

P.S.

POSTSCRIPT

NEWS FOR ACTIVE MEMBERS

JUNE 2019 • VOL. 30, NO. 2

PROTECTING YOU FROM FRAUD: WE TAKE IT SERIOUSLY

Fraud. It's a small word that represents a big headache for millions of people annually, and it has serious implications for your financial security. Already rampant, fraud is a growing problem: In 2018, reported fraud losses to the Federal Trade Commission increased by \$406 million to total \$1.48 billion. (Note the word *reported* in that statistic. Actual losses are likely much higher, as many cases go unreported.) Meanwhile, every advance in technology provides a new way for enterprising thieves to scam unwitting victims.

As part of our mission of protecting your benefits, LACERA is intent on safeguarding your personal information and accounts through multiple security measures. Here's how we do it.

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Los Angeles County Employees Retirement Association

Board of Retirement

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Appointed by Board of Supervisors

LES ROBBINS

Vice Chair

Elected by Retired Members

GINA ZAPANTA-MURPHY

Secretary

Appointed by Board of Supervisors

VIVIAN H. GRAY

Elected by General Members

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Alternate Member

Elected by Retired Members

SHAWN R. KEHOE

Elected by Safety Members

JOSEPH KELLY

County Treasurer and Tax Collector
Ex-Officio Member

KEITH KNOX

Chief Deputy County
Treasurer and Tax Collector
Alternate Ex-Officio Member

RONALD A. OKUM

Appointed by Board of Supervisors

WILLIAM R. PRYOR

Alternate Member

Elected by Safety Members

HERMAN B. SANTOS

Elected by General Members

THOMAS WALSH

Appointed by Board of Supervisors

Board of Investments

SHAWN R. KEHOE

Chair

Elected by Safety Members

JOSEPH KELLY

Vice Chair

County Treasurer and Tax Collector
Ex-Officio Member

WAYNE MOORE

Secretary

Appointed by Board of Supervisors

ALAN J. BERNSTEIN

Appointed by Board of Supervisors

DAVID GREEN

Elected by General Members

KEITH KNOX

Chief Deputy County Treasurer
and Tax Collector
Alternate Ex-Officio Member

DAVID L. MUIR

Elected by Retired Members

RONALD A. OKUM

Appointed by Board of Supervisors

GINA V. SANCHEZ

Appointed by Board of Supervisors

HERMAN B. SANTOS

Elected by General Members

Chief Executive Officer

LOU LAZATIN

Assistant Executive Officer

JJ POPOWICH

CEO'S CORNER

LOU LAZATIN



Greetings! It was a very busy spring here at LACERA. Let me update you on the latest.

March Madness Wrap-Up

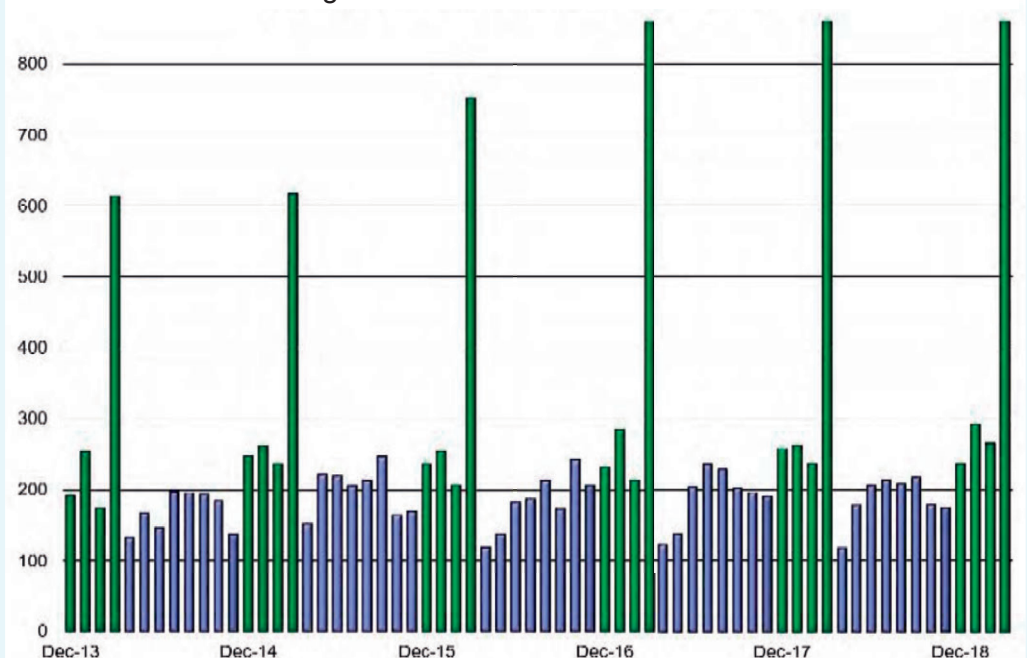
Every year, it's all hands on deck in various divisions during the peak retirement period we call March Madness. December through March are popular retirement months because those who retire on or before March 31 are eligible for the April 1 cost-of-living adjustment (COLA), if a COLA is approved by the Board of Retirement. Retirement is a complex, highly individualized process. It takes knowledgeable frontline Retirement Benefits Specialists to guide members through the various retirement allowance options, confirm service credit is correctly calculated and purchased, make sure that healthcare is in place, and see that all forms get properly completed. Our Member

Service Center stayed open on Saturdays until mid-March this year to accommodate demand. Behind the scenes, team members from multiple divisions worked long hours to make sure that all of the applications and associated paperwork were processed timely.

This year, we processed 1,758 applications. This is up from 1,685 in 2018, which was higher than the rolling five-year average of 1,466. See the graph below for retirement processing statuses over the last five years—green bars reflect completed status for the months of December through March, and blue bars reflect completed status for the other eight months.

Special thanks to all of our employees who stepped up during March Madness to make sure that members' benefits would be in place for a smooth transition to retirement.

Rolling Five-Year March Madness Trends



CEO's Corner cont'd

If you're within five years of retiring, I encourage you to attend one of our pre-retirement workshops to learn more about how to make the most out of your promised benefits, whether through timing it during March Madness or by taking into consideration other factors unique to you. Our pre-retirement workshop schedule is on page 7.

Progress on Strategic Goals

In the last issue of *PostScript*, I reported how the management team is taking a fresh approach to our strategic plan by assessing current projects based on SMARTER goals. Since then, we have prioritized the following strategic plan goals: incorporating a cross-divisional case management system; redesigning lacera.com; redesigning our retirement benefit estimate, application, and election form package; and implementing final changes necessitated by the Public Employees Pension Reform Act of 2013 (PEPRA), specifically the felony forfeiture appeals policy and payroll code clarification for calculating the pensionable portion of an employee's total compensation. The working teams have

made significant progress on their project plans, and will be reporting to their respective Board oversight committees in the coming months.

United in Protecting You

In this issue, we feature some LACERA divisions that have decidedly different areas of expertise, but a strong connecting objective: protecting your benefits. On page 6, our Investments Division describes its corporate governance efforts as part of ensuring the long-term health of the fund, while in our cover feature about fraud, we highlight how our specialized divisions and management team safeguard against a variety of threats.

As we head into summer, I hope you have already scheduled in some rest and relaxation. Enjoy! Until next time,



Protecting You From Fraud: We Take It Seriously cont'd from pg. 1

Ongoing Alerts and Fraud Prevention Resources

First, LACERA helps you be on your guard against current, ongoing scams by posting alerts on our website and in our newsletters. Check our website for fraud alerts from the L.A. County District Attorney's Office, as well as page 8 of this issue. More resources are available in the sidebar to the right.

Internal and External Controls

Behind the scenes, LACERA is also vigilant about keeping your information secure. To protect member information, LACERA's system security is constantly monitored and engineered with facilities to detect and prevent unauthorized intrusions. My LACERA has enhanced security features to protect members' identity.

Internal security starts with preventing unauthorized access to LACERA's offices and computers. Additionally, employees are trained to follow our policies and procedures on handling sensitive and confidential information. These internal and external controls dovetail with regular audits to flag any areas for improvement.

Specialized Teams

Investigative and response teams are at the ready if problems do arise.

LACERA has an internal team dedicated to detecting fraud, anomalies, and irregular activity on member accounts using a variety of factors.

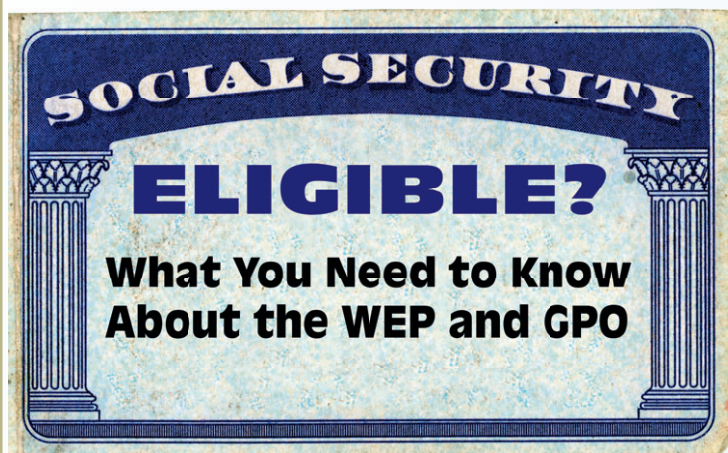
In keeping with industry best practices, LACERA also has a standing team of executive officers and top-level managers that mobilizes to quickly and decisively deal with threats to business operations, which could range from a disaster to a security incident. After any incident, the group institutes lessons learned and appropriate steps to be taken to prevent or minimize impacts from any similar events in the future.

Though we can never eliminate criminal threats, we can thwart attacks and mitigate damages through a comprehensive, evolving approach of prevention, preparedness, and action. Let's stay vigilant together!

Fraud Resources

There are plentiful local, state, and federal resources to help protect consumers. Check out the following agencies to sign up for alerts, file a complaint, get links to free credit reports, report identity theft, and more.

- L.A. County Department of Consumer and Business Affairs: www.dcba.lacounty.gov
- California Department of Consumer Affairs: www.dca.ca.gov/
- Federal Trade Commission: www.ftc.gov



If you receive a retirement allowance from LACERA and are also eligible for Social Security benefits, you may be subject to Social Security's Windfall Elimination Provision (WEP) and Government Pension Offset (GPO), enacted by Congress in 1983 and 1977, respectively.

The WEP reduces the Social Security benefit for workers who receive a government pension from employment that is not covered by Social Security. The County of Los Angeles withdrew from participation in Social Security beginning in 1983. If you have service with the County of Los Angeles on or after 1983 and receive a LACERA retirement allowance, any Social Security benefit you receive may be subject to the WEP.

The WEP lowers the calculation formula of your Social Security benefit. For example, for a worker who turns 62 in 2019, the first \$926 of Social Security-covered average monthly earnings is multiplied by 90 percent; earnings between \$926 and \$5,583 by 32 percent; and the balance by 15 percent. The sum of these three amounts equals the Social Security benefit, which is then decreased or increased depending on whether the worker starts receiving benefits before or after full retirement age (currently age 67 for those born after 1960). The WEP can reduce the percentage factor that is multiplied against the first \$926 of average monthly earnings to as low as 40 percent, based on the number of years of covered employment. This means a possible reduction of the Social Security benefit by as much as \$463 per month; however, the reduction of the Social Security benefit under the WEP cannot exceed more than one-half of the worker's government pension amount.

The GPO applies to Social Security dependent benefits that you may receive as a spouse, widow, or widower while you are also receiving a government pension. The GPO reduces your benefits by two-thirds of your pension amount. Thus, if

you are subject to the GPO and two-thirds of your LACERA allowance is more than your Social Security dependent benefit, the GPO will completely eliminate your dependent benefit.

A Legislative Fix Is Pending

Since 2001, Congress has successively introduced the Social Security Fairness Act, which historically has garnered bipartisan support, to repeal the WEP and GPO. This year, two bills for the act have again been introduced: H.R. 141 by Representative Rodney Davis (Ill.) and S. 521 by Senator Sherrod Brown (Ohio). LACERA's Board of Retirement has traditionally supported the Social Security Fairness Act, since the current provisions unfairly penalize those who have worked in public service. The Board of Retirement adopted a "Support" position on these bills at its meeting of April 11, 2019, and LACERA continues to engage with members of Congress to advocate repealing the WEP and GPO.

For More Info

Visit the Social Security website to get more information about how the WEP and GPO might affect your federal benefit:

- www.ssa.gov/planners/retire/wep.html
- www.ssa.gov/planners/retire/gpo.html

Take Action

To get in touch with your member of Congress regarding repeal of the WEP/GPO, visit the following links:

- www.house.gov/representatives/find-your-representative
- www.senate.gov/general/contact_information/senators_cfm.cfm

Communications toolkits with talking points, information sheets, sample letters, and more are available from organizations with members affected by the WEP and GPO:

- www.nea.org/home/16567.htm
- www.calrta.org/repealing-wepgpo/





LACERA ACCOMPLISHMENTS

Senior Investment Officer Scott Zdrazil Reelected as Treasurer of Council of Institutional Investors

LACERA continues to actively support efforts to advance the fund's rights as an investor in capital markets, including participation in the Council of Institutional Investors (CII), a nonprofit, nonpartisan association of pension funds and other employee benefit funds and endowments with \$4 trillion in assets. The CII focuses on effective corporate governance; strong investor rights; and vibrant, transparent, and fair capital markets.

In March, LACERA Senior Investment Officer Scott Zdrazil, who has served on the CII board since 2018, was reelected as the association's treasurer. At LACERA, Zdrazil leads the fund's corporate governance efforts, including the revision of LACERA's Corporate Governance Principles and related investment initiatives.

Stepping Up for Charity

LACERA staff members made great strides for kids in two recent charity walks. First, on Sunday, April 7, Team LACERA joined more than



Team LACERA at the April 7 Walk for Kids

750 supporters in Pasadena's Central Park for a 2.3-mile walk to raise funds for the Pasadena Ronald McDonald House, which provides a home environment and services to families facing the illness of a child. Team LACERA raised \$570 toward the event total of

over \$102,000. Participating for LACERA were John Nogales and family, Sevan Simonian, Alex Hollis and family, Kathleen Horning (whose family also donated), Srbui Vartanian and family, Giselle Jaimes, Kerri Wilson and family, Percy Petrov, and Donna Hansen and friend. Staff members Rosalie Baker, Laura Fuentes, and Maggie Luong were not able to participate in the walk but donated to the team.

Just a few weeks later, on Saturday, April 27, Team LACERA did it again,

meeting in Grand Park to hike three miles through downtown in the March of Dimes' March for Babies. The March of Dimes provides programs that support healthier pregnancies as well as services for premature babies. Team LACERA included captains Donna Hansen and



Team LACERA at the April 27 March for Babies

Sevan Simonian, Lou Lazatin, Gina Marie Massarotti, Maggie Luong, Steven Rice, Percy Petrov, Flora Zhu, Natalie Ng, Srbui Vartanian, Alex Hollis, Rosalie Baker, Giselle Jaimes, and Kristina Sun, who all together raised \$1,589.

3 THINGS: PICNICS

Picnics are an activity enjoyed by cultures around the world—and nothing announces the official arrival of summer more than dining al fresco in the company of friends and family. Here are some fun facts for you to share about this warm-weather tradition at your 4th of July celebration (or International Picnic Day on June 18 if you can't wait that long!).

- The concept of a picnic as a pleasurable escape coincided with urban living (differentiating it from simply eating outdoors, as our ancestors did for millennia). The earliest picnics were likely enjoyed by aristocrats as part of their hunting activities, depicted in numerous works of art from the Middle Ages on.
- The word "picnic" is based on the French term "pique-nique," which dates back to the 1600s and referred to someone who brought their own wine when dining out. Picnics became especially popular in France after the French Revolution, when royal gardens and hunting grounds were opened to the public.
- The current record for the world's largest picnic is 22,232 confirmed attendees, set on June 20, 2009, in Lisbon, Portugal. Closer to home, the world's largest picnic "basket" is the former headquarters of the now-defunct basket-making Longaberger Company in Newark, Ohio. The seven-story, 180,000-square-foot building was completed in 1997 and features woven sides, giant handles, and a brass name plate.

Sources: History.com, npr.org, apnews.com, smithsonianmag.com, guinnessworldrecords.com



Taking the Long View:

Safeguarding Our Investments Through Corporate Governance

At LACERA, our investment team carefully manages the fund's \$56 billion portfolio with the sole aim "to produce, protect, and provide the promised benefits" to our members. As part of our efforts to fulfill that mission, we encourage sound corporate governance practices at the companies in which we invest, to support sustainable business practices and long-term value creation. Good corporate governance includes promoting high-quality corporate boards of directors, sound investor legal rights and fiduciary protections, reliable financial reporting, and prudent management of operational risks, including those related to environmental resources or workforce issues.

We pursue several strategies to exercise our investor rights and advance sound corporate governance practices:

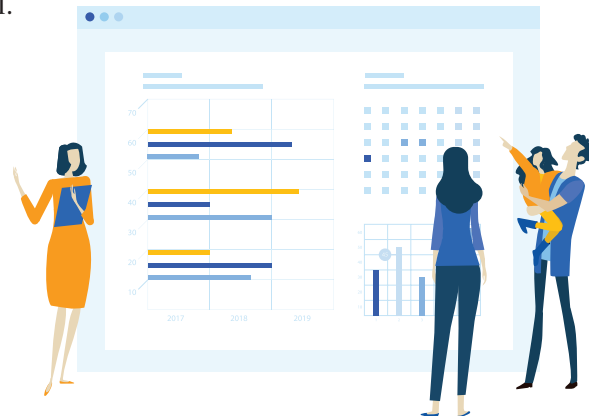
Proxy voting: Each year, companies hold annual shareholder meetings, where investors vote to elect board directors, ratify auditors, and consider other matters that may be presented by either company management or other shareholders. LACERA carefully reviews each ballot item at annual meetings and casts its votes in line with LACERA-approved policies.

Public policy: Sound and stable financial markets are key to LACERA's ability to generate sustainable financial returns. LACERA supports strong legal protections for investors to take action in the event of corporate misconduct or fraud; sound financial reporting; and effective, sensible regulatory measures that enable fairness and instill investor confidence in our capital markets.

Engagement: From time to time, LACERA meets with the directors and managers of portfolio companies on defined priorities in order to understand companies' business strategies and encourage best practices. As an example, LACERA collaborates with other California public funds to encourage boards to cast a wide net in identifying the best talent to nominate to their boards, inclusive of diverse gender, racial, and ethnic backgrounds.

Collaboration: To amplify its voice, LACERA collaborates with other investors, often through associations such as the Council of Institutional Investors, the United Nations-affiliated Principles for Responsible Investment, and the Institutional Limited Partners Association. These associations coordinate institutional investors, such as LACERA, to advance common interests and represent our members.

For more information about our corporate governance efforts, policies, and recent initiatives, visit www.lacera.com/investments/corporate_governance/corporate_governance.html.



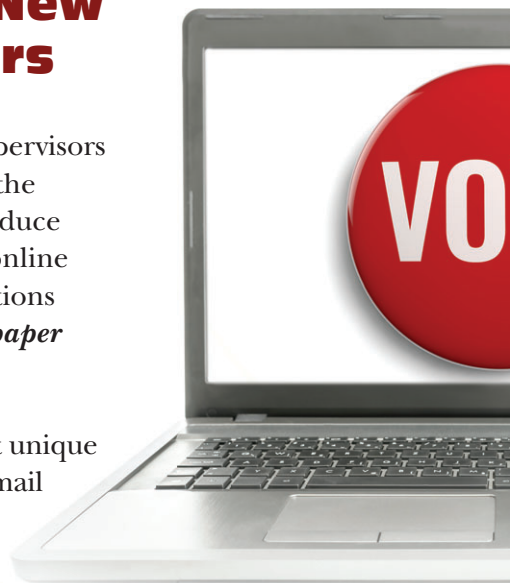
Notice of August LACERA Election and New E-Voting Procedures for Safety Members

An election will be held **Monday, August 5, 2019 through Friday, August 30, 2019** for the Seventh Member and Alternate Safety Member of the Board of Retirement and Fourth Member of the Board of Investments. The current Board members' terms expire on December 31, 2019, and the newly elected Board members will take office on January 1, 2020. Members eligible to vote in this election are LACERA safety members who were active on May 15, 2019.

New E-Voting Procedures

On April 9, 2019, the Board of Supervisors adopted a resolution establishing the procedures for this election. To reduce costs and increase voter turnout, online e-voting and telephonic voting options will be used for the first time. ***No paper ballots will be mailed.***

Eligible safety members will be sent unique login credentials to their County email address on the opening voting day, August 5. Eligible safety





Your Retiree Healthcare Questions

ANSWERED

Your most frequently asked questions, answered by LACERA's Retiree Healthcare Division

What happens if I enroll in a LACERA-administered retiree healthcare plan after 60 days of my retirement date?

LACERA group coverage is coordinated to begin on the first day of the month after active County health coverage ends. For this to occur, your enrollment form must be received by LACERA within 60 days of the date of your retirement or within 60 days from the date your name appears on the Board of Retirement agenda. *If you send your form after the 60-day deadline, you must complete a waiting period from the date your enrollment form is received by LACERA before you can enroll.* A six-month waiting period applies for late enrollment on LACERA-administered medical health plans; a one-year waiting period applies on dental/vision plans. If you have any questions, please contact Retiree Healthcare at (800) 786-6464 (press 1), or you can send us an email at healthcare@lacera.com.

"Summer afternoon, summer afternoon; to me those have always been the two most beautiful words in the English language."

— Henry James



members who do not have a valid email address will be identified before the election period and mailed their login credentials and voter information no later than Thursday, August 1. If an eligible safety member does not receive their login credentials by August 7, they should contact their departmental election coordinator. Contact information will be provided if voter assistance is needed.

The Board of Supervisors will confirm the election results on or before Tuesday, October 15, 2019.

For a list of departmental election coordinators and more election information, visit bos.lacounty.gov/Services/ConflictOfInterestLobbyist/LACERAelection.

Pre-Retirement Workshop Schedule

JUNE 2019

S	M	T	W	T	F	S
						G&S*
2	3	S	5	6	7	8
9	10	G	12	13	14	15
16	17	G	19	20	21	22
23	24	G	26	27	28	29
30						

JULY 2019

S	M	T	W	T	F	S
	1	S	3	H	5	6
7	8	G	10	11	12	G&S*
14	15	G	17	18	19	20
21	22	G	24	25	26	27
28	29	G	31			

AUGUST 2019

S	M	T	W	T	F	S
				1	2	G&S*
4	5	S	7	8	9	10
11	12	G	14	15	16	17
18	19	G	21	22	23	24
25	26	G	28	29	30	31

G = General Members

S = Safety Members

H = Holiday

Unless otherwise indicated, workshops are held at LACERA from 8:30 a.m. to noon. Empower Retirement will offer a 45-minute overview of Horizons (457) and Savings (401k) plans; LACERA will provide a 2.5-hour presentation. **Reservations are required; access the Appointment System on lacera.com or call 800-786-6464 to reserve a seat.**

*Held at LACERA from 8:00 a.m. to 11:30 a.m.



FRAUD ALERT FROM THE D.A.'S OFFICE

Don't Let Crooks Tap Your Wallet With Credit Card Scams

Consumers should beware of scammers trying to steal personal information as some credit card companies issue new tap-to-pay cards.

In the New Credit Card Scam, fraudsters contact people who may be receiving new cards, claiming to be from the issuing company. The crooks tell their victims they must provide personal or financial information to activate the cards. Then, the scammers use the information to commit identity theft.

Credit card companies typically include a phone number or website for new card activation and won't

call or email asking for personal information.

Tips:

- Don't provide personal or financial information through an unsolicited call or email.
- Don't click on a link in an email message unless you're sure the source is legitimate.
- If in doubt about activating a new credit card, contact the financial institution that issued the card.

Visit www.lacera.com/about_lacera/fraud_alerts.html for a video link with more details.



Upcoming Holidays

LACERA will be closed on:

- **Thursday, July 4**
for Independence Day
- **Monday, September 2**
for Labor Day

Editor's Note:

PostScript is published by the staff of LACERA. Consult with professional advisors regarding legal, tax, and/or medical matters; LACERA does not offer legal, tax, or medical advice.

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