



**THE CITY OF LOS ANGELES
CITY EMPLOYEES'
RETIREMENT SYSTEM**

*Actuarial Valuation
As Of June 30, 1996*



Watson Wyatt & Company

Suite 700
15303 Ventura Boulevard
Sherman Oaks, CA 91403-3197
Telephone 818 906 2631
Fax 818 906 2097

November 18, 1996

Board of Administration
City Employees' Retirement System
360 East Second Street, 8th Floor
Los Angeles, California 90012

Members of the Board:

We are pleased to present this actuarial valuation report as of June 30, 1996 for the City Employees' Retirement System.

This report is divided into three parts:

- A. Valuation Summary: This section contains an overview of significant valuation results.
- B. Valuation Detail: This section contains more detailed results of the valuation. Section I contains details of the retirement valuation. Section II contains details of the health subsidy valuation.
- C. Exhibits: This section contains information on plan demographics, plan provisions, and actuarial assumptions used in the valuation.

We appreciate the opportunity to serve the City of Los Angeles and the Board of Administration as actuary for the City Employees' Retirement System.

Sincerely,

Handwritten signature of Sharon A. Peake.

Sharon A. Peake, FSA
Consulting Actuary

Handwritten signature of Judy C. Ocaya.

Judy C. Ocaya, FSA
Consulting Actuary

SAP:JCO:MC
p:\acers\val96\96 val

CITY OF LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Actuarial Valuation As Of June 30, 1996 Table of Contents

	<u>Page No.</u>
A. Valuation Summary	
Introduction	1
Summary of Significant Valuation Results	3
Budget Requirements	4
Funded Status at June 30, 1996	7
System Assets.....	10
Derivation of Actuarial Value of Assets	12
Summary of System Funding	13
B. Valuation Detail	
System Membership	16
Applicable Assets at June 30, 1996	17
<i>I. Valuation of Retirement Benefits</i>	
Actuarial Balance Sheet	18
Budget and Recommended Contributions	21
Detail of Amortization of Unfunded Actuarial Accrued Liability.....	23
Funded Status of the System	25
Member Contributions.....	26
Family Death Benefit Insurance Plan	27
<i>II. Valuation of Health Subsidy Benefits</i>	
Introduction.....	28
Actuarial Balance Sheet	29
Recommended City Contribution	32
Funded Status of Health Subsidy Benefits.....	34
Assumptions and Methods	36

C. Exhibits

Exhibit I	System Assets (Book Value)
Exhibit II	Statement of Reserve and Fund Balance Accounts
Exhibit III	Statement of Changes in Net Assets Available for Plan Benefits
Exhibit IV	Summary of Retirement Benefits
Exhibit V	Summary of Health Subsidy Benefits
Exhibit VI	Summary of Actuarial Assumptions and Methods Used for Valuation of Retirement Benefits
Exhibit VII	Summary of Actuarial Assumptions and Methods Used for Valuation of Health Subsidy Benefits
Exhibit VIII	Average Monthly Claim Rates for Health Subsidy Benefits
Exhibit IX	Rates of Separation from Active Service
Exhibit X	Member Contributions
Exhibit XI	Age/Service/Salary Distribution as of June 30, 1996 for Active Members
Exhibit XII	Age/Benefit Distribution of Pensioners as of June 30, 1996
Exhibit XIII	Age/Average Monthly Health Subsidy Distribution as of June 30, 1996

CITY OF LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Valuation Summary Table of Contents

	<u>Page No.</u>
Introduction	1
Summary of Significant Valuation Results	3
Budget Requirements	4
Funded Status at June 30, 1996	7
System Assets	10
Derivation of Actuarial Value of Assets	12
Summary of System Funding	13

CITY OF LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Actuarial Valuation As Of June 30, 1996

Introduction

Officers and employees of the City of Los Angeles and their beneficiaries are entitled to retirement benefits (including disability and survivors' benefits) and health subsidy benefits under Article XXXIV of the Charter of the City of Los Angeles and by related ordinances. This retirement system is known as the City Employees' Retirement System.

This report contains the results of the June 30, 1996 valuation of both the retirement and health subsidy benefits of the Retirement System. It contains our calculations of the annual budget of the System, as provided in Section 506 of the Charter. It also contains the funded status and disclosure information required under Government Accounting Standards Board (GASB) Statement Number 5, as this statement is still applicable as of the fiscal year ending June 30, 1996. Note that effective with the fiscal year beginning July 1, 1996, new GASB Statements 25 and 26 will apply to this plan. Also, beginning July 1, 1997, GASB Statement 27 will apply. While we have not presented disclosure amounts based on these new statements in this report, we have made some assumption changes to comply with these statements.

The following changes were made to the plan provisions effective October 2, 1996:

- Domestic partners are now eligible for spousal benefits, both health and pension benefits.
- Early retirement factors were changed.
- Unreduced benefits for employees retiring at age 50 with 30 years of service are available until September 30, 1999.
- Death benefits for spouses of Members eligible for disability retirement have been enhanced.
- Spouses and domestic partners can now receive continued health benefits after the Member's death.
- The post-retirement death benefit was increased to \$2,500 from \$500.

The current provisions are summarized in Exhibits IV and V.

The valuation results were based on the assumptions as outlined in Exhibits VI through IX. Of note are the following economic assumptions:

- 8.0% annual interest
- 4.0% annual total payroll increases (reduced from 6% with this valuation)
- Annual individual salary increases, which vary by age, averaging 6% per year over a full 30-year career

3.0% annual increases in the Consumer Price Index

Changes were made to some of the actuarial assumptions. Some changes were due to the changes in plan provisions.

- Medical trend rates were reduced to better reflect expectations for medical cost increases in the near future.
- The assumed percentage of employees with an eligible "spouse" was increased by 1% to reflect the addition of domestic partner benefits.
- We assumed that 25% of employees eligible for an enhanced retirement benefit during the three year window period ending September 30, 1999 will retire during this window.
- An assumption at 70% of current surviving spouses will elect health subsidy coverage was added.

In addition, the following changes were adopted for compliance with the new GASB statements:

- The assumed payroll increase was changed from 6% to 4% . This is to comply with the requirement that unfunded liabilities be amortized in a manner that does not anticipate future growth in the Member population.
- The asset valuation method was changed to one that phases in market appreciation and depreciation over five years, as required by GASB.

The effect of these changes on the contribution can be found later in this report.

All other valuation assumptions and methods remain unchanged since the last valuation.

We believe the assumptions and methods used are appropriate for the valuation of the liabilities of the Retirement System at June 30, 1996.

This Valuation Summary contains an overview of our valuation results. More information on these results can be found in the Valuation Detail and Exhibit sections of this report.

A schedule containing all of the significant results of our valuation can be found on the next page.

CITY OF LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Summary of Significant Valuation Results				
		June 30, 1996	June 30, 1995	Percent Change
I.	Total Membership			
	A. Active Members	22,319	22,538	-1.0%
	B. Pensioners	12,242	11,962	+2.3%
II.	Salaries at June 30			
	A. Total Annual Payroll	\$957,422,907	\$911,292,385	+5.1%
	B. Average Monthly Salary	\$3,576	\$3,369	+6.1%
III.	Benefits to Current Pensioners and Beneficiaries			
	A. Total Annual Benefits	\$219,872,033	\$205,047,801	+7.2%
	B. Average Monthly Benefit Amount	\$1,497	\$1,429	+4.8%
IV.	Total System Assets (Actuarial Value)	\$4,774,115,864	\$4,222,626,665	+13.1%
V.	Unfunded Actuarial Accrued Liability			
	A. Retirement Benefits	\$7,590,852	\$140,708,767	-94.6%
	B. Health Subsidy Benefits	\$259,142,412	\$178,219,962	+45.4%
VI.	Budget Items	FY 1997-1998	FY 1996-1997	
	A. Retirement Benefits			
	1. Normal Cost as a Percent of Pay	5.64%	5.03%	+12.1%
	2. Amortization of Unfunded Actuarial Accrued Liability			
	i) Percent of Pay, plus	0.87%	2.31%	-62.3%
	ii) Fixed Dollar Amount	\$0	\$2,724,502	-100.0%
	3. Total Retirement Contribution	6.51%	7.34%	-11.3%
	B. Health Subsidy Contribution, as a Percent of Pay	3.18%	2.30%	+38.3%
	C. Total Contribution (A+B)			
	i) Percent of Pay, plus	9.69%	9.64%	+0.5%
	ii) Fixed Dollar Amount	\$0	\$2,724,502	-100.0%
VII.	Funded Ratio (Based on Actuarial Value of Assets)			
	A. Retirement Benefits	99.8%	96.6%	+3.3%
	B. Health Subsidy Benefits	52.3%	59.6%	-12.2%
	C. Total	94.7%	92.9%	+1.9%

CITY OF LOS ANGELES

CITY EMPLOYEES' RETIREMENT SYSTEM

Budget Requirements

The Charter of the City of Los Angeles requires that budget amounts for the City Employees' Retirement System be determined annually. In determining these amounts, the System currently uses the Projected Unit Credit Cost Method. The required annual contribution is made up of two parts:

- The Normal Cost, or the cost of the portion of the benefit that is earned each year.
- The payment to amortize the Unfunded Actuarial Accrued Liability (UAAL). Most of the UAAL is amortized as a level percent of pay over the period ending June 30, 2010. Increases in the UAAL due to assumption and method changes are amortized over 30 years and gains and losses are amortized over 15 years, both as a level percent of pay. Plan amendments are amortized over 30 years as a level percent of pay, unless the characteristics of the amendment dictate a shorter amortization period.

Below, we present a summary of budget requirements for the City Employees' Retirement System. In total, the recommended contribution increased by 0.05% of payroll from last year.

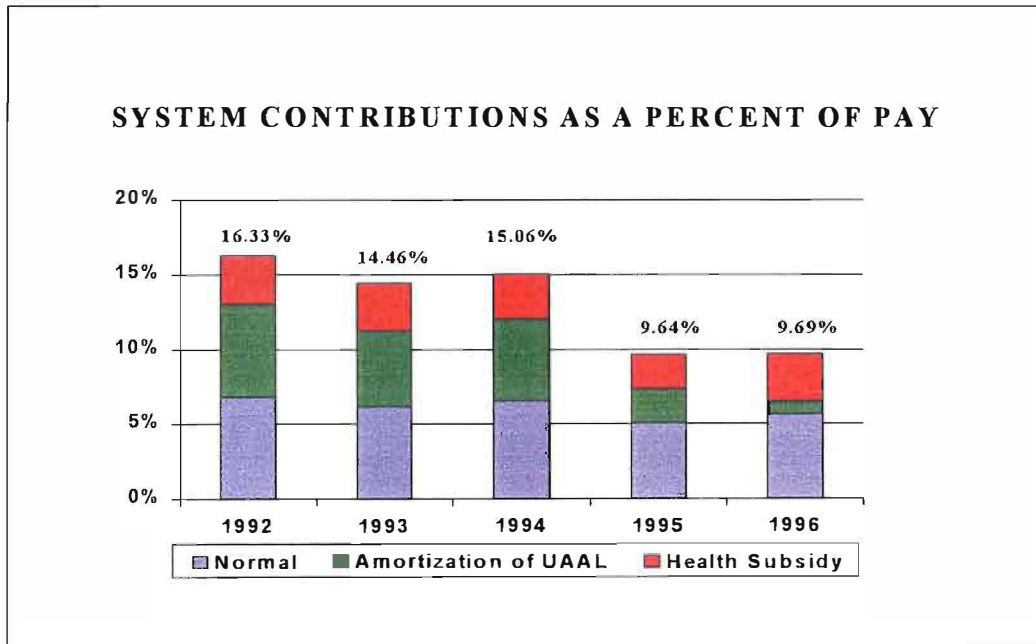
Recommended City Contributions For Fiscal Year 1997 - 1998		
	Percentage of Salary	Fixed Dollar Amount
Contribution for Retirement, Disability, and Death Benefits	6.51% plus	\$0
Contribution for Health Subsidy Benefits	3.18%	
Total Contribution	9.69% plus	\$0

A fixed dollar amount of \$2,724,502 has been part of prior years' recommended contributions to amortize the initial liability for this plan. The last installment is payable in the fiscal year ending June 30, 1997. Beginning July 1, 1997, this fixed payment is no longer necessary.

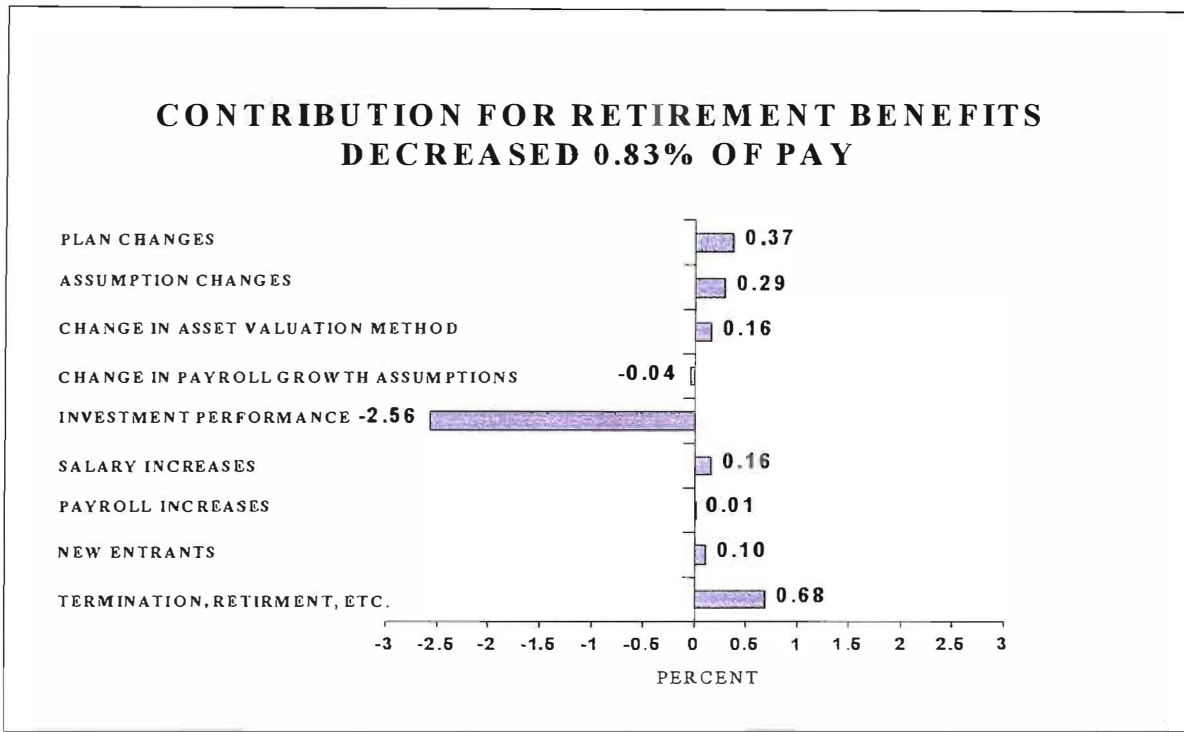
A more detailed explanation of these results can be found in the Valuation Detail section of this report.

As part of the valuation of the System, we determine the required funding amount for the Family Death Benefit Plan. Currently, Members and the City each contribute \$2.90 per month to participate in this Plan. We completed a study of the funded status and provisions of this Plan in January 1996. Some changes in plan provisions may be under consideration. Pending any decision on such changes, we recommend that Members and the City continue to contribute the current rate.

The following graph illustrates the funding levels of the past few years for both the retirement benefits and the health subsidy benefits. These percent-of-pay amounts do not include the small pieces of the UAAL, amortized as a level dollar amount through June 30, 1997.



The graph below illustrates the effect of changes in plan provisions, changes in valuation method and assumptions, and gains and losses over the past year on the recommended System contribution for retirement benefits.



Over the past year, there was a cost increase of .16% of pay due to salary increases. This is the effect of individual salary increases being greater than assumed. We have also shown a cost increase of 0.01% of pay due to total payroll increases being less than assumed.

The combined changes in plan provisions, assumptions and asset valuation method led to increases in the contribution rates. However, investment performance overrode all causes of contribution rate increases, for a net decrease in the retirement contribution rate.

CITY OF LOS ANGELES

CITY EMPLOYEES' RETIREMENT SYSTEM

Funded Status At June 30, 1996

In order to assess the funded status of the System, disclosure of a standardized measure of pension liability is required by Government Accounting Standards Board (GASB) Statement No. 5 - *Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employers*. This measure of funded status compares the present value of benefits accrued to June 30, 1996 to the value of accumulated plan assets. For retired Members and beneficiaries, the present value of remaining benefit payments is disclosed. For active Members, the present value of the benefits accrued to June 30, 1996 is disclosed. In the latter calculation, we calculate accrued benefits based upon service to June 30, 1996. We also recognize assumed future salary increases. GASB No. 5 covers only pension type benefits provided by public employee retirement systems.

Under GASB Statement No. 12, *Disclosure of Information on Post Employment Benefits Other Than Pensions by State and Local Government Employers*, issued in November 1989, the expenditures and expenses for the period are the only financial information that needs to be disclosed for post-retirement health subsidy benefits. However, the statement encourages more complete disclosures of information, if available. Therefore, we have included a GASB No. 5 figure for the health subsidy benefits of the System in this report, as if GASB No. 5 applied to health subsidy benefits.

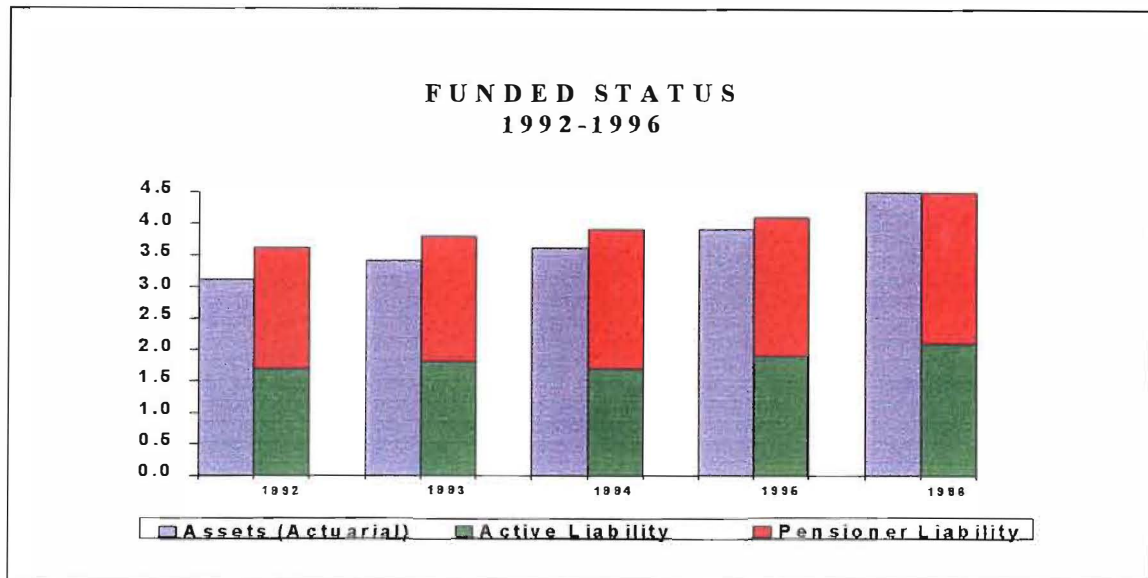
On the next page, we present the funded status of the System under GASB No. 5, along with a comparison of the System's funded status in the prior year. The current System assets available at actuarial value for retirement benefits are 189.5% of the present value of retirement benefits for current retired members and their beneficiaries. When the present value of accrued retirement benefits for active Members is added, the System assets available for retirement benefits at actuarial value represent 99.8% of the total present value of accrued retirement benefits on June 30, 1996.

Current health subsidy reserves at actuarial value are 105.4% of the present value of health subsidy benefits for current retired Members. When the present value of health subsidy benefits for active Members with ten or more years of service is added, the funded ratio becomes 52.3%. The funded status of the health subsidy benefits has significantly improved due to the combined effect of actuarial gains in both assets and liabilities.

The combined funded ratio for retirement and health subsidy benefits is 103.0% using the market value of assets and 94.7% using the actuarial value of assets.

Funded Status			
	June 30, 1996	June 30, 1995	Percent Change
Retirement Benefits			
Present Value of Retirement Benefits Earned			
- Inactive Members	\$2,357,798,073	\$2,229,229,915	+5.8%
- Active Members	<u>2,118,226,278</u>	<u>1,851,535,958</u>	+14.4%
- Total	\$4,476,024,351	\$4,080,765,873	+9.7%
Value of Assets Available for Retirement Benefits			
· Market	\$4,859,597,248	\$4,195,200,306	+15.8%
· Actuarial	\$4,468,433,499	\$3,940,057,106	+13.4%
Funded Ratio for Retirement Benefits			
· Market	108.6%	102.8%	+5.6%
· Actuarial	99.8%	96.6%	+3.3%
Health Subsidy Benefits			
Present Value of Health Subsidy Benefits Earned			
- Inactive Members	\$269,889,363	\$233,237,872	+15.7%
- Active Members With Ten or More Years of Service	<u>273,797,077</u>	<u>207,391,476</u>	+32.0%
- Total	\$543,686,440	\$440,629,348	+23.4%
Value of Assets Available for Health Subsidy Benefits			
· Market	\$309,452,038	\$279,402,025	+10.8%
· Actuarial	\$284,544,028	\$262,409,386	+8.4%
Funded Ratio for Health Subsidy Benefits			
· Market	56.9%	63.4%	-10.3%
· Actuarial	52.3%	59.6%	-12.2%
Combined Retirement and Health Subsidy Funded Ratio			
· Market	103.0%	99.0%	+4.0%
· Actuarial	94.7%	92.9%	+1.9%

The graph below compares assets to liabilities under GASB No. 5 for retirement benefits only, for the last five years. Assets exceed liabilities for pensioners, and are about 108.6% of total retirement liabilities using market value of assets and 99.8% of total retirement liabilities using actuarial value in 1996.



In late 1994, the Board issued GASB Statement No. 25 - *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* effective with the fiscal year after June 15, 1996, and GASB Statement No. 26 - *Financial Reporting for Post Employment Healthcare Plans Administered by Defined Benefit Pension Plans* effective with the fiscal year after June 15, 1996. We have determined that the current valuation methods used for the System satisfy the standards established in these GASB statements. We will present disclosures under these statements beginning with the June 30, 1997 valuation report.

CITY OF LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

System Assets

The following asset information regarding cash flow, book value and market values was provided to us by the Retirement Office. We have not audited or verified these figures.

	June 30, 1996	June 30, 1995	Percent Change
Total System Assets			
Market Value	\$5,192,038,000	\$4,496,068,000	+15.5%
Book Value	4,432,513,431	3,949,185,329	+12.2%
Actuarial Value	4,774,115,864	4,222,626,665	+13.1%

Rate of Return July 1, 1995 - June 30, 1996	
The rate of return on total plan assets was as follows:	
Market Value	16.95%
Book Value	13.87%
Actuarial Value (old basis)	15.51%
These rates of return were based on the following cash flow information:	
Contributions	
City	\$ 149,036,489
Members	47,512,414
Pensions Paid	
Retirement Allowances	211,396,773
Family Death Benefits	509,680
Health Benefits	21,184,649
Refunds of Member Contributions	8,856,575
Administration Expenses	12,490,598
Investment Earnings	
Realized	541,217,474
Unrealized	212,641,898

The 15.51% rate of return on the actuarial value is greater than the 8.0% rate assumed for the prior year, which resulted in an actuarial gain. The budgeted contribution for the System would have been greater if not for this gain.

More detail on System assets can be found in the Exhibits section of this report.

CITY OF LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Derivation of Actuarial Value of Assets

	YEAR ENDING			
	June 30, 1996	June 30, 1995	June 30, 1994	June 30, 1993
1. Beginning of Year Market Value	\$4,458,509,000	\$3,996,980,000	\$3,846,821,000	\$3,416,697,000
2. Contributions	196,548,903	188,132,339	215,921,473	213,264,712
3. Benefit Payments	241,947,677	229,596,515	219,198,961	203,886,421
4. Expected Return Based on 8% Assumption	354,864,769	318,099,833	307,614,580	273,710,892
5. Expected End of Year Market Value (1)+(2)-(3)+(4)	4,767,974,995	4,273,615,657	4,151,158,092	3,699,786,183
6. Actual End of Year Market Value	5,192,038,000	4,458,509,000	3,996,980,000	3,846,821,000
7. Gain/(Loss)	424,063,005	184,893,343	(154,178,092)	147,034,817

1. Market Value at June 30, 1996	\$5,192,038,000
1996 (Gain)/Loss x 80%	(339,250,404)
1995 (Gain)/Loss x 60%	(110,936,006)
1994 (Gain)/Loss x 40%	61,671,237
1993 (Gain)/Loss x 20%	<u>(29,406,963)</u>
2. Actuarial Value at June 30, 1996	4,774,115,864
3. 80% of Market Value at June 30, 1996	4,153,630,400
4. 120% of Market Value at June 30, 1996	6,230,445,600
5. Actuarial Value at June 30, 1996 (2), but no less than (3) and no more than (4)	\$4,774,115,864

In the preceding valuation, the actuarial value of assets was determined as the average of the book and market values. This method does not fall under the guidelines of the new GASB Statements 25 and 27. As such, we have revised the derivation of the actuarial value of assets to be a market related value, where gains and losses are recognized over a 5-year period. Gains and losses represent the difference between actual and expected market values. Expected market values are based on the actuarial return assumption of 8%. We believe that this asset valuation method complies with the new GASB requirements

CITY OF LOS ANGELES

CITY EMPLOYEES' RETIREMENT SYSTEM

Summary of System Funding

As of June 30, 1996, the System had assets at actuarial value equal to 94.7% of the present value of benefits accrued to that date, as calculated under GASB No. 5. When compared to the present value of all benefits expected to be paid by the System (including benefits expected to be earned in the future), assets equal 73.0% of liabilities. This remaining unfunded liability is to be funded by future City and Member contributions to the System.

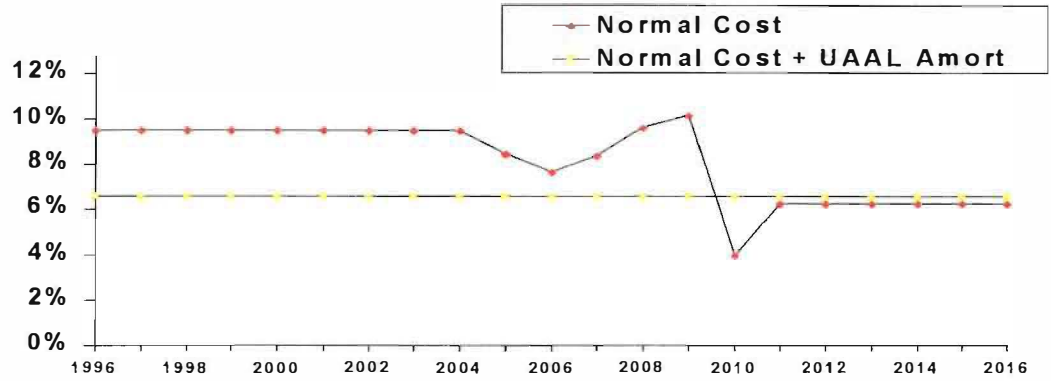
The City contributions are made up of two parts:

- **Normal Cost Contributions:** These contributions are determined as the cost of the System benefits accruing each year. If all assumptions are realized and there are no gains or losses, this amount will remain unchanged as a percent of pay unless the average age of the population increases. In this case, contributions as a percent of pay will increase. The contributions will also increase as a dollar amount as total covered payroll increases.
- **Funding of Unfunded Actuarial Accrued Liability (UAAL):** The UAAL represents liabilities accrued to date, that have not been funded by prior years' normal costs. Most of the UAAL is funded as a level percent of payroll until the year 2010. Increases in the UAAL due to assumption changes are amortized over 30 years and gains and losses are amortized over 15 years, both as a level percent of pay. Plan amendments are amortized over 30 years as a level percent of pay, unless the characteristics of the amendment dictate a shorter amortization period. If in the future all assumptions are realized and if there are no future gains or losses, the current contribution percentage will not change until the pieces that make up the UAAL are fully amortized. However, it will increase as a dollar amount as the total covered payroll increases.

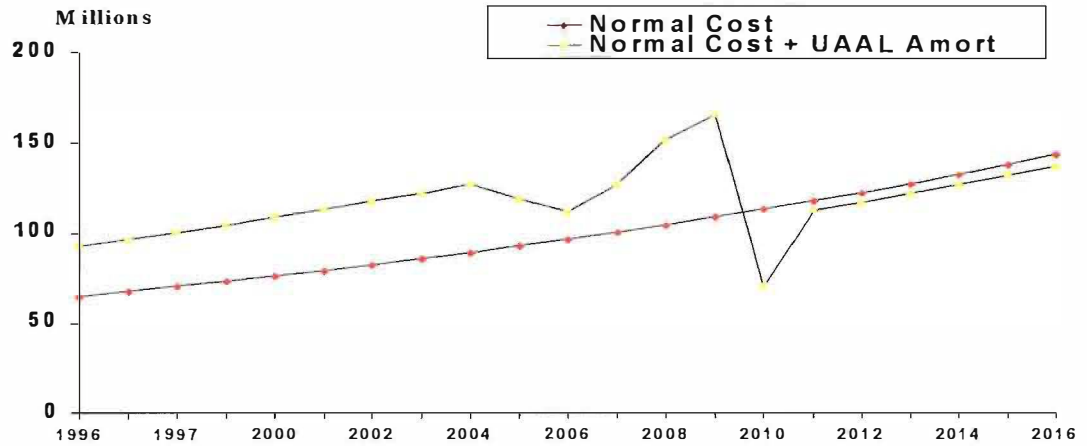
The total contribution will be the sum of the Normal Cost and UAAL contributions.

The following graphs are an illustration of expected future contribution levels. These contribution levels are based on the current Charter provisions and assume no future gains or losses. They are also based on our assumption of 4.0% annual increase in total System payroll, and a population with the same average age and service characteristics as the current population. If actual experience differs from these assumptions, the contribution levels will change.

**CONTRIBUTIONS ARE INITIALLY LEVEL
AS A PERCENT OF PAY**



**DOLLAR CONTRIBUTIONS INCREASE
AS PAYROLL INCREASES**



CITY OF LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Valuation Detail Table of Contents

	<u>Page No.</u>
System Membership	16
Applicable Assets at June 30, 1996	17
 <i>I. Valuation of Retirement Benefits</i>	
Actuarial Balance Sheet	18
Budget and Recommended Contributions.....	21
Detail of Amortization of Unfunded Actuarial Accrued Liability.....	23
Funded Status of the System	25
Member Contributions	26
Family Death Benefit Insurance Plan	27
 <i>II. Valuation of Health Subsidy Benefits</i>	
Introduction.....	28
Actuarial Balance Sheet	29
Recommended City Contribution	32
Funded Status of Health Subsidy Benefits	34
Assumptions and Methods	36

CITY OF LOS ANGELES

CITY EMPLOYEES' RETIREMENT SYSTEM

System Membership

Computer tapes containing data on System membership as of June 30, 1996 were supplied to us by the Retirement Office. On the following schedule we present a summary of System membership at June 30, 1996 and June 30, 1995. Pension amounts shown do not include the cost-of-living adjustments that were effective on July 1, 1996. All July 1 increases were reflected in our valuation calculations.

It was necessary to make assumptions for less than 0.1% of the data records where the information given to us was unreasonable or incomplete. These assumptions did not materially affect the results of our valuation.

The number of total active Members decreased by 1.0% since the last valuation. The total number of retired Members and their beneficiaries increased by 2.3%, while the average retirement benefit amount increased by 4.8%.

More detail on System membership, including breakdowns by age and service categories, can be found in Exhibits XI, XII, and XIII of this report.

System Membership			
	June 30, 1996	June 30, 1995	Percent Change
I. Active Members			
a. Number	22,319	22,538	-1.0%
b. Average Age	43.9	43.5	+0.9%
c. Average Years of Service	12.5	12.2	+2.5%
d. Salary			
i) Total Annual Salary	\$957,422,907	\$911,292,385	+5.1%
ii) Average Monthly Salary	\$3,575	\$3,369	+6.1%
II. Pensioners and Beneficiaries			
a. Number	12,242	11,962	+2.3%
b. Average Age	71.6	71.5	+0.1%
c. Allowance			
i) Total Annual Allowance	\$219,872,033	\$205,047,801	+7.2%
ii) Average Monthly Amount	\$1,497	\$1,429	+4.8%

CITY OF LOS ANGELES

CITY EMPLOYEES' RETIREMENT SYSTEM

Applicable Assets At June 30, 1996

Assets available to pay pension benefits are determined by deducting certain reserves from the total actuarial value of assets amount.

	Book Value	Market Value	Actuarial Value
1. Total Value of Assets at June 30, 1996	\$4,432,513,431	\$5,192,038,000	\$4,774,115,864
2. Less Reserves and Liabilities Established for:			
a. Family Death Benefit Insurance	19,625,778	22,988,714	21,138,337
b. Retiree Health Subsidy	<u>264,183,412</u>	<u>309,452,038</u>	<u>284,544,028</u>
c. Total	283,809,190	332,440,752	305,682,365
3. Net Assets Available for Retirement Benefits at June 30, 1996 (Item 1 less Item 2)	\$4,148,704,241	\$4,859,597,248	\$4,468,433,499

CITY OF LOS ANGELES

CITY EMPLOYEES' RETIREMENT SYSTEM

VALUATION OF RETIREMENT BENEFITS

Actuarial Balance Sheet

The purpose of the Actuarial Balance Sheet is to compare System assets with System liabilities in order to define the portion of the liabilities which need to be funded by the City in the future. The Balance Sheet information in the next two pages represents assets and liabilities for retirement benefits only.

System liabilities equal the present value of all future benefits expected to be paid to current and future retirees and beneficiaries of the System.

For the purpose of the Actuarial Balance Sheet, system assets are equal to the sum of:

- the assets currently available to pay benefits,
- the present value of future contributions expected to be made by current System Members, and
- the present value of future contributions expected to be made by the City.

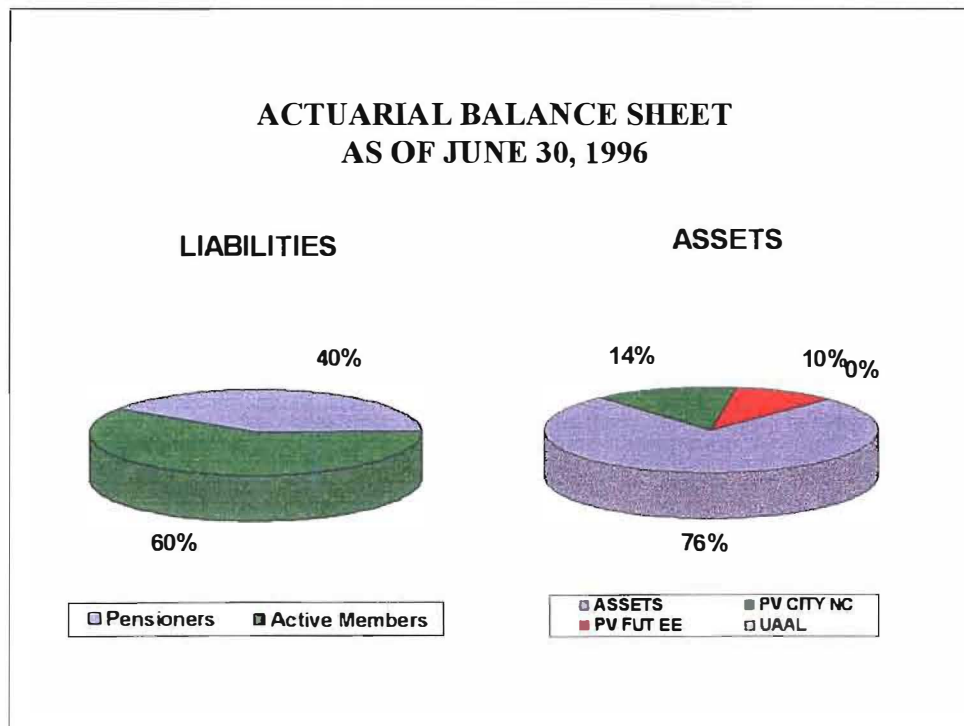
The last item, the present value of future City contributions, is made up of two parts:

1. **The Present Value of Future City Normal Costs:** Using the Projected Unit Credit Cost Method, the City budgets a certain percentage of payroll to fund benefits for System Members. The Normal Cost is the cost of benefits earned in each year. Normal Cost is funded from a Member's date of employment to the average expected retirement date. An adjustment is made for the deductions which will be made from the salaries of System Members. For the 1996-1997 fiscal year, the normal cost percentage is 5.64% of pay. The present value of these future City Normal Cost contributions represents one piece of the value of future City contributions.
2. **The Unfunded Actuarial Accrued Liability:** The portion of the present value of future City contributions which will not be funded by the future Normal Cost contributions is the Unfunded Actuarial Accrued Liability (UAAL). The UAAL arises from prior contributions that were less than the current Normal Cost percentage. This usually results from benefit or assumption changes and the net effect of prior gains and losses. If the City had always contributed the current Normal Cost, if there were no prior benefit or assumption changes and if actual experience exactly matched the actuarial assumptions, the Normal Cost would be sufficient to fund all benefits and there would be no UAAL. This liability is funded based on the provisions of the City Charter.

The Actuarial Balance Sheet can be found on the following pages.

The Actuarial Balance Sheet can be found on the following pages.

The following chart illustrates the breakdown of Balance Sheet assets and liabilities of the retirement benefits of the System. It shows that about 40% of the System's liabilities are for retired Members and their beneficiaries and 60% are for active Members. About 76% of the System's assets consist of currently available assets with 24% consisting of future contributions from the City and the Members.



**CITY OF LOS ANGELES
CITY EMPLOYEES' RETIREMENT SYSTEM
VALUATION OF RETIREMENT BENEFITS**

Actuarial Balance Sheet As Of June 30, 1996

ASSETS		
1. Applicable Assets		\$4,468,433,499
2. Present Value of Future Member Contributions		\$599,921,902
3. Present Value of Future Contributions by the City For:		
a. Basic Pensions		
i. Normal Cost	\$586,803,756	
ii. Amortization of Certain Liabilities	(434,961,457)	
iii. Total		\$151,842,299
b. Cost-of-Living Pensions		
i. Normal Cost	\$216,083,166	
ii. Amortization of Certain Liabilities	442,552,309	
iii. Total		\$658,635,475
4. Total Assets		\$5,878,833,175
LIABILITIES		
5. Present Value of Benefits Already Granted (Inactive Members)		
a. Basic	\$1,456,001,087	
b. Cost-of-Living	901,796,986	
c. Total		\$2,357,798,073
6. Present Value of Benefits to be Granted (Active Members)		
a. Basic	\$2,776,542,737	
b. Cost-of-Living	744,492,365	
c. Total		\$3,521,035,102
7. Total Liabilities		\$5,878,833,175

CITY OF LOS ANGELES

CITY EMPLOYEES' RETIREMENT SYSTEM

VALUATION OF RETIREMENT BENEFITS

Budget And Recommended Contributions

Section 506 of the City Charter requires that an annual budget be prepared which sets forth the estimated cost of maintaining the retirement fund on a reserve basis.

The Charter defines the annual budget amount to be the sum of the Normal Cost plus an amount to amortize the Unfunded Actuarial Accrued Liability (UAAL). The Normal Cost and Actuarial Accrued Liability are currently calculated using the Projected Unit Credit Cost Method.

The Normal Cost is the cost of the System benefits earned each year. The Normal Cost consists of two parts: the first part, which is funded by Member contributions, is a specified percentage of the Member's pay; the second part, which is funded by the City, is the balance after deducting the Member paid portion from the total Normal Cost percentage.

The amortization of the UAAL is the payment stream required to fund the excess of System liabilities over the sum of the System assets, future Member contributions, and future City Normal Cost contributions. (See section on the Actuarial Balance Sheet.) The method of amortization is defined in the Charter.

The recommended retirement contribution decreased primarily due to asset performance. Actuarial assets were \$317.4 million greater than anticipated. This favorable asset experience reduced the Unfunded Actuarial Accrued Liability, which in turn led to a reduction in contribution rate by 2.56% of pay.

In our opinion, if the recommended contributions included in this report are adopted, the System will be maintained in compliance with the Charter of the City of Los Angeles and in accordance with the methods and assumptions underlying the calculations.

**CITY OF LOS ANGELES
CITY EMPLOYEES' RETIREMENT SYSTEM
VALUATION OF RETIREMENT BENEFITS**

Recommended City Contributions For Fiscal Year 1997 - 1998	
	Percentage of Salary
For Basic Retirement Benefits	
Normal Cost	3.97%
Unfunded Actuarial Accrued Liability	(3.59%)
Total Contributions for Basic Retirement Benefits	0.38%
For Cost-of-Living Retirement Benefits	
Normal Cost	1.67%
Unfunded Actuarial Accrued Liability	4.46%
Total Contributions for Cost-of-Living Retirement Benefits	6.13%
Total Basic and Cost-of-Living Contributions for Retirement Benefits	6.51%

**CITY OF LOS ANGELES
CITY EMPLOYEES' RETIREMENT SYSTEM
VALUATION OF RETIREMENT BENEFITS**

**Detail of Amortization of Unfunded
Actuarial Accrued Liability**

Item	Remaining Years	Balance to be Amortized 06/30/96	Amortization Amount	Percentage of Salary
Basic Pensions				
1. Prior Service Pensions	1	\$927,955	\$927,955*	N/A
2. Change in Asset Valuation Method at 06/30/89	23	(117,516,392)	(7,789,892)	(.81%)
3. Change in Assumptions at 06/30/89	23	(59,380,548)	(3,936,200)	(.41%)
4. Ad Hoc COLA Increase at 12/01/89	9	19,803,608	2,644,807	.28%
5. Actuarial Loss at 06/30/90	9	13,921,898	1,859,294	.19%
6. Actuarial Loss at 06/30/91	10	13,419,486	1,641,854	.17%
7. Actuarial Gain at 06/30/92	11	(71,732,087)	(8,120,352)	(.85%)
8. Change in Assumptions at 06/30/93	27	(147,631,198)	(8,885,392)	(.93%)
9. Actuarial Gain at 06/30/93	12	(105,952,728)	(11,188,947)	(1.17%)
10. Actuarial Loss at 06/30/94	13	13,541,798	1,343,212	.14%
11. Actuarial Gain at 06/30/95	14	(37,020,520)	(3,469,192)	(.36%)
12. Actuarial Gain at 06/30/96	15	(251,200,686)	(22,350,894)	(2.33%)
13. Plan Amendment at 06/30/96	30	30,525,467	1,732,465	0.18%
14. Change in Assumption at 06/30/96	30	39,408,087	2,236,596	0.23%
15. Change in Asset Valuation Method at 06/30/96	30	28,448,171	1,614,568	0.17%
16. Remaining UAAL	14	195,476,232	18,318,073	1.91%
Total		\$(434,961,457)	\$(33,422,045)	(3.59%)

* Final amortization is payable in the fiscal year July 1, 1996 to June 30, 1997.

**CITY OF LOS ANGELES
CITY EMPLOYEES' RETIREMENT SYSTEM
VALUATION OF RETIREMENT BENEFITS**

**Detail of Amortization of Unfunded
Actuarial Accrued Liability
(Continued)**

Item	Remaining Years	Balance to be Amortized 06/30/96	Amortization Amount	Percentage of Salary
Cost-of-Living Pensions				
1. Increase Due to 1967 Amendments	1	\$1,796,547	\$1,796,547*	N/A
2. Change in Assumptions at 06/30/89	23	(55,145,698)	(3,655,482)	(.38%)
3. Actuarial Gain at 06/30/90	9	(11,188,683)	(1,494,268)	(.16%)
4. Actuarial Gain at 06/30/91	10	(6,396,874)	(782,648)	(.08%)
5. Actuarial Loss at 06/30/92	11	37,309,713	4,223,605	.44%
6. Change in Assumptions at 06/30/93	27	(40,953,021)	(2,464,815)	(.26%)
7. Actuarial Loss at 06/30/93	12	2,655,540	280,434	.03%
8. Actuarial Gain at 06/30/94	13	(24,689,920)	(2,448,995)	(.26%)
9. Actuarial Loss at 06/30/95	14	15,698,116	1,471,070	.15%
10. Actuarial Loss at 06/30/96	15	25,251,393	2,246,774	.23%
11. Plan Amendment at 06/30/96	30	5,954,806	337,963	.04%
12. Change in Assumptions at 06/30/96	30	20,133,348	1,142,663	.12%
13. Change in Asset Valuation Method at 06/30/96	30	7,269,075	412,554	.04%
14. Remaining UAAL	14	464,857,967	43,561,829	4.55%
Total		\$442,552,309	\$44,627,231	4.46%

* Final amortization is payable in the fiscal year July 1, 1996 to June 30, 1997.

**CITY OF LOS ANGELES
CITY EMPLOYEES' RETIREMENT SYSTEM
VALUATION OF RETIREMENT BENEFITS**

Funded Status Of The System

The following table presents a breakdown of the funded status of the System into basic and cost-of-living retirement pensions. This information is calculated using the guidelines of GASB No. 5 (see page 7). These figures do not include assets or liabilities of the health subsidy.

	June 30, 1996	June 30, 1995
Present Value of Benefits Earned to Valuation Date		
Basic Benefits	\$3,124,068,849	\$2,834,235,122
Cost-of-Living Benefits	<u>1,351,955,502</u>	<u>1,246,530,751</u>
Total	\$4,476,024,351	\$4,080,765,873
Actuarial Value of Assets Available for Retirement Benefits		
Basic Benefits	\$3,559,030,306	\$3,094,328,472
Cost-of-Living Benefits	<u>909,403,193</u>	<u>845,728,634</u>
Total	\$4,468,433,499	\$3,940,057,106
Funding Ratio		
Basic Benefits	113.9%	109.2%
Cost-of-Living Benefits	67.3%	67.8%
Total	99.8%	96.6%

**CITY OF LOS ANGELES
CITY EMPLOYEES' RETIREMENT SYSTEM
VALUATION OF RETIREMENT BENEFITS**

Member Contributions

Members contribute to the Retirement System based on schedules contained in the City Administrative Code. For Members commencing participation before February 1, 1983, different contribution rate schedules apply to different groups because of various collective bargaining agreements. For purposes of this valuation, we have assumed that the contribution rates for these Members correspond to those effective on July 1, 1981. These contribution rates can be found in Exhibit X.

If certain Members from this group contribute at a lower rate through a collective bargaining agreement, the City should contribute 84% of the amount that would have been contributed by Members without the bargaining agreements. This percentage reflects the fact that certain participants will terminate when only eligible for a return of their contributions. The City does not need to contribute the amounts that are expected to be refunded after the Members' termination.

In the prior valuation report, it was recommended that 78% of the defrayed amount be contributed. This percentage generally increases with the aging of the group affected by the defrayal, and as the probability that these Members will terminate and get a refund of contributions decreases.

For Members commencing participation after February 1, 1983, the contribution rate is 6%.

**CITY OF LOS ANGELES
CITY EMPLOYEES' RETIREMENT SYSTEM
VALUATION OF RETIREMENT BENEFITS**

Family Death Benefit Insurance Plan

Section 511.1 of the City Charter establishes the Family Death Benefit Insurance Plan. This Plan provides protection for the families of Members who die before becoming eligible for service retirement. The benefits provided by the Plan are similar to those provided to survivors under Social Security. Members are eligible for dependent benefits after 18 months of participation in the Family Death Benefit Plan. They are eligible for surviving spouse benefits after ten years of participation in the Plan.

Currently, the City and Members share the cost of the Plan. Each contributes \$2.90 per month. This contribution rate is reviewed every two years to determine if the level of contributions is appropriate

A study of the funded status of this Plan was completed in January 1996. Certain possible changes in the benefit structure were presented in that report. Pending decisions on changes in benefits, we recommend that Members and the City each continue to contribute \$2.90 per month.

CITY OF LOS ANGELES

CITY EMPLOYEES' RETIREMENT SYSTEM

VALUATION OF HEALTH SUBSIDY BENEFITS

Introduction

Division 4, Chapter 11 of the Administrative code provides that a health insurance subsidy be paid to retired Members of the City Employees' Retirement System. This subsidy is a monthly payment which retirees apply to the cost of health insurance. Retirees can select among a variety of plans sponsored by the City. Members are eligible for subsidy at retirement after age 55 with 10 years of service, or retirement at age 70 (if it was compulsory). Exhibit V summarizes the provisions of the Health Insurance Premium Subsidy.

The System is building a reserve through the advance funding of the health insurance subsidy for current retirees and for active Members with sufficient service to receive a health subsidy (ten years). The actuarial value of the reserve available at June 30, 1996 is \$284,544,028. The City provides the book value of the health subsidy reserve, which we use along with estimates of the market value, to determine the actuarial value used in funding calculations.

This section of the report contains the results of the June 30, 1996 valuation of the retiree health insurance premium subsidy. In determining the budget amounts for the fiscal year 1997-1998, we have used the same funding method and methods of amortization used in the funding of the retirement benefits. We have also used the same economic and demographic assumptions as those used in the retirement valuation. In addition, special health cost trend assumptions were used. These trend assumptions were reduced since the last valuation, to reflect expectations of lower medical cost increases in the near future. A summary of the economic assumptions follows:

- 8.0% annual interest
- graded medical cost rates of 9.0% in 1996-1997, decreasing gradually to 6.0% in 2008 and beyond for benefits paid before age 65, and rates of 8.5% in 1996-1997 decreasing to 6.0% in 2006 and beyond for benefits paid after age 65.
- graded dental rates of 9.0% in 1996-1997 decreasing to 6.0% in 2007 and beyond.
- graded rates of increases in reduced premiums beginning with 6.75% in 1997-1998 decreasing to 6.0% in 2000 and beyond.

The health cost trend rates start out lower, as compared to the assumed rates in the preceding valuation, but end up at the same ultimate rate.

We believe the new trend rate assumptions, along with the other actuarial assumptions, are appropriate for use in the valuation of health subsidy liabilities of the City Employees' Retirement System at June 30, 1996. These assumptions are described in more detail in Exhibit VII.

CITY OF LOS ANGELES

CITY EMPLOYEES' RETIREMENT SYSTEM

VALUATION OF HEALTH SUBSIDY BENEFITS

Actuarial Balance Sheet

The purpose of the Actuarial Balance Sheet is to compare System assets with System liabilities in order to define the portion of the liabilities which need to be funded by the City in the future. The Balance Sheet information in the next two pages represents assets and liabilities for health subsidy benefits only.

System liabilities equal the present value of all future health subsidy benefits expected to be paid to current and future retirees and beneficiaries of the System.

For the purpose of the Actuarial Balance Sheet for health subsidy benefits, System assets are equal to the sum of:

- the assets currently available to pay benefits,
- the present value of future contributions expected to be made by the City.

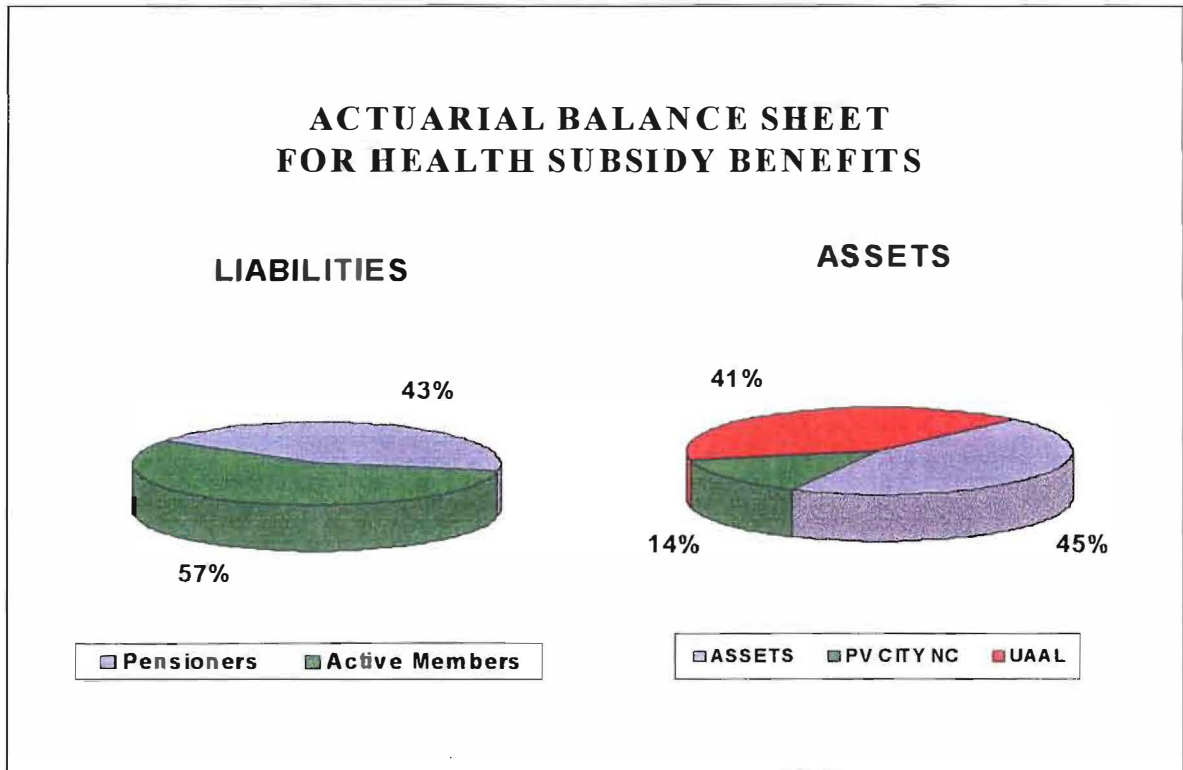
No Member contributions are required for health subsidy benefits.

The last item, the present value of future City contributions, is made up of two parts:

1. **The Present Value of Future City Normal Costs:** Using the Projected Unit Credit Cost Method, the City budgets a certain percentage of payroll to fund benefits for System Members. The Normal Cost is the cost of benefits earned in each year. Normal Cost is funded from a Member's date of employment to the average expected retirement date. For the 1997-1998 fiscal year, the normal cost percentage for health subsidy benefits is 1.17% of pay. The present value of these future City Normal Cost contributions represents one piece of the value of future City contributions.
2. **The Unfunded Actuarial Accrued Liability:** The portion of the present value of future City contributions which will not be funded by the future Normal Cost contributions is the Unfunded Actuarial Accrued Liability (UAAL). The UAAL arises from prior contributions that were less than the current Normal Cost percentage. This usually results from benefit or assumption changes and the net effect of prior gains and losses. If the City had always contributed the current Normal Cost, if there were no prior benefit or assumption changes and if actual experience exactly matched the actuarial assumptions, the Normal Cost would be sufficient to fund all health subsidy benefits and there would be no UAAL. This liability is funded based on the provisions of the City Charter.

The Actuarial Balance Sheet can be found on the following pages.

The following chart illustrates the breakdown of Balance Sheet assets and liabilities of the health subsidy benefits of the System. It shows that about 43% of the System's liabilities are for retired Members and their beneficiaries and 57% are for active Members with ten or more years of service. About 45% of the System's assets consist of currently available assets with 55% consisting of future contributions from the City.



**CITY OF LOS ANGELES
CITY EMPLOYEES' RETIREMENT SYSTEM
VALUATION OF HEALTH SUBSIDY BENEFITS**

Actuarial Balance Sheet As Of June 30, 1996

ASSETS		
1.	Applicable Assets	\$284,544,028
2.	Present Value of Future Member Contributions	0
3.	Present Value of Future Contributions by the City:	
	a. Normal Costs	\$ 85,607,220
	b. Amortization of Certain Liabilities	259,142,412
	c. Total	\$344,749,632
4.	Total Assets	\$629,293,660
LIABILITIES		
5.	Present Value of Benefits Already Granted (Inactive Members)	\$269,889,363
6.	Present Value of Benefits to be Granted (Active Members With Ten or More Years of Service)	359,404,297
7.	Total Liabilities	\$629,293,660

CITY OF LOS ANGELES
CITY EMPLOYEES' RETIREMENT SYSTEM
VALUATION OF HEALTH SUBSIDY BENEFITS

Recommended City Contribution
For Fiscal Year 1997-1998

Under Division 4, Chapter 11 of the Administration Code, certain retired employees are eligible for a health insurance premium subsidy. This subsidy is to be funded entirely by the City Employees' Retirement System.

The City is currently building reserves for, or advance funding, the Retiree Health Insurance Subsidy for current retirees and for active Members with sufficient service to receive a health subsidy (10 years). The actuarial value of the reserve available at June 30, 1996 is \$284,544,028. The City provides the book value of the health subsidy reserve, which we use along with estimates of the market value, to determine the actuarial value used in funding calculations.

Based on the actuarial value for this reserve, we have calculated the required funding amount for the fiscal year beginning July 1, 1997. The dollar amounts shown on the next page are based on total payroll at July 1, 1996, for illustrative purposes.

The contribution for health subsidy benefits increased from 2.30% of payroll for 1996-1997 to 3.18% of payroll for 1997-1998, primarily because of the recent changes to the plan.

**CITY OF LOS ANGELES
CITY EMPLOYEES' RETIREMENT SYSTEM
VALUATION OF HEALTH SUBSIDY BENEFITS**

Recommended City Contribution For Health Subsidy Benefits For Fiscal Year 1997-1998		
	Dollar Amount	Percent of Pay
1. Normal Cost at 06/30/96	\$ 11,238,967	1.17%
2. Actuarial Accrued Liability at 06/30/96	543,686,440	-
3. Actuarial Value of Assets Available for Health Subsidy Benefits at 06/30/96	284,544,028	-
4. Unfunded Actuarial Accrued Liability (UAAL): (2) - (3)	259,142,412	-
5. Amortization of UAAL		
- Initial Base as a Level Percent of Pay through 06/30/2010	\$2,961,037	.31%
- Change in Assumptions at 06/30/89	1,596,078	.17%
- Change in Funding Method at 06/30/89	9,958,759	1.04%
- Actuarial Loss at 06/30/90	6,599,928	.69%
- Actuarial Loss at 06/30/91	7,069,561	.74%
- Actuarial Gain at 06/30/92	(2,992,264)	(.31%)
- Change in Assumptions at 06/30/92	844,472	.09%
- Actuarial Gain at 06/30/93	(1,105,185)	(.12%)
- Change in Assumptions at 06/30/93	(1,303,525)	(.14%)
- Actuarial Gain at 06/30/94	(3,724,538)	(.39%)
- Actuarial Gain at 06/30/95	(4,074,424)	(.43%)
- Change in Assumptions at 06/30/95	(898,223)	(.09%)
- Actuarial Gain at 06/30/96	(1,853,271)	(.19%)
- Plan Amendment at 06/30/96	9,240,404	.97%
- Change in Assumptions at 06/30/96	(3,225,478)	(.34%)
- Change in Asset Valuation Method at 06/30/96	<u>129,043</u>	<u>.01%</u>
Total	\$19,222,374	2.01%
6. Recommended Contribution: (1) + (5)	\$30,461,341	3.18%

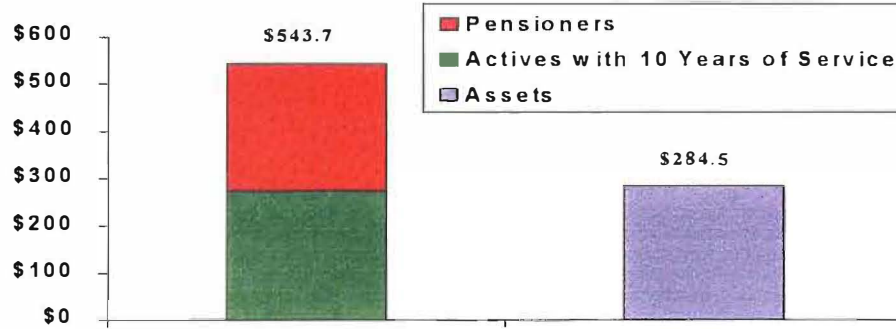
**CITY OF LOS ANGELES
CITY EMPLOYEES' RETIREMENT SYSTEM
VALUATION OF HEALTH SUBSIDY BENEFITS**

**Funded Status of Health Subsidy Benefits
At June 30, 1996**

This information is calculated using the guidelines of GASB No. 5 (see page 7). These figures do not include assets or liabilities of the retirement benefits of the System.

Present Value of Health Subsidy Benefits Accrued to June 30, 1996	
- Retired Members	\$269,889,363
- Active Members with Ten Years of Service	<u>273,797,077</u>
- Total	\$543,686,440
Value of Assets Available for Health Subsidy Benefits	
Market	\$309,452,038
Actuarial	\$284,544,028
Funded Ratio	
Market	56.9%
Actuarial	52.3%

**FUNDED STATUS OF HEALTH SUBSIDY BENEFITS
AS OF JUNE 30, 1996**



CITY OF LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM VALUATION OF HEALTH SUBSIDY BENEFITS

Assumptions And Methods

The City is in the process of advance funding for the Health Insurance Premium Subsidy. A brief summary of this funding process is as follows.

The City began funding for these benefits when the health subsidy plan was first initiated, by commencing funding when a Member retired. However, this funding was limited below the actual cost, since the contributions were determined by recognizing only 3% annual increases in the subsidy due to medical trend.

Beginning in 1987, the assumption for annual increases in the health insurance subsidy benefits was increased to 8% per year. Also, the City began advance funding for active Members who are eligible to retire.

Following the June 30, 1989 Study of Plan Experience, in order to fully reflect the cost of benefits due to expected inflation, the 8% medical trend rate assumption was changed to a series of medical trend rates that graded down from 15% in 1991 to 7% in 2002 and thereafter. The City also began advance funding for active members with sufficient service to receive a health subsidy (10 years).

Effective with the June 30, 1992 Study of Plan Experience, the medical and dental trend rates were updated. Separate rates were used for pre- and post-age 65 benefits to reflect the differences in cost increases after Medicare eligibility. Effective with the June 30, 1993 valuation, the ultimate trend rate has been reduced from 7% to 6% to better reflect our expectations of future medical inflation and utilization.

Effective with the June 30, 1995 Study of Plan Experience, the medical and dental trend rates were again updated due to favorable expectations of experience under the Plan. Further reduction in the rates were assumed effective June 30, 1996. While the ultimate trend rate was kept, the trend rates for the immediate future have been reduced. For details on these new trend rates, refer to Exhibit VII.

In valuing the liabilities of the health subsidy, we projected future cash flows by applying medical trend rates to current subsidy amounts. The current average monthly claim rates we used as the starting point for our projections depend on the experience of the plan and plan provisions. These rates are summarized in Exhibit VIII. To determine the present value of future health insurance subsidy benefits, we discounted future cash flows to June 30, 1996 using a valuation rate of 8%.

For the purpose of determining contributions, we have used the Projected Unit Credit Funding Method. Our assumptions and methods are described further in Exhibit VII.

CITY OF LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Exhibits Table of Contents

Exhibit I:	System Assets (Book Value)
Exhibit II:	Statement of Reserve and Fund Balance Accounts
Exhibit III:	Statement of Changes in Net Assets Available for Plan Benefits
Exhibit IV:	Summary of Retirement Benefits
Exhibit V:	Summary of Health Subsidy Benefits
Exhibit VI:	Summary of Actuarial Assumptions and Methods Used for Valuation of Retirement Benefits
Exhibit VII:	Summary of Actuarial Assumptions and Methods Used for Valuation of Health Subsidy Benefits
Exhibit VIII:	Average Monthly Claim Rates for Health Subsidy Benefits
Exhibit IX:	Rates of Separation from Active Service
Exhibit X:	Member Contributions
Exhibit XI:	Age/Service/Salary Distribution as of June 30, 1996 for Active Members
Exhibit XII:	Age/Benefit Distribution of Pensioners as of June 30, 1996
Exhibit XIII:	Age/Average Monthly Health Subsidy Distribution as of June 30, 1996

CITY OF LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

System Assets (Book Value)		
	June 30, 1996	June 30, 1995
ASSETS		
Cash	\$296,657	\$1,000
Receivable		
Accrued Interest and Dividend Income	35,337,729	30,551,887
Other Receivable	7,154,074	9,579,037
Proceeds from Investment	<u>34,558,157</u>	<u>36,401,166</u>
Total Receivable	77,049,960	76,532,090
Investments		
Temporary, at Cost	383,546,927	426,628,761
Bonds, at Amortized Cost	1,511,015,933	1,247,173,702
Common Stocks, at Cost	2,379,901,527	2,210,426,963
Real Estate	128,465,008	120,991,637
Alternative Investment, at Cost	<u>9,650,000</u>	<u>N/A</u>
Total Investments	4,412,579,396	4,005,221,063
Total Assets	4,489,926,013	4,081,754,153
LIABILITIES		
Accounts Payable and Accrued Expenses	(57,412,582)	(132,568,824)
NET ASSETS AVAILABLE FOR PLAN BENEFITS	\$4,432,513,431	\$3,949,185,329

**CITY OF LOS ANGELES
CITY EMPLOYEES' RETIREMENT SYSTEM**

Statement Of Reserve And Fund Balance Accounts		
	June 30, 1996	June 30, 1995
ACTUARIAL		
Member Contributions	\$637,736,799	\$604,260,897
Annuities	364,545,077	350,886,442
Basic Pensions	2,381,806,683	2,014,336,734
Cost-of-Living	764,615,681	715,429,834
Family Death Benefit Insurance	19,625,778	18,854,676
Health Benefits	264,183,412	245,416,746
Total Actuarial	\$4,432,513,431	\$3,949,185,329
OTHER		
Undistributed Earnings	\$0	\$0
Fund Balance	0	0
Total Other	0	0
TOTAL RESERVE AND FUND BALANCE	\$4,432,513,431	\$3,949,185,329

CITY OF LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Statement of Changes in Net Assets Available For Plan Benefits		
	Year Ended June 30, 1996	Year Ended June 30, 1995
REVENUES		
City Contributions	\$149,036,489	\$144,384,788
Members' Contributions	47,512,414	43,747,551
Income from Investments		
Interest Earned	116,120,927	107,795,817
Dividends	58,709,403	59,190,322
Real Estate	<u>11,378,660</u>	<u>9,979,835</u>
Total	186,208,990	176,965,974
Total Revenues	\$382,757,893	\$365,098,313
EXPENDITURES		
Pensions		
Retirement Allowances	\$211,396,773	\$199,532,937
Family Death Benefit Insurance	509,680	492,103
Health Benefits	<u>21,184,649</u>	<u>21,828,675</u>
Total	233,091,102	221,853,715
Refund of Members' Contributions	8,856,575	7,742,800
Administrative Expenses	12,490,598	10,275,416
Total Expenditures	\$254,438,275	\$239,871,931
NET REVENUES	\$128,319,618	\$125,226,382
CAPITAL GAIN ON INVESTMENTS SOLD	\$355,008,484	\$55,353,069
NET REVENUES PLUS CAPITAL GAIN	\$483,328,102	\$180,579,451
NET ASSETS AVAILABLE FOR PLAN BENEFITS, BEGINNING OF THE YEAR	\$3,949,185,329	\$3,768,605,878
NET ASSETS AVAILABLE FOR PLAN BENEFITS, END OF THE YEAR	\$4,432,513,431	\$3,949,185,329

CITY OF LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Summary of Retirement Benefits

1. Eligibility: Members are eligible on their first day of City employment.
2. Final Compensation: Highest 12-month average salary.
3. Service Retirement:
 - A) Eligibility: Age 55 with 10 years of service, or any age with 30 years of service, or age 70.
 - B) Benefit: 2.16% of Final Compensation for each year of service.
 - C) Reduction for Early Retirement: Unreduced for retirement after age 60, or after age 55 with at least 30 years of service. Reduction factors apply for earlier retirement.
 - D) Form of Payment: Benefit payable for life with 50% continuance to eligible spouse or domestic partner if employee had that coverage at time of retirement. Larger continuances are available with actuarial reduction.
 - E) Special Early Retirement Benefit: Unreduced pensions are available for employees age 50 with 30 years of service who retire prior to September 30, 1999.

4. Disability Retirement:
- A) Eligibility: Five years of continuous service and physically or mentally incapacitated so unable to perform duties of position.
 - B) Benefit: 1/70 of Final Compensation per year of continuous service. If service is less than 23-1/3 years, then service is projected to retirement, with a maximum service of 23-1/3 years.
 - C) Form of Payment: Benefit payable for life with 50% continuance to eligible spouse or domestic partner if employee had this coverage at time of retirement. Larger continuances are available with actuarial reduction.
5. Deferred Service Retirement:
- A) Eligibility: Five years of service prior to termination of City service. Member must leave contributions on deposit and apply in writing within three years of termination.
 - B) Benefit: Same as Service Retirement payable anytime after age 55, provided at least 10 years have elapsed from date of original membership (or anytime after age 70).
 - C) Form of Payment: Same as Service Retirement.
6. Pre-retirement Death Benefits:
- A) Not Eligible for Disability or Service Retirement: Member receives (i), (ii), and (iii) where:
 - (i) = Accumulated contributions with interest.
 - (ii) = Limited monthly pension equal to half the average monthly salary for the year before death. Benefit is payable to surviving spouse, minor children, dependent parents or domestic partner, and is payable for a period of 2 months times the number of completed years of service, to a maximum of 12 months.

(iii) = Family Death Benefit Insurance Plan benefit, if a qualified Member.

B) Eligible for Disability Retirement or Duty-Related Death:

Member receives (i) and (ii) where:

(i) = 100% of the benefit the Member would have received if he or she had been granted a disability benefit on the day before death, payable for the lifetime of the Member's spouse or domestic partner.

(ii) = Family Death Benefit Insurance Plan benefit, if a qualified Member.

Surviving spouse or domestic partner may elect A in lieu of B.

C) Eligible for Service Retirement:

Surviving spouse or domestic partner receives a lifetime benefit equal to 100% of the benefit the Member would have been entitled to if he or she had been granted an Option 1 (Joint and 100%) actuarially reduced Service Retirement benefit on the day before death.

Benefits under the Family Death Benefit Insurance Plan are not available.

Surviving spouse or domestic partner may elect A or B in lieu of C.

7. Post-retirement Death Benefits:

Member receives (i), (ii), and (iii), where:

(i) = 50% continuance to surviving eligible spouse or domestic partner, if covered under the plan.

(ii) = Return of unused contributions and interest (provided normal cash refund annuity was selected) and any accrued but unpaid retirement allowance at death of last beneficiary eligible for monthly allowance.

(iii) = \$2,500 death benefit allowance for burial expenses at death of retired member.

8. Post-retirement
Cost-of-Living Benefits: Each July 1, the benefits are increased by the percentage increase in CPI (to a maximum of 3%). Increases in CPI above 3% are "banked" to apply in years when CPI increase is less than 3%.
- If benefit has been paid less than 12 months, the 3% increase is proportionately decreased.
9. Employee Contributions: Pre-February, 1983 participants:
- Members are assumed to contribute per the schedule effective July 1, 1981. To the extent that Members contribute less than the full rates, the City should contribute 84% of the amounts otherwise paid by the Member.
- Post-January, 1983 participants:
- Members contribute 6% of pay.
10. Family Death Benefit Insurance Plan:
- A) Eligibility: Employee may elect coverage after 18 months of City retirement service.
- B) Benefits: Benefits similar to those provided by Social Security Survivors' Insurance are payable if Member dies in active service after 18 months of Family Death Benefit Plan membership.
- C) Cost: It is recommended that the Member and City each contribute \$2.90 per month.

CITY OF LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Summary of Health Subsidy Benefits

Eligibility:

Members who retire with ten years of service. Subsidy begins at age 55. Medical benefits are available to an eligible spouse or domestic partner after the death of the eligible Member.

Subsidy:

Medical

For retired Members under age 65 or 65 and over with only Medicare Part B:

A percentage of the Maximum Subsidy, or the actual premium paid to a City approved health carrier, if less.

The percentage is 4% for each year of service, up to a maximum of 100% after 25 years.

Maximum Subsidy: The maximum is the rate currently paid for active City employees. As of July 1, 1996, this amount is \$472 per month.

For retired Members age 65 and over with Medicare Parts A and B:

A percentage of the premium paid to a City approved health carrier. The percentage is 75% with 10 - 14 years of service, 90% for 15-19 years of service and 100% for 20 years of service or more. Medicare Part B premiums are also paid.

For eligible surviving spouse or domestic partners:

The same subsidy provided to the Member, except this benefit is reduced to half of the Member's subsidy through September 30, 1999.

Dental

4% per year of service to a maximum of \$28.24 for Connecticut General and \$10.24 for Safeguard.

CITY OF LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Summary of Actuarial Assumptions And Methods Used For Valuation Of Retirement Benefits

Interest Rate: 8.0% per year.

Salary Increases: Total System payroll is assumed to increase 4.0% per year.

Annual salary increases for individuals vary by age.

Age	Annual Salary Increase
Under 34	7%
35 - 44	6%
45 - 54	5%
55 and over	4%

Cost-of-Living: 3.0% per year.

Mortality:

A. For Pensioners on Service Retirement and Beneficiaries

1971 Group Annuity Mortality Table, with a one year setback for males and a five year setback for females

Sample Rates

Deaths per 1,000		
Age	Males	Females
45	2.6	1.6
50	4.7	2.9
55	7.8	5.3
60	11.9	8.5
65	19.2	13.1
70	32.4	21.3
75	51.2	36.1

B. For Pensioners on Disability Retirement:

1981 Disability Mortality Table

Sample Rates

Age	Deaths per 1,000
45	20.8
50	24.4
55	28.4
60	33.0
65	37.9
70	43.7
75	55.3

Rehire for Former Employees:	All former employees are assumed not to be rehired.
Dependents:	Where no other information is available, Members are assumed to have two children with a three year difference in age. The eldest is assumed to reach age 21 when the participant reaches age 45.
Proportion of Members with Spouses or Domestic Partners at Retirement:	76% of male employees and 56% of female employees are assumed to be married or to have a qualified domestic partner at retirement. Wives are assumed four years younger than husbands.
Funding Method:	For retirement benefits: The Projected Unit Credit Cost Method. For the Family Death Benefit Insurance Plan: One year term cost funding method.
Asset Valuation Method:	The actuarial value of assets is determined by phasing in, over five years, the difference between the actual and expected realized and unrealized appreciation. The expected appreciation is based on the assumed 8.00% rate of return. The actuarial value of assets can be no less than 80% and no greater than 120% of the market value of assets.
Special Early Retirement Rate:	Employees eligible for an enhanced retirement benefit during the 1996-1999 window period are assumed to retire at the rate of 25% per year.

CITY OF LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Summary Of Actuarial Assumptions And Methods Used For Valuation Of Health Subsidy Benefits

Methods: Future cash flows were projected by applying medical trend rate factors to current annual claim rates.

Discount on Projected Cash Flows: 8% per year.

Medical Trend Rates: Beginning with this June 30, 1996 valuation, the rates are:

	Medical Inflation		Dental Inflation
	Pre-65	Post-65	Pre and Post-65
1996-1997	9.00%	8.50%	9.00%
1997-1998	8.50%	8.25%	8.50%
1998-1999	8.25%	8.00%	8.25%
1999-2000	8.00%	7.75%	8.00%
2000-2001	7.75%	7.50%	7.75%
2001-2002	7.50%	7.25%	7.50%
2002-2003	7.25%	7.00%	7.25%
2003-2004	7.00%	6.75%	7.00%
2004-2005	6.75%	6.50%	6.75%
2005-2006	6.50%	6.25%	6.50%
2006-2007	6.50%	6.00%	6.25%
2007-2008	6.25%	6.00%	6.00%
2008 +	6.00%	6.00%	6.00%

Medicare Premium Inflation Rate:

Year	Increase
1996-1997	\$43.15*
1997-1998	6.75%
1998-1999	6.50%
1999-2000	6.25%
2000+	6.00%

*Estimated average of 1996 and 1997 Medicare Part B premiums.

Mortality:

1971 Group Annuity Mortality Table, with a one year age setback for males and a five year age setback for females.

Probability of Termination
of Employment:

Same rates as used in valuation of retirement benefits.
See retirement report for details.

City Medical Plan Coverage:

80% of all retirees are assumed to receive a subsidy for a City approved health carrier.

Spouses and Domestic Partners:

91% of male and 66% of female retirees who receive a subsidy are assumed to be married or have a qualified domestic partner and elect dependent coverage.

Medicare Coverage:

85% of retirees are assumed to elect Medicare Parts A & B.

Dental Coverage:

65% of retirees are assumed to elect dental coverage.

Spousal Coverage:

With regard to Members who are currently alive, 75% of eligible spouse or domestic partners are assumed to elect continued health coverage after the Member's death. With regard to deceased Members, 70% of the current eligible survivors are assumed to elect health coverage.

Funding Method:

The prefunding of projected cash flows is determined using the Projected Unit Credit Funding Method.

Asset Valuation Method:

The actuarial value of assets is determined by phasing in, over five years, the difference between the actual and expected realized and unrealized appreciation. The expected appreciation is based on the assumed 8.00% rate of return. The actuarial value of assets can be no less than 80% and no greater than 120% of the market value of assets.

CITY OF LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Average Monthly Subsidy Rates For Health Subsidy Benefits	
	Premium Per Month Per Year of Service (Maximum 25 Years)
Medical	
Less Than Age 65	
Married Male	\$16.12
Single Male	12.93
Married Female	15.30
Single Female	13.80
Age 65 and Over	
Married Male	7.44
Single Male	8.50
Married Female	8.15
Single Female	9.67
Dental	0.95

CITY OF LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Rates Of Separation From Active Service

A schedule of the probabilities of termination of employment due to the following causes can be found on the following pages:

- | | | |
|----|---|--|
| 1. | Ordinary Withdrawal: | Member terminates and elects a refund of Member contributions. |
| 2. | Service Retirement: | Member retires after meeting age and service requirements for reasons other than disability. |
| 3. | Ordinary Disability: | Member receives disability retirement; disability is not service related. |
| 4. | Service Disability: | None assumed. |
| 5. | Ordinary Death: | Member dies before eligibility for retirement; death is not service related. |
| 6. | Service Death: | None assumed. |
| 7. | Death While Eligible
for Service Retirement: | Member dies before retirement but after meeting age and service requirements for service retirement. |

Each rate represents the probability that a Member will separate from service at each age due to the particular cause. For example, a rate of 0.0020 for a Member's service retirement at age 50 means we assume that, on average, 2 out of 1,000 Members who are age 50 will retire at that age.

105 ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
 RATES OF SEPARATION FROM ACTIVE SERVICE

EXHIBIT IX
 PAGE 2 OF 2

AGE	ORDINARY WITHDRAWAL		SERVICE RETIREMENT		ORDINARY DISABILITY		ORDINARY DEATH		DEATH ELIG FOR SVC RET
	MALES	FEMALES	MALES	FEMALES	MALES	FEMALES	MALES	FEMALES	
20	0.2900	0.1500	0.0000	0.0000	0.0000	0.0000	0.0003	0.0002	0.0000
21	0.2549	0.1440	0.0000	0.0000	0.0000	0.0000	0.0003	0.0002	0.0000
22	0.2240	0.1382	0.0000	0.0000	0.0000	0.0000	0.0003	0.0002	0.0000
23	0.1969	0.1327	0.0000	0.0000	0.0000	0.0000	0.0003	0.0002	0.0000
24	0.1731	0.1274	0.0000	0.0000	0.0000	0.0000	0.0004	0.0003	0.0000
25	0.1521	0.1223	0.0000	0.0000	0.0000	0.0000	0.0004	0.0003	0.0000
26	0.1404	0.1159	0.0000	0.0000	0.0000	0.0000	0.0005	0.0003	0.0000
27	0.1298	0.1098	0.0000	0.0000	0.0000	0.0000	0.0005	0.0004	0.0000
28	0.1197	0.1040	0.0000	0.0000	0.0000	0.0000	0.0006	0.0004	0.0000
29	0.1105	0.0986	0.0000	0.0000	0.0000	0.0000	0.0006	0.0005	0.0000
30	0.1020	0.0934	0.0000	0.0000	0.0000	0.0000	0.0006	0.0005	0.0000
31	0.0948	0.0879	0.0000	0.0000	0.0000	0.0000	0.0007	0.0006	0.0000
32	0.0877	0.0827	0.0000	0.0000	0.0000	0.0000	0.0007	0.0006	0.0000
33	0.0813	0.0779	0.0000	0.0000	0.0000	0.0000	0.0007	0.0006	0.0000
34	0.0754	0.0733	0.0000	0.0000	0.0000	0.0000	0.0008	0.0007	0.0000
35	0.0699	0.0690	0.0000	0.0000	0.0000	0.0000	0.0008	0.0007	0.0000
36	0.0654	0.0671	0.0000	0.0000	0.0000	0.0000	0.0009	0.0008	0.0000
37	0.0611	0.0652	0.0000	0.0000	0.0000	0.0000	0.0009	0.0008	0.0000
38	0.0572	0.0634	0.0000	0.0000	0.0000	0.0000	0.0010	0.0008	0.0000
39	0.0535	0.0617	0.0000	0.0000	0.0000	0.0000	0.0010	0.0009	0.0000
40	0.0500	0.0600	0.0000	0.0000	0.0000	0.0000	0.0011	0.0010	0.0000
41	0.0480	0.0580	0.0000	0.0000	0.0000	0.0000	0.0012	0.0010	0.0000
42	0.0450	0.0560	0.0000	0.0000	0.0000	0.0000	0.0014	0.0011	0.0000
43	0.0430	0.0540	0.0000	0.0000	0.0000	0.0000	0.0014	0.0012	0.0000
44	0.0400	0.0520	0.0000	0.0000	0.0000	0.0000	0.0015	0.0012	0.0000
45	0.0380	0.0500	0.0000	0.0000	0.0000	0.0000	0.0016	0.0013	0.0000
46	0.0360	0.0480	0.0000	0.0000	0.0000	0.0000	0.0017	0.0014	0.0000
47	0.0340	0.0460	0.0000	0.0000	0.0000	0.0000	0.0019	0.0014	0.0000
48	0.0320	0.0440	0.0000	0.0000	0.0000	0.0000	0.0019	0.0015	0.0000
49	0.0300	0.0420	0.0000	0.0000	0.0000	0.0000	0.0022	0.0016	0.0000
50	0.0280	0.0400	0.0000	0.0000	0.0000	0.0000	0.0023	0.0017	0.0000
51	0.0270	0.0380	0.0000	0.0022	0.0023	0.0024	0.0025	0.0019	0.0000
52	0.0250	0.0360	0.0000	0.0040	0.0023	0.0023	0.0027	0.0021	0.0000
53	0.0240	0.0340	0.0000	0.0087	0.0023	0.0028	0.0027	0.0021	0.0000
54	0.0220	0.0330	0.0000	0.0000	0.0023	0.0032	0.0028	0.0022	0.0000
55	0.0210	0.0320	0.0000	0.0000	0.0024	0.0038	0.0030	0.0022	0.0000
56	0.0205	0.0320	0.0000	0.0635	0.0024	0.0040	0.0032	0.0024	0.0000
57	0.0205	0.0320	0.0000	0.0286	0.0024	0.0040	0.0034	0.0029	0.0021
58	0.0205	0.0320	0.0000	0.0313	0.0024	0.0040	0.0036	0.0031	0.0026
59	0.0210	0.0320	0.0000	0.0358	0.0024	0.0040	0.0039	0.0034	0.0029
60	0.0210	0.0325	0.0000	0.0581	0.0024	0.0040	0.0041	0.0038	0.0032
61	0.0210	0.0325	0.0000	0.1654	0.0024	0.0000	0.0044	0.0042	0.0035
62	0.0225	0.0330	0.0000	0.0984	0.0024	0.0000	0.0050	0.0046	0.0039
63	0.0230	0.0335	0.0000	0.1118	0.0025	0.0000	0.0055	0.0052	0.0043
64	0.0240	0.0340	0.0000	0.1207	0.0025	0.0000	0.0061	0.0058	0.0048
65	0.0000	0.0000	0.0000	0.1341	0.0025	0.0000	0.0067	0.0065	0.0053
66	0.0000	0.0000	0.0000	0.2240	0.0000	0.0000	0.0074	0.0073	0.0059
67	0.0000	0.0000	0.0000	0.1520	0.0000	0.0000	0.0082	0.0084	0.0065
68	0.0000	0.0000	0.0000	0.1650	0.0000	0.0000	0.0090	0.0097	0.0072
69	0.0000	0.0000	0.0000	0.1920	0.0000	0.0000	0.0098	0.0111	0.0078
70	0.0000	0.0000	1.0000	0.2500	0.0000	0.0000	0.0106	0.0127	0.0086
				1.0000	0.0000	0.0000	0.0000	0.0000	0.0000

**CITY OF LOS ANGELES
CITY EMPLOYEES' RETIREMENT SYSTEM**

**Contribution Rates Assumed For Members
Participating Before February 1, 1983**

Age	Normal	Survivor	Total
16	8.00%	0.22%	8.22%
17	8.04	0.28	8.32
18	8.08	0.33	8.41
19	8.14	0.39	8.53
20	8.20	0.44	8.64
21	8.27	0.48	8.75
22	8.34	0.53	8.87
23	8.42	0.56	8.98
24	8.50	0.60	9.10
25	8.58	0.63	9.21
26	8.66	0.66	9.32
27	8.75	0.68	9.43
28	8.86	0.70	9.56
29	8.96	0.72	9.68
30	9.06	0.75	9.81
31	9.17	0.77	9.94
32	9.28	0.79	10.07
33	9.40	0.81	10.21
34	9.50	0.82	10.32
35	9.61	0.83	10.44
36	9.73	0.85	10.58
37	9.84	0.86	10.70
38	9.96	0.87	10.83
39	10.07	0.90	10.97

Age	Normal	Survivor	Total
40	10.19%	0.91%	11.10%
41	10.29	0.92	11.21
42	10.41	0.93	11.34
43	10.52	0.94	11.46
44	10.64	0.95	11.59
45	10.76	0.97	11.73
46	10.89	0.98	11.87
47	11.01	0.99	12.00
48	11.12	1.00	12.12
49	11.24	1.01	12.25
50	11.34	1.03	12.37
51	11.44	1.05	12.49
52	11.55	1.06	12.61
53	11.65	1.07	12.72
54	11.75	1.08	12.83
55	11.85	1.09	12.94
56	11.94	1.10	13.04
57	12.03	1.12	13.15
58	12.13	1.13	13.24
59 - Over	12.19	1.14	13.33

*Total is applicable only to employees whose
Normal and Survivor Rates are assigned by the same age.*

**Los Angeles City Employees' Retirement System
 Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 1996
 Total for All Pensioners
 Retirement Benefits**

Attained Age	Retirements in Plan Year Beginning in																Total	Average Monthly Benefit Amount
	Pre 1981	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995		
Under 40	1	0	0	5	0	0	0	5	0	6	4	7	6	5	15	13	67	688
40 - 44	7	5	2	3	4	3	7	3	7	6	8	9	3	4	17	10	98	876
45 - 49	28	5	7	9	8	6	10	6	13	9	11	7	4	12	12	22	169	907
50 - 54	55	10	9	7	7	9	8	11	13	8	11	17	8	12	19	20	224	888
55 - 59	88	13	4	12	13	12	14	12	19	22	13	43	77	123	158	153	776	1,755
60 - 64	101	22	18	19	18	21	46	85	127	150	153	158	158	138	138	114	1466	1,968
65 - 69	219	69	133	120	148	127	174	155	148	155	136	102	128	108	80	91	2093	1,784
70 - 74	720	156	278	189	173	143	156	154	144	91	68	85	64	55	29	31	2536	1,651
75 - 79	1224	175	147	133	117	72	85	59	43	35	22	21	31	17	15	23	2219	1,384
80 - 84	1096	72	48	29	34	19	13	6	8	3	5	4	6	3	2	2	1350	1,169
85 - 89	744	11	6	4	2	4	2	2	3	5	3	0	1	2	1	3	793	878
90 - 94	325	0	0	0	0	0	1	0	0	0	0	0	0	1	1	1	329	756
Over 94	104	0	0	0	0	0	1	0	0	0	1	4	1	3	6	2	122	628
Total	4712	538	652	530	524	416	517	498	525	490	435	457	487	483	493	485	12242	1,497
Average Monthly Benefit Amount	1,024	1,410	1,751	1,570	1,675	1,638	1,742	1,767	1,831	1,877	1,961	2,017	2,067	1,897	1,744	2,032	1,497	

Average Monthly Benefit Amount: \$1,497
 Total Annual Benefits: \$219,872,033

**Los Angeles City Employees' Retirement System
 Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 1996
 Total for All Pensioners*
 Health Subsidy Benefits**

Attained Age	Retirements in Plan Year Beginning in																Total	Average Monthly Health Subsidy	
	Pre 1981	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995			
Under 40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
45 - 49	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
50 - 54	0	0	0	0	0	0	1	0	1	0	0	0	0	0	0	0	0	2	287
55 - 59	8	2	2	4	3	5	2	4	5	6	6	54	79	101	117	121	519	341	
60 - 64	23	4	3	4	4	7	44	73	99	121	139	124	137	124	106	99	1,111	339	
65 - 69	42	44	97	83	120	103	133	121	124	122	104	81	93	93	61	54	1,475	155	
70 - 74	355	93	211	149	134	105	118	113	104	60	49	62	49	36	18	19	1,675	124	
75 - 79	688	116	96	83	78	58	59	44	19	17	11	13	22	10	6	15	1,335	116	
80 - 84	575	47	26	14	21	8	5	5	3	1	3	3	5	0	1	0	717	117	
85 - 89	325	2	4	1	0	1	2	1	3	3	0	0	0	2	0	1	345	143	
90 - 94	129	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	129	142	
Over 94	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16	117	
Total	2,161	308	439	338	360	287	364	361	358	330	312	337	385	366	309	309	7,324	177	
Average Monthly Health Subsidy	134	125	135	131	132	132	156	180	194	233	236	240	230	255	273	296	177		

Average Monthly Health Subsidy \$177
 Total Monthly Health Subsidy: \$1,296,934

*Pensioners does not include beneficiaries