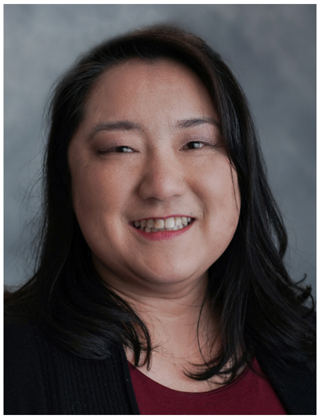
LACERS NEWS

RETIRED MEMBERS SUMMER 2026

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.

IN THIS ISSUE

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.*

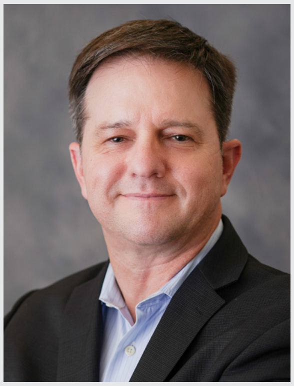
On the Move? Keep Your Contact Information Updated with LACERS

Keeping your contact information current with LACERS is essential to protecting your benefits. Your address determines your tax withholding, medical and dental plan eligibility, and where important retirement information is sent. If LACERS cannot reach you, your monthly retirement allowance may be withheld. Remember, an address change includes not only your physical or mailing address but also your phone number and email. Update all contact information promptly to avoid interruptions.

You can update your address*, phone number, and email address conveniently and securely online using your MyLACERS account at https://mylacers.lacers.org. Check out the Retiree MyLACERS Self-Updates Demo video found on YouTube.com/@lacersofficial for a quick tutorial. If you do not have a MyLACERS account, you may complete a Change of Address form available on the LACERS website at lacers.org/forms.

** Please note: The portal cannot be used to change an address to a non-USA address. Additionally, if the address is not listed in the portal dropdown, a change of address form must be submitted to LACERS.*

General Manager Message – 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

The Importance of the Power of Attorney (POA)

A Power of Attorney (POA) is a simple planning tool that delivers enormous peace of mind. Most people put off legal planning until life forces their hand. The expense and time of creating legal documents always seem to outweigh their importance. At its core, a POA lets you choose a trusted person to manage your financial decisions or medical choices if you ever become unable to handle them yourself. That means your bills get paid, your healthcare preferences are honored, and your life keeps running smoothly, even in the face of the unexpected.

Without a POA, if you become incapacitated, your loved ones may have to go through a long, expensive, and very public court process just to gain the authority to help you through a conservatorship. A POA eliminates that stress and keeps control in your hands. Just one important requirement: you must be of sound mind when you sign it. That's why creating a POA early, before you ever need it, is one of the smartest, kindest gifts you can give your future self and your loved ones.

If you currently have a Power of Attorney for finances, please provide LACERS with a copy to review and place in your file. If you do not currently have a POA, please consider using the LACERS Special Durable Power of Attorney form found on the LACERS website under lacers.org/forms. To learn more, view our Legal Planning Overview video on our official YouTube channel at YouTube.com/@lacersofficial.

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, at lacers.org/financial-reports-and-statistics.

The Hidden Cost of Retirement Income: Understanding Medicare IRMAA

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. Scan this QR code for information on MAGI.

What Can Trigger It

Many retirees hit IRMAA thresholds, learn more about IRMAA thresholds by scanning this QR code,

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**.

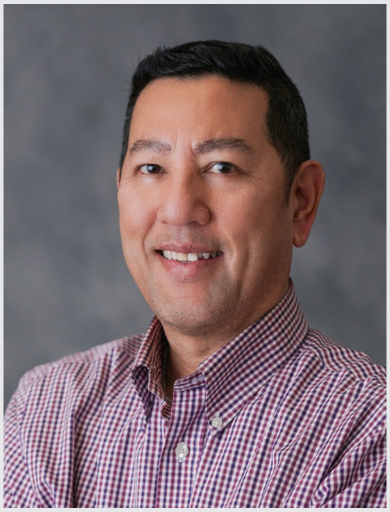
For more information on IRMAA, visit the National Council on Aging webpage or scan this QR Code.

LACERS Well Tech Class Tips

LACERS Well offers free monthly online technology classes in partnership with Mom's Computer, designed to help Members build confidence with everyday technology. To make the most of each session, come prepared with your device fully charged, bring your questions, and take notes on new tips or features you learn. Try practicing the skills afterward to reinforce your knowledge. With regular participation, these classes can make navigating today's digital world much easier.

Visit the calendar section of our website for a list of upcoming classes and other exciting LACERS Well events at lacers.org/calendar. Need immediate assistance? Contact Mom's Computer at (800) 281-0692 or email them at Help@MomsComputer.com.

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

Travel Smart: Tips for Traveling Retirees on the Move

Travel is one of life's greatest joys, and for retirees, it offers the chance to explore new places, connect with loved ones, and create meaningful memories. With a bit of planning and strategy, traveling can be comfortable, safe, and enjoyable. Here are key tips to help you travel with confidence.

Plan Ahead for Peace of Mind

A smooth trip begins long before you leave home. Book flights, hotels, and transportation early to secure affordable rates and accommodations that fit your needs. If mobility is a concern, request accessible services in advance, including wheelchair assistance at airports, availability of elevators in hotels, and/or request ground-floor hotel rooms.

Stay Comfortable During Travel

Wear loose, comfortable clothing and supportive socks and shoes. To maintain circulation, be sure to stretch regularly or take short walks when possible. Stay hydrated and avoid drinking too much caffeine, which acts as a mild diuretic and can disrupt your sleep schedule.

Pack Smart, Pack Light

Choose lightweight suitcases with wheels. Bring only what you truly need. Use a crossbody bag or money belt for valuables, passport, and emergency contact information/medical cards. Pack medications in your carry-on bag in case of delays.

Stay Connected with Loved Ones

Share your travel plans with a family member or friend so someone knows where you are and when to expect updates.

Most importantly, travel at your own pace and enjoy the journey!

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 Medicare workshops and presentations, survivor benefits, the MyLACERS tutorials, and other related topics. Head to the LACERS YouTube channel at YouTube.com/@lacersofficial to subscribe and join over 3,000 other Members who are notified when new content is posted!

Understanding Your COLA

Your LACERS retirement allowance benefit lasts for your lifetime. However, as the years go by, everyday costs such as groceries, utilities, and other essentials of life tend to rise. That's where the Cost-of-Living Adjustment, or COLA, comes into play. The COLA is a built-in mechanism in your retirement allowance benefit that helps you to keep pace with inflation and helps your retirement allowance maintain its value over time.

Each year, the LACERS Board reviews the Consumer Price Index (CPI) for the Los Angeles area and approves new COLA amounts for Tier 1, Tier 1 Enhanced, and Tier 3 retired Members and beneficiaries. This annual adjustment takes effect every July 1, ensuring your benefits stay aligned with real world economic changes.

Your LACERS retirement should feel steady, secure, and empowering—and that's exactly why the Cost-of-Living Adjustment matters so much for LACERS retired Members. Think of the COLA as your built in raise in retirement. It is one more way LACERS supports your financial well-being, year after year. So, you can focus on enjoying the retirement you have earned.

Additional information can be found on the LACERS website at lacers.org/cola and on the LACERS YouTube channel at YouTube.com/@lacersofficial.

What Turning 65 Means for You: Key Medicare Information for LACERS Retirees

As you or your covered dependents approach age 65, LACERS requires you to enroll in Medicare Part B. The basic monthly premium for Medicare Part B in 2026 is $202.90, which you must pay directly to Medicare. You must also enroll in Medicare Part A if you qualify for it at no cost. View the Medicare section of the Frequently Asked Questions page on our website at lacers.org/frequently-asked-questions for more information.

About three months before you and/or your covered dependent's 65th birthday, LACERS will mail you an Aging-In packet. This packet will contain enrollment forms for LACERS Senior health plans, along with step-by-step instructions for enrolling in Medicare.

If you are enrolled in both Medicare Parts A and B, have at least 10 years of service, are enrolled in a LACERS Senior health plan, or participate in the Medical Premium Reimbursement Program, you are eligible for a reimbursement of your standard (basic) Medicare Part B premium. Please note that this reimbursement excludes IRMAA (Income-Related Monthly Adjustment Amount) and any penalties.

Once you are enrolled in Medicare and your LACERS Senior health plan, be cautious to avoid common mistakes that could terminate your coverage with LACERS. For instance, do not sign up for any Medicare health plan outside of LACERS, and do not miss any Medicare Part B payments.

If you have any questions, please email LACERS health staff at lacers.health@lacers.org or call (800) 779-8328. For more information on Medicare, visit the Medicare section of the Social Security website at SSA.gov/medicare.

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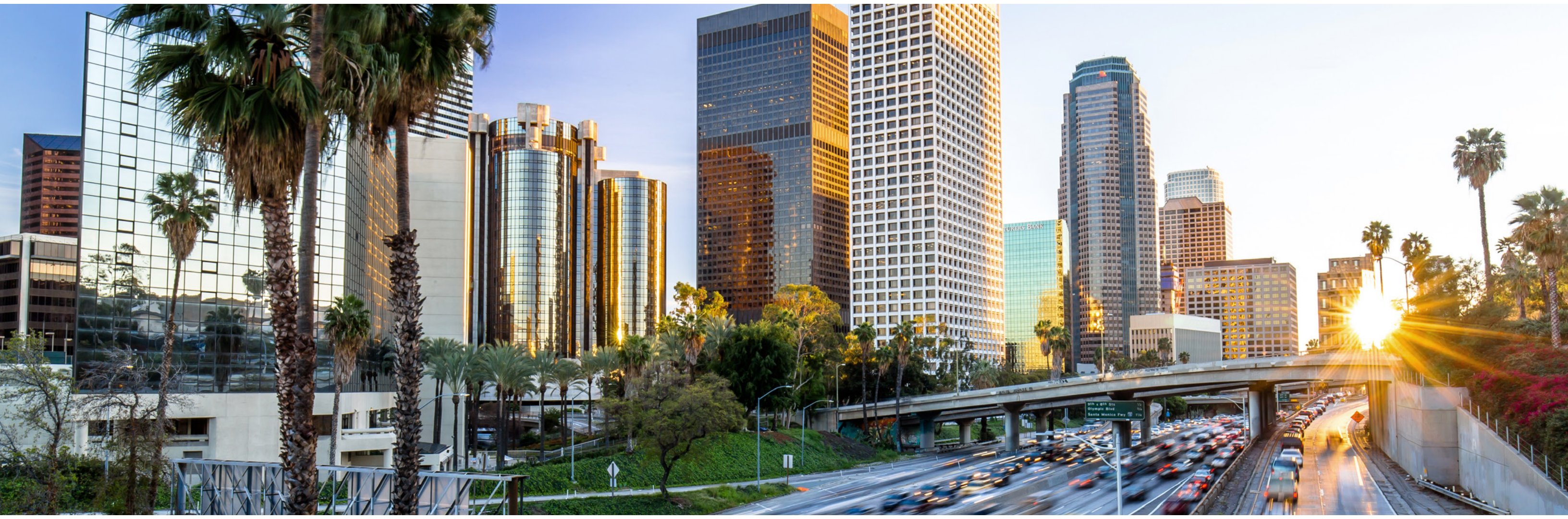

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As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services, and activities. For additional information or to make a request for documents in an alternative format, please contact (800) 779-8328 or Real-time text (RTT) (888) 349-3996.