



WATER AND POWER EMPLOYEES' RETIREMENT PLAN

FALL/WINTER 2016



EXPERIENCE STUDY

On June 22, 2016, the Retirement Board adopted the July 1, 2012 through June 30, 2015 Actuarial Experience Study of the Plan. The Experience Study is a review of economic and demographic assumptions used in the annual actuarial valuation of the Plan. The Study analyzes the Plan's experience and is used to determine funding requirements. The Study provided several recommendations which included changing to a generational mortality table and a reduction in the Investment Return Assumption from 7.50% to 7.25%. The Experience Study can be found on our website, retirement.ladwp.com



INVESTMENTS

The Retirement Board continuously strives to stay well informed of the changes in the financial markets and global macroeconomics to achieve optimal results for the Plan's portfolio. As of June 30, 2016, the Plan had an aggregate market value of \$11.75 billion in assets. The Plan's portfolio has outperformed more than 60% of similar-sized public sector plans for the one-year period ending June 30, 2016.

In 2016, the Retirement Board adopted a new diversified allocation structure to maximize investment returns, while minimizing the level of risk in those returns. The Retirement Plan has a long-term investment horizon which allows for a strategic and extended view of the capital markets through multiple economic cycles. This helps to reduce the impact to the portfolio of any short-term fluctuations in the markets. It is important to maintain a consistent and disciplined approach to our long-term strategic goals. Transitioning to the new portfolio allocation takes time to implement; therefore, the Plan adopted interim asset allocation targets until all assets can be properly funded.

The adopted long-term asset allocation targets, interim asset allocation targets, and the portfolio's current asset allocations are as follows:

| Asset Class | Target | Interim Target | As of 06/30/16 |
|----------------------|--------|----------------|----------------|
| Domestic Equity | 29.00% | 34.25% | 36.20% |
| International Equity | 19.00% | 19.00% | 18.80% |
| Fixed Income | 25.00% | 28.75% | 28.70% |
| Hedge Funds | 5.00% | 2.00% | 1.60% |
| Real Estate | 8.00% | 5.00% | 5.60% |
| Private Equity | 8.00% | 5.00% | 3.00% |
| Real Return | 5.00% | 5.00% | 5.20% |
| Cash | 1.00% | 1.00% | 0.90% |

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A MESSAGE FROM TIMOTHY HEMMING



I am proud to serve as the retired member on the Water and Power Employees' Retirement Plan Board of Administration and as a board member for the Retired Employees' Association (Association). On October 1, 2016, the Retirement Plan Office staff provided updates to our retired members at the Association general

meeting. The presentation included information on the administration of the Plan, an overview of the annual cost of living adjustments, updates on investment performance, and a question and answer session. Highlights of the presentation included information on managing investment volatility in the current market conditions and the good news that the Plan's portfolio outperformed other public sector plans. I am encouraged by your active participation in the Association and your continued interest in the viability and health of the Plan.

WATCH FOR YOUR 2016 1099-R

The Plan will mail all monthly benefit recipients a Form 1099-R by the end of January 2017. The Internal Revenue Service requires that the Plan furnish a Form 1099-R to report Plan distributions made to recipients during the tax year. To avoid delays, please make sure that the Plan has your most current mailing address. To update your address, contact the Retirement Section at 213-367-1715.

REMINDERS

Sign up for direct deposit to expedite receipt of your monthly retirement allowance. Please make sure that your address, power of attorney and beneficiary designations are up-to-date. Call 213-367-1715 or 1-800-367-7164 for assistance.

FUN FACTS



Average age
receiving
retirement

72.8



Oldest age
receiving
retirement

107



Youngest age
receiving
retirement

49.5



*Our retirees receive benefits in
these Countries:*

Canada
UK

Puerto Rico
Egypt
Mexico

Thailand
Philippines
Guam

Australia
Romania



IMPORTANT CONTACTS

Retirement Plan Office

111 N. Hope St., Room 357
Los Angeles, CA 90012

(213) 367-1712 | (800) 367-7164

Website: retirement.ladwp.com

E-Mail: retire@ladwp.com

Health Plans

(800) 831-4778

E-Mail: healthplans@ladwp.com

