



WATER AND POWER EMPLOYEES' RETIREMENT PLAN

Assumption Changes

Date: June 27, 2019

On June 26, 2019, the Board of Administration (Retirement Board) of the Water and Power Employees' Retirement Plan (Plan) adopted new assumptions for the Plan.

- The **Regular Interest Rate** credited to individual contribution accounts will decrease from 7.25% to 7.0% effective **July 1, 2019**
- The **mortality table** used to calculate optional forms of benefits will change to a benefits weighted mortality table with a discount rate of 7.0% effective **July 1, 2020**

Additional communications will be distributed over the next months to provide more information on these changes.

LINDA P. LE

Retirement Plan Manager



WATER AND POWER EMPLOYEES' RETIREMENT PLAN

Assumption Changes Additional Information

The assumption changes recommended by the Plan's actuary and adopted by the Retirement Board promote proper governance of the Plan to ensure that it's funded for all of us into the future. Lowering the interest rate is the Board exercising its fiduciary oversight of the Plan and shows the Board's fiscal responsibility and understanding of the market environment over the long term. As a pension plan that has a lifetime obligation to you, the Plan must look at a long term horizon when determining what assumptions to use in the valuation of its assets and liabilities.

Lowering the investment rates now ensures that the Department provides the funds necessary to fulfill its obligations to us. If we continue to keep the rates artificially high, the Department would contribute less to the Plan, pushing all of the obligations into the future.

Yes, it does impact the interest credited to your accounts, but it does not impact your formula pension. The monthly amount that you were expecting to receive from your normal retirement has not changed.

What does change is your Additional Annuity, which is an optional benefit. Unlike other investment vehicles, such as the City of Los Angeles Deferred Compensation Plan, there is no risk and no fees with our Additional Annuity. With other plans, you will pay a fee and bear the risk of a market downturn. That said, if you do want to stop future Additional Annuity contributions, you may do so by completing the form available under the Active / Quick Links section. The amounts that you have already deposited will stay on account and will continue to accumulate interest until your retirement.

LINDA P. LE

Retirement Plan Manager