOU

From the General Manager

Your Trust is what we strive for; listening to you will help us get there. We are proud to have the input of our Members and stakeholders reflected in the new LACERS Strategic Plan, and we are excited to share it with you.

Our new plan has refreshed the Mission, Vision, Guiding Principles, and Goals which set forth the strategic direction for our organization. From surveys to focus groups, your feedback guides our Strategic Plan efforts centered on:

Your Trust in LACERS' Customer Service

We will invest in ways to enhance the Member experience leading to professional and caring Member interactions performed consistently and at the highest level of excellence. Through benchmarking of key service expectations, we will set and reach standards which demonstrate our commitment to serving you.

Your Trust in LACERS' Management of Fund Assets

We will take on initiatives to improve education and transparency in the areas of funding and fund management, making more information available to you. Our strategies implement best practices for excellence in fund governance, including a comprehensive risk evaluation and reporting framework to monitor the investment portfolio and managers on an ongoing basis.

Your Trust in the Organization's Capabilities

We will focus on greater efficiency, effectiveness, and resiliency. We are taking a performance management approach in quantifying organizational achievement, prioritizing resources, and driving organizational performance. We strive for continuous improvement in emergency preparedness and management to ensure protection of Member assets and continuity of services. Finally, we will continue to invest in developing a high-performing workforce and promoting an organizational culture of innovation.



NEIL M. GUGLIELMO

By involving our stakeholders in the strategic planning process, it ensures that the direction LACERS takes is one that is driven by the people we serve. We thank our LACERS Board of Administration, LACERS staff, our consultants who participated in this process, and Active and Retired Members who participated in our surveys and focus groups for a successful strategic planning process. We are hard at work implementing the new plan and look forward to continuing to hear from you.

YOUR BOARD MEMBERS

Serving You



CYNTHIA M. RUIZ
PRESIDENT
 Appointed by the Mayor



SANDRA LEE
 Appointed by the Mayor



NILZA R. SERRANO
 Appointed by the Mayor



SUNG WON SOHN
 Appointed by the Mayor



ANNIE CHAO
 Elected by Active Members



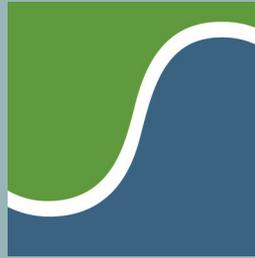
ELIZABETH LEE
 Elected by Active Members



MICHAEL R. WILKINSON
VICE PRESIDENT
 Elected by Retired Members

The LACERS Board of Administration establishes Governance policies and adopts rules and regulations necessary to administer the LACERS retirement benefits. The Board also sets investment policy and strategy to manage assets of the LACERS Trust Fund. Other responsibilities include setting actuarial assumptions and adopting the City's annual contribution rate to the LACERS Fund; selecting health insurance carriers; approving the retiree health benefit subsidy level; and authorizing Service Retirements, Disability Retirements, and Survivor Benefits. The Board meets on the 2nd & 4th Tuesday of every month.

Committees **AUDIT** **BENEFITS ADMINISTRATION** **GOVERNANCE** **INVESTMENT**



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*

OUR VISION

*Trusted by our Members and partners
for excellence, innovation, professionalism,
and transparency*

Securing Your Tomorrows



OUR SERVICE PHILOSOPHY

Commitment to You



Members will be treated with professionalism, respect, kindness, and caring.

Members should have easy, 24-hour online access to services and information. First contact resolution is our goal.

Every question deserves an answer, and inquiries will be responded to promptly with follow up until completion, utilizing teamwork whenever possible.

Members will be informed of progress and receive updates regarding the status of their requests.

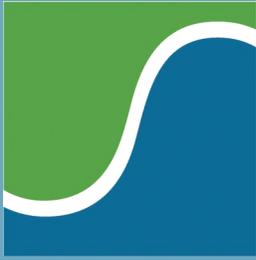
LACERS staff will provide Members with clear, accurate, and consistent information.

Member interactions should be simple and streamlined, with LACERS looking for opportunities for further improvement, including small, meaningful changes.

Automated, self-service, and other innovative options will be reviewed and expanded where possible (balanced with security of Member data) for Member convenience.

LACERS will collaborate with Members and utilize user-centered design to enhance services and programs to ensure that Member needs are met.

Mistakes happen – LACERS staff will take ownership to communicate with involved parties, quickly resolve issues, and establish processes to avoid future mistakes.



OUR GUIDING PRINCIPLES

Lighting the Path



EXHIBIT MODEL PROFESSIONALISM

ENCOURAGE A CULTURE OF INNOVATION

RESPECT PEOPLE AND THEIR PRIVACY

USE KINDNESS AND CARING IN EVERY INTERACTION

PERFORM BETTER WITH TEAMWORK

PROFESSIONALISM

Be the best you can be

We demonstrate professionalism by exhibiting qualities of honesty, integrity, accountability, and good character. We take pride in producing high-quality work and delivering excellent customer service to our Members while maintaining composure in challenging situations. We are committed to professional growth to better serve the Department and our Members.

INNOVATION

Seek continuous improvement

We strive to continuously improve our operational process by being open-minded and by encouraging, promoting, implementing, and valuing new ideas and solutions to better serve our Members in the delivery of retirement benefits. We are committed to leveraging technology to efficiently administer and achieve LACERS' strategic goals.

RESPECT

Treat others as you would like to be treated

We value, appreciate, and recognize everyone's ideas, perspectives, experiences, knowledge, and opinions without judgment. We treat our Members, co-workers, and others with politeness, courtesy, civility, and thoughtfulness. We do not compromise people's privacy as it is their right.

KINDNESS & CARING

Be nice

We demonstrate kindness and caring by showing empathy, friendliness, helpfulness, and patience toward our Members, co-workers, and others. We respond to our Members and others in a respectful and considerate manner without regard to expecting anything in return.

TEAMWORK

Work as a team whenever possible

We value and support the growth, development, and contribution of each employee. We encourage their participation in team efforts whenever possible and collaborate with others for a better result. Doing so will produce the highest quality of service for our Members and stakeholders.

1 CUSTOMER SERVICE

To provide outstanding customer service.

Customer service is everyone's responsibility, as LACERS strives to provide outstanding customer service to its Members through all points of contact; whether online, by phone, or in person. In order to improve on high customer satisfaction, it is important to continue to explore new ways to reach Members and provide information to help them plan for a successful retirement.

2 BENEFITS DELIVERY

To deliver accurate and timely Member benefits.

LACERS strives to ensure quality of retirement benefits delivery by improving mechanisms which support service delivery, while also seeking efficiency of retirement benefits delivery through improvements in the usage of technology, information, and staff knowledge.

3 HEALTH AND WELLNESS

To improve the value and minimize costs of Members' health and wellness benefits.

As healthcare costs continue to rise, LACERS is challenged with maintaining reasonable premium costs and comprehensive benefits that serve the Members well. Through strategic and innovative approaches in managing its health and wellness program, LACERS strives to keep the average premium costs below expected industry trends.



OUR GOALS
The Journey

4

INVESTMENT

To optimize long-term risk adjusted returns through superior investments.

The LACERS' investment program is designed to achieve the assumed actuarial rate of return over a long-term investment horizon and to minimize risk through asset diversification, which help protect overall fund value in order to pay promised retirement benefits. The investment program is managed with an eye toward cost effectiveness and LACERS' investment approach strives to create value through an optimal stable of active and passive investment managers.

5

GOVERNANCE

To uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

LACERS strives to engage in sound governance practices through continuing education and maintaining Board Administrative Policies, Board Governance Policies, and Investment Policies to show transparency, responsibility, and commitment.

6

ORGANIZATION

To increase organizational effectiveness, efficiency, and resiliency.

LACERS' effectiveness as an organization is indicated by how well we meet our established goals, while LACERS' efficiency is indicated by how well we make use of our resources to advance our strategic plan and create value for our Members. LACERS' resiliency is its ability to withstand changes in its environment, overcome challenges, and return to the original, or better, organizational state.

7

WORKFORCE

To recruit, retain, mentor, empower, and promote a high-performing workforce.

LACERS strives to increase employee performance relative to goals and guiding principles, enhance staff's knowledge and skill sets, and increase leadership opportunities to develop future leaders.

LACERS

LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

CUSTOMER SERVICE

ACCOMPLISHMENTS Fiscal Year 2018-19

- ✓ Established a Member Experience Commitment including LACERS' service philosophy, service level commitments, and specific initiatives to better serve Members
- ✓ Achieved a number of new Member Experience improvements including:
 - Customer call backs
 - Onsite Member computer kiosk
 - Onsite public Wi-Fi
 - Online appointment system
 - Virtual remote interpretation services

INITIATIVES Fiscal Year 2019-20

- Launching a new modern, mobile-friendly website with improved navigation allowing greater ease of use for Members
- Utilizing new types of media to allow Members to receive communications in multiple ways
- Updating and increasing accessibility of Member surveys to facilitate more actionable feedback in improving the Member experience

BENEFITS DELIVERY

ACCOMPLISHMENTS Fiscal Year 2018-19

- ✓ Implemented Tier I Enhanced benefits negotiated by the City for Airport Peace Officers
- ✓ Offering Members a template and notary service to facilitate assignment of Power of Attorney for Members' LACERS benefits
- ✓ Launched a virtual assistant to help retired Members navigate health care choices and make better informed decisions

INITIATIVES Fiscal Year 2019-20

- Preserving institutional knowledge for effective and efficient benefits delivery
- Reviewing and codifying internal policies and procedures to identify opportunities for streamlining operations
- Developing web-based counseling resources for greater ease of access for Members



OUR ACCOMPLISHMENTS & INITIATIVES *Walking the Path*

HEALTH & WELLNESS

ACCOMPLISHMENTS Fiscal Year 2018-19

- ✓ Negotiated annual Health Plan premium costs at a 0.8% reduction, substantially below the assumed medical trend rate increase of 7%
- ✓ Established an Internal Revenue Code § 115 Trust Fund for retiree health contributions, ensuring ongoing Plan tax compliance and providing a mechanism to better manage retiree health costs
- ✓ Instituted a self-insured dental Preferred Provider Organization plan, resulting in savings to the Plan and Members

INITIATIVES Fiscal Year 2019-20

- Increasing Member interaction with health care resources through outreach and educational events
- Utilizing technology to allow remote retired Members to participate in health and wellness events
- Surveying Members to evaluate how well LACERS' health plans are meeting Members' needs

INVESTMENT

ACCOMPLISHMENTS Fiscal Year 2018-19

- ✓ Conducted Board education on active versus passive investing & evaluated active-passive investment structure of the LACERS Portfolio
- ✓ Revised the Board Investment Policy Statement including increased dollar limits on private equity fund commitments, creation of tactical asset allocation rebalancing policy, and development of contractor policy addressing sexual harassment and illegal discrimination risk
- ✓ Conducted series of Board education on environmental, social, and governance factors (ESG) leading to Board approval to become a U.N. Principles for Responsible Investing signatory

INITIATIVES Fiscal Year 2019-20

- Conducting manager searches enabling rebalancing of the portfolio to align with the new asset allocation plan
- Benchmarking to assess the cost-effectiveness of the investment program
- Formalizing a comprehensive risk evaluation and reporting framework to monitor the investment portfolio and managers on an ongoing basis

GOVERNANCE

ACCOMPLISHMENTS

Fiscal Year 2018-19

- ✓ Developed and executed a Board education plan
- ✓ Enabled live audio coverage of Board meetings for the public
- ✓ Launched a transparency initiative publishing 15-years of year-end financial reporting data online in an interactive downloadable format

INITIATIVES

Fiscal Year 2019-20

- Hosting a Pension Symposium to educate stakeholders on the state of the System and key topics for the Plan
- Continuing to convert more data online into an interactive and downloadable format for transparency and ease of use by stakeholders
- Participating in the City's quinquennial management audit of the System

ORGANIZATION

ACCOMPLISHMENTS

Fiscal Year 2018-19

- ✓ Adopted a new Strategic Plan incorporating vital stakeholder engagement
- ✓ Launched Business Plan Initiatives coupled with a management approach to move us toward meeting our Strategic Plan Goals
- ✓ Realigned organizational resources to realize operational efficiencies resultant from the implementation of the new Pension Administration System

INITIATIVES

Fiscal Year 2019-20

- Instituting an internal system of budget monitoring and control giving Divisions more responsibility for their budgets and performance delivery
- Centralizing tracking and reporting of key organizational indicators continuing to institutionalize a performance management culture
- Building organizational resiliency to withstand and recover from natural disasters and other threats



OUR ACCOMPLISHMENTS & INITIATIVES
Walking the Path

WORKFORCE

ACCOMPLISHMENTS

Fiscal Year 2018-19

- ✓ Provided greater workforce development opportunities through promotion of tuition reimbursement and instructor-led trainings for LACERS' staff
- ✓ Provided support and guidance to LACERS' supervisors on the employee evaluation process, improving our feedback loop with our employees
- ✓ Completed the first phase of establishing new position classifications of Benefits Analyst and Senior Benefits Analyst to better serve the unique nature of the System's work

INITIATIVES

Fiscal Year 2019-20

- Developing career paths and creating or refining position classifications necessary for the nature of the System's work
- Promoting wellness in the workplace through facilitating a more ergonomic work environment
- Promoting safety in the workplace by conducting exercises and training for incident preparedness



LACERS

LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

YOUR TEAM

Here to Serve

NEIL M. GUGLIELMO
General Manager



LITA PAYNE
Executive Officer



TODD BOUEY
Assistant General Manager



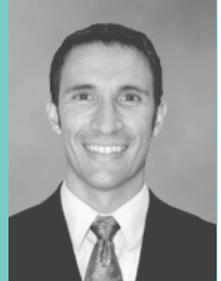
RODNEY JUNE
Investment Division



DALE WONG-NGUYEN
Administration Division



KAREN FREIRE
Retirement Services Division



ALEX RABRENOVICH
Health Benefits and Communications



LIN C. LIN
Human Resources Unit



MIKYONG JANG
Fiscal Division



WALLY OYEWOLE
Internal Auditor



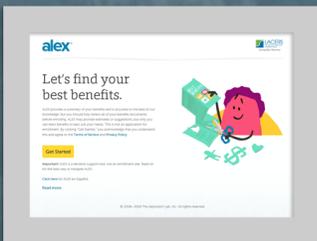
MOVING FORWARD

Discover Events & Innovations



Join our LACERSWell Facebook group for your Passport to Health, full of exciting event opportunities to get together and live well in your retirement.

[Click to visit the LACERSWell Facebook group](#)



ALEX

YOUR VIRTUAL
HEALTH BENEFIT
SELECTION ASSISTANT

Designed to walk you through your health benefit options to help you make your best decisions.

<https://www.myalex.com/lacers/2019/#intro>



MYLACERS

YOUR ONLINE
MEMBER PORTAL

Provides access to your current LACERS benefits information.

<https://mylacers.lacers.org>



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(888) 349-3996 TTY/TDD
MON-FRI 7:00 AM - 4:00 PM



lacers.services@lacers.org General Information
lacers.health@lacers.org Health Benefits



LACERS OFFICE
202 W. First Street, Suite 500
Los Angeles, California 90012-4401



LACERS MAILING ADDRESS
P.O. Box 512218
Los Angeles, California 90051-0218

