



## 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 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 the financial benefits of our members remain sound.

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#### **REMINDERS**

*Please maintain your beneficiary designation current.*

*Sign up for direct deposit to expedite receipt of your monthly retirement allowance.*

*Call 213-367-1715 or 1-800-367-7164 for assistance.*

# Power of Attorney

Who will decide for you?

(Information Sheet - California Probate Code Section 4401)

## Members of the Retirement Board:

JAVIER ROMERO  
President  
Elected Active Member  
CINDY COFFIN  
Vice-President  
Elected Active Member  
S. DAVID FREEMAN  
General Manager  
MICHAEL MOORE  
Retiree Member  
JEFF PELTOLA  
Chief Financial Officer  
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  
MARY JO CURWEN  
Deputy City Attorney  
MIKE WILKINSON  
Deputy City Attorney

We like to believe that we will always be able to make decisions regarding our health and finances. However, sometimes life events happen and in an instant or slowly over time our ability to make our own decisions is affected. Who do you want to make decisions for you in case you are incapacitated? This is an excellent time to start thinking about the possibility of setting up a Power of Attorney (POA) for yourself. Below is information on the subject.

### What is a Power of Attorney (POA)?

A power of attorney (POA) is a written instrument that you execute to grant authority to a person to act for you. That person usually is referred to as an agent or an attorney-in-fact. The POA may be durable, non-durable, or limited.

### Durable Power of Attorney

A durable POA must contain words showing that you intend for the authority conferred to remain effective even if you subsequently become incapacitated. If this wording is not included, the POA is non-durable and your agent is not authorized to act on your behalf after you become incapacitated. Having a durable POA may eliminate the need for a court to appoint a conservator to manage your affairs if you become incapacitated.

### Limited Power of Attorney

A limited POA places limits on your agent's authority to act as indicated in the document.

### What is the Uniform Statutory Form Power of Attorney (Statutory POA)?

The Statutory POA is a POA form the State of California provides in Probate Code (PC) § 4401 that can be completed as either a durable or non-durable POA. A Statutory POA is legally sufficient if the wording substantially complies with PC § 4401, the form is properly completed, and the signature is acknowledged by a notary public. The provisions governing a Statutory POA, including an explanation of the powers contained in the form, can be found in PC §§ 4400-4465. The powers granted by the Statutory POA are broad and sweeping. Please familiarize yourself with the provisions or seek legal counsel for assistance in understanding their impact. Codes may be accessed at your local library.

### Providing a POA Form to WPERP

If you want your agent to act on your behalf with WPERP, such as to enroll you in a WPERP Health Insurance plan or change your level of coverage, you will need to provide WPERP with a copy of your POA form. Your POA cannot be accepted until after it has been reviewed by our legal advisors because often these forms are not properly completed or are not legally sufficient for other reasons. If you file your POA with WPERP in advance, this will allow time, in the event the POA cannot be accepted, for you to provide a POA that is legally sufficient. A copy of the standard POA form is made available on our website, for your convenience.

After you file a POA with WPERP and it is accepted, WPERP will allow your agent to act on your behalf as authorized in the POA. If you revoke the POA, or it is modified or terminated for any reason, WPERP must be promptly notified.

*It is our goal to use this publication to provide information to our members on matters that are relevant to retirees. The Retirement Office cautions members considering a reverse mortgage to evaluate all the drawbacks carefully.*

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## **Proposed guidelines for reverse mortgages spell out potential pitfalls for homeowners**

***Too often, regulators say, seniors are poorly counseled in advance and don't comprehend what they are getting into.***

If you, your relatives or friends are contemplating applying for a reverse mortgage in 2010, check out the new guidelines proposed this month by the federal regulatory agencies for financial institutions.

Though aimed at banks and credit unions, the guidelines neatly sum up the potential snares and pitfalls for consumers in the fast-growing reverse mortgage field. Reverse mortgages typically are restricted to homeowners 62 and older who have untapped equity available and want to turn it into cash.

Borrowers can receive lump-sum payments, credit lines, periodic disbursements or a combination. The funds drawn down incur interest charges and fees for insurance and servicing, which generally must be paid back only after the occurrence of a so-called "maturity event" -- when the borrower sells, moves, dies, fails to make property tax and insurance payments or allows the

house to deteriorate substantially.

When properly understood by seniors and underwritten responsibly by lenders, reverse mortgages can provide money to supplement retirement income, pay for uninsured medical expenses and keep homes in good repair. But all too often, according to the regulators, seniors are poorly counseled in advance and don't comprehend what they are getting into.

They are misled by direct-mail pitches that imply that reverse mortgages are a government benefit, cost relatively little, never need to be repaid, represent income for life and carry no risk. In fact, reverse mortgages often entail high upfront fees and substantial insurance and servicing charges -- well beyond the costs of other financing alternatives that may be available to seniors.

Banks and credit unions need to spell all this out for seniors in advance of taking reverse mortgage applications, the regulators said. This is a complex financial product that requires extra time and personal financial counseling upfront.

A reverse mortgage isn't a government benefit. Though the predominant form of reverse mortgage is the Home Equity Conversion Mortgage insured by the Federal Housing Administration, the

loan itself comes from private lenders. Those lenders -- not the borrowers -- are insured by the government against loss.

Some borrowers are not even aware that the transactions they sign up for are debt instruments requiring repayment. Lenders' marketing materials may make that problem worse by glossing over the payback requirements. "In fact," the regulators said, some lenders' marketing material "has prominently stated that the consumer is not incurring a mortgage, even though the fine print states otherwise."

Other lender problems noted by the regulators include:

- \* Inappropriate cross-selling of additional financial products, sometimes presented as a requirement for the borrower to obtain a reverse mortgage. These include costly annuities, investment programs and home-repair service contracts.

- \* Failure by banks to explain the potential downsides of reverse mortgage payment alternatives to applicants upfront. For example, some lump-sum payout options may be inappropriate for certain seniors because they adversely affect their ability to qualify for needs-based public benefits, such as Supplemental Security Income. Lenders should tell applicants about these dangers.

- \* Failure to inform borrowers upfront about their own responsibilities under reverse mortgage contracts.

***(Continued on page 5.)***

## 2010 Cost of Living Adjustment (COLA)

The Plan provides for annual cost of living adjustments (COLA) for eligible recipients. These COLAs are based on the change in Consumer Price Index (CPI) at the end of each calendar year. The maximum annual COLA 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 eligible recipient's COLA bank. For those years when the increase in the CPI is less than 3.0%, any balance in the COLA bank is used to increase the COLA adjustment up to the 3.0% maximum. The increase in the CPI used to determine the COLA adjustment effective July 1, 2010 was -0.8% (negative 0.8%).

Approximately 95% of eligible recipients will still receive an increase in their retirement allowance based on the balance existing in their COLA bank. The following is a general summary of the implementation plan developed along with the City Attorney's Office with respect to the July 1, 2010, COLA:

- Eligible recipients effective on or prior to July 1, 2005, with existing COLA banks may draw up to 3.8% from the bank and offset the negative 0.8% thereby obtaining a COLA of the maximum permitted by the Plan (3%).
- Eligible recipients effective July 2, 2005 to July 1, 2008, with lesser amounts in their existing COLA banks will be able to obtain a COLA up to 2.8% or maintain their current monthly allowance by drawing from their banks.
- Eligible recipients effective July 2, 2008 to June 30, 2009, all of whom received a 3% COLA last year, will see a decrease of 0.3% in their allowance because they do not have enough in their banks to fully offset the negative CPI movement.
- Eligible recipients effective on or after July 1, 2009, will maintain their current monthly allowance as their monthly allowance may never be less than the monthly allowance payable on the first day of retirement.
- Persons who retire on July 1, 2010 through June 30, 2011, will not have a prorated COLA applied to their formula retirement benefit.
- The negative 0.8% COLA for July 1, 2010, will not be carried over to the next year (2011) in the COLA banks per City Attorney advice.

A personalized fact sheet showing the impact of this year's COLA will be sent to **ALL** eligible recipients in July 2010. Please review your fact sheet and call (213) 367-1712 if you have any questions.

### Retiree Spotlight... Profiles in Retirement



This is our first installment of **Profiles in Retirement.**

This personal interest article will be a regular feature in our retiree newsletter. This issue focuses on Earnestine Howard. She retired February 1, 2008, with over 30 years of service.

Earnestine stated that her plan,

from the time she was hired, was to retire as soon as she was qualified with full benefits. She said that she wanted to do other things in life and do them while she was still in good health. *"I prayed for years about being able to retire when I had 30 years of service and 55."* She likes the fact she can spend more time with family members.

She stated what she likes most about retirement is that she does not have to be at work at 6:30 a.m. When first retired, she had

about three part time jobs. Now she has only one, working at her church three days a week. She enjoys working in her flower garden, shopping, reading, and studying the Word of God while spending time meditating on the Word.

She keeps in contact with former co-workers and has lunch with some of them from time to time. *"It is always good to be able to come back home (to DWP) and be welcomed with open arms; after all, that was my second home for 30 years."*

## Status of the Plan

Although WPERP experienced an investment loss of approximately 15.5% for fiscal year ending June 30, 2009, the Plan performed better than its peers and the policy benchmark. As of calendar year ending December 31, 2009, the return on the portfolio was 20.4%, offsetting some of the declines experienced in the previous year.

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

The Plan 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.

### ***Continued from Page 2. (Proposed guidelines for reverse mortgages spell out potential pitfalls for homeowners)***

For example, there may be no escrow account attached to a reverse mortgage -- something borrowers might assume is standard, based on their experience with regular home mortgages. Yet without an escrow that collects money to pay for local property taxes and hazard insurance, reverse mortgage borrowers may not remember to pay those bills themselves.

The regulators' message to banks: Explain all the working parts of the loan upfront, and make sure the borrowers fully understand what they've got to do on taxes and insurance.

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### ***focus on Customer Service...***

## **SENIOR SENSITIVITY *Training***

Last year, Retirement Plan Office staff received senior sensitivity training provided by representatives of the Scan Health Plan, a not-for-profit organization serving seniors in Southern California. The workshop provided participants the opportunity to “walk in the shoes of a senior” through a series of hands-on exercises and sensory perception education. The training focused on providing participants the opportunities to feel, see and hear the common physical and cognitive changes that occur with aging and offered tips on better in-person and telephonic communication.



David Stielow of Death Benefits, Kendrick Mah of Administration, and Mercedes Fields of Disability Benefits.

The training was well received by everyone. Retirement Plan Office staff found a renewed appreciation for seniors and the challenges they can face in their daily lives. It is a goal of the Retirement Plan Office to continue to serve our members with compassion and the utmost professionalism. We hope to continue to bring similar educational programs to our employees to fine-tune customer service skills and better meet your needs.

To the left is Retirement Office staff participating in a variety of exercises designed to illustrate the challenges that seniors deal with while performing everyday activities.

## CALENDAR OF EVENTS

*Please check our website or call for updated information, as Board Meeting dates are subject to change.*

### RETIREMENT BOARD

#### **MONTHLY BOARD MEETINGS**

JOHN FERRARO BLDG - 15<sup>TH</sup> FLR.  
EVERY 2<sup>ND</sup> AND 4<sup>TH</sup> WEDNESDAY  
OF THE MONTH

### HEALTH PLANS OFFICE

#### **ANNUAL ENROLLMENT**

JOHN FERRARO BLDG A-LEVEL  
APRIL 26 TO MAY 7, 2010

### RETIRED EMPLOYEES'

#### ASSOCIATION

#### **ANNUAL PICNIC**

1<sup>ST</sup> SATURDAY IN JUNE

#### **SEMI-ANNUAL MEETINGS**

1<sup>ST</sup> SATURDAY IN APRIL

1<sup>ST</sup> SATURDAY IN OCTOBER

## How To Reach Us

### TELEPHONE

**800-367-7164 TOLL FREE**

**213-367-1715 Retirement  
Payroll, Beneficiary Changes,  
W-4, 1099R**

**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 them to [retire@ladwp.com](mailto:retire@ladwp.com).*

## **DEPARTMENT OF WATER AND POWER**

### **RETIREMENT PLAN**

PO BOX 51111, Room 357  
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