LACERS Quick Facts 2019
LACERS Now

In 1937, the Los Angeles City Charter established LACERS as a retirement trust fund to provide the civilian employees of the City of Los Angeles, a defined benefit plan inclusive of service retirements, disability retirements, and survivor benefits. In 1999, LACERS began administering the retiree health subsidies.

Eligible LACERS Members: All regular, full time, and certified part-time City employees except employees of the Department of Water & Power, and sworn personnel of the Los Angeles Fire & Police Pensions.

Membership **45,421 Active & Retired**

*Members & Beneficiaries*

Active: Tier 1 Employees hired on or before February 21, 2016

       Tier 3 Employees hired on or after February 22, 2016

Retired: Service Retirees

       Disability Retirees

       Beneficiaries
MEMBERSHIP

Retirement Allowance

Tier 1 Formula:

12-month Final Compensation X Service Credit X 2.16%

Tier 3 Formula:

36-month Final Compensation X Service Credit X variable rate from 1.5% to 2%

- LACERS benefits may be changed by ordinance
- Annual Cost-of-Living Adjustments (COLAs) are based on the local Consumer Price Index, with a maximum of 3% for Tier 1 and 2% for Tier 3
- Discretionary COLAs may be granted by the City Council and Mayor
**Average Monthly Retirement Allowance**

Service Retirees - $4,236  
Survivor Continuance Recipients - $2,236  
Disability Retirees - $1,714

**Retiree Health Benefits Eligibility & Health Subsidy**

Eligibility:
- Age 55 or older
- At least 10 years of Service (differs for some part-time employees)
- Enrollment in a LACERS-sponsored medical plan or LACERS Medical Premium Reimbursement Plan
- Proof of Medicare coverage (A & B or B only), if eligible

Health Subsidy for full-time employees and part-time employees who became LACERS members on or before April 22, 1990:

- Minimum of 10 years of Service
- 4% per whole year, up to 100% subsidy at 25 years

Health Subsidy for part-time employees who became Members after April 22, 1990 is based on Service Credit, not Service.

- 2019 Maximum Health Subsidy: **$1,790.80** for Members who retired after 7/1/11 and made additional contributions prior to retiring
- 2019 Maximum Health Subsidy: **$1,190.00** (2011 subsidy) for Members who retired after 7/1/11 and did not make additional contributions prior to retiring

LACERS has been praised by bond rating agencies for pre-funding retiree health benefits compared to systems that rely on a “pay-as-you-go” basis.
LACERS Well – A New Experience for Wellness in Retirement

- Data-driven wellness program in response to analysis of health issues and high claim costs

- Sponsored by LACERS health plans: Anthem Blue Cross, Anthem Blue View Vision, Delta Dental, Kaiser Permanente, SCAN, and UnitedHealthcare

- Customized medical, dental and vision carrier resources, education and incentive programs, and activities to enhance overall health and longevity of Members
Revenues and Expenditures
For Fiscal Year 2018-19, LACERS budget is $1,187,818,663. This funds LACERS operating expenses, retirement allowances, and health subsidies for Retired Members.

Sources of Funding

<table>
<thead>
<tr>
<th>Source of Funding</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>$15.19 billion</td>
</tr>
<tr>
<td>Employer Contributions</td>
<td>$551 million</td>
</tr>
<tr>
<td>Employee Contributions</td>
<td>$236 million</td>
</tr>
</tbody>
</table>
ACTUARIAL INFORMATION

\[ C + I = B + E \]

Contributions + Investment Income
equals
Benefit Payments + Expenses

- Actuarial valuation determines the current or measured" cost, not the ultimate cost
- Assumptions and funding methods affect only the timing of costs

*Information courtesy of Paul Angelo, FSA, The Segal Company San Francisco

Funded Ratio: A snapshot of the relative status of LACERS’ assets and liabilities at the end of each reporting year. As of June 30, 2018, the combined funded ratio is 71.6% for the Retirement Plan and the Postemployment Health Care Plan. Individually, the Retirement Plan funded ratio is 70.1%; and the Postemployment Health Care Plan funded ratio is 80.7%.
City Contribution Rates
Annual contribution rate is made up of Normal Cost plus an amortization of the UAAL. (Normal Cost is the ongoing cost: amount of contributions needed to fund the benefit allocated to the current year.)

Assumed Rate of Return
LACERS assumed rate of return is 7.25%.
LACERS Unfunded Actuarial Accrued Liability (UAAL), the amount that the actuarial accrued liabilities exceeds plan assets is $5,962,143,593 for retirement benefits and $627,984,336 for health benefits as of June 30, 2018. Total UAAL is $6,590,127,929.

Investments, Prudent & Strategic
Our investment objective is to maximize returns at a prudent level of risk to meet the obligations of the System. The Fund is managed on a total return basis over a long-term investment horizon. We balance capital preservation and varying degrees of risk to seek commensurate returns, only when prudent risk-taking is warranted within the context of portfolio diversification, and the System’s strategic asset allocation policy.

LACERS Asset Allocation
Adopted April 2018

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Equity</td>
<td>19.00%</td>
</tr>
<tr>
<td>Non-U.S. Equity</td>
<td>27.00%</td>
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<tr>
<td>Core Fixed Income</td>
<td>13.75%</td>
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<tr>
<td>Credit Opportunities</td>
<td>12.25%</td>
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<tr>
<td>Private Real Estate</td>
<td>7.00%</td>
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<tr>
<td>Public Real Assets</td>
<td>6.00%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>14.00%</td>
</tr>
<tr>
<td>Cash</td>
<td>1.00%</td>
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