



A message from APPOINTED RETIRED BOARD MEMBER
MIKE MOORE

As I near the end of my eighth and final year on the Retirement Board, I would like to share my thoughts and concerns about where we have been and what the future may hold.

Obviously, the market plunge of 2008-09 was the worst since the Great Depression and had a profound impact on all pension systems, public and private, and unfortunately, it has shaped the worrisome political environment that public pension systems face today. During the decline, our Retirement Plan fared much better than most, because our portfolio was relatively conservative, with a greater percentage of investments in bonds than other pension plans. Nonetheless, in the 2008-2009 fiscal year, we lost approximately 15% following the prior year's loss of 4%. This was a significant setback, particularly given the fact that we had assumed an 8% annual return when calculating the Department's required contribution to the Plan. Fortunately, we earned 12% in 2009-10, and as of the end of February 2011, investment returns are up another 18%, with four months remaining this fiscal year. As of July 1, 2010, the Retirement Plan is funded at 81.5% down from 90% in the previous year. Last year, the Retirement Board adopted the recommendation from the last actuarial experience study and revised the assumed investment rate of return to a more conservative 7.75%. All of this has necessitated that the Department begin substantially increasing its annual contribution to the Plan to bring it back to 100% funding over time.

Notwithstanding the market's gyrations of the last few years, I am confident that over the long term the Retirement Board's conservative investment philosophy and strategy will continue to provide the Department and retirees with a secure, yet low cost, retirement program.

The market crash did put increasing pressure on the Department of Water and Power to cut costs at the same time it is faced with a very expensive mandate to greatly increase generation resources that do not emit greenhouse gases. As you have seen in the press, all government pension systems are under similar pressure, and our own City has been *(Continued on Page 2)*

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**NOTICE OF APPOINTMENT OF
 A RETIREE MEMBER TO THE RETIREMENT BOARD**

The Board of Water and Power Commissioners hereby invokes the Announcement, Application and Interview Committee process for the selection of the Retired Member to the Board of Administration of the Water and Power Employees' Retirement Plan. This appointment shall be for a three-year term commencing July 1, 2011 to June 30, 2014. Please visit our website at <http://retirement.ladwp.com/> to download the application or contact the Retirement Office. Submission deadline is May 27, 2011.

WATER AND POWER
EMPLOYEES'
RETIREMENT PLAN

**Members of the
Retirement Board:**

JAVIER ROMERO
President
Elected Active Member
CINDY COFFIN
Vice-President
Elected Active Member
RONALD O. NICHOLS
General Manager
MICHAEL MOORE
Appointed Retired Member
MARIO IGNACIO
Chief Accounting Employee
BARRY POOLE
Elected Active Member
CHRISTINA NOONAN
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

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going through the difficult process of making such cuts itself. Unfortunately, during the last two decades the private sector has cut way back on guaranteed pension payments and now relies predominantly on 401k plans that have transferred all market risks to employees. The market collapse hurt those employees very badly. The private sector, particularly small businesses, has also sharply cut health insurance coverage. This has led to the pronounced pension envy that conservatives are taking advantage of as they attempt to go after public sector benefits.

While you can be rest assured that your pension checks are secure, I am becoming increasingly concerned that there will be attempts to cut our healthcare benefits, which may not carry the same contractual rights as our pensions. Fortunately, for some years the Department has been contributing an extra \$100 million a year to the Retiree Healthcare Fund to bring it closer to a fully funded level. The Retirement Board also oversees investment of those monies. The latest actuarial report determined retiree healthcare benefits were approximately 60% funded. Unfortunately, healthcare benefits remain vulnerable to cuts that could result from statewide initiatives or local efforts to reduce the pressure for rate increases. That is why it is critically important to support the efforts of Water and Power's Retired Employees' Association and Local 18 of the International Brotherhood of Electrical Workers, in their efforts to preserve the longstanding benefits we depend on.

For the same reasons the Department is scrutinizing its budget, the Retirement Plan must also try to minimize the costs it imposes on the Department. Toward this end, the Board has been trying to stop the unfair drain on our Plan brought about by the unintended consequences of the Reciprocity Agreement negotiated long ago to provide transferability of retirement benefits for all City employees as they transferred to and from other City Departments and DWP. The agreement assumed, over time, equal numbers would move each way. Because of layoffs in the rest of the City, over 1,500 employees have transferred to the Department over the last 6 years but, under the old agreement, the funding for their pension liability for the time they spent with the City was not. That added more than \$183 million to our Plan's liability. For that reason, the Retirement Board attempted to suspend the Reciprocity Agreement until we could negotiate with the City and ensure they paid their share of the pension costs. Unfortunately, the City Council vetoed that action under Section 245 of the City Charter. Since the majority of the Retirement Board felt this was an illegal use of that section of the City Charter, I was pleased to be asked to join with the three elected representatives on the Board, with the support of IBEW, and sue the City Council in an effort to overturn their veto. We are hopeful the Courts will hear that matter soon.

As my term winds down, I would also like to assure you that I feel the Department and its Retirement Plan are in very good hands. I was very pleased with the appointment of our new General Manager who is already returning professionalism to the corner office on the 15th floor of the JFB. He also sits on our Retirement Board and has shown real interest in our activities. I would also like to emphasize that it has been a pleasure for me to serve with all the members of the Board for the past eight years. They take their responsibilities seriously and are dedicated to protecting your interests. You are also fortunate to have an excellent Retirement Plan staff that works hard and very capably looks out for you, too.

IMPORTANCE OF UP-TO-DATE BENEFICIARY INFORMATION

Throughout the year, we remind you about the importance of maintaining up-to-date information on your beneficiary form. We strongly encourage you to update your information if there have been changes in your life that could affect the distribution of your benefits, such as, marriage, divorce, birth, adoption, or death.

We would like to take this opportunity to inform you about several options available to members in naming beneficiaries for their death benefits.

It is a good idea to nominate both primary and contingent beneficiaries. Having a contingent beneficiary is important in many ways. It would ensure the distribution of benefits in the event:

- your primary beneficiary predeceases you and your beneficiary form was never updated
- you and your primary beneficiary die at the same time

Many of our members don't know that they can name as many primary and contingent beneficiaries as they wish. If you are married, there may be a limit on the amount you are able to leave to non-spousal beneficiaries; however, it would

not limit the number of beneficiaries you are able to name.

You may also name an entity as beneficiary for your death benefits. For example, you may name a charitable organization or a living trust. If you decide to name your trust, there is additional information you will need to provide to our office.

When naming your beneficiaries, be sure to provide all the information requested, if you have it available. If members don't have complete and up-to-date information regarding his/her primary and contingent beneficiaries, it could delay or prevent the distribution of their benefits. The following is a list of important information needed to ensure proper distribution of your benefits:

- name
- current address
- Social Security number
- telephone number

Lastly, if there is no beneficiary on file, the Retirement Office has to use "successive preference" to determine who should receive a member's death benefits. The following list is the order in which benefits would be distributed in the event of no named beneficiary:

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.

The Retirement Office will utilize all due diligence to locate beneficiaries, but this is not always possible. It is very difficult to locate relatives of deceased members when there is no information available. The Retirement Office currently has several cases in unclaimed benefits that we are following-up on. Periodically, the Retirement Office requests beneficiary information on deceased members with unclaimed benefits.

To update your beneficiary form, please contact the Retirement Section at 213-367-1715.

Health Plans Open Enrollment

The open enrollment period is scheduled for April 25 - May 9, 2011. Retirees are invited to make changes at any time during this period. The Health Plans Office has also reserved Saturday, May 7, 2011, from 8:00 a.m. to 1:00 p.m. in the JFB on A-Level specifically for retiree members. The Health Plans Options Guide is also accessible on our website: <http://retirement.ladwp.com>.

Plan Investment News

Status of the Plan

WPERP experienced an investment gain of approximately 12.2% for fiscal year ending June 30, 2010; the Plan's performance returns matched its policy benchmark for the fiscal year. As of February 2011, the return on the portfolio was 18%, offsetting some of the declines experienced during the financial crisis.

The actuarial valuation of the Plan as of June 30, 2010, indicated a funding level of approximately 81.5%.

2011 Tax Tables

The 2011 Federal Tax Tables became effective January 1, 2011. The new tax tables will be used to calculate your tax deductions. Only individuals who utilize the tax tables for federal tax deductions will be impacted.

The federal tax tables are updated annually. Changes to the tax tables may increase or decrease your net monthly allowance. Members should speak to a tax professional to determine whether you are withholding the appropriate amount.

If you have questions or would like to change your withholdings, please contact the Retirement Section at 213-367-1715.

RETIREE PROFILE



This season's retiree profile is focused on Norman J. Cahill. Norman managed the administrative services of the Power Design and Construction Division during the 80's and 90's. He retired a Principal Utility Management Assistant under the Focused Separation Program in July 1998, after 32 years of service. Upon his retirement, Norman literally embarked on a new adventure. In September 1998, he boarded his boat, a 42-foot "Trawler," and cruised along the West Coast of Mexico. He cruised for two years in the Sea of Cortez, where he fished for Dorado, Tuna, and Red Snapper. He spent a total of seven years cruising places like Ixtapa, Guantanejo, La Paz, Mazatlan, and Barra de Navidad where he enjoyed much fishing and scuba diving for crab and lobster.

Since 2004, Norman has lived on his boat in Puerto Vallarta, Mexico. The marina is adjacent to a five-star resort where Norman enjoys all the amenities. A typical day involves chores around the boat, swimming in one of four pools, and playing tennis for up to two hours. He enjoys meeting new people from all over the world each week and has established many long-time friendships. Norman has had many adventures and new experiences

during his retirement.

Norman talked about catching a large Blue Marlin. He explained it took him an hour of wrestling with the fish before finally reeling it in and later releasing it. Norman also recalls watching many sunrises while anchored on some quiet cove; the only sounds to be heard being the fish jumping out of the water and birds flying and singing about. In the evening, he enjoys cocktail cruises on a dinghy while soaking in the beauty of nature. To escape the heat and humidity during the summer, Norman resides in Guanajuato, Mexico, and keeps in shape by playing at the tennis club.

However, it's not all fun under the sun for Norman. He also enjoys volunteering for a non-profit organization called, "Families at the Dump." It is an organization that helps impoverished families living and working in and around the dump in Puerto Vallarta. Norman provides translation services. He studied Spanish at the University of Guanajuato and has become more fluent in the past years. Norman is proud to support an organization that provides much needed services to the poor including the enrollment of children in school and providing them with books, uniforms, and shoes.

When asked how Norman keeps in touch with friends and family? He stated, "I visit Los Angeles a couple of times per year to take care of business and visit with my two sons and four grandchildren. I try to get together with friends over dinner when I'm in town and keep in touch by telephone and email."

We are thankful to Norman for taking the time to speak with us. It is great to know how our retirees are enjoying their retirement.

LADWP Health Coverage and Where You Live

Retirees enjoy freedom from certain things work related; but they also enjoy the freedom "towards" other things. Like the freedom to move to a place that better fits a personal lifestyle. However, many retirees don't always understand the impact of moving out of the Southern California area will have on their health care benefits.

Prior to making plans to move out of the area, retirees should first know what the impact will be. Retiree health care benefits will be affected because there are a limited number of health plans offered for retirees living out of the Southern California area. In addition, these "out-of-area" health plans are more costly than other Department sponsored plans.

There is a "premium" cost for each health plan offered by the Department of Water and Power (DWP) and each year, health care premiums continue to rise. To help offset the cost, the DWP provides a subsidy to all retirees who qualify for a formula pension. The amount of that subsidy is dependent upon the total years you were employed by the Department and your age at retirement. As an active employee you probably enjoyed little or no cost for your health coverage; however, as a **retiree**, it is not uncommon for a member to have some "out-of-pocket" expenses for their health plan.

If the amount of subsidy a retiree receives does not cover the premium costs of their health

plan, they will have "out-of-pocket" expenses. Another cost factor to consider is Medicare. DWP requires ALL retirees to enroll in Medicare Part B when they turn age 65. Medicare Part B has a monthly fee. This fee is for every person enrolled, which could include the retiree and their spouse/domestic partner.

The location where a retiree lives will determine the number and type of available health care plans and premium costs. The Retirement Office never advises a member on where to live; however, the Retirement Office does want to provide its members with information to help them make informed decisions and to adequately plan for their retirement needs.

If you have any questions regarding your health plan, please contact the Health Plans Office at (800) 831-4778.

JOHN FERRARO BUILDING Security and Parking

As some of you may have noticed, there have been some changes at the John Ferraro Building (JFB). The Retirement Office wants to keep you informed about changes that may have an impact on you during your visits to the JFB.

JFB Parking Lot 6 - Customer Parking Lot

The Department of Water and Power (DWP) performed construction on all parking levels at the JFB. Entrance to ALL parking lots requires an active Employee Identification (ID)

badge. Also, there is no longer a Customer Parking Lot (Lot 6). These changes were made effective August 3, 2010.

We have been informed by the Commuter and Reservations Services (CARS) Office that retired members will still be able to park in Lot 6 (entrance on Hope Street) to conduct DWP business. The retired member need only show their "retired" identification badge to be granted entrance.

If you have any additional questions, please contact the CARS Office at (213) 367-3150. If you don't have a retired employee identification badge, please contact the ID badge Unit at (213) 367-3303. The ID badge Unit is located within the CARS Office on the A-Level at the JFB.

John Ferraro Building Access

In order to improve security at the JFB, Security Services has installed ID scanners and metal detectors at all employee and public entrances. All employees are required to scan their ID to enter the JFB.

Since September 7, 2010, temporary identification badges will only be issued for those individuals visiting the JFB for DWP-related business. Temporary identification badges will no longer be issued for those individuals seeking only to use the cafeteria or gift shop.

Retired employees may still enter the JFB through Level A and the Lobby entrances with their retired identification badge or valid ID.

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DEPARTMENT OF WATER AND POWER
RETIREMENT PLAN
PO BOX 51111, Room 357
LOS ANGELES, CALIFORNIA 90051-0100

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 - 15TH FLR.
EVERY 2ND AND 4TH WEDNESDAY
OF THE MONTH

HEALTH PLANS OFFICE

ANNUAL ENROLLMENT
JOHN FERRARO BLDG A-LEVEL
APRIL 25 TO MAY 9, 2011

RESERVED RETIREE DATE
SATURDAY, MAY 7, 2011

RETIRED EMPLOYEES'
ASSOCIATION

ANNUAL PICNIC
1ST SATURDAY IN JUNE
SEMI-ANNUAL MEETINGS
1ST SATURDAY IN APRIL
1ST 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 Employees'
Retirement Plan
111 North Hope Street
Room 357
Los Angeles, CA 90012

INTERNET

<http://retirement.ladwp.com>

E-Mail: 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.