

A Message from Board President Cynthia M. Ruiz



Since our last newsletter, a lot has happened at LACERS and with your Board of Administration.

With the spotlight on public employee pensions, it is more important than ever for you to learn about LACERS, whether you are a Retired or Active Member. Exciting things are happening at LACERS and we do not want you to miss out. For

instance, LACERS manages our investments portfolio for the long term while monitoring and assessing the current investment climate. At our board meetings, our staff and general investment consultant, NEPC, LLC, presents opportunities and strategies to help our portfolio withstand and potentially benefit from changing market conditions.

Even with the economic challenges of the latter half of 2018, I can report that our prudent investments established by our Board's Investment Policy have helped the fund withstand recent market fluctuations. In calendar year 2018, the LACERS investment portfolio realized a -3.9% return (annualized gross). The policy benchmark is -5.0%, which means that the portfolio outperformed its benchmark by 1.1%. The best performing sectors of the portfolio were the private equity asset and real estate classes, which gained 18.3% and 8.7%, respectively. Finishing the calendar year with a balance of \$16.27 billion, the fund is well positioned to finance the promised benefits to current as well as future recipients.

I am honored to report that LACERS has been nationally recognized for its high standards in financial reporting, investments, and prudent management of the fund. LACERS

received the Public Pension Standards Award for Funding and Administration by the Public Pension Coordinating Council – a confederation of National Association of State Retirement Administrators (NASRA), National Conference on Public Employee Retirement Systems (NCPERS), and the National Council on Teacher Retirement (NCTR) – in recognition of meeting professional standards for plan funding and administration as set forth in their Public Pension Standards.

Of course, LACERS plans to build on this success in all areas of the department with our new Strategic Plan. As part of the Strategic Plan, LACERS has initiated department-wide Business Plan Initiatives to improve the daily operations and communications for you, our Members.

Additionally, LACERS is always looking for opportunities to improve the availability of our services and the experience of our Members. Based on a review of calls and walk-ins per hour over the last several years, LACERS has shifted to an earlier start time for our office and phone hours. Now, you can visit or call LACERS 7:00 a.m. to 4:00 p.m., Monday – Friday. Initial feedback indicates that Members are taking advantage of this early morning availability and our customer satisfaction rate continues to exceed 95% in overall LACERS experience. Please make sure to fill out a customer satisfaction survey after your next visit and let us know how we can serve you better!

Every day, our LACERS employees are hard at work to administer your retirement and health and wellness benefits, while answering all your questions in person at seminars, counseling sessions, workshops, events, on the phone, and via email.

A Message from General Manager Neil M. Guglielmo



I am grateful for this opportunity to let you know about the exciting things that are happening at LACERS. We have renewed our Strategic Plan with input from several Active and Retired Members, our Board of Administration, staff, and other stakeholders.

Our revised Mission is “To protect and grow our trust fund and to ensure the sustainable delivery of ethical, reliable, and efficient retirement services to our Members” and we also revised our Vision to “Trusted by our Members and partners for excellence, innovation, professionalism, and transparency.” Our Motto of “Securing Your Tomorrows” continues, and minor adjustments were made to our seven goal areas: Customer Service, Benefits

Delivery, Health and Wellness, Investment, Governance, Organization, and Workforce. Visit <http://www.lacers.org/aboutlacers/strategic-plan/StrategicPlan.html> to read the updated plan in its entirety.

We reaffirmed our Guiding Principles for our staff, adding “Caring” to the “Kindness” value. At LACERS, we aspire to include the act of caring in every Member transaction, whether in person, on the phone, via email, or through our website. We also replaced “Character” with “Innovation,” as we felt that character is instilled in all our principles and placing focus on innovation reminds us to constantly present new and exciting ideas to aid both our workplace and our Members. Professionalism, Respect, and Teamwork remain as-is.

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We care about retirement and retirement planning. Retirement can be intimidating for some. Most of us have spent money when we should have been saving; or, we have put off attending a LACERS Planning for Retirement Seminar, or a LACERS *Well* workshop. The good news is you can start today. We have information, seminars, workshops, and events for every life stage. Stay in contact with LACERS throughout your career and/or your retirement.

Finally, a feature was added on our website that includes articles and videos about institutional investing (*LACERS is an institutional investor*), and personal portfolio planning. Your feedback is valuable to us; we are always open to suggestions for resources our Members would like to have available to them through our website.

Let us help you plan and live your best retirement.

LACERS Investments Stay the Course!



You are probably aware that the stock market has recently experienced strong volatility. A long-overdue correction was anticipated by most investors; the U.S. equity markets as reflected by the S&P 500 are down 10% for the month of December alone. To better understand the current markets and what LACERS does to withstand volatility, it's helpful to examine past market cycles and what was learned.

When the market cycle is in its earlier stages and trending upward, investors who buy and hold positions in stock ownership are rewarded. Going back to the "Tech Bubble," which burst in 2000, LACERS portfolio was valued at \$7.87

billion (July 1, 2000). Since that time, the portfolio has more than doubled to \$16.3 billion (estimated December 31, 2018). LACERS has returned 6.43% (gross of fees) on an annualized basis over an 18 year period, ending June 30, 2018; and 7.89% on an annualized basis over the past 16 years, ending June 30, 2018. These are attractive returns in light of the recession in 2008.

The latest bull market, which started after the 2008 recession, has stretched on for almost 10 years and is one of the longest and strongest bull markets on record. Investors who had their retirement investments in the public markets have enjoyed considerable gains. For example, investments in the S&P 500 index in December 2008 saw that original investment triple in value if held through the end of 2018. Conversely, staying on the sidelines in a safe money market account over that same time period would have yielded little gain.

With markets fluctuating greatly from day to day, these can be pivotal moments for investors; even the most sophisticated investors are reviewing their portfolios

to determine next steps. We at LACERS already know our next steps: Remain calm and stay the course! LACERS manages its investment portfolio by diversifying its holdings. What that means is that our basket of assets are invested across a number of buy-and-hold strategies that are designed to behave somewhat independently from one another (reducing risk), and allows the LACERS investment portfolio to withstand the worst of unpredictable market headwinds. Rather than a frequent trading approach, the LACERS Board takes a long-term strategic approach to establishing a diversified asset allocation policy that is relevant for current and future market conditions. Assisting the Board is a highly qualified team of investment staff and consultants who ensure that all relevant financial and economic information is considered by the Board when they make key investment decisions. In fact, the Board has already initiated a major restructuring of its investment program approved in 2018 to ensure that the portfolio is prudently structured in order to pay your hard-earned retirement benefits over the decades to come.

Best Places to Retire

There's no shortage of activities or attractions in California, so it's no surprise that many City of Los Angeles retirees stick around and stay local in retirement. But, depending on your needs and preferences, you may want to consider the following ranked "Best Places to Retire:"

- **Bethel Park, Pennsylvania** – with excellent public transportation, high rankings for geriatric medical care, and no taxes on Social Security benefits, residing in Bethel Park definitely has its perks.
- **Grand Junction, Colorado** – if you love outdoor activities such as hiking, rafting, or skiing, this may be the destination for you. Retirees here also benefit from a cost of living that is 4.5% below the national average.

- **Little Elm, Texas** – want to live by a lake for less than \$225,000? This city near Dallas, Texas was ranked one of the safest cities in the nation in 2017 and is also known for its mild temperatures in relation to the rest of the state.



SilverSneakers/Silver&Fit Spotlight

SilverSneakers® and Silver&Fit are fun, energizing programs designed to help older adults take greater control of their health by encouraging physical activity and offering social events. As a LACERS Member, you and your eligible dependent may receive membership to one of these programs for free based on your LACERS medical plan.

- SilverSneakers is available to Anthem Blue Cross HMO, Anthem Blue Cross PPO, Anthem Blue Cross Life & Health Medicare, SCAN, and UnitedHealthcare plan Members
- Silver&Fit is available to Kaiser Permanente Senior Advantage plan Members

You can take advantage of gym memberships, fitness classes, home exercise kits, and more. To register and learn more about facilities near you, please contact SilverSneakers at (866) 584-7389 or Silver&Fit at (877) 427-4788.



LACERS Well Facebook Group



Are you on Facebook today? Become a member of our LACERS Well Facebook Group and join over 300 retired LACERS Members currently

receiving the latest health and wellness news, receiving entry into opportunity prize drawings, accessing exclusive events, and building new friendships.



LACERS Well Volunteerism Picnic

Find out how to get involved in your community and beyond at our LACERS Well Volunteerism Picnic. Here you'll find a variety of volunteer and charitable organizations looking for people like you to help them reach their goals. Mingle with other LACERS Well Members while enjoying lunch – you won't want to miss this special summer event June 20 at Point Fermin Park in San Pedro! For more information and to RSVP to attend visit www.LACERS.org/lacerswell or call LACERS at (800) 779-8328 / TTY (888) 349-3996.

SAVE THE DATE

LACERS AND THE PERSONNEL DEPARTMENT'S
EMPLOYEE BENEFITS DIVISON – FINANCIAL WELLNESS EVENT

Both Retired and Active Members are welcome to attend!

Saturday, August 3, 2019 | Ontario, CA

Complimentary Education, Lunch, Parking, Prizes, and More!

More information and how to RSVP for the event will be available in late June on www.LACERS.org/lacerswell.

There's More Than One Way to Reach Us!

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.
Call: (800) 779-8328 | TTY (888) 349-3996 Fax: (213) 687-4174
E-mail: LACERS.services@lacers.org | LACERS.health@lacers.org Web: www.LACERS.org

Have Your Information at Your Fingertips – Create Your MyLACERS Account Today

If you have not yet created your MyLACERS online portal account, there's never been a better time to get started. With a more holistic, 360-degree view of your current LACERS Membership details, you can make insightful decisions regarding your retirement.

- You can:
- View and Print Check/Direct Deposit and 1099-R Statements
 - Sign-up for Events and Workshops
 - Estimate Insurance Premiums
 - Submit Inquiries to LACERS Staff

Get started today by following these three steps:

STEP 1:

Request an enrollment PIN by calling LACERS at (800) 779-8328 or by accessing mylacers.lacers.org, clicking “Enroll Now” and then “Request a PIN.” For security purposes, your PIN will be mailed.

STEP 2:

Once you receive your enrollment PIN in the mail, log onto mylacers.lacers.org and click the “Enroll Now” button in the middle of the screen.

STEP 3:

Complete the information on the screen and click “Enroll.”

LACERS News Staff

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LACERS Board Meetings Go Live

You can now listen to LACERS Board of Administration and Committee meetings live, every second and fourth Tuesday, typically starting at 10 a.m., by calling (213) 621-CITY (Metro),

(818) 904-9450 (Valley), (310) 471-CITY (Westside), or (310) 547-CITY (San Pedro Area). (Check LACERS website for Committee start times.)

