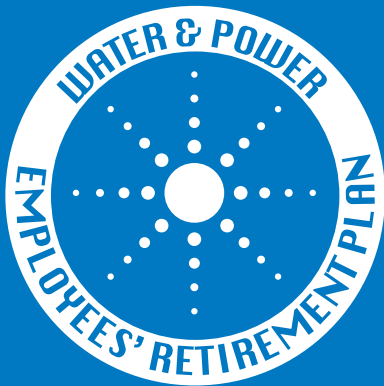


Los Angeles  Department of Water & Power

Los Angeles Department of Water and Power
Los Angeles, California 90051-0100

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FOR RETIRED MEMBERS

THE PLAN

Water and Power Employees' Retirement Plan

Summer 2013



A Message from ROBERT ROZANSKI



I have been your representative on the Retirement Board since July 1, 2011. It has been a challenging and rewarding

time. The US economy is beginning to crawl out of the most significant economic downturn since the Great Depression and is showing some signs of growth. Both the Los Angeles Department of Water and Power (LADWP) and the Plan survived the upheaval of the past few years relatively well.

Evidence of how well LADWP weathered the economic downturn can be found in the strong, stable credit ratings provided by the rating agencies in a recent refinancing of Power System bonds. All three rating agencies noted LADWP charges low rates in comparison to other Southern California providers and strong financial performance over the years. For example, Moody's assigned a "Aa3" rating based on the Department's "well-established

sound financial record," "very competitive retail electricity pricing," and "sound strategic focus".

As of March 31, 2013, the Retirement Fund earned 12.17% (net of fees). The market value of the Retirement Fund was \$8.2 billion. The Retiree Health Benefit Fund, as of March 31, 2013, earned 12.01% (net of fees). The market value of the Retiree Health Benefit Fund was \$1.4 billion.

The Retirement Board follows a relatively conservative investment approach. Both the Retirement and Retiree Health Benefit Funds are invested in a variety of asset classes designed to provide diversification and achieve long-term investment goals and healthy funding of all retirement benefits.



Importance of up-to-date Beneficiary Information

The beneficiary form is one of the forms you fill out in Human Resources when you first start working for DWP. You can change your designated beneficiaries as often as you like by calling the Retirement Office at (213) 367-1715 and requesting a new form. We strongly encourage you to review your information after major changes in your life, such as, marriage, divorce, birth, adoption, or death.

You may name both primary and contingent beneficiaries. Contingent beneficiaries become eligible to receive benefits if the primary beneficiaries predecease or die at the same time as you. Since California is a community property state, there may be a limit on the amount you are able to leave to non-spousal beneficiaries.

Additionally you have the ability to 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 as much information about them as possible. The following pieces of information help us locate and verify the eligibility of beneficiaries: Social Security number (can provide last four digits only); date of birth; current address; and telephone number.

Cost of Living Adjustments (COLA) in Retirement

The Plan provides for annual cost of living adjustments for eligible retirees, surviving spouses/ domestic partners/beneficiaries, and Plan members on Permanent Total Disability. These cost of living adjustments are based on the Consumer Price Index (CPI) for the Los Angeles – Riverside – Orange County, California - Metropolitan area as published by the Bureau of Labor Statistics. 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 cost of living bank. 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, 2013, was 2.0%. The increase will first show up in the retirement check dated August 1. All recipients of monthly allowances will receive an individual letter in July explaining the adjustment.

Investments

As shown below, the Plan's portfolio is invested in a variety of asset classes, including domestic and international equity, fixed income, real estate, private equity, and alternative investments. The Retirement Board is in the process of adding some new classes such as commodities and global inflation linked securities to further protect the portfolio in times of global uncertainty and high inflation.

The Board's adopted long-term asset allocation targets are as follows:

Asset Class	Target Percent
Domestic Equity	33.0%
International Equity	21.0%
Fixed Income	24.0%
Covered Calls	5.0%
Real Estate	5.0%
Private Equity	5.0%
Real Return	6.0%
Cash	1.0%

The Retirement Board has adopted this diversified asset allocation structure to maximize investment returns while incurring a prudent level of volatility in

those returns. Careful attention is paid not only to how the various classes perform during different market cycles, but also how they perform relative to each other. By having strategic classes that act differently, the chance of significant losses is reduced.

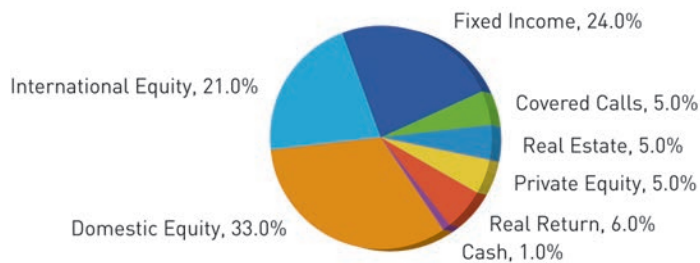
As of March 31, 2013, the Retirement Plan had an aggregate value of \$8.2 billion. This represents a \$405 million increase in value over the last quarter and \$703 million over the same date in 2012.

The Plan's portfolio has performed on par with other public sector plans of similar size and assets.

The Retirement Board's general investment consultant, Pension Consulting Alliance, Inc., is cautiously optimistic about the portfolio returns in 2013. In particular, PCA notes there are strong signs of recovery in the U.S. housing market. In addition, economic data from most parts of the world indicate sustained moderate improvements and the Federal Reserve continues to keep interest rates low and purchase additional bonds.

The next important review of the portfolio will be done this summer using returns from June 30, 2013.

Long-term Asset Allocation Targets



Farewell to Julie Escudero



Every commission has a largely unseen staff making it run smoothly and efficiently. The administrative powerhouse behind the Retirement Board for the last five years has been Utility Executive Secretary Julie Escudero. According to Javier Romero, President of the Retirement Board, she performed her work with great diligence, care, and pride. Julie retired on June 1, 2013 after an impressive 36 year career with the City. Both the Retirement Board members and the Retirement Office staff are grateful for her dedicated service to them and the WPERP membership.



A message from the Retirement Plan Manager, SANGEETA BHATIA

Focus on Customer Service.....

The Retirement Plan Office staff is focused on providing exceptional customer service to all active and retired members. The Retirement Plan Office at JFB Room 357 is open Monday – Friday from 7 AM – 3 PM for walk-ins and staff is available to answer questions over the phone until 4:45 PM, Monday - Friday. You may also contact us via email at retire@ladwp.com. In case you reach us after hours, please leave a message and we will return your call the next business day.

We also invite you to visit our website, where you will find a wealth of information related to the Retirement Plan plus links to useful outside resources. On the website, you can download forms to provide the Retirement Plan with any change of address and/or a Durable Power of Attorney that would act on your behalf in the event that you are incapacitated and unable to make decisions regarding your health and finances. Additionally, please check your monthly data mailer for important updates from the Retirement Board and the Plan Office.

Our Plan staff is dedicated to assisting you during your retirement.

Monthly Allowance

Availability of Retirement Allowance when the 1st of the month is a weekend or holiday.

Ten years ago, the Retirement Board adopted the current payment policy for retirement allowances. Retirement checks and direct deposits for a month are payable on the first day of the following month. For example, the allowance for April 2013 was payable May 1, 2013. Under the previous policy, the check was payable the first business day of the month. That meant if the 1st fell on a Saturday, Sunday or holiday, retirees had to wait from one to three extra days for their monthly allowance.

In response to the hardship the delay was causing some retirees, the Retirement Board adopted the current policy which provides the retirement checks will be dated the 1st of the month unless the 1st falls on a Saturday, Sunday or holiday.

When that happens, the retirement checks are payable on the last business day of the same month.

Obviously, every January 1st is a holiday but the exception does not apply. December retirement allowances are always payable the first business day in January. This is necessary to insure retirees do not receive 13 checks in a calendar year.

Following is the payment schedule for the rest of 2013.

Allowance	Payment Date
June	July 1, 2013
July	August 1, 2013
August	August 30, 2013
September	October 1, 2013
October	November 1, 2013
November	November 27, 2013
December	January 2, 2014

Board Member Retires



Effective April 1, 2013, Ms. Cindy M. Coffin retired from Department service and consequently the Retirement Board. At the March 27, 2013, Regular Meeting, the Board authorized the Acting Retirement Plan Manager to initiate the necessary arrangements for the Los Angeles City Clerk to conduct an Employee Member Election required to fill the vacancy.

How To Reach Us

TELEPHONE

DWP Retirement Toll Free: (800) 367-7164
DWP Retirement Office: (213) 367-1715
(Retirement Applications, Beneficiary Changes,
Report the Death of Retiree/Eligible Spouse)
DWP Disability: (213) 367-1680
DWP Health Plan and Medicare: (800) 831-4778
DWP Credit Union: (800) 300-9728
DWP Employee's Association: (213) 367-3146
DWP INTAKE Magazine: (213) 367-1361
LACEA (City Club): (213) 620-0388
EAP (Horizon Health): (888) 439-7327
I.D. Badges: (213) 367-3303

INTERNET

<http://retirement.ladwp.com>
E-Mail: retire@ladwp.com

MAIL

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

We welcome your suggestions and comments regarding this newsletter. Please email us at retire@ladwp.com.

