

REPORT ON
ACTUARIAL VALUATION OF THE
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

JUNE 30, 1985

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December 4, 1985

Board of Administration
City Employees' Retirement System
Room 505, City Hall South
111 East First Street
Los Angeles CA 90012

Members of the Board:

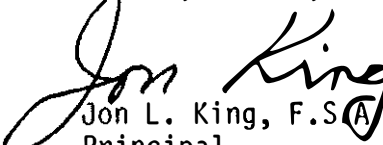
We are pleased to enclose our report setting forth the results of the valuation of your Retirement System as of June 30, 1985.

The valuation is based on financial statements and employee data furnished by the Retirement Office.

We would like to take this opportunity to express our appreciation for the courtesy and cooperation accorded us by the Retirement Office during the course of our work.

Respectfully submitted,

TOWERS, PERRIN, FORSTER & CROSBY


Jon L. King, F.S.A.
Principal

JLK/msw
Enclosure

REPORT ON
ACTUARIAL VALUATION OF THE
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

JUNE 30, 1985

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REPORT ON ACTUARIAL VALUATION OF THE
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

SECTION I

INTRODUCTION

In accordance with our agreement we have completed the actuarial valuation of the Los Angeles City Employees' Retirement System as of June 30, 1985.

To complete this valuation, the Retirement System Office furnished us with a magnetic tape containing all the pertinent information for each active member of the System as of June 30, 1985, including such information as current compensation, years of service credited, rates of contribution, and accumulated contributions. The System also furnished a tape for persons currently receiving an allowance from the Retirement System, together with the data necessary to determine the value of the allowance.

A summary of the active and retired membership of the System as of June 30, 1985 is shown in the following table. More detailed charts showing the distribution of active members by age and service and the distribution of pensioners by age and year of retirement are contained in Section VI.

SUMMARY OF MEMBERSHIP OF SYSTEM
AS OF JUNE 30, 1985

ACTIVE MEMBERS

	<u>Number</u>	<u>Annual Salary</u>	<u>Average</u>	
			<u>Age</u>	<u>Monthly Salary</u>
Total 6-30-84	18,111	\$ 472,772,622	42.4	\$ 2,175
Total 6-30-85	19,205	530,387,132	41.7	2,301
Percent Increase	+ 6.0%	+12.2%	-1.2%	+ 5.8%

PENSIONERS

	<u>Number</u>	<u>Annual Allowance</u>	<u>Average Monthly Allowance</u>
Total 6-30-84	8,827	\$ 86,950,640	\$ 821
Total 6-30-85	9,201	96,343,936	873
Percent Increase	+ 4.2%	+10.8%	+ 6.3%

The Retirement Office also furnished us with an accounting balance sheet setting forth the assets and liabilities of the System as of June 30, 1985. We did no physical audit of these assets and our calculations are based on the balance sheet as submitted.

SECTION II
MEMBER CONTRIBUTIONS

Sections 4.1031 and 4.1040(C) of the Administrative Code specify the basis for normal, survivor, and cost-of-living member contribution rates. However, Los Angeles City also enters into collective bargaining agreements with its employees regarding the level of member contributions. The resulting rates need not be those indicated by the code formulas and the current assumptions. To reflect this situation accurately in the current valuation, we have been directed by the Board of Administration to assume that members who have entered the System before February 1, 1983 will contribute at the employee contribution rates specified in the June 30, 1977 valuation report. If certain members contribute at a lower rate through a collective bargaining agreement, the City should contribute 66.75% of the amount of contribution picked up by the City.

A complete list of member contribution rates from the June 30, 1977 valuation report is also in Section VI. The following table illustrates these rates:

Member Rates of Contribution Including 15% Factor for COL

<u>Age</u>	<u>Normal</u>	<u>Continuance</u>	<u>Total</u>
20	8.20%	.44%	8.64%
25	8.58	.63	9.21
30	9.06	.75	9.81
35	9.61	.83	10.44
40	10.19	.91	11.10
45	10.76	.97	11.73
50	11.34	1.03	12.37
55	11.85	1.09	12.94

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In addition, members who enter the System on or after February 1, 1983 contribute at a rate of 6%.

The monthly contribution of \$5.14 per participating member should be continued for Family Death Benefits until modified by future study.

SECTION III
RESULTS OF THE ACTUARIAL VALUATION

Introduction

The purpose of the actuarial valuation is to analyze the financial condition of the System and to recommend any necessary changes in City contributions. In this section we describe the funding method of the System and give the resulting actuarial balance sheet as of June 30, 1985. Section IV gives the recommended City contributions called for by the funding method. Section V presents various views of the funding progress of the System, including the change in accrued liability over the year as defined by the Financial Accounting Standards Board. Throughout the report, all calculations are based on the actuarial assumptions as discussed in Section VI. The "Beta" formula was applied to all active members.

Funding Method

The primary funding method of the Los Angeles City Employees' Retirement System is the Projected Unit Credit Cost funding method. This method defines the Normal Cost as the present value, based on each member's attained age, of that portion of the total projected benefits deemed to be earned during the current year. The City's Normal Cost is the excess of the Normal Cost over members' contributions. The Actuarial Accrued Liability is equal to the present value of all benefits allocated to years prior to the current year. The excess of the Actuarial Accrued Liability over the assets is called the Unfunded Actuarial Accrued Liability (UAAL). The Unfunded Actuarial Accrued Liability is amortized over a fixed period of years by City contributions in addition to Normal Cost. Most of the Unfunded Actuarial Accrued Liability is amortized over the period

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ending June 30, 2004 by contributions that will increase in accordance with the salary scale, i.e., 5-3/4% per year. Certain small liabilities are amortized over shorter periods by level dollar amounts.

The Projected Unit Credit Cost Method is used to fund all benefits except Family Death Benefits. For Family Death Benefits, the amount contributed in any one year is the present value of expected claims arising during the year. This method is called the Term Cost Funding Method. Traditionally, the required contribution has been reviewed biennially following the valuation.

Accounting Balance Sheet

Our valuation of the Retirement System as of June 30, 1985 was based on the accounting balance sheet furnished by the Retirement Office as shown on the following page. We accepted this statement of assets without audit.

The total value of applicable assets for this valuation of the Retirement System as of June 30 was determined as follows:

	<u>June 30, 1984</u>	<u>June 30, 1985</u>
1. Total assets	\$1,278,371,684	\$1,426,636,724
2. Less reserves and liabilities established for the following:		
a. family death benefit insurance	\$ 9,841,982	\$ 10,728,741
b. gain/loss on equities	15,627,059	20,505,947
c. 20% of undistributed earnings	2,028,702	1,975,960
d. total	<u>\$ 27,497,743</u>	<u>\$ 33,210,648</u>
3. Net applicable assets as of June 30 (item 1 less item 2(d))	\$1,250,873,941	\$1,393,426,076

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

STATEMENT OF RESERVE AND FUND BALANCE ACCOUNTS

JUNE 30, 1985

<u>ACTUARIAL</u>	<u>1985</u>	<u>JUNE 30</u>	<u>1984</u>
Member Contributions	\$ 279,399,695	\$	261,142,033
Annuities	196,900,312		177,342,769
Subsequent Service	640,577,829		571,449,430
Cost of Living	268,644,400		232,824,899
Family Death Benefit Insurance	<u>10,728,741</u>		<u>9,841,982</u>
Total Actuarial	<u>1,396,250,977</u>		<u>1,252,601,113</u>
 <u>OTHER</u>			
Undistributed Earnings	9,879,800		10,143,512
Gain/Loss on Equities	20,505,947		15,627,059
Fund Balance	<u>-0-</u>		<u>-0-</u>
Total Other	<u>30,385,747</u>		<u>25,770,571</u>
Total Reserves & Fund Balance	<u>1,426,636,724</u>		<u>1,278,371,684</u>

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Actuarial Balance Sheet

This actuarial valuation of the Retirement System as of June 30, 1985 is based on demographic assumptions developed during the June 30, 1983 investigation and on an 8% interest assumption, a 5-3/4% salary increase assumption, and a 3% future cost-of-living increase. The resulting values of assets and liabilities developed by the valuation are set forth in the following Actuarial Balance Sheet.

Los Angeles City Employees'
Retirement System

ACTUARIAL BALANCE SHEET

AS OF JUNE 30, 1985

ASSETS

1. Total Applicable Assets			\$1,393,426,076
2. Present Value of Future Contributions of Members			394,663,700
3. Present Value of Future Contributions by the City on Account of:			
a. Basic Pensions:			
i. Normal Cost		\$227,632,443	
ii. Amortization of Certain Liabilities:			
- Prior Service Pensions	\$ 6,993,141		
- Increase due to 1965 Amendments	2,422,086		
- Remaining Unfunded Actuarial Accrued Liability	<u>396,651,582</u>	406,066,809	
b. Cost-of-Living Pensions:			
i. Normal Cost		117,997,357	
ii. Amortization of Certain Liabilities:			
- Increase due to 1967 Amendments	13,538,918		
- Remaining Unfunded Actuarial Accrued Liability	<u>325,131,299</u>	<u>338,670,217</u>	<u>1,090,366,826</u>
4. Total Assets			<u>2,878,456,602</u>

Los Angeles City Employees'
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ACTUARIAL BALANCE SHEET

AS OF JUNE 30, 1985

LIABILITIES

5. Present Value of Benefits Already Granted:

a. Basic	\$ 772,853,205	
b. Cost-of-Living	<u>428,395,197</u>	\$1,201,248,402

6. Present Value of Benefits to Be Granted:

a. Basic	\$1,306,676,800	
b. Cost-of-Living	<u>370,531,400</u>	<u>1,677,208,200</u>

7. Total Liabilities

\$2,878,456,602

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TPF&C prepared the actuarial balance sheet in a condensed format using terminology that we hope will aid in its review and discussion.

"Cost-of-Living Pensions" are the postretirement increases provided by Section 510.1 of Article XXXIV of the City Charter and related ordinances.

"Basic Pensions" are all benefits other than "Cost-of-Living Pensions" and Family Death Benefits provided by Article XXXIV of the City Charter and related ordinances.

"Amortization of Certain Past Service Liabilities" refers to those liabilities of the System amortized over fixed periods of time pursuant to the Charter, ordinance, or Board authorization.

SECTION IV
RECOMMENDED CITY CONTRIBUTIONS

On the basis of the actuarial valuation of the Retirement System as of June 30, 1985, we respectfully submit the following recommendations in accordance with the provisions of Article XXXIV of the City Charter and related ordinances.

Using the Projected Unit Credit Cost funding method and assuming that all members will contribute on the basis of the full rates suggested in Section II, we recommend that City contributions for fiscal year 1986-1987 be as follows:

	Recommended City Contributions For 1986-1987	
	Percentage of Salary	Fixed-Dollar Amount
a. For Basic Pensions:		
i. Normal Cost	3.51%	---
ii. Prior Service-Minimum Pensions (Charter-Period ending June 30, 1997)	---	\$ 927,955
iii. Increase due to 1965 Amendments (Charter-Period ending June 30, 1990)	---	606,627
iv. Unfunded Actuarial Accrued Liability	4.83%	---
v. Total Basic Pensions	8.34%	\$ 1,534,582

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	<u>Recommended City Contributions For 1986-1987</u>	
	<u>Percentage of Salary</u>	<u>plus</u> <u>Fixed-Dollar Amount</u>
b. For Cost-of-Living Pensions:		
i. Normal Cost	1.82%	---
ii. Increase due to 1967 Amendment (Charter-Period ending June 30, 1997)	---	\$ 1,796,547
iii. Unfunded Actuarial Accrued Liability (Period ending June 30, 2004)	<u>3.96%</u>	<u>---</u>
iv. Total Cost-of-Living Pensions	5.78%	\$ 1,796,547
c. Total Basic and Cost-of-Living Pensions	14.12%	\$ 3,331,129
d. For Family Death Benefits:		
\$5.14 per month for each participating member in the Family Death Benefit Insurance Plan until modified by subsequent valuation.		

An ordinance that became effective in October 1975 permits the City to "subsidize" a portion of employee contributions. Because the portion subsidized by the City will not be refunded to the member upon employment termination before retirement, the City does not have to pay the total amount of employee contributions it subsidizes. On the basis of the actuarial valuation as of June 30, 1985, we recommend the City contribute 66.75% of subsidized employee contributions to the System, i.e., for each \$10,000 the City picks up, it should contribute \$6,675. We note the amount the City subsidizes is the difference between members' actual contributions and the amount of contributions if they contribute at the levels shown in Section VI.

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The following table compares present City percentage of salary contribution rates with those proposed.

	<u>City Percentage of Salary Contributions</u>		
	<u>Proposed</u>	<u>Present</u>	<u>Ratio</u>
Normal Cost	5.33%	5.43%	0.982
Amortization of UAAL	8.79%	9.00%	0.977
Total	14.12%	14.43%	0.979

The decrease in the average age of the active group was responsible for the decrease in the normal cost. The decrease in the amortization was due to the increase in the overall number of active participants which increased the salary base over which the UAAL is amortized. This decrease in the UAAL amortization contribution was partially offset by a modest actuarial loss due primarily to salary increases which were greater than expected.

We believe if the recommendations contained herein are adopted, the System will be maintained on a sound basis in accordance with the actuarial assumptions and funding methods underlying the calculations.

SECTION V

MEASURES OF FUNDING PROGRESS

Several measures can be used to evaluate the funding progress of a retirement system. In this Section we discuss five of these measures to provide several views of the funding progress of the Los Angeles City Retirement System.

Unfunded Actuarial Accrued Liability (UAAL)

A common method of measuring funding progress is to compare the change in the UAAL from one year with that of another. Last year the UAAL was \$711,796,797. This year the UAAL increased to \$744,737,026. Because of inherent characteristics of the amortization method, the UAAL is expected to increase for several more years before it begins to decrease.

We believe the UAAL is a misleading measure of funding progress because it depends heavily on the particular funding method used and, in particular, on the definition of Normal Cost. Thus, we recommend considering other measures of funding progress that are independent of the funding method.

Traditional Funding Ratio

The schedule below compares the assets on hand with the present value of benefits earned to date. This method has been specified by the Governmental Accounting Standards Board as the appropriate method for disclosure. We have shown figures for the current and previous valuations to acquaint you with the funding progress.

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A funding ratio of over 100% would mean that monies had already been paid for benefits yet to be earned, and this may not be appropriate in a public retirement system.

The present value of benefits earned to date is calculated on the basis of an ongoing system, i.e., reflecting all actuarial assumptions including future salary increases. Death and disability benefits are prorated by years of service to normal retirement age. This is sometimes referred to as the "Plan Continuation Liability."

	<u>June 30, 1985</u>	<u>June 30, 1984</u>
1. Present Value of Benefits Earned to Valuation Date		
(a) Basic Benefits	\$1,498,067,905	\$1,376,684,029
(b) Cost-of-Living Benefits	<u>640,095,197</u>	<u>585,986,709</u>
(c) Total	2,138,163,102	1,962,670,738
2. Applicable Assets on Hand		
(a) Basic Benefits	1,092,001,096	988,504,721
(b) Cost-of-Living Benefits	<u>301,424,980</u>	<u>262,369,220</u>
(c) Total	\$1,393,426,076	\$1,250,873,941
3. Funding Ratio		
(a) Basic Benefits	72.9%	71.8%
(b) Cost-of-Living Benefits	47.1%	44.8%
(c) Total	65.2%	63.7%

The increase in funding ratios is roughly what was expected, although we would have expected a slight additional increase if salaries had not increased more than was assumed.

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Vested Liability

We estimate that the liability for vested benefits as of June 30, 1985 amounts to \$2,119,799,574. At the request of the Retirement Board's Auditor, this calculation was done on the basis of projected salaries as described under "funding ratio." Applicable assets on hand amount to \$1,393,426,076. Thus, as of June 30, 1985, there was an excess of vested liability over applicable assets on hand amounting to \$726,373,498. Note that applicable assets on hand amount to 65.7% of the vested liability. The corresponding figure for June 30, 1984 was 64.3%.

Financial Accounting Standards Board Accrued Liability

Another measure of funding progress has recently been introduced by the Financial Accounting Standards Board (FASB) in its Opinion No. 35. The FASB has decided that if the Plan's financial statement is to be compiled in accordance with generally accepted accounting principles (GAAP), the statement must contain the "present value of accumulated benefits" determined in accordance with FASB No. 35.

FASB No. 35 requires a straightforward determination of the present value of accrued benefits similar to our traditional approach. However, they require one change to that definition; namely, no projection of future salary increases is made. Thus, while the traditional accrued liability is calculated on the basis of an ongoing system, the FASB accrued liability is more appropriate if

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no future salary increases are made. Using the FASB approach, we have determined the following:

	<u>June 30, 1985</u>	<u>June 30, 1984</u>
(1) Present Value of Accrued Benefits	\$1,867,839,502	\$1,712,159,938
(2) Assets	1,393,426,076	1,250,873,941
(3) Percent Funded (2)/(1)	74.6%	73.1%

Our comments with regard to the change in the traditional funding ratio are also applicable here. The above results are based on the actuarial assumptions as described in Section II, including an interest rate of 8%. The 8% may be judged low by FASB standards, which require realistic returns based on a market valuation of assets. We believe 8% is appropriate when the comparison is made with the book value of assets.

Quick Liability

A simple measure of a plan's condition is to compare the liability for inactive members plus deposits of active members with accumulated assets. We have termed this liability the "Quick Liability." The comparison with assets is as follows:

	<u>June 30, 1985</u>	<u>June 30, 1984</u>
(1) Liability for Retired and Vested Terminations	1,201,248,402	\$1,085,542,238
(2) Accumulated Active Member Deposits with Interest	283,832,000	255,726,200
(3) Total (1)+(2)	1,485,080,402	1,341,268,438
(4) Assets	1,393,426,076	1,250,873,941
(5) Percent Funded (4)/(3)	93.8%	93.3%

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In a well-funded system, the assets would at least equal the liability for members no longer providing services plus the active members' "own" money.

To summarize, there are two basic considerations in contemplating the funding status of a system. The first is the assets accumulated to pay benefits and how they compare with the current liability for benefits already earned. The various funding measures presented above are intended to evaluate this aspect of funding. However, the second consideration is normally more important: what is the financial commitment of the plan sponsor to continue to fund both benefits earned to date and benefits to be earned in the future, and does the plan sponsor have the financial resources to meet future budgetary obligations, as recommended in Section IV?

SECTION VI
STATISTICAL INFORMATION

- o Summary of Actuarial Assumptions
- o Mortality after Service Retirement - Schedule 1
- o Mortality after Disability Retirement - Schedule 2
- o Probability of Occurrence (of Decrements from Active Service)
 - Schedule 3: Male, Female
- o Member Contribution Rates
- o Distribution of Active Members by Age and Service
- o Distribution of Pensioners by Age and Year of Retirement
- o Summary of Major Plan Provisions

SUMMARY OF ACTUARIAL ASSUMPTIONS

The Projected Unit Credit Cost Method was used in conjunction with the following actuarial assumptions:

1. Interest: 8.0% per annum.
2. Salary Scale: 5.75% per annum.
3. Spouses and Dependents: 80% of male employees and 50% of female employees assumed married at retirement, with wives assumed four years younger than husbands.
4. Rehire of Former Employees: Assumed not to be rehired.
5. Asset Valuation: Asset values taken directly from statements furnished by the City.
6. Rates of Termination of Employment: As shown on the following pages titled "Probability of Occurrence."
7. Probabilities of Mortality after Retirement: As shown in table that follows (Schedule 1).
8. Probabilities of Mortality after Disability: As shown in table that follows (Schedule 2).
9. Cost-of-Living Increases: 3.0% per annum, compounded annually.

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10. Health Benefits Liability: A liability for retired members is determined by computing the present value of health insurance premiums, assuming they will be paid during the future lifetime of each member. There is no prefunding for active members.

SCHEDULE 1
EXPECTATION OF LIFE
1971 Group Annuity*
(x-0) (x-6)

<u>Age</u>	<u>Male</u>	<u>Female</u>
15	60.13 years	65.97 years
20	55.26	61.10
25	50.40	56.23
30	45.57	51.37
35	40.76	46.53
40	36.01	41.72
45	31.36	36.96
46	30.45	36.01
47	29.55	35.07
48	28.66	34.13
49	27.78	33.20
50	26.91	32.28
51	26.05	31.36
52	25.20	30.45
53	24.36	29.55
54	23.53	28.66
55	22.71	27.78
56	21.90	26.91
57	21.10	26.05
58	20.31	25.20
59	19.53	24.36
60	18.76	23.53
61	18.00	22.71
62	17.26	21.90
63	16.53	21.10
64	15.81	20.31
65	15.00	19.53
66	14.43	18.76
67	13.77	18.00
68	13.13	17.26
69	12.50	16.53
70	11.91	15.81

* This table was used with a two-year age setback.

SCHEDULE 1
(continued)

EXPECTATION OF LIFE

1971 Group Annuity*
(x-0) (x-6)

<u>Age</u>	<u>Male</u>	<u>Female</u>
71	11.33 years	15.11 years
72	10.79	14.43
73	10.26	13.77
74	9.74	13.13
75	9.24	12.50
76	8.76	11.91
77	8.28	11.33
78	7.83	10.79
79	7.41	10.26
80	7.00	9.74
81	6.63	9.24
82	6.27	8.76
83	5.94	8.28
84	5.63	7.83
85	5.34	7.41
86	5.06	7.00
87	4.80	6.63
88	4.55	6.27
89	4.31	5.94
90	4.08	5.63
91	3.87	5.34
92	3.66	5.06
93	3.46	4.80
94	3.26	4.55
95	3.07	4.31
96	2.89	4.08
97	2.71	3.87
98	2.54	3.66
99	2.37	3.46
100	2.20	3.26
101	2.04	3.07
102	1.88	2.89
103	1.72	2.71
104	1.55	2.54
105	1.38	2.37

* This table was used with a two-year age setback.

SCHEDULE 1
(continued)

EXPECTATION OF LIFE

1971 Group Annuity*
(x-0) (x-6)

<u>Age</u>	<u>Male</u>	<u>Female</u>
106	1.21 years	2.20 years
107	1.04	2.04
108	.88	1.88
109	.71	1.72
110	.50	1.55

* This table was used with a two-year age setback.

SCHEDULE 2

1981 DISABILITY MORTALITY TABLE

Age	General	Safety	Age	General	Safety
20	.0066	.0019	65	.0379	.0368
21	.0074	.0020	66	.0390	.0385
22	.0080	.0021	67	.0400	.0400
23	.0085	.0022	68	.0411	.0411
24	.0091	.0023	69	.0422	.0422
25	.0096	.0024	70	.0437	.0437
26	.0100	.0026	71	.0454	.0454
27	.0106	.0027	72	.0472	.0472
28	.0106	.0028	73	.0496	.0496
29	.0112	.0030	74	.0526	.0526
30	.0122	.0031	75	.0553	.0553
31	.0127	.0033	76	.0601	.0601
32	.0132	.0034	77	.0659	.0659
33	.0137	.0036	78	.0726	.0726
34	.0143	.0038	79	.0797	.0797
35	.0148	.0040	80	.0874	.0874
36	.0154	.0042	81	.0955	.0955
37	.0159	.0044	82	.1037	.1037
38	.0165	.0046	83	.1123	.1123
39	.0170	.0049	84	.1211	.1211
40	.0176	.0051	85	.1301	.1301
41	.0182	.0054	86	.1393	.1393
42	.0188	.0057	87	.1487	.1487
43	.0194	.0060	88	.1585	.1585
44	.0201	.0064	89	.1687	.1687
45	.0208	.0067	90	.1795	.1795
46	.0215	.0071	91	.1905	.1905
47	.0222	.0076	92	.2017	.2017
48	.0229	.0081	93	.2123	.2123
49	.0236	.0086	94	.2265	.2265
50	.0244	.0092	95	.2412	.2412
51	.0252	.0099	96	.2562	.2562
52	.0259	.0107	97	.2725	.2725
53	.0267	.0117	98	.2902	.2902
54	.0275	.0130	99	.3091	.3091
55	.0284	.0150	100	.3298	.3298
56	.0293	.0177	101	.3525	.3525
57	.0303	.0210	102	.3772	.3772
58	.0312	.0236	103	.4062	.4062
59	.0321	.0260	104	.4415	.4415
60	.0330	.0280	105	.4852	.4852
61	.0339	.0298	106	.5393	.5393
62	.0348	.0315	107	.6061	.6061
63	.0358	.0332	108	.6874	.6874
64	.0369	.0350	109	.7856	.7856
			110	1.0000	1.0000

SCHEDULE 3

RATES OF TERMINATION OF EMPLOYMENT

The following pages indicate the probability of termination of employment for each of nine separate sources of termination:

- o Ordinary withdrawal: member terminates and elects refund of member contributions.
- o Vested withdrawal: member terminates and contributions are left on deposit.
- o Ordinary death: member dies prior to eligibility for retirement; death not employment-related.
- o Ordinary disability: member receives disability retirement where the member's disability is not employment-related.
- o Service retirement: member retires after satisfaction of requirements of age and/or service for reasons other than disability.
- o Service disability: member receives disability retirement as the result of employment-related disability.
- o Service death: member dies prior to retirement as the result of performance of assigned duties.
- o DWE - Service Retirement: member dies prior to retirement but after satisfaction of age and/or service requirements for service retirement.
- o DWE - Disability Retirement: member dies prior to retirement but after satisfaction of age and/or service requirements for disability retirement.

The probabilities shown for each cause of termination represent the probability that a given member will terminate at a particular age for the indicated reason. For example, if the probability of ordinary withdrawal at age 25 is .1000, then we are assuming that 10% of the active members at age 25 will terminate without vested rights during the next year.

LOS ANGELES CITY EMPLOYEES
 MALE GENERAL MEMBERS
 PROBABILITY OF OCCURRENCE (INCLUDING ELIGIBILITY)

01/20/84
 17:09:53

AGE NEAREST	ORDINARY WITHDRAW	VESTED WITHDRAW	ORDINARY DEATH	ORDINARY DISABLTY	SERVICE RETIRE	SERVICE DISABLTY	SERVICE DEATH	DWE SVC RET	DWE DIS RET
18	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20	0.3210	0.0	0.0003	0.0	0.0	0.0	0.0	0.0	0.0
21	0.2960	0.0	0.0003	0.0	0.0	0.0	0.0	0.0	0.0
22	0.2710	0.0	0.0004	0.0	0.0	0.0	0.0	0.0	0.0
23	0.2500	0.0	0.0004	0.0	0.0	0.0	0.0	0.0	0.0
24	0.2310	0.0	0.0004	0.0	0.0	0.0	0.0	0.0	0.0
25	0.2140	0.0	0.0005	0.0002	0.0	0.0	0.0	0.0	0.0
26	0.1950	0.0	0.0005	0.0002	0.0	0.0	0.0	0.0	0.0
27	0.1790	0.0	0.0006	0.0003	0.0	0.0	0.0	0.0	0.0
28	0.1670	0.0	0.0006	0.0004	0.0	0.0	0.0	0.0	0.0
29	0.1520	0.0	0.0007	0.0005	0.0	0.0	0.0	0.0	0.0
30	0.1410	0.0	0.0007	0.0006	0.0	0.0	0.0	0.0	0.0
31	0.1280	0.0	0.0008	0.0008	0.0	0.0	0.0	0.0	0.0
32	0.1150	0.0	0.0009	0.0009	0.0	0.0	0.0	0.0	0.0
33	0.1080	0.0	0.0009	0.0010	0.0	0.0	0.0	0.0	0.0
34	0.0990	0.0	0.0010	0.0011	0.0	0.0	0.0	0.0	0.0
35	0.0910	0.0	0.0011	0.0013	0.0	0.0	0.0	0.0	0.0
36	0.0830	0.0	0.0012	0.0014	0.0	0.0	0.0	0.0	0.0
37	0.0760	0.0	0.0013	0.0015	0.0	0.0	0.0	0.0	0.0
38	0.0690	0.0	0.0015	0.0016	0.0	0.0	0.0	0.0	0.0
39	0.0640	0.0	0.0016	0.0017	0.0	0.0	0.0	0.0	0.0
40	0.0600	0.0	0.0018	0.0018	0.0	0.0	0.0	0.0	0.0
41	0.0560	0.0	0.0020	0.0018	0.0	0.0	0.0	0.0	0.0
42	0.0510	0.0	0.0021	0.0019	0.0	0.0	0.0	0.0	0.0
43	0.0460	0.0	0.0022	0.0019	0.0	0.0	0.0	0.0	0.0
44	0.0420	0.0	0.0024	0.0020	0.0	0.0	0.0	0.0	0.0
45	0.0400	0.0	0.0026	0.0020	0.0	0.0	0.0	0.0	0.0
46	0.0380	0.0	0.0029	0.0021	0.0	0.0	0.0	0.0	0.0
47	0.0360	0.0	0.0031	0.0021	0.0	0.0	0.0	0.0	0.0
48	0.0340	0.0	0.0033	0.0022	0.0	0.0	0.0	0.0	0.0
49	0.0330	0.0	0.0036	0.0022	0.0	0.0	0.0	0.0	0.0
50	0.0310	0.0	0.0041	0.0023	0.0020	0.0	0.0	0.0	0.0
51	0.0290	0.0	0.0044	0.0023	0.0030	0.0	0.0	0.0	0.0
52	0.0280	0.0	0.0048	0.0023	0.0040	0.0	0.0	0.0	0.0
53	0.0260	0.0	0.0054	0.0023	0.0055	0.0	0.0	0.0	0.0
54	0.0250	0.0	0.0059	0.0023	0.0235	0.0	0.0	0.0	0.0
55	0.0230	0.0	0.0040	0.0024	0.0945	0.0	0.0	0.0026	0.0
56	0.0210	0.0	0.0044	0.0024	0.0675	0.0	0.0	0.0030	0.0
57	0.0200	0.0	0.0049	0.0024	0.0785	0.0	0.0	0.0032	0.0
58	0.0180	0.0	0.0053	0.0024	0.0900	0.0	0.0	0.0036	0.0
59	0.0160	0.0	0.0059	0.0024	0.1000	0.0	0.0	0.0040	0.0
60	0.0140	0.0	0.0066	0.0024	0.1935	0.0	0.0	0.0044	0.0
61	0.0120	0.0	0.0074	0.0024	0.1400	0.0	0.0	0.0049	0.0
62	0.0100	0.0	0.0082	0.0025	0.1500	0.0	0.0	0.0054	0.0
63	0.0070	0.0	0.0090	0.0025	0.1680	0.0	0.0	0.0060	0.0
64	0.0030	0.0	0.0100	0.0025	0.2125	0.0	0.0	0.0066	0.0
65	0.0	0.0	0.0110	0.0	0.3500	0.0	0.0	0.0074	0.0
66	0.0	0.0	0.0122	0.0	0.2240	0.0	0.0	0.0081	0.0
67	0.0	0.0	0.0135	0.0	0.2240	0.0	0.0	0.0090	0.0
68	0.0	0.0	0.0146	0.0	0.2240	0.0	0.0	0.0097	0.0
69	0.0	0.0	0.0160	0.0	0.2500	0.0	0.0	0.0107	0.0
70	0.0	0.0	0.0	0.0	1.0000	0.0	0.0	0.0	0.0

LOS ANGELES CITY EMPLOYEES
 FEMALE GENERAL MEMBERS
 PROBABILITY OF OCCURRENCE(INCLUDING ELIGIBILITY)

01/20/84
 17:09:53

AGE NEAREST	ORDINARY WITHDRAW	VESTED WITHDRAW	ORDINARY DEATH	ORDINARY DISABTY	SERVICE RETIRE	SERVICE DISABTY	SERVICE DEATH	DWE SVC RET	DWE DIS RET
18	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20	0.2110	0.0	0.0002	0.0	0.0	0.0	0.0	0.0	0.0
21	0.2040	0.0	0.0002	0.0	0.0	0.0	0.0	0.0	0.0
22	0.1970	0.0	0.0002	0.0	0.0	0.0	0.0	0.0	0.0
23	0.1880	0.0	0.0002	0.0	0.0	0.0	0.0	0.0	0.0
24	0.1800	0.0	0.0003	0.0	0.0	0.0	0.0	0.0	0.0
25	0.1730	0.0	0.0004	0.0	0.0	0.0	0.0	0.0	0.0
26	0.1670	0.0	0.0004	0.0	0.0	0.0	0.0	0.0	0.0
27	0.1610	0.0	0.0005	0.0	0.0	0.0	0.0	0.0	0.0
28	0.1530	0.0	0.0005	0.0	0.0	0.0	0.0	0.0	0.0
29	0.1480	0.0	0.0006	0.0	0.0	0.0	0.0	0.0	0.0
30	0.1410	0.0	0.0006	0.0001	0.0	0.0	0.0	0.0	0.0
31	0.1360	0.0	0.0007	0.0001	0.0	0.0	0.0	0.0	0.0
32	0.1300	0.0	0.0007	0.0001	0.0	0.0	0.0	0.0	0.0
33	0.1230	0.0	0.0008	0.0001	0.0	0.0	0.0	0.0	0.0
34	0.1160	0.0	0.0009	0.0001	0.0	0.0	0.0	0.0	0.0
35	0.1090	0.0	0.0009	0.0002	0.0	0.0	0.0	0.0	0.0
36	0.1000	0.0	0.0010	0.0002	0.0	0.0	0.0	0.0	0.0
37	0.0900	0.0	0.0010	0.0002	0.0	0.0	0.0	0.0	0.0
38	0.0830	0.0	0.0011	0.0003	0.0	0.0	0.0	0.0	0.0
39	0.0780	0.0	0.0012	0.0003	0.0	0.0	0.0	0.0	0.0
40	0.0710	0.0	0.0013	0.0004	0.0	0.0	0.0	0.0	0.0
41	0.0680	0.0	0.0014	0.0005	0.0	0.0	0.0	0.0	0.0
42	0.0650	0.0	0.0015	0.0006	0.0	0.0	0.0	0.0	0.0
43	0.0610	0.0	0.0015	0.0008	0.0	0.0	0.0	0.0	0.0
44	0.0580	0.0	0.0016	0.0010	0.0	0.0	0.0	0.0	0.0
45	0.0550	0.0	0.0017	0.0012	0.0	0.0	0.0	0.0	0.0
46	0.0520	0.0	0.0018	0.0014	0.0	0.0	0.0	0.0	0.0
47	0.0490	0.0	0.0019	0.0014	0.0	0.0	0.0	0.0	0.0
48	0.0460	0.0	0.0020	0.0016	0.0	0.0	0.0	0.0	0.0
49	0.0440	0.0	0.0021	0.0018	0.0	0.0	0.0	0.0	0.0
50	0.0420	0.0	0.0022	0.0020	0.0010	0.0	0.0	0.0	0.0
51	0.0400	0.0	0.0024	0.0024	0.0025	0.0	0.0	0.0	0.0
52	0.0380	0.0	0.0026	0.0028	0.0045	0.0	0.0	0.0	0.0
53	0.0350	0.0	0.0028	0.0032	0.0075	0.0	0.0	0.0	0.0
54	0.0330	0.0	0.0030	0.0036	0.0150	0.0	0.0	0.0	0.0
55	0.0310	0.0	0.0033	0.0040	0.0710	0.0	0.0	0.0	0.0
56	0.0290	0.0	0.0036	0.0040	0.0320	0.0	0.0	0.0	0.0
57	0.0270	0.0	0.0039	0.0040	0.0350	0.0	0.0	0.0	0.0
58	0.0250	0.0	0.0043	0.0040	0.0400	0.0	0.0	0.0	0.0
59	0.0230	0.0	0.0047	0.0040	0.0650	0.0	0.0	0.0	0.0
60	0.0220	0.0	0.0052	0.0	0.1850	0.0	0.0	0.0	0.0
61	0.0210	0.0	0.0057	0.0	0.1100	0.0	0.0	0.0	0.0
62	0.0200	0.0	0.0065	0.0	0.1250	0.0	0.0	0.0	0.0
63	0.0150	0.0	0.0073	0.0	0.1350	0.0	0.0	0.0	0.0
64	0.0070	0.0	0.0081	0.0	0.1500	0.0	0.0	0.0	0.0
65	0.0	0.0	0.0091	0.0	0.2500	0.0	0.0	0.0	0.0
66	0.0	0.0	0.0105	0.0	0.1700	0.0	0.0	0.0	0.0
67	0.0	0.0	0.0121	0.0	0.1850	0.0	0.0	0.0	0.0
68	0.0	0.0	0.0139	0.0	0.2150	0.0	0.0	0.0	0.0
69	0.0	0.0	0.0159	0.0	0.2800	0.0	0.0	0.0	0.0
70	0.0	0.0	0.0	0.0	1.0000	0.0	0.0	0.0	0.0

Los Angeles City Employees'
Retirement System

APPLICABLE TO MEMBERS COVERED UNDER "BETA" FORMULA

115% NORMAL CONTRIBUTION RATES

<u>Age</u>	<u>Normal Contribution Rate</u>	<u>Age</u>	<u>Normal Contribution Rate</u>
		40	10.19%
16	8.00%	41	10.29
17	8.04	42	10.41
18	8.08	43	10.52
19	8.14	44	10.64
20	8.20	45	10.76
21	8.27	46	10.89
22	8.34	47	11.01
23	8.42	48	11.12
24	8.50	49	11.24
25	8.58	50	11.34
26	8.66	51	11.44
27	8.75	52	11.55
28	8.86	53	11.65
29	8.96	54	11.75
30	9.06	55	11.85
31	9.17	56	11.94
32	9.28	57	12.03
33	9.40	58	12.13
34	9.50	59	12.19
35	9.61		
36	9.73		
37	9.84		
38	9.96		
39	10.07		

71 GAM
5-3/4%
3-1/2% S/S

Los Angeles City Employees'
Retirement System

APPLICABLE TO MEMBERS COVERED UNDER "BETA" FORMULA

115% NORMAL CONTRIBUTION RATES

<u>Age</u>	<u>Survivor Contribution Rate</u>	<u>Age</u>	<u>Survivor Contribution Rate</u>
16	.22%	40	.91%
17	.28	41	.92
18	.33	42	.93
19	.39	43	.94
		44	.95
20	.44	45	.97
21	.48	46	.98
22	.53	47	.99
23	.56	48	1.00
24	.60	49	1.01
25	.63	50	1.03
26	.66	51	1.05
27	.68	52	1.06
28	.70	53	1.07
29	.72	54	1.08
30	.75	55	1.09
31	.77	56	1.10
32	.79	57	1.12
33	.81	58	1.13
34	.82	59 and over	1.14
35	.83		
36	.85		
37	.86		
38	.87		
39	.90		

71 GAM
5-3/4%
3-1/2% S/S

Los Angeles City Employees'
Retirement System

APPLICABLE TO MEMBERS COVERED UNDER "BETA" FORMULA

115% NORMAL CONTRIBUTION RATES

Applicable Only to Employees Whose Normal and Survivor
Contribution Rates Are Assigned by the Same Age

<u>Age</u>	<u>Total Contribution Rate</u>	<u>Age</u>	<u>Total Contribution Rate</u>
		40	11.10%
16	8.22%	41	11.21
17	8.32	42	11.34
18	8.41	43	11.46
19	8.53	44	11.59
20	8.64	45	11.73
21	8.75	46	11.87
22	8.87	47	12.00
23	8.98	48	12.12
24	9.10	49	12.25
25	9.21	50	12.37
26	9.32	51	12.49
27	9.43	52	12.61
28	9.56	53	12.72
29	9.68	54	12.83
30	9.81	55	12.94
31	9.94	56	13.04
32	10.07	57	13.15
33	10.21	58	13.24
34	10.32	59	13.33
35	10.44		
36	10.58		
37	10.70		
38	10.83		
39	10.97		

71 GAM
5-3/4%
3-1/2% S/S

AGE/SERVICE DISTRIBUTION TOTAL MEMBERS

AGE *****	** SERVICE **												TOTAL *****	
	0-1 *****	1-2 *****	2-3 *****	3-4 *****	4-5 *****	5-9 *****	10-14 *****	15-19 *****	20-24 *****	25-29 *****	30-34 *****	35- *****		
15-19	*NO. * 31	0	0	0	0	0	0	0	0	0	0	0	0	31
	TOT.AMT 462546	0	0	0	0	0	0	0	0	0	0	0	0	462546
	AVE.AMT* 14921	0	0	0	0	0	0	0	0	0	0	0	0	14921
20-24	*NO. * 566	226	88	63	109	30	0	0	0	0	0	0	0	1082
	TOT.AMT 10126897	4278282	1857021	1350041	2303114	649224	0	0	0	0	0	0	0	20564579
	AVE.AMT* 17892	18930	21103	21429	21129	21641	0	0	0	0	0	0	0	19006
25-29	*NO. * 616	422	189	172	366	359	26	0	0	0	0	0	0	2150
	TOT.AMT 12806146	9358277	4433000	4010945	8654163	8247492	585511	0	0	0	0	0	0	48095534
	AVE.AMT* 20789	22176	23455	23319	23645	22974	22520	0	0	0	0	0	0	22370
30-34	*NO. * 479	295	189	159	326	773	529	35	0	0	0	0	0	2785
	TOT.AMT 10744293	6955294	4698747	4087570	8371047	21070358	13553077	935940	0	0	0	0	0	70416326
	AVE.AMT* 22431	23577	24861	25708	25678	27258	25620	26741	0	0	0	0	0	25284
35-39	*NO. * 329	215	110	97	202	718	994	429	12	0	0	0	0	3106
	TOT.AMT 7610661	5228550	2850278	2417242	5387272	20953852	29545160	12987426	337114	0	0	0	0	87317555
	AVE.AMT* 23133	24319	25912	24920	26670	29184	29723	30274	28093	0	0	0	0	28113
40-44	*NO. * 190	139	66	51	124	384	626	755	188	10	0	0	0	2533
	TOT.AMT 4557153	3409723	1895874	1261280	3407488	11714233	19240875	24656360	6322093	358681	0	0	0	76823760
	AVE.AMT* 23985	24530	28725	24731	27480	30506	30736	32657	33628	35868	0	0	0	30329
45-49	*NO. * 123	78	49	33	90	258	418	580	372	170	9	0	0	2180
	TOT.AMT 2972439	1927453	1400659	828297	2322335	7151484	12493139	17845265	12556787	5483573	282891	0	0	65264322
	AVE.AMT* 24166	24711	28585	25100	25804	27719	29888	30768	33755	32256	31432	0	0	29938
50-54	*NO. * 62	37	25	30	59	192	324	437	335	466	81	2	0	2050
	TOT.AMT 1434266	862706	690658	821501	1777158	5431667	9514110	12337077	10970700	15815655	2637147	82318	0	62374963
	AVE.AMT* 23133	23316	27626	27383	30121	28290	29365	28231	32748	33939	32557	41159	0	30427
55-59	*NO. * 59	37	25	18	39	190	254	302	274	359	156	22	0	1735
	TOT.AMT 1441761	928286	593309	477231	990975	5389772	7209092	8793878	8583463	11545350	5524222	866962	0	52344301
	AVE.AMT* 24437	25089	23732	26513	25410	28367	28382	29119	31327	32160	35412	39407	0	30170
60-64	*NO. * 21	15	18	8	22	138	196	231	160	157	78	48	0	1092
	TOT.AMT 423522	308262	539665	216109	602467	3804344	5664830	6996501	4752823	4769388	2664490	2068303	0	32810704
	AVE.AMT* 20168	20551	29981	27014	27385	27568	28902	30288	29705	30378	34160	43090	0	30046
65-	*NO. * 8	0	4	5	13	67	100	99	64	42	30	29	0	461
	TOT.AMT 127409	0	61213	130770	318741	2132363	2949947	2824666	2096477	1211316	998165	1061475	0	13912542
	AVE.AMT* 15926	0	15303	26154	24519	31826	29499	28532	32757	28841	33272	36603	0	30179
TOTAL	*NO. * 2484	1464	763	636	1350	3109	3467	2868	1405	1204	354	101	0	19205
	TOT.AMT 52707093	33256833	19020424	15600986	34134760	86544789	100755741	87377113	45619457	39183963	12106915	40790585	0	30387132
	AVE.AMT* 21219	22716	24928	24530	25285	27837	29061	30466	32469	32545	34200	40387	0	27617

AVERAGE AGE * 41.7 * AVERAGE SERVICE * 10.3 *

DISTRIBUTION OF PENSIONERS BY YEAR OF RETIREMENT AND BY ATTAINED AGE AS OF 6/85

TOTAL OF ALL MEMBERS

ATTAINED AGE *****	PRE '65 ****	** YEAR OF RETIREMENT **																				TOTAL *****	AVG AMT *****	
		'65	'66	'67	'68	'69	'70	'71	'72	'73	'74	'75	'76	'77	'78	'79	'80	'81	'82	'83	'84			
0- 29	3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	1	2	0	9	2751	
30- 34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	5	3	2	3	2	18	7444	
35- 39	0	0	0	0	0	0	0	0	1	1	0	1	3	1	8	9	12	7	7	6	0	56	6703	
40- 44	0	0	0	1	1	0	0	1	2	0	6	7	4	5	10	8	11	7	8	8	1	80	6585	
45- 49	0	0	0	1	0	1	3	3	3	5	1	7	10	8	15	22	8	11	6	11	3	118	6764	
50- 54	0	1	0	3	0	1	2	7	2	3	4	11	13	11	10	16	18	19	9	16	11	157	6924	
55- 59	3	0	2	2	0	2	4	11	12	10	14	14	21	27	35	25	53	88	145	155	184	807	13180	
60- 64	12	1	7	5	9	5	6	16	11	19	28	47	69	112	194	164	151	183	285	253	184	1761	13700	
65- 69	83	17	16	22	18	27	25	42	61	69	95	134	173	184	225	191	182	178	143	138	125	2148	11384	
70- 74	35	23	23	44	35	45	44	64	70	121	95	155	181	153	145	111	90	71	55	29	33	1622	9932	
75- 79	136	46	59	67	64	68	59	76	91	124	75	113	73	37	32	24	16	13	10	2	2	1187	8229	
80- 84	274	63	43	56	63	34	46	53	50	54	19	14	2	1	0	0	1	0	0	1	0	774	7141	
85- 89	176	42	22	20	29	5	0	0	1	1	0	1	0	0	0	0	0	0	0	0	0	297	6129	
90- 94	139	4	1	1	0	2	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	149	5819	
95- 99	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18	5070	
100-104	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
105-999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT NUM	879	197	174	222	219	190	189	274	304	408	337	504	549	539	674	574	548	580	671	624	545	9201		
AVG AMT	5024	6970	6110	6231	6736	6311	6637	6946	7384	9295	9007	10423	11574	10894	11460	11710	11216	12400	15418	14941	15202			

* AVG AMT * 10471
* TOT. PEN. 96343936 *

SUMMARY OF MAJOR PLAN PROVISIONS

1. Membership Requirements

First of month following employment.

2. Final Monthly Compensation

Highest 12-month average salary.

3. Service Retirement

A. Eligibility

Ten years of service and age 55, or 30 years of service any age, or age 70.

B. Allowance

"Beta" Formula - 2.16% of final monthly compensation for each year of service (reduced if retirement before age 60); however, member may retire on full accrued pension if he or she has completed at least 30 years of service and has attained age 55.

Prior Formula - 2% of final monthly compensation for each year of service (reduced if retirement before age 58-3/4).

C. Form of Payment

Monthly allowance payable for life with 50% continuance to eligible spouse. Larger continuance available as option with reduced allowance.

Los Angeles City Employees'
Retirement System

4. Disability Retirement

A. Eligibility

Five or more years of continuous service and physically or mentally incapacitated so unable to perform duties of position.

B. Allowance

1/70 of final monthly compensation for each year of continuous service. If service is less than 23-1/3 years, then service is projected to retirement, with a maximum total service (actual plus projected) of 23-1/3 years.

C. Form of Payment

Monthly allowance payable for life, with 50% continuance to eligible surviving spouse if employee had that coverage at time of retirement.

5. Deferred Service Retirement

A. Eligibility

Terminate City service with five or more years of retirement credit, apply in writing within three years after termination, and agree to leave accumulated contributions on deposit.

Application required for retirement at any time after attaining age 55, provided at least 10 years have elapsed when employee first became a member, or at age 70 without any elapsed time requirement.

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B. Allowance

Same as service retirement.

C. Form of Payment

Same as service retirement.

6. Death Prior to Retirement

A. Not Eligible to Retire

The sum of:

- i. accumulated contributions,
- ii. a monthly pension to the surviving spouse, minor children, or dependent parents of the deceased member, payable for a period equal to two months times the number of completed years of service credit to a maximum period of 12 months at the rate of 1/2 of the average monthly salary for the year before death, and
- iii. if deceased member was a qualified member of the Family Death Benefit Insurance Plan, such benefits as are payable under that Plan.

B. Eligibility for Disability Retirement or Duty-Related Death

The sum of the following:

- i. 60% of the allowance the member would have received if he or she had been granted a disability retirement allowance the day before he or she died, payable for the lifetime of the member's surviving spouse, and

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- ii. if the deceased member was a qualified member of the Family Death Benefit Insurance Plan, such benefits as are payable under the Plan.

C. Eligible for Retirement

Surviving spouse receives a lifetime survivorship allowance based on an actuarially computed percentage of the retirement allowance the member would have been entitled to if he or she had been granted an Option 1 service retirement the day before he or she died. Benefits under the Family Death Benefit Insurance Plan, if any, are not payable. The surviving spouse may elect A or B in lieu of C.

7. Death After Retirement

- A. 50% continuance to surviving eligible spouse, if covered under the plan.
- B. Upon the death of both the member and surviving spouse, designated beneficiary receives any unused contributions that may remain (provided the normal cash refund annuity was selected) and any accrued but unpaid retirement allowance due at time of death.
- C. \$500 death benefit paid to designated beneficiary of deceased member for assumption of obligation to pay burial expense.

Los Angeles City Employees'
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8. Postretirement Cost-of-Living Benefits

As of each July 1, benefits currently being paid are increased (proportionately if paid less than 12 months) by the percentage increase in the Consumer Price Index (to a maximum of 3%). Increases in CPI above 3% are "banked" to apply in years when the CPI increase is less than 3%.

9. Employee Contributions

For purposes of this valuation, each member who entered the plan before February 1, 1983 is assumed to contribute to the System at the rates specified previously in the Section. These rates were recommended in our 1977 valuation and adopted through union negotiations; they are being phased in and are assumed to be totally effective after June 30, 1981. To the extent that members contribute less than the full rates, the City should make compensating contributions as discussed in Section V. Contribution rates for members not covered by the BETA formula are 8% less than rates for members covered by the BETA formula. Members who entered the plan on or after February 1, 1983 are assumed to contribute at the rate of 6%.

10. Family Death Benefit Insurance Plan

A. Eligibility

Employee may elect coverage after 18 months of City retirement service credit.

Los Angeles City Employees'
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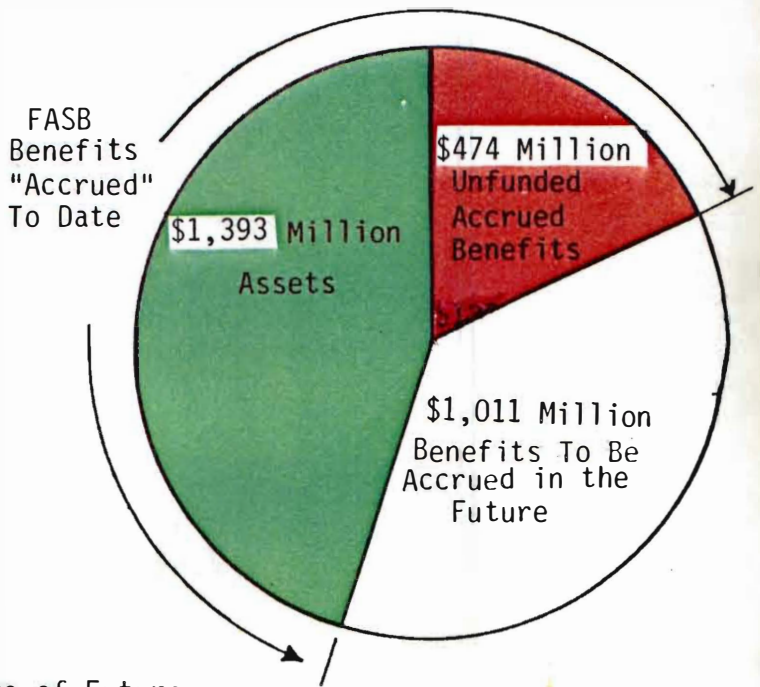
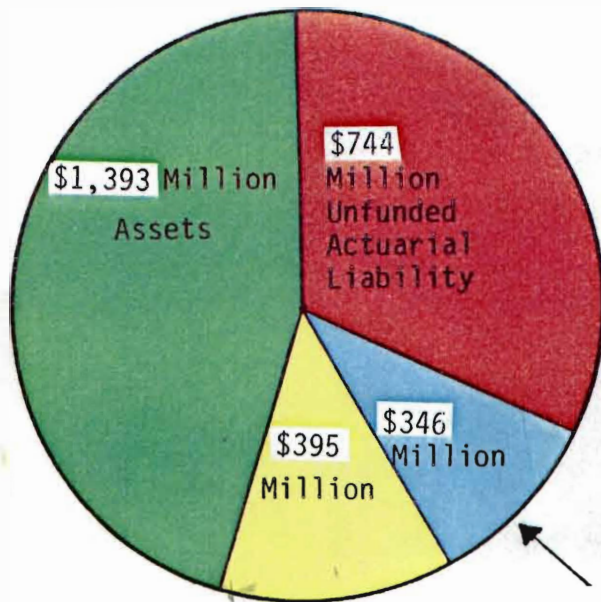
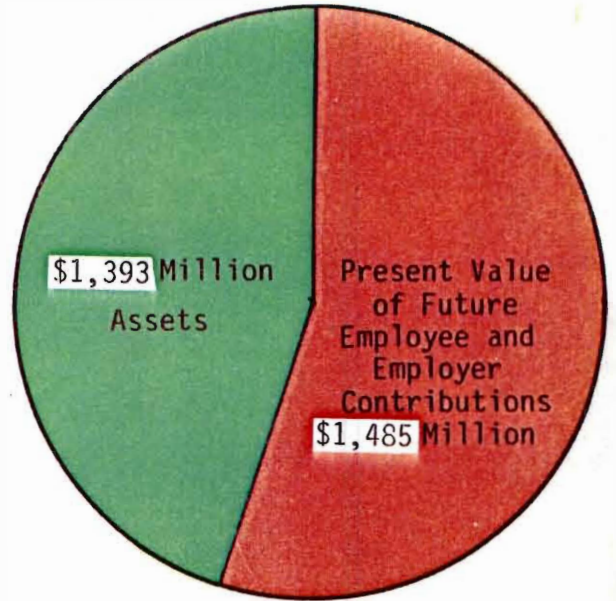
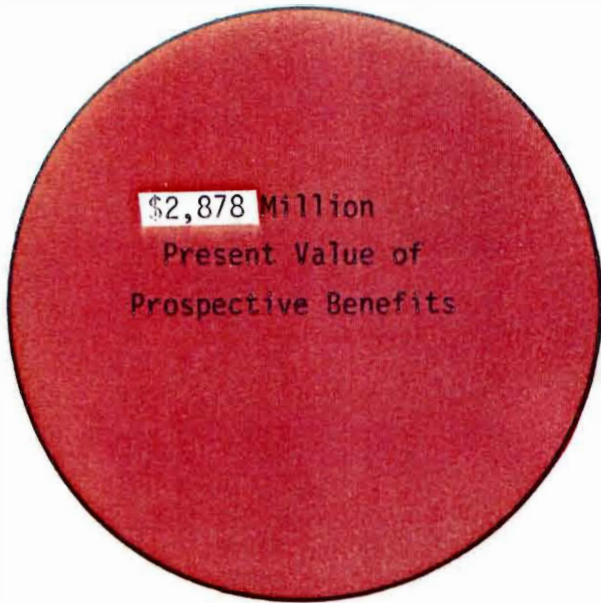
B. Benefits

Benefits similar to those provided by Survivors' Insurance under Social Security are payable if member dies in active service after 18 months of plan membership.

C. Cost

Member and City share cost of plan (currently \$5.14 per month contribution for each).

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM 1985 VALUATION



Present value of Future Employee Contributions

Present value of Future City Normal Costs
5.33% of Payroll