



# From the Board President



## JAVIER ROMERO

It is an honor to greet you on behalf of the Retirement Board. Over the past year, there have been some exciting changes as well as challenges for the Plan. Although we are still recovering from an economic downturn, just like other pension plans nationwide, I would like to assure you that your Board is working diligently to ensure the safety of your benefits.

The Retirement Board is very conscientious in making sure investment performance is closely monitored and carefully assessed. We are proud that despite being impacted by the negative economic events, the Retirement Plan performed relatively well, when compared to its peers and the policy benchmark. The policy benchmark is based on the performance of similar investments in the market and is used as a barometer to compare our portfolio's performance.

We have also made significant strides in the area of benefits processing. Our vision of implementing a new retirement computer system is becoming a reality. The membership segment of the new Integrated Pension System (IPS) was implemented in July 2009. We are making improvements to reduce manual work processes and increase efficiency to better serve our members. We look forward to implementing the second and third phases of the IPS over the next year.

It is my honor to continue to serve as president of your Retirement Board. As we move forward, and with the support of the Retirement Board, it is my goal to continue to manage the Water and Power Employees' Retirement Plan to ensure your retirement benefits are there when you need them.

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### **RETIREMENT BOARD PACKAGES NOW AVAILABLE ONLINE**

The Retirement Board meets the second and fourth Wednesday of the month. The complete agenda package is now available on the Retirement website. The new format contains a link to each agenda item and the corresponding material. The agenda will be posted the Monday prior to each meeting. You can access the agenda and supporting documents at <http://retirement.ladwp.com/agendas.htm>.

WATER AND POWER  
EMPLOYEES'  
RETIREMENT PLAN

## Spotlight on Board and Staff

### BOARD MEMBER POWER

Barry Poole



**Barry Poole** is an Electric Distribution Mechanic for the Power Transmission and Distribution Division of the Los Angeles Department of Water and Power (DWP). Mr. Poole was elected to the Retirement Board in May 2009. Some of his duties with the Board include being the Chair of the Governance and Audits Committees, and Member of the Legislative and Benefits Committees.

He was involved in the negotiations for Retirement and Retiree Health Benefits for the City of Burbank and Pasadena Water and Power when their enhanced plans were established.

Mr. Poole has completed training at Stanford University Law School in the Principles of Pension Management. He was a Business Representative for IBEW Local 18 for more than 12 years.

### ASSISTANT RETIREMENT PLAN MANAGER - *BENEFITS*



**Mary Higgins** was appointed Assistant Retirement Plan Manager for the Water & Power Employees' Retirement Plan in August 2007. She is responsible for oversight of retiree, disability, death, and pre-retirement member benefits. Prior to her appointment with the Water & Power Employees' Retirement Plan, Mary worked 20 years in the Office of the City Administrative Officer. Mary was the supervisor of the CAO's Employee Relations Division from 1998 until her move to DWP. She has extensive background in the design and funding of retirement benefits gained in large part from representing the City in negotiations regarding retirement benefits for both the Los Angeles City Employees Retirement System and Fire and Police Pension Plan. Mary also spent several years negotiating City memoranda of understanding in the CAO's Budget Division. Early in her career, Mary also worked for the Personnel and Fire Departments. Mary has a Masters of Science (MS) in Industrial Relations with an emphasis in compensation from the University of Wisconsin – Madison. She has a Bachelor's of Science (BS) in Business Administration with an emphasis in transportation and logistics from the University of Minnesota – Twin Cities.

### Members of the Retirement Board:

JAVIER ROMERO  
President  
Elected Active Member  
CINDY COFFIN  
Vice-President  
Elected Active Member  
AUSTIN BEUTNER  
General Manager  
MICHAEL MOORE  
Appointed Retired Member  
ANN SANTILLI  
Chief Accounting Employee  
BARRY POOLE  
Elected Active Member  
VACANT  
Commissioner

### Management Staff:

SANGEETA BHATIA  
Retirement Plan Manager  
MONETTE  
CARRANCEJA  
Assistant Retirement Plan  
Manager  
MARY HIGGINS  
Assistant Retirement Plan  
Manager  
JEREMY WOLFSON  
Chief Investment Officer

### Legal Counsel:

ALAN MANNING  
Assistant City Attorney  
MARIE MCTEAGUE  
Deputy City Attorney  
JIM NAPIER  
Deputy City Attorney

From the Plan Manager  
SANGEETA BHATIA



### *Securing the Promise*

Your Retirement Plan, the Water and Power Employees' Retirement Plan (WPERP), was established on October 1, 1938, over 71 years ago. The thought and consideration that first went into developing this important benefit deserves special mention.

Much has changed in the world and in the Plan over this time. Despite all the changes, the WPERP has been focused on its mission of providing secure retirements to the employees of the Department of Water and Power. We have included some of the significant changes made to your Plan since 1938.

Thanks to the dedication and diligence of several people, WPERP has survived major challenges over the years and continues its legacy of delivering benefits and safeguarding the Plan's assets.

It is my privilege and honor to serve as your Retirement Plan Manager. We take the task of providing retirement benefits very seriously and we are making improvements to enable us to perform this responsibility in the most efficient and cost-effective manner.

*through the years...*

## **PLAN CHANGES**

Below are significant events that have shaped your Retirement Plan throughout the years:

- 1951 – Minimum Pension “A” added: Annuity calculation based upon member and Department contributions and interest
- 1954 – Minimum Pension “B” added: 1.67% x highest FIVE years average salary x years of service
- 1961 – Added Survivor’s Optional Death Benefit
- 1962 – Minimum Pension “B” calculation changed to highest THREE years average salary
- 1963 – Paid disability time off counts “partially” toward retirement service credit
- 1967 – Cost-of-living adjustments up to 2% per year added
- 1973 – Cost-of-living maximum adjustment increased to 3% per year
- 1974 – Equalization of male and female contribution rate
- 1975 – Salary used in formula pension changed to highest ONE year average salary
- 1976 – Formula factor increased to 2.1%
- 1977 – Mandatory retirement age eliminated. However, no service credit was granted if the employee was over 70 years old and had 15 years of service
- 1980 – Reciprocal agreement with Los Angeles City Employees Retirement System (LACERS) added
- 1980 – Death benefit increased to maximum of \$20,000 for retired members
- 1981 – Added Family death benefit
- 1983 – Interest on ALL

- contributions increased to 8%
- 1983 – Contribution for Temporary Disability, Permanent Total Disability, and Death benefits changed to \$1/\$1/\$1
- 1987 – Age 70 service penalty eliminated to conform with the Age Discrimination provision in the Employment Act
- 2000 – Formula factor increased to 2.3% for employees with at least 30 years of service credit and at least 55 years of age
- 2003 – Increased Family Death Benefit and Supplemental Family Death Benefit monthly allowance
- 2004 – Benefits for half-time employees added
- 2008 – Amended Survivors Optional Death Benefit Allowance.

### **Are you Retirement Eligible?**

#### **Check your Retirement Eligibility Below:**

- **Age 60** - 5 years of Department and/or City service; and a contributing member for at least four of the five years immediately preceding retirement or while eligible to retire (or during any of those four years were receiving either Plan disability benefits or Worker's Compensation); or
- **Age 55** - Department and/or City service for **10 years** of the 12 years immediately before your retirement; a contributing member as described above; and receive Department approval; or
- **30 years** of Department service, regardless of age; and are a contributing member as described above; or
- Receiving Permanent Total Disability benefits, regardless of age.

## CHIEF INVESTMENT OFFICER



**Jeremy Wolfson** is the Chief Investment Officer and currently manages the Investment section of the Retirement Plan. He was hired in February 2007. Prior to joining DWP, Mr. Wolfson worked for the Los Angeles City Treasurer for two years where he was responsible for actively managing the City's fixed income portfolio.

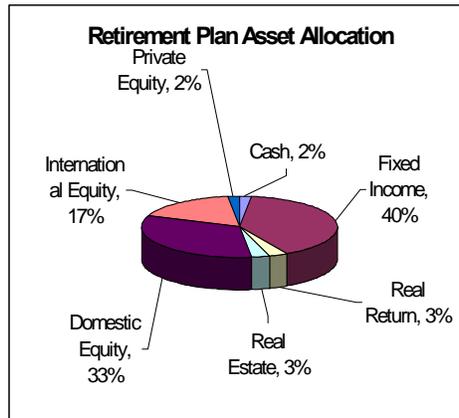
Before joining the City, Mr. Wolfson worked for Bank of America for 12 years and for the First Tennessee Bank for 2 years as a Vice President and managing Principal in their institutional fixed income groups.

Mr. Wolfson holds a Bachelor of Science Degree in Finance from California State University, Northridge, and is currently enrolled in the MBA program at Pepperdine University. He is a member of the Chartered Financial Analyst (CFA) Institute and the CFA Society of Los Angeles. He is also a registered principal and general securities representative holding FINRA Series 7, 24 and 63 licenses. He recently received recognition from an investment industry magazine as an up-and-coming professional in the investment community.

## INVESTMENT NEWS

The Retirement Board (Board) adopted a full discretion investment policy and asset allocation structure that is based upon an asset liability study conducted by Water and Power Employees' Retirement Plan's (WPERP's) investment consultant, Pension Consulting Alliance.

The objective of this policy is to maximize investment returns within acceptable levels of risk. The graph below depicts the current asset allocation structure.



As shown above, WPERP is invested in a variety of mandates including domestic and international equity, fixed income, real estate, and alternative investments. This diversified asset allocation structure helped to mitigate some of the losses experienced overall by investors in the broad equity market.

WPERP contracts with external investment managers to manage the pension portfolio. Retirement Plan Office investment staff are actively involved in the oversight of all aspects of the implementation of the investment policy. They are responsible for contract development and negotiation,

transition management and funding, monitoring, and regularly providing reports to the Board.

WPERP has performed better than other plans of similar size and assets. The Plan also exceeded its policy benchmark. As of calendar year ending June 30, 2010, the return on the portfolio was 12.20%, offsetting some of the declines experienced in the previous year. The Retiree Health Plan has a similar investment return of 12.02% for the same time period.

The actuarial valuation of the Plan as of June 30, 2009, indicated a funding level of approximately 90%.

## Summary Annual Report



The 2009 Summary Annual Report contains information about Plan assets, balance sheet, actuarial value, and asset allocation as of June 30, 2009. Copies are available for pickup at the JFB, Room 357 or on our website at <http://retirement.ladwp.com>

# PLAN AMENDMENT

## *Death Benefits for Active Employees*

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In 2008, the Board of Water and Power Employees' Retirement Plan voted to approve a plan amendment that extends death benefits to survivors of members who die in the line of duty and who otherwise would not qualify for a Survivors Optional Death Benefit Allowance.

The Survivors Optional Death Benefit Allowance is a benefit available only to eligible survivors (spouses or domestic partners) of members who die before retirement and, who at the time of death meet one of the following criteria:

- Currently eligible for a formula pension, or
- Completed 25 years of Department service, or are on
- Permanent Total Disability

If a member dies before retirement and meets the above criteria, their survivor has the option of collecting the member's Total Accumulated Contributions in a lump sum or taking a monthly annuity for life. This monthly lifetime annuity is the Survivors Optional Death Benefit Allowance. This allowance is calculated as an Option D retirement and provides a 100% continuance to the survivor.

The new amendment has expanded the pool of survivors eligible to receive the Survivors Optional Death Benefit Allowance. Specifically affected are survivors of members who: 1) do not meet one of the criteria described above at the time of death and 2) the member dies as a result of an accident which occurs while

performing work within the scope of his or her duties. Under these circumstances, the survivor would be given the option to either:

1. Add the **minimum** number of years needed to age or service credit to become **immediately** eligible for the monthly annuity. The maximum allowable years that may be added for eligibility is five (5).

**[Example 1:** A member is 53 years old and has ten years of service. The member's survivor could add two years to the member's age to make the member 55 and be eligible for the monthly annuity.

**Example 2:** A member is 52 years old and has 23 years of service. The member's survivor could add two years to service time to reach 25 years and become immediately eligible for the monthly annuity.]

2. Wait to receive the monthly annuity on or after the date the member would have become eligible to retire had he or she not died.

**[Example:** A member who is 48 years old and has 12 years of service dies in an industrial accident. The member's survivor could begin collecting a monthly annuity any time after the member would have turned age 55.]

This plan amendment will provide better benefits and flexibility for the survivors of members who die in the performance of their duties. If you have questions about any of your Retirement benefits please contact us at 800-367-7164 or visit our website at <http://retirement.ladwp.com>.

## Have You Recently Updated Your Beneficiary Designation?

The death of a loved one can be difficult. This difficult situation can be made more stressful when a member neglects to update his/her beneficiary form. Imagine the person responsible for the care of your children left in financial crisis. This and other unfortunate circumstances can have a negative impact upon the lives of loved ones for years. Plan ahead and update your beneficiary forms accordingly after a birth, death, marriage, or divorce.

"What will happen if I don't name a beneficiary?"

If you die without a named beneficiary, the Retirement Plan will pay benefits in the following manner based on "successive preference beneficiaries" in the order listed:

1. Widow or widower, if living,
2. Descendants (children and/or the children of deceased children), if living,
3. Father and/or mother, if living,
4. Brother(s) and/or sister(s), if living,
5. Executor or administrator of your estate.

To update your beneficiary form, call (213) 367-1715, (800) 367-7164, or visit the Retirement Plan Office at JFB Room 357 as soon as possible.

## DOMESTIC PARTNERSHIPS

If you have a domestic partner, it is necessary to complete a Domestic Partner Registration with the Retirement Office or the State of California in order for your domestic partner to be eligible to receive retirement death benefits.

In order for a domestic partner to qualify for post-retirement death benefits, a plan member and his or her partner must be registered with the Retirement Office (or the State of California) for, 1) at least one year prior to retirement, 2) on the date of the member's retirement, and 3) on the date of the member's death.

In order to qualify for active member death benefits, a domestic partner must simply be registered with the Retirement Office (or the State of California) prior to a member's death.

In completing a domestic partner registration, a member must certify that:

- the partners share the same principal residence,
- each partner is the sole partner of the other and each is responsible for the partnership's common welfare,
- both partners must be 18 years of age or older,
- neither partner can be married to another person,
- the partners may not be related by blood to any degree that would bar marriage in the State of California, and
- each partner must be mentally competent to consent to contract.

The plan member must provide the non-member partner's name, date and location of birth, taxpayer identification number and the

inception date of the Domestic Partnership. If your Domestic Partner dies or the partnership is terminated, the right to an Eligible Spouse/Domestic Partner allowance will be discontinued.

If you have ended your domestic partnership and no longer wish this individual to be eligible to receive retirement benefits, you should complete a "Termination of Domestic Partnership" form in the Retirement Office. There is a one year waiting period before you are allowed to register a new domestic partner. Whenever your domestic partner status changes, you should review your beneficiary designation and make any changes you deem necessary to ensure that your retirement benefits go to the appropriate individual(s).

Registering a domestic partner with the Retirement Office does NOT, however, automatically qualify a domestic partner to receive health plan benefits. Members must file a separate registration with the Health Plans Office in order for their domestic partner to receive health plan benefits. There are differences between filing a Domestic Partnership Registration with the Retirement Office and with the State of California. All Domestic Partners may register with the Retirement Office. Couples of the same gender may register with the State of California. Couples of the opposite gender may only register with the State of California if one partner is over the age of 62. For more information, please contact the State of California.

If you have questions regarding the registration or termination of a domestic partnership, contact the Retirement Section at 213-367-1715.

## DISABILITY FAQs

What are disability benefits?

Disability benefits are administered by the Retirement Plan and paid to you if you are unable to work due to an off-the-job illness or injury. It covers short-term and temporary disability as well as long-term illness.

When do I collect disability benefits?

A member begins collecting disability benefits when they have been out from work for over two weeks.

What documentation is required?

In order to collect disability benefits, a member on disability must provide medical certification to the Disability Section in the Retirement Office. This medical certification must state that the member is unable to work for the *entire* period the member is out on disability. After the certification is provided to the Retirement Office, it must then be *approved* by the Department's Medical Director.

What if a member does not provide medical certification for a particular disability?

If a member does not provide a medical certification, they would not be paid for the time period in which they were out on disability until valid medical certification is provided to the Retirement Office and is approved by the Medical Director. The Retirement Plan prohibits payment of benefits unless adequate and valid medical certification is provided. Accordingly, disability payments could be delayed. The Disability Section of the Retirement Office must receive completed disability claim forms along with medical certification.

INFORMATION  
REGARDING RETIREE  
COST OF LIVING  
ADJUSTMENT FOR  
EMPLOYEES RETIRING  
JULY 1, 2010, THROUGH  
JUNE 30, 2011

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The Water and Power Employees' Retirement Plan (the Plan) provides for annual cost of living (COLA) adjustments for eligible retirees, surviving spouses/domestic partners/beneficiaries, and members on Permanent Total Disability. These cost of living adjustments are based on the Consumer Price Index (CPI) as published by the Bureau of Labor Statistics at the end of each calendar year.

The maximum annual cost of living increase permitted by the Plan is 3.0%. If the increase in the CPI is greater than 3.0%, the percentage in excess of 3.0% is carried over and added to the person's COLA bank. For those years when the increase in the CPI is less than 3.0%, any balance in the cost of living bank is used to increase the cost of living adjustment up to the 3.0% maximum.

The increase in the CPI used to determine the cost of living adjustment for July 1, 2010, was -0.8% (negative 0.8%). *As a result, persons who retire on July 1, 2010 through June 30, 2011, will not have a pro-rated COLA applied to their formula retirement benefit this year. The CPI published at the end of each calendar year will determine what COLA will be implemented each July 1.*

Please call the Retirement Office at (213)367-1715 if you have questions.

## Death Benefits FAQs For Active Members

1. What are death benefits?  
Death benefits provided by the Retirement Office are benefits paid out to a member's beneficiary or beneficiaries after a member's death.
2. What are the death benefits available to members? Death benefits for members vary depending upon factors such as:
  - employee status
  - service years
  - whether retirement eligible
  - death in the line of duty (under certain conditions)
3. What are the death benefits for a member who has less than 25 years of service or is not retirement eligible?
  - 14 times your full-time monthly salary (half of this amount for half-time Civil Service employees)
  - return of Retirement fund contributions (normal and additional), plus accrued interest
  - any unpaid disability benefits that were due
4. What are the death benefits for a member who has 25 or more years of service or is retirement eligible?
  - 14 times your full-time monthly salary (half of this amount for half-time Civil Service Employees)
  - **OPTION** of either return of Retirement Fund contributions (normal and additional), plus accrued interest, or Survivor's Optional Death Benefit Allowance and return of additional contributions plus
5. Are there death benefits for members with minor or disabled children?
  - Yes, there is a monthly allowance paid to each of your surviving children if they meet the qualifications described in item number two above.
  - The benefit is called the Family Death Benefit Allowance. (FDB) and it pays a maximum benefit of \$1170 per month.
  - Supplemental Family Death Benefit Allowance (SFDB) is also available with a maximum benefit of \$1066 per month. The cost for this benefit is \$2.25 per biweekly payroll period and must be contributed for 39 successive biweekly payroll periods in order to qualify the member. Enrollment in SFDB is **OPTIONAL**.
  - Both of these benefits are also paid to a member's spouse/domestic partner if they are not eligible to receive Survivor's Optional Death Benefit Allowance.

Additional information regarding Death Benefits is contained in the Summary Plan Description (SPD) booklet, which is available in the Retirement Office or on the Retirement website. If you have questions about death benefits, enrolling in SFDB, or want to verify or change your current beneficiary, please contact our office.

CALENDAR OF  
EVENTS

RETIREMENT BOARD

REGULAR BOARD MEETINGS ARE  
SCHEDULED AT JOHN FERRARO  
BLDG - 15<sup>TH</sup>FLOOR EVERY 2<sup>ND</sup> AND 4<sup>TH</sup>  
WEDNESDAY OF THE MONTH

*PLEASE CHECK OUR WEBSITE FOR  
BOARD MEETING DATES*

RETIREMENT PLANNING

SEMINAR

SEPTEMBER 15, 2010

OCTOBER 20, 2010

NOVEMBER 17, 2010

DECEMBER 15, 2010

PLEASE CALL YOUR TRAINING  
COORDINATOR TO SCHEDULE YOUR  
SEMINAR.

## How To Reach Us

TELEPHONE

**800-367-7164 TOLL FREE**

**213-367-1715 Retirement**  
(Retirement Applications,  
Beneficiary Changes)

**213-367-1680 Death**  
**Benefits**

MAIL:

**Water and Power**  
**Employee's**  
**Retirement Plan**  
**111 North Hope Street**  
**Room 357**  
**Los Angeles, CA 90012**

INTERNET

**<http://retirement.ladwp.com>**

**E-Mail: [retire@ladwp.com](mailto:retire@ladwp.com)**

IMPORTANT NUMBERS

**800-831-4778 Health Plans**

**800-300-9728 Credit Union**

**213-620-0388 LACEA**  
**(City Club)**

**888-439-7327 EAP**  
**Horizon Health**

**213-367-3303 I.D. Badges**

*We welcome your suggestions and comments regarding  
this newsletter. Please e-mail us at [retire@ladwp.com](mailto:retire@ladwp.com).*

**DEPARTMENT OF WATER AND POWER**

**RETIREMENT PLAN**

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