Board of Administration Agenda

REGULAR MEETING

TUESDAY, JANUARY 27, 2026

TIME: 10:00 A.M.

MEETING LOCATION:

LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

Important Message to the Public

An opportunity for the public to address the Board in person from the Boardroom and provide comment on items of interest that are within the subject matter jurisdiction of the Board or on any agenda item will be provided at the beginning of the meeting and before consideration of items on the agenda.

Members of the public who do not wish to attend the meeting in person may listen to the live meeting via YouTube streaming at the following link: LACERS Livestream.

Disclaimer to Participants

Please be advised that all LACERS Board meetings are recorded.

LACERS Website Address/link:
www.LACERS.org

In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Board in advance of the meeting may be viewed by clicking on LACERS website at www.LACERS.org, at LACERS' offices, or at the scheduled meeting. In addition, if you would like a copy of a public record related to an item on the agenda, please call (213) 855-9348 or email at lacers.board@lacers.org.

Notice to Paid Representatives

If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code §§ 48.01 *et seq*. More information is available at ethics.lacity.org/lobbying. For assistance, please contact the Ethics Commission at (213) 978-1960 or ethics.commission@lacity.org.

Request for Services

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities.

Sign Language Interpreters, Communications Access Real-Time Transcription, Assisted Listening Devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, please make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days notice is strongly recommended. For additional information, please contact (800) 779-8328 or RTT (888) 349-3996.

Si requiere servicios de traducción, llámenos tres días (72 horas) antes de la reunión o evento al (800) 779-8328.

For additional information, please contact: Board of Administration Office at ***(213) 855-9348*** and/or email at ***lacers.board@lacers.org.***

CLICK HERE TO ACCESS BOARD REPORTS

I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA

II. GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS

B. UPCOMING AGENDA ITEMS

C. ARTIST TRINH MAI PRESENTATION ON 977 N. BROADWAY MURAL

III. COMMITTEE REPORT(S)

A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON JANUARY 13, 2026

IV. RECEIVE AND FILE ITEMS

A. ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) AND POPULAR ANNUAL FINANCIAL REPORT (PAFR) FOR FISCAL YEAR ENDED JUNE 30, 2025

B. REPORT ON LACERS RETIREMENT ORIENTATION PILOT PROGRAM

V. CONSENT ITEM(S)

A. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF ONDRA MILLER AND POSSIBLE BOARD ACTION

B. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF RODRIGO URENA AND POSSIBLE BOARD ACTION

VI. BOARD/DEPARTMENT ADMINISTRATION

A. BOARD POLICY REVIEW: WHISTLEBLOWER POLICY AND POSSIBLE BOARD ACTION

B. BOARD POLICY REVIEW: COMPENSATION POLICY AND POSSIBLE BOARD ACTION

C. ASSISTANT GENERAL MANAGER CANDIDATE TRAVEL AUTHORITY AND BUDGET AND POSSIBLE BOARD ACTION

D. CONTRACT AWARD TO CUSHMAN & WAKEFIELD, INC. FOR PROPERTY MANAGEMENT SERVICES AND POSSIBLE BOARD ACTION

VII. INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT

B. PRESENTATION BY AKSIA LLC OF THE PRIVATE CREDIT PORTFOLIO PERFORMANCE REVIEW FOR THE PERIOD ENDING JUNE 30, 2025

C. PRESENTATION BY AKSIA LLC OF THE PRIVATE CREDIT PROGRAM 2026 STRATEGIC PLAN AND POSSIBLE BOARD ACTION

D. PRIVATE CREDIT CONSULTING CONTRACT WITH AKSIA LLC AND POSSIBLE BOARD ACTION

E. SECURITIES LENDING PROGRAM GUIDELINES MODIFICATIONS AND POSSIBLE BOARD ACTION

VIII. LEGAL/LITIGATION

A. CLOSED SESSION PURSUANT TO SUBDIVISIONS (A) AND (D)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM LEGAL COUNSEL AND POSSIBLE BOARD ACTION REGARDING PENDING LITIGATION IN THE CASE ENTITLED: THOMAS CRAWLEY v. LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCV14282)

B. CLOSED SESSION PURSUANT TO SUBDIVISIONS (A) AND (D)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM LEGAL COUNSEL AND POSSIBLE BOARD ACTION REGARDING PENDING LITIGATION IN THE CASE ENTITLED: INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 18 v. CITY OF LOS ANGELES ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCP02171)

IX. OTHER BUSINESS

X. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, February 10, 2026, at 10:00 A.M., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, CA 90012.

XI. ADJOURNMENT

LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION | **MEETING: JANUARY 27, 2026**
From: Todd Bouey, General Manager | **ITEM: IV - A**

SUBJECT: **ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) AND POPULAR ANNUAL FINANCIAL REPORT (PAFR) FOR FISCAL YEAR ENDED JUNE 30, 2025**

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board receive and file the attached reports.

Executive Summary

LACERS publishes an Annual Comprehensive Financial Report (ACFR) each fiscal year, which contains the System's audited financial statements, investment performance results, and review of actuarial valuations. The ACFR provides a look back at the recently ended fiscal year regarding LACERS' operations and financial condition.

Designed to supplement the ACFR, LACERS publishes a Popular Annual Financial Report (PAFR), which presents key financial information in a concise, user-friendly format. The PAFR is designed for Members and stakeholders who prefer a high-level overview of LACERS' financial activities without the technical details of the ACFR.

Discussion

Annual Comprehensive Financial Report (ACFR)

The ACFR consists of the following sections:

- **Introductory Section:** Includes the General Manager's Letter of Transmittal summarizing major initiatives and high-level information involving investments, benefits, and administration.
- **Financial Section:** Features Independent Auditor's Report expressing an unmodified opinion, Management's Discussion and Analysis, Basic Financial Statements and the accompanying Notes, Required Supplementary Information and Supplemental Schedules.
- **Investment Section:** Provides the Chief Investment Officer's Report on Investment Activity, Investment Results, and Asset Allocation details.
- **Actuarial Section:** Summarizes actuarial valuation and funded status.
- **Statistical Section:** Presents financial trends and historical membership data

The ACFR is prepared in compliance with Governmental Accounting Standards Board (GASB) reporting requirements and the Government Finance Officers Association's (GFOA) standards for their Certificate of Achievement for Excellence in Financial Reporting program. LACERS' ACFR for the Fiscal Year Ended June 30, 2025, has been submitted for consideration in the GFOA's award program. This award, which LACERS has received annually for the last 26 years, recognizes individual governments that successfully demonstrate a spirit of transparency and full disclosure in their ACFRs.

Popular Annual Financial Report (PAFR)

The PAFR extracts key data from the ACFR and presents it in an accessible, visually appealing format. It highlights LACERS' Fiduciary Net Position, funded ratios for the Retirement and Health plans, investment allocation and performance, and trends in membership and benefit payment in an easy-to-follow format.

The LACERS' PAFR includes an interactive, web-based version designed to enhance Member experience, with embedded features for easy navigation. LACERS will distribute the PAFR via email, newsletters, and social media.

LACERS has received the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting since 2019. The PAFR award recognizes an individual government based on an evaluation of the information presented, reader appeal, understandability, distribution, as well as creativity and usefulness. The LACERS PAFR for the Fiscal Year Ended June 30, 2025, has been submitted for award consideration.

<u>Prepared By:</u> Jo Ann Peralta, Departmental Chief Accountant IV

TB:JP

Attachments: 1. Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2025
2. Popular Annual Financial Report for Fiscal Year Ended June 30, 2025

Board Meeting: 01/2/26
Item: IV - A
Attachment: 1

2025

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2025

LACERS

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

A Component Unit of the City of Los Angeles, California

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2025

Issued by

TODD BOUEY
General Manager

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
A Component Unit of the City of Los Angeles, California

977 North Broadway, Los Angeles, CA 90012-1728 www.lacers.org

In-progress mural by Trinh Mai at LACERS Headquarters, 2025.

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Introductory

December 18, 2025

LETTER OF TRANSMITTAL

To the Board of Administration and Members of the Los Angeles City Employees' Retirement System:

We are pleased to present the Los Angeles City Employees' Retirement System (LACERS, or the System) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025, the System's 88th year of operation. This report is intended to provide a comprehensive review of the System's financial condition at the conclusion of the fiscal year, including audited financial statements, investment performance results, and actuarial valuations for retirement and health benefit plans.

LACERS History, Participants, and Services

In 1937, the Los Angeles City Charter established LACERS as a retirement trust fund for the purpose of providing the civilian employees of the City of Los Angeles (the City) with a defined benefit retirement plan inclusive of service retirements, disability retirements, and survivor benefits. In 1999, LACERS began administering the retiree health insurance program. All regular, full-time, and certified part-time City employees are eligible for LACERS benefits except employees of the Department of Water and Power, and sworn personnel who are members of the Los Angeles Fire and Police Pensions. Over 27,000 Active Members and almost 23,000 Retired Members and Beneficiaries rely on LACERS to provide a lifetime of retirement benefits.

Governance

Board of Administration

The LACERS Board of Administration (Board) provides fiduciary oversight and strategic direction for the System. The Board consists of four Commissioners appointed by the Mayor and three Commissioners elected by the Members. Commissioner Annie Chao was re-elected by the active LACERS Members in 2024 to a 5-year term ending June 30, 2029. Commissioner Chao was re-elected by the Board to serve as the Board's President in July 2025. In 2025, Commissioner Janna Sidley was reappointed to the Board to a 5-year term ending June 30, 2029. In July 2025, the Board re-elected Commissioner Sidley to serve as the Board's Vice President.

LA CITY EMPLOYEES' RETIREMENT SYSTEM

977 N. Broadway
Los Angeles, CA
90012-1728

(800) 779-8328
RTT: (888) 349-3996

www.LACERS.org
lacers.services@lacers.org

In June 2025, Thomas Moutes was elected to the Board of Administration by retired LACERS Members for a five-year term ending June 30, 2030. Commissioner Elizabeth Lee retired from City service and relinquished her commission in June 2025. Subsequently, LACERS held a special election, and Commissioner Susan Liem was elected by active LACERS Members in October 2025. Commissioner Liem's term expires on June 30, 2028.

The Board sets general policy and adopts rules and regulations necessary to administer LACERS' benefits. Among other duties, the Board directs investment strategy and policy for the System's assets, determines the health insurance carriers and health subsidy levels for retired employees, and approves Members' retirement applications, including applications for disability retirements.

The Board oversaw a significant leadership transition in 2025. Following the retirement of General Manager Neil M. Guglielmo in April 2025 after seven years of dedicated service, the Board appointed Todd Bouey as Interim General Manager on April 6, 2025. Mr. Bouey, a City executive with prior roles at LACERS as Assistant General Manager and Executive Officer, was selected by the Board and formally confirmed by the Los Angeles City Council as permanent General Manager on November 4, 2025.

Strategic Plan

LACERS' mission is *to provide retirement and healthcare benefits to all Members by securing and growing the trust fund*. To help achieve this, LACERS adopted a new Strategic Plan in 2024 focused on the following seven goals:

1. Provide Outstanding Customer Service that meets Members' needs
2. Deliver Accurate and Timely Member Benefits
3. Improve Value and Minimize Costs of Members' Health and Wellness Benefits
4. Optimize Long-Term Risk Adjusted returns through superior investments
5. Uphold Good Governance Practices which Affirm Transparency, Accountability, and Fiduciary Duty
6. Increase Organizational Effectiveness, Efficiency, and Resiliency
7. Recruit, Retain, Mentor, Empower, and Promote a High-Performing Workforce

In Fiscal Year 2024-25, LACERS advanced its Strategic Plan through the execution of several key Business Plan Initiatives aligned with its seven strategic goals. These included the successful implementation of a virtual appointment system to improve Member service delivery, modernization of data and reporting systems, and continued development of the business continuity plan to strengthen organizational resilience. Additionally, an initiative to integrate with the City Human Resources and Payroll system was critical to operational continuity. Collectively, these efforts reflect LACERS' commitment to strategic execution, service innovation, and continuous improvement in support of its mission.

Also in alignment with its strategic goals and governance responsibilities, LACERS is supporting the implementation of City Charter Amendment Measure FF. Measure FF was approved by voters on November 5, 2024, and formally adopted by the Los Angeles City Council on October 31, 2025. The amendment authorized a one-time opportunity for certain sworn peace officers employed by the City to transfer from LACERS to the Los Angeles Fire and Police Pensions (LAFPP) Tier 6. In response, LACERS collaborated with LAFPP and other City departments to launch a comprehensive outreach and counseling campaign, including virtual sessions, benefit comparison materials, and a streamlined election process. This process will conclude in 2026.

Funding Status and Progress

Actuarial assumptions are used in the actuarial valuation process for measuring the liabilities of the plan and the contribution requirements of the plan sponsor. While the City Charter requires that an actuarial experience study be completed every five years, the typical timeframe between experience studies for LACERS has been three years. LACERS' last experience study for the period of July 1, 2019 to June 30, 2022, was completed in 2023, with the Board adopting assumption changes as recommended by the Plan actuary. The next actuarial experience study will be conducted in 2026 for the period of July 1, 2022 to June 30, 2025.

Annual actuarial valuations are performed by LACERS' consulting actuary to determine the actuarial accrued liability arisen from the benefits promised by the City, along with other pertinent measures that assess the System's financial health. Such liability is expected to be met by LACERS' assets accumulated through City contributions, Member contributions, and investment returns. The funding status, commonly expressed by the term "funded ratio", is calculated by dividing the plan assets, based either on actuarial (smoothed) value or fair value, by the actuarial accrued liabilities. The funded ratio is a snapshot of the relative status of LACERS' assets and liabilities at the end of each reporting year. Determined annually in the actuarial valuation, it reflects changes that affect the assets and liabilities during the reporting year due to investment performance, changes in demographics, assumptions, benefit terms, and other factors. Funded ratios are useful when they are looked at over several years to determine trends and should be viewed in light of the economic situation at each time point. If the ratio is less than 100%, indicating an underfunding condition, then the underfunded portion is paid for by the City systematically over a period no longer than 20 years pursuant to LACERS' funding policy, which targets a funding status of 100% in the long run.

LACERS continues to maintain a strong financial position, as reflected in the latest actuarial valuation. In the June 30, 2025 actuarial valuation, the combined funded ratio, based on the valuation value of assets, for the Retirement Plan and the Postemployment Health Care Plan, increased by 0.9% year-over-year to 78.4%. Individually, the funded ratio, on the same actuarial basis, for the Retirement Plan, slightly increased from 73.4% to 74.6%; and for the Postemployment Health Care Plan, the ratio decreased from 108.0% to 105.8%. Overall, the System's Assets and Funded Ratios improved, while the Unfunded Actuarial Accrued Liability (UAAL) increased. The liability increase was due to higher-than-expected salary increases for active members, Cost of Living Adjustments (COLA) for payees, and 2026 premiums and subsidy levels. These factors were offset by actual contributions greater-than-expected, change due to investment experience (after smoothing), and other net gains on demographic experience. The investment experience represented a System gain as the actuarial value return for all plans combined for June 30, 2025, was 7.18%, higher than the assumed rate of return of 7.00%.

Investment Summary

The System established its investment policies in accordance with Section 1106 of the Charter of the City of Los Angeles for the systematic administration of LACERS. The investment policies are designed to achieve the best risk-adjusted investment returns. The System's assets are managed on a total return basis in compliance with the investment policies to produce a total portfolio, long-term, real (above inflation), positive return above the asset allocation policy benchmark on a net-of-fee basis. Consequently, prudent risk-taking is warranted within the context of overall portfolio diversification. The Board implements its risk management policy by monitoring the portfolio's compliance through the adoption of investment policies, guidelines, and procedures for determining the strategic management of investment risk, while allowing sufficient flexibility in capturing investment opportunities, as they may occur, and establishing reasonable risk parameters to ensure prudence and care in the management of the System's assets.

The portfolio consists of investments in U.S. and non-U.S. equities, fixed income, private equity, private real estate, private credit, public real assets, and short-term investments. The System's total portfolio, including cash and investments at fair value, was valued at $25.17 billion as of June 30, 2025, an increase of $2.15 billion (9.3%) compared to the prior fiscal year. The portfolio posted a gross of fees return of 11.16% over a one-year period. The total fund underperformed its policy benchmark by 0.25% gross-of-fees return.

In December 2024, the Board formally adopted a new strategic asset allocation policy designed to enhance long-term portfolio resilience and optimize risk-adjusted returns. This updated policy refined allocations across public equities, fixed income, private markets, and real assets. The new policy includes increased exposures to U.S. public equities and real assets (via a new strategic allocation to infrastructure), modest adjustments to fixed income targets, and a recalibration of non-U.S. public equity allocations.

The annualized investment returns in detail are presented in the Investment Results on page 80 of the Investment Section. The details of investment income and loss can be found on pages 23-24 of the Financial Section. Other investment-related information is summarized in the Investment Section of this report.

Financial Reporting

The financial statements included within this report are the responsibility of LACERS' management and have been prepared in accordance with generally accepted accounting principles in the United States of America (US GAAP) as promulgated or adopted by the Governmental Accounting Standards Board (GASB). A system of internal controls is designed, implemented, and maintained by management as a means to protect System assets and to assure the integrity of LACERS' financial statements. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements. Management is confident that its system of internal control, with oversight from the LACERS Audit Committee, in tandem with internal audit staff, as well as the annual engagement of an independent external auditing firm to render an opinion on LACERS' financial statements, provides the requisite level of due diligence expected from a governmental pension system. This position is supported by our external auditor, Baker Tilly US, LLP, which has audited and expressed an unmodified opinion that LACERS' basic financial statements are free of material misstatement, presented fairly, and in conformity with US GAAP.

Readers of this ACFR are encouraged to review the Management's Discussion and Analysis Section starting on page 18, which provides narrative analysis and highlights of our financial condition and fiscal operations during the reporting period.

Awards and Acknowledgements

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to LACERS for its ACFR for the fiscal year ended June 30, 2024. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both US GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that this report for the fiscal year ended June 30, 2025, will again meet the requirements of the Certificate of Achievement Program, and we are submitting it to the GFOA for consideration of an annual award.

Public Pension Coordinating Council Standards Award

The Public Pension Coordinating Council presented its Public Pension Standards Award for Funding and Administration to LACERS in recognition of compliance with professional standards for plan funding and administration for the fiscal year ended June 30, 2025. To receive this honor, LACERS was assessed to have met the standards in six key areas:

Comprehensive Benefit Program, Actuarial Valuation, Independent Audit, Investments, Member Communications, and Funding Adequacy.

Acknowledgements

Lastly, I would like to acknowledge the professional and dedicated staff of the Fiscal Management Division of LACERS for the preparation of this report. I would also like to express appreciation for the leadership and commitment of the LACERS Commissioners, as well as all of LACERS' staff, as we continue to achieve high standards of performance and reporting. Lastly, I would also like to thank our external auditor, Baker Tilly, and our consulting actuary, Segal, for their professional assistance in the preparation of this report.

Respectfully Submitted,

TODD BOUEY
General Manager

JO ANN PERALTA
Chief Accountant

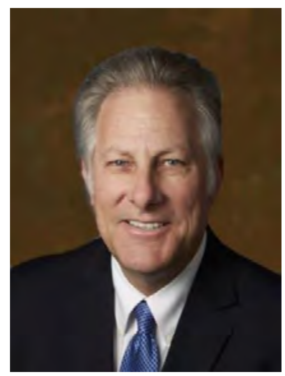
Board of Administration
For the Fiscal Year Ended June 30, 2025

Annie Chao
Board President
Elected by Active Members
Term Expires June 30, 2029

Sung Won Sohn
Vice President
Appointed by the Mayor
Term Expires June 30, 2026

Thuy Huynh
Member
Appointed by the Mayor
Term Expires June 30, 2027

Elizabeth Lee
Member
Elected by Active Members
Term Expires June 30, 2025

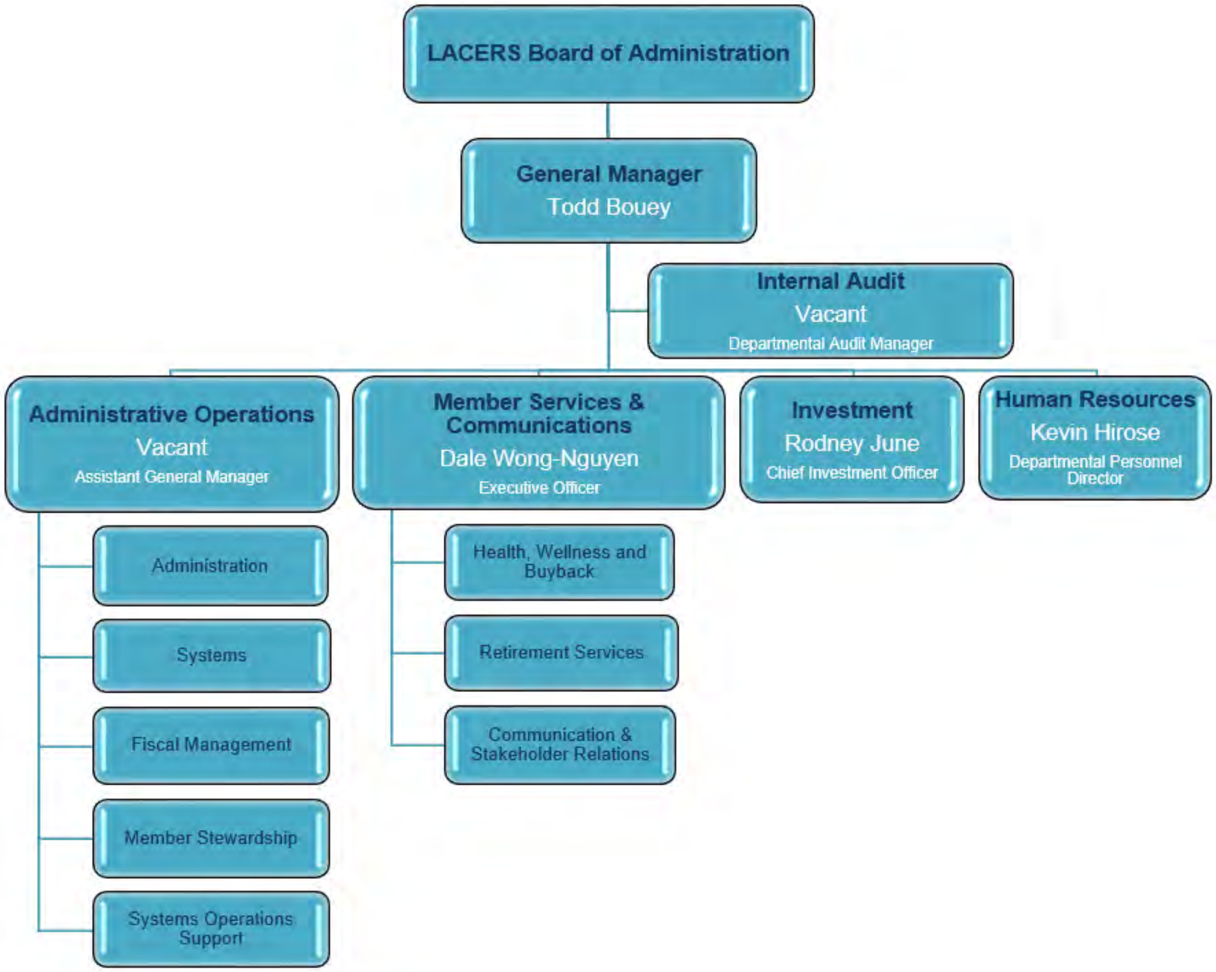


Gaylord "Rusty" Roten
Member
Appointed by the Mayor
Term Expires June 30, 2030

Janna Sidley
Member
Appointed by the Mayor
Term Expires June 30, 2029

Michael Wilkinson
Member
Elected by Retired Members
Term Expires June 30, 2025

Organization Chart
As of June 30, 2025



Professional Consultants

Actuary
Segal

Independent Auditor
Baker Tilly US, LLP

Investment Consultants
Aksia, LLC
NEPC, LLC
Townsend Holdings, LLC

Governance Consultant
Institutional Shareholder Services, Inc.

Health and Welfare Program Consultant
Keenan & Associates

Legal/Fiduciary Counsel
Groom Law Group
Ice Miller, LLP
Kutak Rock, LLP
Nossaman, LLP

Pension Administration System
Levi, Ray & Shoup, Inc.

Schedules of Fees and Commissions, Schedule of Investment Summary, and List of Investment Advisors, Custodian, and Other Consultants who provided services to LACERS, can be found in the Investment Section on pages 86-90.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Los Angeles City Employees' Retirement System California

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

AWARDED 26 CONSECUTIVE YEARS SINCE 1999

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2025

Presented to

Los Angeles City Employees' Retirement System

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Robert A. Wylie
Program Administrator

AWARDED CONSECUTIVELY SINCE 2013

Financial

Report of Independent Auditors

The Board of Administration
Los Angeles City Employees' Retirement System

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the retirement plan and the postemployment health care plan of Los Angeles City Employees' Retirement System (LACERS), a component unit of the City of Los Angeles, California, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the LACERS' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective of the fiduciary net position of the retirement plan and the postemployment health care plan of Los Angeles City Employees' Retirement System as of June 30, 2025, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LACERS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 1, the financial statements of LACERS present the fiduciary net position and changes in fiduciary net position of the City of Los Angeles, California, that are attributable to the transactions of LACERS. The financial statements do not present fairly the financial position of the City of Los Angeles, California, as of June 30, 2025, the changes in its financial position, and where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in Note 1 to the basic financial statements, LACERS adopted Governmental Accounting Standards Board Statement No. 101 *Compensated Absences* during the year ended June 30, 2025. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LACERS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis; the retirement plan's schedule of net pension liability, schedule of changes in net pension liability and related ratios, schedule of contribution history, and schedule of investment returns; and the postemployment health care plan's schedule of net OPEB liability, schedule of changes in net OPEB liability and related ratios, schedule of contribution history, and schedule of investment returns (collectively, the required supplementary information) be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Schedules

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Los Angeles City Employees' Retirement System's basic financial statements. The schedule of additions and deductions to fiduciary net position – postemployment health care plan, schedule of administrative expenses, and schedule of investment fees and expenses (collectively, the supplemental schedules) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The introductory, investment, actuarial, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of LACERS. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Summarized Comparative Information

We have previously audited LACER's 2024 financial statements, and we expressed unmodified opinions on the retirement plan and the postemployment health care plan in our report dated December 12, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Baker Tilly US, LLP

El Segundo, California
December 17, 2025

As the management of the Los Angeles City Employees' Retirement System (LACERS), we are pleased to provide this overview and analysis of LACERS' financial activities for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information included in our letter of transmittal in the Introductory Section of LACERS Annual Comprehensive Financial Report.

Financial Highlights

- The Los Angeles City Employees' Retirement System (LACERS or the System) fiduciary net position as of June 30, 2025, was $25,375,319,000, an increase of $2,340,072,000 or 10.2% year-over-year.

- The total additions to the fiduciary net position of LACERS from employer contributions made by the City of Los Angeles (the City), Member contributions, self-funded insurance premiums, Members' portion of premium reserve, building lease and other income, and net investment income were $3,904,262,000, a 32.9% increase from the prior fiscal year.

- The employer contributions to the Retirement Plan represented 100% of the Actuarially Determined Contribution of the employer as defined by the Governmental Accounting Standards Board (GASB) Statements No. 67*, Financial Reporting for Pension Plans,* and No. 68, *Accounting and Financial Reporting for Pensions.*

- The employer contributions to the Postemployment Health Care Plan represented 100% of the Actuarially Determined Contribution of the employer as defined by GASB Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans,* and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

- The total deductions from the fiduciary net position were $1,564,190,000, a 5.2% increase year-over-year, for the payment of retirement and postemployment health care benefits, refunds of Member contributions, and administrative expenses.

- The System's Net Pension Liability (NPL) for the Retirement Plan was $6,535,584,000 as of June 30, 2025. NPL, a measure required by GASB Statement No. 67 to disclose in the financial notes of a pension plan, is the difference between the Total Pension Liability (TPL) and the plan fiduciary net position. As the plan fiduciary net position equals the fair value of the plan's assets, NPL is determined on a fair value basis. Compared with the previous fiscal year, the NPL decreased by $812,897,000.

- The System's Net Other Postemployment Benefits (OPEB) Liability (Asset) for the Postemployment Health Care Plan was ($318,317,000) as of June 30, 2025. Net OPEB Liability is a measure required by GASB Statement No. 74. Net OPEB Liability is determined on a fair value basis and is the difference between the Total OPEB Liability (TOL) and the plan fiduciary net position. As of June 30, 2025, the plan fiduciary net position exceeded the TOL, resulting in a surplus or Net OPEB Asset. Compared with the previous fiscal year, the Net OPEB Liability decreased by $92,300,000.

- The plan fiduciary net position as a percentage of TPL for the Retirement Plan, another required disclosure of GASB Statement No. 67, was 76.3%, which is the same as the funded ratio on a fair value basis reported in the actuarial valuation for the retirement benefits.

- The plan fiduciary net position as a percentage of TOL for the Postemployment Health Care Plan, another required disclosure of GASB Statement No. 74, was 108.2%, which is the same as the funded ratio on a fair value basis reported in the actuarial valuation for the postemployment health care benefits.

Overview of the Financial Statements

The following discussion and analysis are intended to serve as an introduction to LACERS' financial statements and the accompanying notes thereto. The required supplementary information and supplemental schedules provide additional financial data on LACERS operations.

Financial Statements

There are two financial statements presented by LACERS. The Statement of Fiduciary Net Position on page 26 provides a snapshot of the account balances at year-end, showing the amount of the fiduciary net position (the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) available to pay future benefits. Over time, increases or decreases in fiduciary net position may serve as a useful indicator of whether the fiduciary net position of LACERS is improving or deteriorating. The Statement of Changes in Fiduciary Net Position on page 27 provides a view of the current year's additions to, and deductions from, the fiduciary net position.

Notes to the Basic Financial Statements

The notes to the basic financial statements (Notes) provide additional information that is essential for a full understanding of the data provided in the financial statements. The notes to the basic financial statements can be found on pages 28 – 58 of this report.

Required Supplementary Information

In addition to the Management's Discussion and Analysis, other required supplementary information consists of the Schedule of Net Pension Liability, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Contribution History, and Schedule of Investment Returns (Losses) for the Retirement Plan, and the Schedule of Net Other Postemployment Benefit (OPEB) (Asset) Liability, Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios, Schedule of Contribution History, and Schedule of Investment Returns (Losses) for the Postemployment Health Care Plan. These schedules and notes primarily present multi-year information as required by the applicable financial reporting standards of GASB Statements No. 67 and No. 74. This required supplementary information can be found on pages 59 - 70 of this report.

Supplemental Schedules

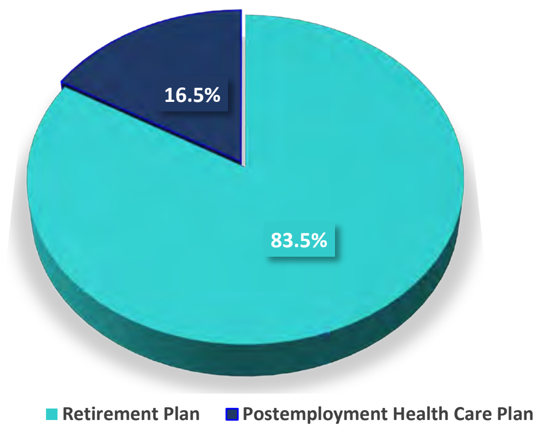
The supplemental schedules, including a Schedule of Additions and Deductions to Fiduciary Net Position for Postemployment Health Care Plan, Schedule of Administrative Expenses, and a Schedule of Investment Fees and Expenses, are presented to provide additional financial information on LACERS operations for the current year. These can be found on pages 71 - 73 of this report.

Financial Analysis

Allocation of Fiduciary Net Position

Fiduciary net position may serve as a useful indicator of a plan's financial position. The total fiduciary net position is allocated between the Retirement Plan and Postemployment Health Care Plan, as required by the existing reporting standards. The following information provides a brief description of the asset allocation between the Retirement Plan and the Postemployment Health Care Plan as of June 30, 2025 (dollars in thousands):

	Fiduciary Net Position	Percent
Retirement Plan	$ 21,188,769	83.5%
Postemployment Health Care Plan	4,186,550	16.5%
Fiduciary Net Position	$ 25,375,319	100.0%

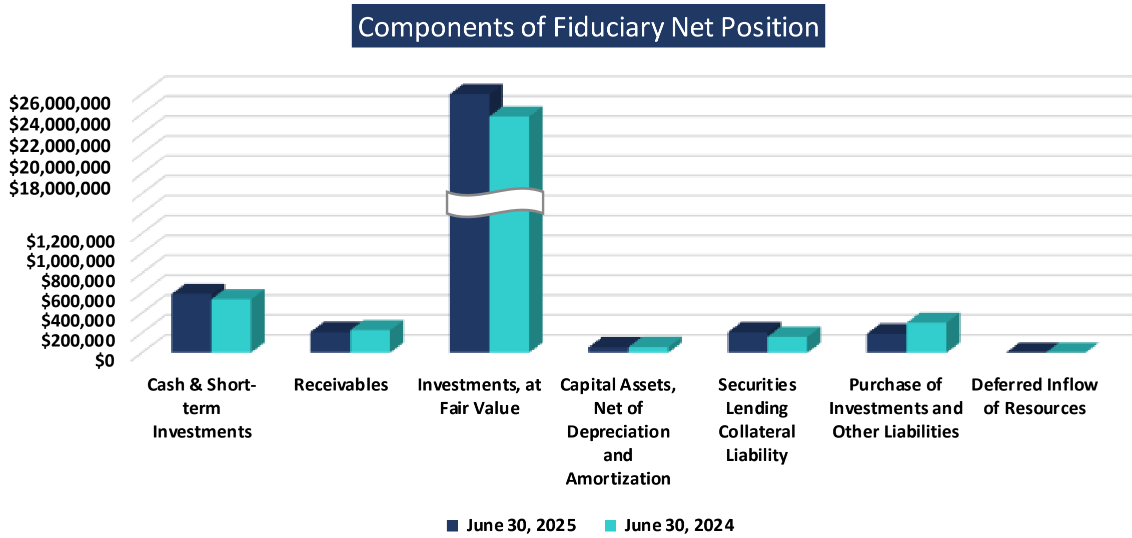


Fiduciary Net Position

The following table and graph detail the components of the fiduciary net position of LACERS as of June 30, 2025, and 2024 (dollars in thousands):

	June 30, 2025	June 30, 2024	Change	
Cash and Short-Term Investments	$ 590,170	$ 537,531	$ 52,639	9.8%
Receivables	209,617	227,351	(17,734)	(7.8%)
Investments, at Fair Value	24,918,211	22,674,039	2,244,172	9.9%
Capital Assets	56,410	58,342	(1,932)	(3.3%)
Total Assets	25,774,408	23,497,263	2,277,145	9.7%
Securities Lending Collateral Liability	207,016	160,397	46,619	29.1%
Purchase of Investments and Other Liabilities	191,387	300,896	(109,509)	(36.4%)
Total Liabilities	398,403	461,293	(62,890)	(13.6%)
Deferred Inflow of Resources	686	723	(37)	(5.1%)
Fiduciary Net Position Restricted for Pension Benefits and Postemployment Health Care Benefits	$ 25,375,319	$ 23,035,247	$ 2,340,072	10.2%

Fiduciary Net Position *(continued)*



The majority of LACERS' fiduciary net position is contained in its investment portfolio, which consists of cash and short-term investments, receivables, fixed income, equities, real estate, private equity, private credit, and other asset classes. Fiduciary net position increased by $2,340,072,000 or 10.2% during this fiscal year.

Net Increase in Fiduciary Net Position

The increase in fiduciary net position was the net effect of factors that either added to or deducted from the fiduciary net position. The following table summarizes the changes in fiduciary net position during the report year, as compared with the prior year (dollars in thousands):

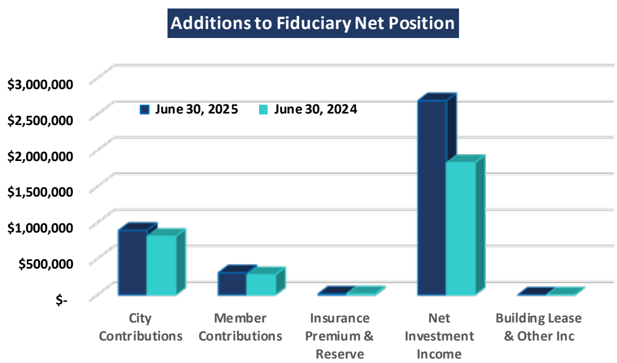
	June 30, 2025	June 30, 2024	Change	
Additions	$ 3,904,262	$ 2,936,674	$ 967,588	32.9%
Deductions	1,564,190	1,486,405	77,785	5.2%
Net Increase in Fiduciary Net Position	2,340,072	1,450,269	889,803	61.4%
Fiduciary Net Position				
Beginning of Year - Restated	23,035,247	21,584,978	1,450,269	6.7%
End of Year	$ 25,375,319	$ 23,035,247	$ 2,340,072	10.2%

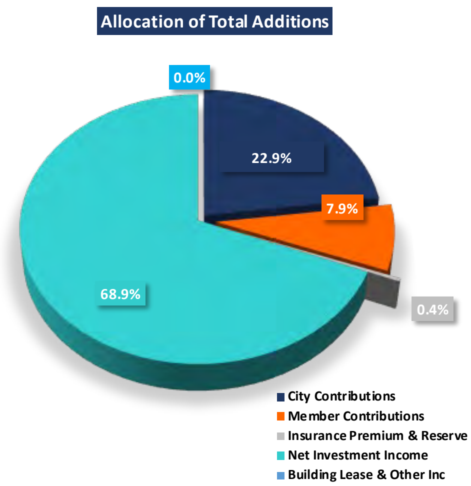
The System adopted GASB Statement No. 101, *Compensated Absences*, during the fiscal year ended June 30, 2025, which resulted in a restatement that decreased the beginning-of-year fiduciary net position by $5,978,000 for 2025 and $4,287,000 for 2024, reflecting compensated absences balances previously not recorded.

Net Increase in Fiduciary Net Position – Additions to Fiduciary Net Position

The following table and graph represent the components that make up the additions to fiduciary net position for LACERS for the fiscal years ended June 30, 2025, and 2024 (dollars in thousands):

	June 30, 2025	June 30, 2024	Change	
City Contributions	$ 894,188	$ 811,483	$ 82,705	10.2%
Member Contributions	306,765	279,636	27,129	9.7%
Health Insurance Premium and Reserve	14,210	15,059	(849)	(5.6%)
Net Investment Income (Loss)	2,689,052	1,830,454	858,598	46.9%
Building Lease & Other Income	47	42	5	11.9%
Additions to Fiduciary Net Position	$ 3,904,262	$ 2,936,674	$ 967,588	32.9%





The additions to LACERS' fiduciary net position that primarily constitute the funding sources of LACERS benefits are City Contributions, Member Contributions, Health Insurance Premium and Reserve, and Net Investment Income.

City contributions to the Retirement Plan, the Postemployment Health Care Plan, and the Family Death Benefit Plan were $894,188,000 during the fiscal year. The total contributions increased by $82,705,000, or 10.2% higher than the prior fiscal year, primarily due to a higher covered payroll (approximately a 9.23% increase) and an increase in contribution rates for the reporting year. The total City contributions include a $36,517,000 true-up credit adjustment, a reduction from the City's contribution payment, to reconcile the difference between the City's contributions based on projected payroll and actual payroll. This true-up amount, which includes accrued interest at 7.00%, was recognized as a liability as of the end of the reporting period. After reflecting the true-up adjustment, the aggregate employer contribution rate for this fiscal year was 33.27% (29.92% for the Retirement Plan and 3.36% for the Postemployment Health Care Plan), which is 0.29% higher than the prior fiscal year's rate of 32.98%. The actual contribution of $803,985,000 to the Retirement Plan was equal to 100% of the Actuarially Determined Contribution (ADC) of the employer, as defined by GASB Statement No. 67. The actual contribution of $90,168,000 to the Postemployment Health Care Plan was equal to 100% of the ADC, as defined by GASB Statement No. 74

Net Increase in Fiduciary Net Position – Additions to Fiduciary Net Position *(continued)*

In fiscal year 2024-25, Member contributions were $306,765,000, which was $27,129,000 or 9.7% higher than the prior fiscal year. The increase in Member contributions was primarily due to the increased number of Members and the increase in salary base during the fiscal year.

LACERS Postemployment Health Care 115 Trust fund recognized revenue of $13,127,000, representing monthly insurance premiums under the Delta Dental PPO and Anthem Vision self-funded plans, and $1,083,000 of the Member's portion from health insurance premium reserve.

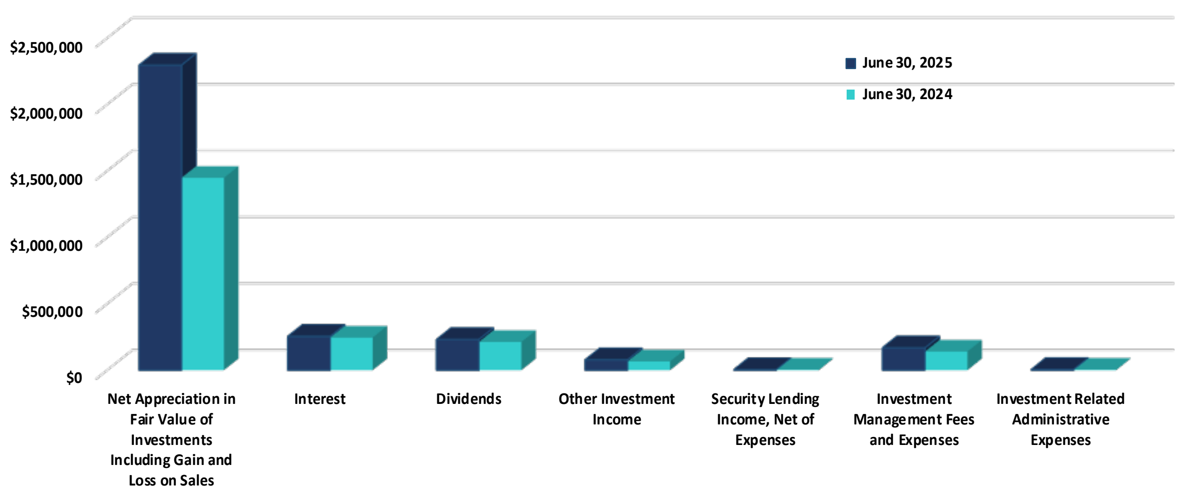
The net investment income was $2,689,052,000, which included $2,295,838,000 of net appreciation in the fair value of investments. The details are discussed in the next section.

Investment Income

The following table and graph provide details on investment income, net of investment management fees, and expenses for the fiscal years ended June 30, 2025, and 2024 (dollars in thousands).

	June 30, 2025	June 30, 2024	Change	
Net Appreciation in Fair Value of Investments, Including Gain and Loss on Sales	$ 2,295,838	$ 1,447,773	$ 848,065	58.6%
Interest	254,066	245,293	8,773	3.6%
Dividends	230,657	211,842	18,815	8.9%
Other Investment Income	78,016	65,729	12,287	18.7%
Securities Lending Income, Net of Expense	3,259	3,286	(27)	(0.8%)
Sub-Total	2,861,836	1,973,923	887,913	45.0%
Less: Investment Management Fees and Expenses	(168,326)	(139,675)	(28,651)	20.5%
Investment Related Administrative Expenses	(4,458)	(3,794)	(664)	17.5%
Net Investment Income	$ 2,689,052	$ 1,830,454	$ 858,598	46.9%

Investment Income and Expenses



Investment Income *(continued)*

The net investment income for the current fiscal year was $2,689,052,000, as compared with the income of $1,830,454,000 for the previous fiscal year. This increase was due primarily to a net appreciation in the fair value of investments of $2,295,838,000, compared to the previous fiscal year's appreciation of $1,447,773,000. This increase in the fair value of investments is attributed to major U.S. and non-U.S. equity indices providing double-digit returns during the fiscal year. The Russell 3000 Index, which tracks U.S. broad market equities, returned 15.3%; the Standard and Poor's 500 Index, a gauge of U.S. large capitalization equities, returned 15.2%. The MSCI All Country World ex-U.S. Index, which tracks non-U.S. equities in developed and emerging markets, returned 17.7%; the MSCI Emerging Markets Index returned 15.3%. Fixed income markets, as represented by the Bloomberg U.S. Aggregate Bond Index, returned 6.1%.

Interest income derived from fixed income securities increased by 3.6% or $8,773,000 and was attributed primarily to an increase in the average coupon rate of LACERS' fixed income portfolio. Dividend income derived from public equities increased by 8.9% or $18,815,000 as public companies exhibited resilient financial performance during the year.

Other investment income, primarily derived from private equity and private real estate partnership investments, increased by 18.7% or $12,287,000 as private markets activity increased alongside the strong public equity markets during the fiscal year.

LACERS earns additional investment income by lending its securities to borrowers through its custodian bank. To earn income for LACERS, the custodian bank invests cash collateral pledged by borrowers on behalf of LACERS in short-term fixed income securities. LACERS also generates income from fees paid by borrowers that pledge non-cash collateral. In the current fiscal year, securities lending income (net of expense) decreased slightly by 0.8% or $27,000 from a year ago.

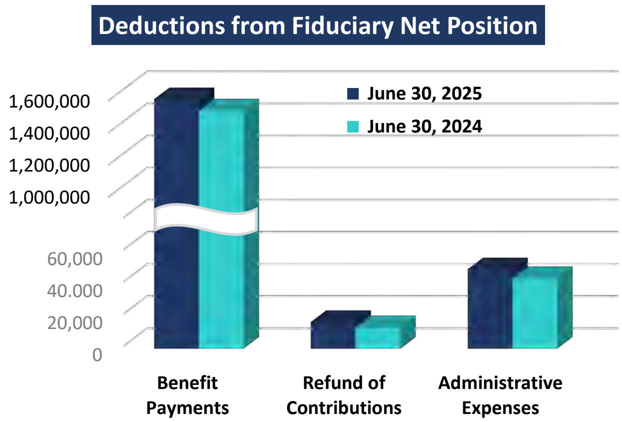
Total investment management fees, expenses, and investment-related administrative expenses increased by 20.4% or $29,315,000, from the prior year. This increase corresponded with an increase in LACERS' exposure to private market strategies, which is consistent with LACERS' current target asset allocation and strategic plan to increase returns.

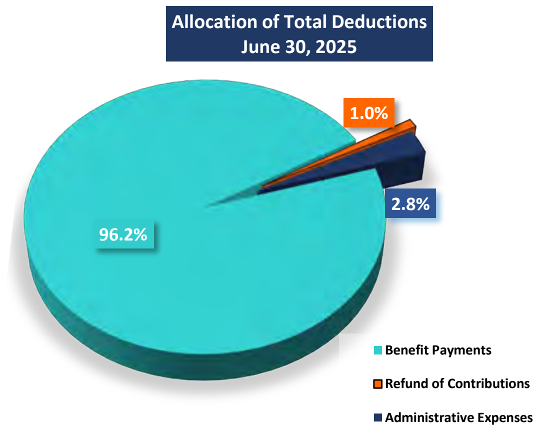
Net Increase in Fiduciary Net Position – Deductions from Fiduciary Net Position

The following table and graphs provide information related to the deductions from fiduciary net position for the fiscal years ended June 30, 2025, and 2024 (dollars in thousands):

	June 30, 2025	June 30, 2024	Change	
Benefit Payments	$ 1,503,999	$ 1,433,401	$ 70,598	4.9%
Refunds of Contributions	15,767	13,602	2,165	15.9%
Administrative Expenses	44,424	39,402	5,022	12.7%
Deductions from Fiduciary Net Position	$ 1,564,190	$ 1,486,405	$ 77,785	5.2%

Net Increase in Fiduciary Net Position – Deductions from Fiduciary Net Position *(continued)*





LACERS' deductions from fiduciary net position in this reporting period can be summarized as Benefit Payments, Refunds of Contributions, and Administrative Expenses. These deductions represent the types of benefit delivery operations undertaken by LACERS and associated costs. Total deductions increased by $77,785,000 or 5.2% from the prior fiscal year.

Compared to the prior fiscal year, benefit payments increased by $70,598,000 or 4.9%. The benefit payments for the Retirement Plan increased by $55,467,000 or 4.4% mainly due to the annual cost of living adjustments (approximately 3.0% increase on average); an increase in the number of retirees and beneficiaries; and higher average retirement allowance of newly retired Members as compared to those of the deceased Members who were removed from the retirement payroll. Payments for Postemployment Health Care Plan benefits increased by $15,132,000 or 8.9%. This increase was primarily due to higher medical subsidy rates, an increase in Medicare Part B reimbursement, and an increase in self-funded insurance claims paid under the LACERS' self-funded plans.

The refunds of member contributions increased by $2,165,000 or 15.9% from the prior fiscal year's $13,602,000, mainly due to the increase in refunds, particularly for Tier 3 Members leaving the City service or transferring to the City of Los Angeles' Department of Water and Power.

LACERS' administrative expenses increased by $5,022,000 or 12.7% from the prior fiscal year. The increase was primarily due to higher personnel costs resulting from the full-year implementation of the mandatory cost-of-living-adjustment salary increase, including retroactive adjustments, as per the City's negotiated salary contracts and increases in associated employee benefits, primarily medical insurance and pension costs. During the fiscal year, costs were incurred related to the City's implementation of the new Human Resource and Payroll system (HRP), including additional consulting and support services, as well as personnel costs, to ensure that accurate membership data and information are processed and transmitted to the LACERS Pension Administration System (PAS) during the transition.

Requests for Information

This financial report is designed to provide a general overview of LACERS' finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

LACERS
Fiscal Management Division
977 N. Broadway
Los Angeles, CA 90012-1728

Statement of Fiduciary Net Position
Retirement Plan and Postemployment Health Care Plan
As of June 30, 2025, with Comparative Totals
(Dollars in Thousands)

	Retirement Plan	Postemployment Health Care Plan	2025	2024
Assets				
Cash and Short-Term Investments	$ 492,801	$ 97,369	$ 590,170	$ 537,531
Receivables				
Accrued Investment Income	96,373	19,041	115,414	96,357
Proceeds from Sales of Investments	65,675	12,976	78,651	117,623
Other	12,986	2,566	15,552	13,371
Total Receivables	175,034	34,583	209,617	227,351
Investments, at Fair Value				
US Government Obligations	1,480,880	292,598	1,773,478	1,666,745
Municipal Bonds	14,353	2,836	17,189	13,458
Domestic Corporate Bonds	894,494	176,738	1,071,232	1,013,044
International Bonds	1,035,722	204,641	1,240,363	1,137,123
Other Fixed Income	499,977	98,788	598,765	599,315
Bank Loans	127,121	25,117	152,238	142,719
Opportunistic Debts	267,815	52,916	320,731	519,935
Domestic Stocks	5,810,676	1,148,093	6,958,769	6,219,633
International Stocks	4,146,886	819,356	4,966,242	4,767,818
Mortgages	626,416	123,770	750,186	731,958
Government Agencies	12,716	2,512	15,228	13,871
Derivative Instruments	1,788	354	2,142	(8,078)
Real Estate	1,139,474	225,141	1,364,615	1,249,044
Private Equity	4,172,682	824,453	4,997,135	4,447,057
Private Credit	403,214	79,668	482,882	-
Security Lending Collateral	172,862	34,154	207,016	160,397
Total Investments	20,807,076	4,111,135	24,918,211	22,674,039
Capital Assets (Net of Depreciation and Amortization)	47,104	9,306	56,410	58,342
Total Assets	**21,522,015**	**4,252,393**	**25,774,408**	**23,497,263**
Liabilities				
Accounts Payable and Accrued Expenses	38,634	7,634	46,268	91,250
Accrued Compensated Absences	5,361	1,059	6,420	5,978
Accrued Investment Expense	22,117	4,370	26,487	10,196
Purchases of Investments	93,699	18,513	112,212	193,472
Security Lending Collateral Payable	172,862	34,154	207,016	160,397
Total Liabilities	**332,673**	**65,730**	**398,403**	**461,293**
Deferred Inflow of Resources	**573**	**113**	**686**	**723**
Net Position Restricted For Pensions	21,188,769		21,188,769	19,240,207
Net Position Restricted For Postemployment Health Care Benefits		4,186,550	4,186,550	3,795,040
Total Fiduciary Net Position	**$ 21,188,769**	**$ 4,186,550**	**$ 25,375,319**	**$ 23,035,247**

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Fiduciary Net Position
Retirement Plan and Postemployment Health Care Plan
For the Fiscal Year Ended June 30, 2025, with Comparative Totals
(Dollars in Thousands)

	Retirement Plan	Postemployment Health Care Plan	2025	2024
Additions				
Contributions				
City Contributions	$ 804,020	$ 90,168	$ 894,188	$ 811,483
Member Contributions	306,765	-	306,765	279,636
Total Contributions	1,110,785	90,168	1,200,953	1,091,119
Self Funded Insurance Premium	-	13,127	13,127	12,934
Health Insurance Premium Reserve	-	1,083	1,083	2,125
Investment Income				
Net Appreciation in Fair Value of Investments, Including Gain and Loss on Sales	1,863,438	432,400	2,295,838	1,447,773
Interest	217,228	36,838	254,066	245,293
Dividends	197,213	33,444	230,657	211,842
Other Investment Income	66,704	11,312	78,016	65,729
Security Lending Income	3,278	555	3,833	3,865
Less: Security Lending Expense	(466)	(108)	(574)	(579)
Sub-total	2,347,395	514,441	2,861,836	1,973,923
Less: Investment Management Fees and Expenses	(136,624)	(31,702)	(168,326)	(139,675)
Investment Related Administrative Expenses	(3,618)	(840)	(4,458)	(3,794)
Net Investment Income	2,207,153	481,899	2,689,052	1,830,454
Building Lease and Other Income	38	9	47	42
Total Additions	**3,317,976**	**586,286**	**3,904,262**	**2,936,674**
Deductions				
Benefit Payments	1,318,706	185,293	1,503,999	1,433,401
Refunds of Contributions	15,767	-	15,767	13,602
Administrative Expenses	34,941	9,483	44,424	39,402
Total Deductions	**1,369,414**	**194,776**	**1,564,190**	**1,486,405**
Net Increase in Fiduciary Net Position	1,948,562	391,510	2,340,072	1,450,269
Fiduciary Net Position Restricted for Pension and Postemployment Health Care Benefits				
Beginning of year, *as previously reported*	19,245,060	3,796,165	23,041,225	21,589,265
Implementation of GASB No. 101	(4,853)	(1,125)	(5,978)	(4,287)
Beginning of year, *as restated*	19,240,207	3,795,040	23,035,247	21,584,978
End of year	**$ 21,188,769**	**$ 4,186,550**	**$ 25,375,319**	**$ 23,035,247**

The accompanying notes are an integral part of these financial statements.

Note 1. Description of LACERS and Significant Accounting Policies

General Description

The Los Angeles City Employees' Retirement System (LACERS or the System) is under the exclusive management and control of its Board of Administration (the Board), whose authority is granted by statute in Article XVI, Section 17 of the California State Constitution, and Article XI of the Los Angeles City Charter. The Board has seven members. Four members, one of whom shall be a retired Member of the System, shall be appointed by the Mayor subject to the approval of the City Council. Two members shall be active employee Members of the System elected by active employee Members. One shall be a retired Member of the System elected by retired Members of the System. Elected Board members serve five-year terms in office, with no term limits. The System is a component unit of the City of Los Angeles (the City). The System's financial statements are included in the City of Los Angeles Annual Comprehensive Financial Report as a pension trust fund.

The System operates a single-employer defined benefit plan (the Retirement Plan) and a single-employer Postemployment Health Care Plan. Benefits and benefit changes are established by ordinance and approved by the City Council and the Mayor. A description of each plan is located in Note 2 and Note 3 on pages 33 - 44 of this report. All Notes to the Basic Financial Statements apply to both plans unless indicated otherwise.

Basis of Accounting and Presentation

The financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (US GAAP) as outlined by the Governmental Accounting Standards Board (GASB). The financial statements are maintained on the accrual basis of accounting. Contributions from the employer and Members were recognized when due pursuant to formal commitments and contractual requirements. Benefits, refunds, and other expenses are recognized when due and payable. The accompanying financial statements include information from the prior year summarized for comparative purposes only. Such information does not include sufficient detail to constitute a presentation in accordance with US GAAP.

Investments

Investment policies

Funds of the System are invested pursuant to the System's investment policy, established by the Board, in compliance with Article XI Section 1106(d) of the City Charter. The System has a long-term investment horizon, and utilizes an asset allocation that encompasses a strategic, long-run perspective of capital markets. The System's investment portfolio is composed of domestic and international equities, domestic and international bonds, private equity, real assets, credit opportunities, and short-term investments. During the reporting period, there were no significant investment policy changes.

As of June 30, 2025, the Board's target asset allocation policy was as follows:

Asset Class	Target Allocation
Domestic and International Equities	43.00%
Domestic and International Bonds	10.25%
Private Equity	16.00%
Real Assets	17.00%
Short-Term Investments	1.00%
Credit Opportunities	12.75%
Total	**100.00%**

Note 1. Description of LACERS and Significant Accounting Policies *(continued)*

Fair Value of Investments

Securities traded on national or international exchanges are valued at the last reported sales price at the current exchange rates. Short-term investments, bonds, bank loans, stocks, and private equities are reported at fair value. The fair values of real estate investment funds are provided by individual real estate fund managers based on periodic appraisals, in the form of either annual in-house appraisals or longer-term appraisals by outside professionals, in accordance with industry practice. The fair value determined as such is also reviewed and evaluated by the Board's real estate consultant. Private equity funds (partnership investments), which are managed by third-party investment managers, are valued on a quarterly and/or annual basis at their net asset value, as reported by the investment managers under US GAAP. US GAAP requires that assets be reported at fair value in accordance with GASB Statement No. 72 – *Fair Value Measurement and Application.* The fair values of derivative instruments are determined using available market information.

Debt rewrites are valued based on yields currently available on comparable securities of issuers with similar credit ratings. LACERS' investment strategy, as it relates to the debt portfolio, is mainly to achieve market appreciation and not to hold bonds to their maturities.

The provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, require investments to be measured at fair value and to classify the inputs used to determine fair value based on a three-level fair value hierarchy.

Investment transactions are accounted for on the date the securities are purchased or sold (trade date). Unsettled investment trades as of fiscal year-end are reported in the financial statements on an accrual basis. The corresponding proceeds due from sales are reported on the Statement of Fiduciary Net Position under Receivables and labeled as Proceeds from Sales of Investments and amounts payable for purchases are reported under Liabilities and labeled as Purchases of Investments. Dividend income is recorded on the ex-dividend date. Interest income is reported at the stated interest rate as earned, and any premiums or discounts on debt securities are not amortized. The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of the LACERS pension plan investment. Realized gains and losses on investments that had been held in more than one reporting period and sold in the current period were included as a change in the fair value reported in the prior period(s) and the current period.

For the future contracts, an initial margin is required to open a position and maintain the collateral requirement until the position is closed. LACERS reports on the collateral for the future contracts in the short-term investments.

Rate of Return on Investments

For the fiscal year ended June 30, 2025, the aggregate annual money-weighted rate of return for the Retirement Plan and the Postemployment Health Care Plan on LACERS investments, net of investment expenses, was 11.5%. The money-weighted rate of return is a measure of the performance of an investment calculated by finding the rate of return that will set the present values of all cash flows equal to the value of the initial investment. It expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested. Separate schedules for the money-weighted rate of return for the Retirement Plan and the Postemployment Health Care Plan are presented in the Required Supplementary Information (RSI).

Note 1. Description of LACERS and Significant Accounting Policies *(continued)*

Receivables

As of June 30, 2025, LACERS held no long-term contracts for contributions receivable from the City.

Capital Assets

Purchases of capital assets are capitalized upon acquisition if the cost of the purchase is $5,000 or more and are depreciated over five years using the straight-line method.

Certain costs to develop the LACERS Pension Administration System (PAS), a customized software solution critical to LACERS' core operations, were capitalized in accordance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The total capitalized cost of $9,413,000 is being amortized starting March 1, 2018, over 15 years using the straight-line method.

In April 2023, LACERS occupied its headquarters building, located at 977 N. Broadway in Los Angeles, California, which was purchased in October 2019 for $33,750,000. This cost was allocated to Land valued at $4,023,000 and Building valued at $29,727,000, based on the assessment of the fair value of the acquired assets. The acquisition cost and the associated building improvements were capitalized as part of the building cost and are depreciated over the estimated useful life of 25 years using the straight-line method.

The System recognizes intangible right-to-use subscription assets in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA),* using LACERS estimated incremental borrowing rate and includes extensions in the term if, after considering relevant economic factors, it is reasonably certain to be exercised. LACERS does not recognize subscription assets for SBITA with a noncancellable term of 12 months or less.

Administrative Expenses

All administrative expenses are funded from LACERS' fiduciary net position, which represents accumulated investment earnings and contributions from the City and the Members' net of payments.

Reserves

As provided in the Los Angeles City Charter, LACERS is maintained on a reserve basis, determined in accordance with recognized actuarial methods. The Los Angeles City Charter establishes reserves for the following:

Reserves for the Retirement Plan

Member Contributions (Mandatory) – To provide for individual accounts of Members consisting of Active Member mandatory contributions to the Retirement Plan and interest credited to Members' accounts, less refunds of Members' contributions and transfers to the Annuity reserve.

Member Contributions (Voluntary) – To provide for individual accounts of Members participating in the larger annuity program of Active Member voluntary contributions and interest/investment return credited to Members' accounts, less refunds of Member contributions (voluntary) and transfers to the Larger Annuity reserve.

Basic Pensions – To provide for the City's guaranteed portion of retirement benefits consisting of City contributions; investment earnings (losses), including net appreciation (depreciation) in fair value of investments; less payments to retired Members and beneficiaries, and allocated investment and administrative expenses.

Note 1. Description of LACERS and Significant Accounting Policies *(continued)*

Annuity – To provide for the Members' share of retirement benefits consisting of Members' mandatory contribution balances transferred at retirement; investment earnings (losses) excluding net appreciation (depreciation) in fair value of investments; less payments to retired Members and beneficiaries.

Larger Annuity – To provide for the Larger Annuity benefit consisting of Members' voluntary contribution balances transferred at retirement, including Internal Revenue Service (IRS) Section 457 deferred compensation and other rollovers; investment earnings (losses), including net appreciation (depreciation) in fair value of investments; less payments to participating retired Members and beneficiaries, and allocated investment and administrative expenses.

Family Death Benefit Plan (FDBP) – To pay benefits under the Family Death Benefit Plan administered by LACERS, consisting of Active Member voluntary contributions; matching City of Los Angeles contributions; and investment earnings (losses), including net appreciation (depreciation) in fair value of investments; less payments to beneficiaries and allocated investment and administrative expenses.

Reserves for the Postemployment Health Care Plan

401(h) Account – To provide health care benefits for retirees consisting of City contributions received until fiscal year 2019; investment earnings (losses) including net appreciation (depreciation) in fair value of investments; less payments to insurance providers, including payment to the 115 Trust fund for the self-funded insurance premium and Members' portion of insurance premium reserve and allocated investment and administrative expenses.

115 Trust Account – To provide alternative funding for the health care benefits, in addition to or in lieu of the 401(h) account. The 115 Trust account currently consists of City Contributions received starting fiscal year 2020, self-funded insurance plan premiums and prepayments; certain retired Members' health insurance premium deductions; investment earnings (losses) including net appreciation (depreciation) in fair value of investments; less payments of the self-funded insurance plan claims and related third party administration fees; cost of approved insurance premium buy down and certain direct and allocated investment and administrative expenses.

Reserve balances as of June 30, 2025, were as follows (in thousands):

Reserve for the Retirement Plan		
Member Contributions		
Mandatory	$ 3,324,597	
Voluntary	12,630	
Basic Pensions	17,076,287	
Annuity	676,761	
Larger Annuity	77,467	
FDBP	21,027	$ 21,188,769
Reserve for the Postemployment Health Care Plan		
401(h) Account	$ 3,365,103	
115 Trust Account	821,447	4,186,550
Total		**$ 25,375,319**

Note 1. Description of LACERS and Significant Accounting Policies *(continued)*

Comparative Totals

The basic financial statements include certain prior year summarized comparative data in total, but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with LACERS' financial statements for the year ended June 30, 2024, from which the summarized data were derived, with the exception of certain amount that were restated due to the adoption of GASB Statement 101 *Compensated Absences*. The impact of the restatement on the summarized data was as follows:

Description		June 30, 2024
Beginning Fiduciary Net Position, *as previously reported*	$	21,589,265
Cumulative Compensated Absences Liability, as of June 30, 2023		(4,287)
Beginning Fiduciary Net Position, *as restated*	**$**	**21,584,978**
Net Increase in Fiduciary Net Position, *as previously reported*	$	1,451,960
Net Increase in Administrative Expense/Compensated Absences Liability, *as restated*		(1,691)
Ending Fiduciary Net Position, *as restated*	**$**	**23,035,247**

Estimates

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting years. Changes in economic environment, financial markets, and any other parameters used in determining these estimates could cause actual results to differ from those estimates materially.

Risk and Uncertainty That May Impact Financial Operations and Performance

The System operates in an environment that is exposed to various risks and uncertainties. The global economic activity and financial markets continue to experience volatility due to inflationary pressures, elevated interest rate levels, geopolitical conflicts, international issues, and other macroeconomic factors, which may affect investment performance and asset valuations. Additionally, the total pension liabilities, net pension liabilities, total OPEB, and Net OPEB (asset) liability disclosed in Notes 2 and 3 to the Basic Financial Statements are measured based on certain assumptions, including the long-term expected rate of return on investments, inflation rates, healthcare cost trend, and demographic assumptions, all of which are subject to change. The System is also exposed to emerging risks that continue to evolve, including technology and cybersecurity risks, as well as regulatory or legislative changes that may affect public pension plans. Due to uncertainties inherent in the estimations and assumptions described in this section, it is at least reasonably possible that changes in these estimates and assumptions in the near term may have a material impact on the financial statements. LACERS Board and management continue to closely monitor the economic and financial markets. LACERS' investment strategy is to maintain a well-diversified portfolio, thereby mitigating the risk of market uncertainty.

Adoption of New Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences*. The requirements of this Statement take effect for fiscal years starting after December 31, 2024. The System adopted and implemented this Statement in the fiscal year ended June 30, 2025, which resulted in the restatement of the prior fiscal years' fiduciary net position in accordance with GASB Statement No. 100, *Accounting Changes and Errors Correction*.

Note 1. Description of LACERS and Significant Accounting Policies *(continued)*

GASB Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement take effect for financial statements starting with the fiscal year that ends June 30, 2025. For this fiscal year, no risks related to certain concentrations and constraints that could cause a substantial impact on the System were identified that would require disclosure. The System will implement this Statement, as applicable, in future reporting periods.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement will take effect for financial statements with fiscal years that begin after June 15, 2025. The System has early implemented this requirement, starting in the fiscal year ended June 30, 2024.

Recent GASB Pronouncements for Future Adoption

LACERS is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

GASB Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement will take effect for financial statements with the fiscal year that begins after June 15, 2025. The System will assess potential implications and expects to implement this Statement in the fiscal year ending June 30, 2026.

Note 2. Retirement Plan Description

Plan Administration and Membership

LACERS administers a defined benefit pension plan that provides for service and disability retirement benefits as well as death benefits. The Retirement Plan covers all full-time personnel and department-certified part-time employees of the City, except for sworn employees of the Fire and Police departments, Department of Water and Power employees, elected officials who elected to participate in an alternative Defined Contribution Plan, certain Port Police officers of the Harbor, and certain Airport Peace Officers of the Airports who elected to opt out of LACERS. Upon transferring all active Tier 2 Members to Tier 1 as of February 21, 2016, Membership to Tier 1 is now closed to new entrants unless a Member meets one of the exceptions allowed in the Ordinance No. 184134. Eligible employees hired on or after February 21, 2016, become Members of Tier 3.

Plan Members have a vested right to their own contributions and accumulated interest posted to their accounts. Generally, after five years of employment, Members are eligible for future retirement benefits, which increase with length of service. If a Member who has five or more years of continuous City service terminates employment, the Member has the option of receiving retirement benefits when eligible or having his or her contributions and accumulated interest refunded. Benefits are based upon age, length of service, and compensation. As of June 30, 2025, the components of LACERS membership in both tiers (Tier 1 and Tier 3) were as follows:

Active:	
Vested	19,503
Non-vested	7,497
	27,000
Inactive:	
Non-vested	8,717
Terminated Entitled to Benefits, Not Yet Receiving Benefits	3,548
Retired	22,915
Total	**62,180**

Note 2. Retirement Plan Description *(continued)*

Eligibility Requirements and Benefits Provided

Tier 1

Plan Members are eligible to retire with unreduced benefits if they have 10 or more years of continuous City service at age 60, or at least 30 years of City service at age 55, or with any years of City service at age 70 or older. Plan Members also are eligible to retire with age-based reduced benefits after reaching age 55 with 10 or more years of continuous City service, or at any age with 30 or more years of City service.

Full (unreduced) retirement benefits are determined as 2.16% of the Member's Final Average Monthly Compensation (FAMC) based on the average monthly pensionable salary during the Member's last 12 months of service, or during any other 12 consecutive months of service designated by the Member, multiplied by the Member's years of service credit.

Generally, plan Members with five years of continuous service are eligible for disability retirement, and the benefits are determined as 1/70 of the Member's FAMC for each year of service or 1/3 of the Member's FAMC, if greater. Upon an active Member's death, a refund of the Member's contributions and, depending on the Member's years of service, a limited pension benefit equal to 50% of monthly salary may be paid up to 12 months to eligible beneficiaries. Or, if such Member was eligible to retire, survivor benefits may be paid to an eligible spouse or qualified domestic partner. Upon a retired Member's death, a $2,500 funeral allowance is paid, and a modified or unmodified allowance is continued to an eligible spouse or qualified domestic partner. Additionally, Public Safety Officer (PSO) Tier 1 Members, are eligible for the enhanced disability and death benefits as detailed under Tier 1 – Enhanced Benefits below.

Tier 1 – Enhanced Benefits

On March 28, 2017, the City Council adopted Ordinance No. 184853 to amend the Los Angeles Administrative Code (LAAC), authorizing certain sworn Airport Peace Officers (APO) at LACERS to elect to transfer into Tier 6 of the LAFPP Plan or to remain in the LACERS Plan with enhanced benefits. All new APOs hired after that date would be enrolled in LAFPP Tier 6. Under the ordinance, APO Members who elect to remain in LACERS would be Tier 1 Members and be eligible for enhanced benefits including more favorable disability benefits, death benefits, and a higher retirement factor of 2.30% (versus 2.16% for all other Tier 1 Members), contingent upon a mandatory additional contribution payment of $5,700 required by LAAC Section 4.1002(e)(2) to LACERS before January 8, 2019, or prior to the Member's retirement date, whichever is earlier.

Pursuant to Ordinance No. 187923 adopted in July 9, 2023, Tier 1 Enhance Members and Public Safety Officer Members (PSO) Tier 1 and Tier 3 Members are eligible for enhanced disability benefits ranging from 30% to 90% of the Member's FAMC for service-connected disabilities, regardless of years of service, and from 30% to 50% of the Member's FAMC for nonservice-connected disabilities if the Member has at least five years of continuous service, as determined by the Board depending on the severity of the disability. Eligible survivors and beneficiaries of the Members are entitled to enhanced death benefits, including a service-connected death benefit equal to 80% of the Member's FAMC, or a nonservice-connected death benefit of 50% if the Member has five or more years of service. A survivor benefit allowance of at least 80% of the service-connected disability allowance or at least 70% of the nonservice-connected disability allowance may be paid to the eligible spouse or qualified domestic partner upon the Member's death after retirement, along with a one-time $2,500 funeral allowance to the designated beneficiary. Additional allowance amounts may also be paid to eligible survivors for additional eligible beneficiaries.

Note 2. Retirement Plan Description *(continued)*

Tier 3

Plan Members are eligible to retire with unreduced benefits if they have at least 10 or more years of City service at age 60 or at least 30 years of City service at age 55, provided that five years of service must be continuous. Full unreduced retirement benefits at age 60 with 10 years of City service are determined with a 1.5% retirement factor. Plan Members also are eligible to retire with an age-based reduced benefit before reaching age 60 with 30 or more years of City service with a retirement factor of 2.0%. If the Member is age 55 or older with 30 years of service at the time of retirement, his or her retirement allowance will not be subject to reduction on account of age. However, if the Member is younger than age 55 with 30 years of service at the time of retirement, his or her retirement allowance will be reduced by the applicable early retirement reduction factor. In addition, the System also provides Tier 3 Members enhanced retirement benefits with a 2.0% retirement factor if the Member retires at age 63 with at least 10 years of service, or a retirement factor of 2.1% if the Member retires at age 63 with 30 years of service.

Tier 3 retirement benefits are determined by multiplying the Member's retirement factor (1.5% - 2.1%) with the Member's Final Average Monthly Compensation (FAMC) based on the Member's pensionable salary for the last 36 months or any other 36 consecutive months designated by the Member and by the Member's years of service credit (SC) are as follows:

Age at Retirement	Required Years of Service	Retirement Benefit[1]
Under 55	30 Years	2.0% x FAMC x Yrs. of SC[2]
55 and Over	30 Years	2.0% x FAMC x Yrs. of SC
60 and Over	10 Years	1.5% x FAMC x Yrs. of SC
63 and Over	10 Years	2.0% x FAMC x Yrs. of SC
63 and Over	30 Years	2.1% x FAMC x Yrs. of SC

(1) Retirement allowance may not exceed 80% of final compensation except when the benefit is based solely on the annuity component funded by the Member's contributions.
(2) A reduction factor will be applied based on age at retirement.

Generally, Plan Members with five years of continuous service are eligible for disability retirement, and the benefits are determined as 1/70 of the Member's final average monthly salary for each year of service or 1/3 of the Member's final average monthly salary, if greater. Upon an active Member's death, a refund of the Member's contributions and, depending on the Member's years of service, a limited pension benefit equal to 50% of monthly salary may be paid up to 12 months to eligible beneficiaries . Or, if such Member was eligible to retire, survivor benefits may be paid to an eligible spouse or qualified domestic partner. Upon a retired Member's death, a $2,500 funeral allowance is paid, and a modified or unmodified allowance is continued to an eligible spouse or qualified domestic partner. Additionally, Public Safety Officer (PSO) Tier 3 Members, are eligible for the enhanced disability and death benefits as detailed under Tier 1 – Enhanced Benefits above.

Cost of Living Adjustment

Retirement allowances are indexed annually for inflation. The Board has authority to determine, no later than May 1st of each year, the average annual percentage change in the Consumer Price Index (CPI) for the purpose of providing a Cost of Living Adjustment (COLA) to the benefits of eligible Members and beneficiaries in July. The adjustment is based on the prior year's change of the Los Angeles area average CPI, subject to a maximum of 3.0% for Tier 1 Members or 2.0% for Tier 3 Members. For Tier 1 Members, the CPI percentage change greater than 3.0% is banked for future use.

Note 2. Retirement Plan Description *(continued)*

Employer Contributions

The Los Angeles City Charter Sections 1158 and 1160 provide for periodic actuarially-determined employer contribution rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the required assets to pay benefits when due. For the fiscal year ended June 30, 2025, the actuarially-determined aggregate employer contribution rate to the Retirement Plan by the City was 29.97% (31.08% for Tier 1 and 27.61% for Tier 3) of projected payroll, based on the June 30, 2023 actuarial valuation.

Upon closing the fiscal year 2024-25, LACERS recalculated the employer contribution rate using actual payroll incurred during the fiscal year, which was smaller than the projected covered payroll used by the City to make the advance payment on July 15, 2024. As a result, employer contributions received for the Retirement Plan were $32,925,000 more than required, which was recorded in fiscal year 2024-25 and credited towards employer contributions payment for fiscal year 2025-26. Based on actual payroll, the effective rate of employer contribution for the Retirement Plan was 29.92% for the fiscal year 2024-25.

Member Contributions

Tier 1 and Tier 1 Enhanced

The current contribution rate for Tier 1 and Tier 1 Enhanced Members is 11% of their pensionable salary, including a 1% increase in the Member contribution rate pursuant to the 2009 Early Retirement Incentive Program (ERIP) ordinance for all employees for a period of 15 years (or until the ERIP Cost obligation is fully recovered, whichever comes first). Contribution rates for Tier 1 and Tier 1 Enhanced Members are expected to decrease by 1% on June 30, 2026.

Tier 3

The contribution rate for Tier 3 Members is 11% of their pensionable salary. Unlike Tier 1, Tier 3 Members do not pay the ERIP contribution; therefore, the contribution rate of Tier 3 Members will not decrease when Tier 1 Members cease to pay the 1% ERIP contribution.

Net Pension Liability

In calculating the Plan's net pension liability, the total pension liability and the Plan fiduciary net position exclude amounts associated with Family Death and Larger Annuity benefits. As of June 30, 2025, the components of the net pension liability were as follows (dollars in thousands):

Total Pension Liability	$ 27,613,229
Less: Plan Fiduciary Net Position[1]	21,077,645
Plan's Net Pension Liability	$ 6,535,584
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	76.3%

[1] Plan fiduciary net position is $21,188,769,000 as of June 30, 2025, without excluding amounts associated with Family Death and Larger Annuity plans.

Note 2. Retirement Plan Description *(continued)*

Significant Assumptions

Projections of benefits for financial reporting purposes are based on the types of benefits provided to active, inactive, and retired Members at the time of each valuation, including expected future COLAs. The attribution method and significant assumptions used in the valuation year of June 30, 2025, are summarized below:

Valuation Date:	June 30, 2025.
Actuarial Cost Method:	Entry Age Cost Method (individual basis).
Amortization Method:	Level Percent of Payroll.
Actuarial Assumptions:	
Date of Experience Study	June 30, 2022 (July 1, 2019 through June 30, 2022).
Investment Rate of Return	7.00%.
Inflation	2.50%.
Real Across-the-Board Salary Increase	0.50%.
Projected Salary Increases	Ranges from 4.00% to 9.00% based on years of service, including inflation assumption at 2.50%, real across-the-board salary increase assumption of 0.50% plus merit and promotion increases.
Annual COLAs	2.75% maximum for Tier 1 and 2.00% maximum for Tier 3.
Mortality Table for Healthy Retirees	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables (separate tables for males and females) with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Disabled Retirees	Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables (separate tables for males and females) with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Beneficiaries *Currently in pay status*	Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Beneficiaries *Not currently in pay status*	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Percent Married / Domestic Partner	For all active and inactive members, 76% of male participants and 52% of female participants are assumed to be married or have a qualified domestic partner at pre-retirement death or retirement.
Spouse Age Difference	For all active and inactive members, male members are assumed to be three years older than their female spouses. Female members are assumed to be two years younger than their male spouses.

Note 2. Retirement Plan Description *(continued)*

Determination of Discount Rate and Investment Rates of Return

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation and, beginning with June 30, 2023, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighing the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses (beginning with June 30, 2023, including only investment consulting fees, custodian fees, and other miscellaneous investment expenses) and a risk margin. Beginning on June 30, 2023, this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio.

The target allocation and projected arithmetic real rates of return for each major asset class (after deducting inflation and applicable investment management expenses), are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the actuarial funding valuation as of June 30, 2025. This information will change every three years based on the actuarial experience study. The last experience study was from July 1, 2019 through June 30, 2022. The next experience study will be conducted in fiscal year 2025-26.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	15.00%	6.00%
Small/Mid Cap U.S. Equity	6.00%	6.65%
Developed International Large Cap Equity	15.00%	7.01%
Developed International Small Cap Equity	3.00%	7.34%
Emerging Markets Equity	6.67%	8.80%
Core Bonds	11.25%	1.97%
High Yield Bonds	1.50%	4.63%
Bank Loans	1.50%	4.07%
Protected Securities (TIPS)	3.60%	1.77%
Emerging Market External Debt	2.00%	4.72%
Emerging Market Local Currency Debt	2.00%	4.53%
Real Estate Core	4.20%	3.86%
Cash & Equivalents	1.00%	0.63%
Private Equity	16.00%	9.84%
Private Credit (Private Debt)	5.75%	6.47%
Emerging Market Small-Cap Equity	1.33%	11.10%
REIT	1.40%	6.80%
Real Estate - Non Core	2.80%	5.40%
Total	**100.00%**	

Note 2. Retirement Plan Description *(continued)*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2025. The projection of cash flows used to determine the discount rate assumes Plan Member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially-determined contribution rates. Projected employer contributions that are intended to fund the service costs for future Plan Members and their beneficiaries, as well as projected contributions from future Plan Members, are not included. Based on those assumptions, the retirement plan's fiduciary net position was projected to be available to make all projected future benefit payments for current Plan Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2025.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of LACERS as of June 30, 2025, calculated using the discount rate of 7.00% as well as what LACERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (dollar in thousands):

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
$ 10,136,542	$ 6,535,584	$ 3,556,724

Note 3. Postemployment Health Care Plan Description

Plan Administration and Membership

LACERS administers and provides single-employer postemployment healthcare benefits to eligible retirees and their eligible spouses/domestic partners who participate in the Retirement Plan, regardless of their membership tiers. These benefits consist of subsidies which may also apply to the coverage of other eligible dependent(s). As of June 30, 2025, the components of Membership, excluding non-participating retirees and surviving spouses of LACERS postemployment healthcare benefits, were as follows:

Retired Members/Surviving Spouses [1]	18,004
Vested terminated Members entitled to, but not yet receiving benefits	1,623
Retired Members and surviving spouses not yet eligible for health benefits	108
Active Members	27,000
Total	**46,735**

[1] The total number of participants, including married dependents, receiving benefits is 23,846.

On November 9, 2018, the City Council approved Ordinance No. 185829 to amend Article 1 of Chapter 11, Division 4 of the Los Angeles Administrative Code to establish the LACERS Health Care Fund (115 Trust Account) for the sole purpose of funding the retiree healthcare benefits for eligible LACERS retirees and beneficiaries, as well as to help stabilize premium rates over time. The City and the Board of LACERS entered into a written trust agreement for the LACERS Health Care Fund, which shall provide an alternative funding mechanism, in addition to or in lieu of the existing 401(h) account described in LAAC Section 4.1102, for funding benefits under the health and welfare programs.

Note 3. Postemployment Health Care Plan Description *(continued)*

The LACERS Health Care Fund is intended to qualify for federal tax exemption under Section 115 of the Internal Revenue Code. Because health benefits paid out of the LACERS Health Care Fund are not required to be subordinate to the Plan retirement benefits, the LACERS Health Care Fund would not become taxable if the Plan health benefits surpass the 25% threshold. Second, the LACERS Health Care Fund gives LACERS more flexibility to invest premium surpluses to provide for smoothing should healthcare premiums increase considerably in the future. Currently, the Health Care Coverage Account (401(h) account) cannot receive full refunds of excess premiums from insurance providers. However, the LACERS Health Care Fund can receive full premium surplus refunds from insurance providers; therefore, the System can invest these funds at a higher rate of return than the insurance providers' reserve account interest rate.

Eligibility Requirements and Benefits Provided

To be eligible for LACERS postemployment healthcare benefits, a Member must: 1) be at least age 55; 2) have at least 10 whole years of service with LACERS; and 3) be enrolled in a System-sponsored medical or dental plan or be a participant in the Medical Premium Reimbursement Program (MPRP). Retirees and surviving spouses/domestic partners can choose from the health plans that are available, which include medical, dental, and vision benefits, or participate in the MPRP if he/she reside in an area not covered by the available medical plans. Retirees and surviving spouses/domestic partners receive medical subsidies based on service years and service credit. The dental subsidies are provided to retirees based on their service years and service credit.

The maximum subsidies are set annually by the Board. Effective February 21, 2016, healthcare benefit eligibility requirements have changed for Members who have periods of part-time service. Such Members are now eligible to participate in the LACERS retiree medical programs with 10 whole years of service, even if some or all of that service was part-time, provided that the Member meets the eligibility requirements. Both Tier 1 and Tier 3 Members will be eligible for 40% of the maximum medical plan premium subsidy for 1 – 10 whole years of service credit, and eligible Members earn 4% per year of service credit for their annual medical subsidy accrual after 10 years of service. Eligible spouses/domestic partners of Plan Members are entitled to the System's postemployment healthcare benefits after the retired Member's death.

During the 2011 fiscal year, the City adopted an ordinance ("Subsidy Cap Ordinance") to limit the maximum medical subsidy at $1,190 for those Members who retire on or after July 1, 2011; however, Members who at any time prior to retirement made additional contributions are exempted from the subsidy cap and obtain a vested right to future increases in the maximum medical subsidy at an amount not less than the dollar increase in the Kaiser two-party non-Medicare Part A and Part B premium. As of June 30, 2025, all active Tier 1 and Tier 3 Members were making the additional contributions and therefore will not be subject to the medical subsidy cap.

Employer Contributions

The Los Angeles City Charter Sections 1158 and 1160 require periodic employer contributions at actuarially determined rates, expressed as percentages of annual covered payroll, which are sufficient to accumulate the required assets to pay benefits when due. The actuarially determined aggregate contribution rate for the Postemployment Health Care Plan for the fiscal year ended June 30, 2025, was 3.32% (3.26% for Tier 1 and 3.45% for Tier 3) of projected payroll, based on the June 30, 2023, actuarial valuation.

Upon closing the fiscal year 2024-25, LACERS recalculated the employer contribution rate using actual payroll incurred during the fiscal year, which was lower than the projected covered payroll used by the City to make the advance payment on July 15, 2024. As a result, employer contributions for the Postemployment Health Care Plan were $3,592,000 more than required, which was recognized in fiscal year 2024-25 and credited towards employer contribution payment for fiscal year 2025-26. Based on actual payroll, the effective rate of employer contribution for the Postemployment Health Care Plan was 3.36% for fiscal year 2024-25.

Note 3. Postemployment Health Care Plan Description *(continued)*

Net OPEB (Asset) Liability

As of June 30, 2025, the components of the net OPEB (asset) liability were as follows (dollars in thousands):

Total OPEB Liability	$ 3,868,233
Less: Plan Fiduciary Net Position	4,186,550
Plan's Net OPEB (Asset) Liability	(318,317)
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	108.2%

Significant Assumptions

The total OPEB liability as of June 30, 2025, was determined by actuarial valuation as of June 30, 2025. The attribution method and significant assumptions used to measure the total OPEB liability, including assumptions about inflation and healthcare cost trend rates in the valuation year of June 30, 2025, are summarized below:

Valuation Date:	June 30, 2025.
Actuarial Cost Method:	Entry Age Cost Method.
Amortization Method:	Level Percent of Payroll – assuming a 3.00% increase in total covered payroll.
Actuarial Assumptions:	
Date of Experience Study	June 30, 2022 (July 1, 2019 through June 30, 2022).
Investment Rate of Return	7.00%.
Inflation	2.50%.
Projected Salary Increase	Ranges from 4.00% to 9.00% based on years of service, including inflation assumption at 2.50%, real across-the-board salary increase assumption of 0.50% plus merit and promotion increases.
Mortality Table for Healthy Retirees	Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Disabled Retirees	Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table (separate tables for males and females) with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Beneficiaries *Currently in pay status*	Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5% for males and 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Note 3. Postemployment Health Care Plan Description *(continued)*

Mortality Table for Beneficiaries *Not currently in pay status*	Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Spouse / Domestic Partner Coverage	For all active and inactive members, 60% of male participants and 35% of female participants who receive a retiree health subsidy are assumed to be married or have a qualified domestic partner and elect dependent coverage. Of these covered spouses / domestic partners, 100% are assumed to continue coverage of the retiree predeceases the spouse/domestic partners.
	Male retirees are assumed to be four years older than their female spouses. Female retirees are assumed to be two years younger than their male spouses.
Healthcare Cost Trend Rates	Medical Premium Trend Rates to be applied to all health plans in the following fiscal years. The Trend Rate is to be applied to the premium for the shown fiscal year to calculate next fiscal year's projected premium. Medical Premium Trend Rates to be applied to fiscal year 2025-2026 and later years are:

First Fiscal Year (July 1, 2025 through June 30, 2026)

Carrier	Under Age 65	Age 65 & Over
Kaiser HMO	5.65%	3.80%
Anthem Blue Cross HMO	8.06%	N/A
Anthem Blue Cross PPO	8.06%	4.08%
UHC Medicare HMO	N/A	21.24%
SCAN	N/A	3.50%
Anthem Medicare Supplement	N/A	7.89%

Approximate Trend Rate (%)
Fiscal Year 2026 - 2027 and later

Fiscal Year	Non-Medicare	Medicare	Medicare Part B
2026 - 2027	7.12%	6.87%	6.75%
2027 - 2028	6.87%	6.62%	6.75%
2028 - 2029	6.62%	6.37%	6.75%
2029 - 2030	6.37%	6.12%	6.75%
2030 - 2031	6.12%	5.87%	6.75%
2031 - 2032	5.87%	5.62%	6.75%
2032 - 2033	5.62%	5.37%	6.75%
2033 - 2034	5.37%	5.12%	6.75%
2034 - 2035	5.12%	4.87%	6.25%
2035 - 2036	4.87%	4.62%	5.75%
2036 - 2037	4.62%	4.50%	5.25%
2037 - 2038	4.50%	4.50%	4.75%
2038 - 2039	4.50%	4.50%	4.50%
2039 - 2040	4.50%	4.50%	4.50%
2040 and later	4.50%	4.50%	4.50%

Delta Dental PPO Premium Trend: 1.50%, then 3.00% thereafter
Deltacare Premium Trend: 1.50%, then 3.00% thereafter

Note 3. Postemployment Health Care Plan Description *(continued)*

Determination of Discount Rate and Investment Rates of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation and, beginning with June 30, 2023, any applicable investment management expense) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighing the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2023, including only investment consulting fees, custodian fees, and other miscellaneous investment expenses) and a risk margin. Beginning on June 30, 2023, this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio.

The target allocation and projected arithmetic real rates of return for each major asset class (after deducting inflation and applicable investment management expenses) are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption in the June 30, 2025, actuarial valuation. This information will change every three years based on the actuarial experience study. The last experience study was from July 1, 2019 through June 30, 2022. The next experience study will be conducted in fiscal year 2025-26.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	15.00%	6.00%
Small/Mid Cap U.S. Equity	6.00%	6.65%
Developed International Large Cap Equity	15.00%	7.01%
Developed International Small Cap Equity	3.00%	7.34%
Emerging Markets Equity	6.67%	8.80%
Core Bonds	11.25%	1.97%
High Yield Bonds	1.50%	4.63%
Bank Loans	1.50%	4.07%
Protected Securities (TIPS)	3.60%	1.77%
Emerging Market External Debt	2.00%	4.72%
Emerging Market Local Currency Debt	2.00%	4.53%
Real Estate Core	4.20%	3.86%
Cash & Equivalents	1.00%	0.63%
Private Equity	16.00%	9.84%
Private Credit (Private Debt)	5.75%	6.47%
Emerging Market Small-Cap Equity	1.33%	11.10%
REIT	1.40%	6.80%
Real Estate - Non Core	2.80%	5.40%
Total	**100.00%**	

Note 3. Postemployment Health Care Plan Description *(continued)*

A 7% discount rate was used to measure the total OPEB liability as of June 30, 2025. The projection of cash flows used to determine the discount rate assumes employer contributions will be made at rates equal to the actuarially-determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current Plan Members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future Plan Members and their beneficiaries are not included. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current Plan Members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability as of June 30, 2025.

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Discount Rate

The following presents the net OPEB (asset) liability of LACERS as of June 30, 2025 calculated using the discount rate of 7.00% as well as what LACERS net OPEB (asset) liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (dollar in thousands):

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
$ 208,186	$ (318,317)	$ (752,663)

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB (asset) liability of LACERS as of June 30, 2025, calculated using the healthcare cost trend rates, as well as what LACERS' net OPEB (asset) liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current rate (dollar in thousands):

1% Decrease	Current Healthcare Cost Trend Rates[1]	1% Increase
$ (794,534)	$ (318,317)	$ 271,751

[1] Current healthcare cost trend rates: 7.12% graded down to 4.50% over 11 years for Non-Medicare medical plan costs, and actual premium increase in the first year, then graded from 6.87% to the ultimate 4.50% over 10 years for Medicare medical plan costs. Actual premium increase in the first year, then 3.00% thereafter for Dental. Actual premium increase in the first year, then 6.75% for the following 8 years, then graded down to the ultimate 4.50% over 6 years for Medicare Part B subsidy cost.

Note 4. Contributions Required and Contributions Made

LACERS uses the Entry Age cost method to determine the required annual contribution amount for the Retirement Plan and the Postemployment Health Care Plan. The required annual contribution amount is composed of two components: normal cost, which is the cost of the portion of the benefit that is allocated to a given year, and the payment to amortize the Unfunded Actuarial Accrued Liability (UAAL), which is the difference between LACERS' actuarial liabilities and actuarial assets. The components of the UAAL are amortized as a level percent of pay. Based on LACERS' funding policy, changes in the UAAL due to actuarial gains/losses are amortized over separate 15-year periods. Changes in the UAAL due to assumption or method changes are amortized over separate 20-year periods, except that healthcare cost trend and premium assumption changes are amortized over 15 years. Plan changes, including the 2009 ERIP, are amortized over separate 15-year periods. Future ERIPs will be amortized over 5 years. Any actuarial surplus is amortized over 30 years. All the bases on or before June 30, 2012, except those arising from the 2009 ERIP and the two (at that time) GASB 25/27 layers, were combined and amortized over 30

Note 4. Contributions Required and Contributions Made *(continued)*

years effective June 30, 2012. The amortization periods are "closed" as each layer of the UAAL is systematically amortized over a "fixed" period.

The total contributions to LACERS for the fiscal year ended June 30, 2025, in the amount of $1,200,953,000 ($1,110,785,000 for the Retirement Plan and $90,168,000 for the Postemployment Health Care Plan), consisted of the following (in thousands):

	Retirement Plan	Postemployment Health Care Plan	Total
City Contributions:			
Initial Contributions [1]	$ 836,910	$ 93,760	$ 930,670
True-up Adjustments [2]	(32,925)	(3,592)	(36,517)
Required Contributions	803,985	90,168	894,153
FDBP	35	-	35
Total City Contributions	804,020	90,168	894,188
Member Contributions	306,765	-	306,765
Total Contributions	**$ 1,110,785**	**$ 90,168**	**$ 1,200,953**

(1) The initial City contributions received on July 15, 2024, were based on applying actuarially-determined contributions rates to projected payroll for the fiscal year.

(2) At the end of the fiscal year, LACERS recalculated required contributions based on actual payroll, resulting in these true-up adjustments.

The City contributions made to the Retirement Plan under the Required Contributions category in the amount of $803,985,000 were equal to 100% of the actuarially-determined contribution of the employer as defined by GASB Statement No. 67. The City contributions made for the Postemployment Health Care Plan, in the amount of $90,168,000, represent 100% of the actuarially determined contribution of the employer as defined by GASB Statement No. 74. Member contributions in the amount of $306,765,000 were made toward the Retirement Plan, the voluntary Larger Annuity Plan, and Family Death Benefit Plan.

Note 5. Historical Trend Information

Historical trend information, designed to provide information about LACERS' progress made in accumulating sufficient assets to pay benefits when due, is presented on pages 59 - 64 for the Retirement Plan and pages 65 - 70 for the Postemployment Health Care Plan.

Note 6. Cash and Short-Term Investments and Investments

The Board has the responsibility for the investment of LACERS funds and should discharge its duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims, as prescribed by Article XI Section 1106(c) of the City Charter.

Note 6. Cash and Short-Term Investments and Investments *(continued)*

LACERS considers investments with a maturity of 12 months or less to be short-term investments. The carrying value of cash and short-term investments on June 30, 2025, for the Retirement Plan and Postemployment Health Care Plan included approximately $7,058,000 held in LACERS general operating accounts with the City Treasurer, $208,000 in building operating accounts with LACERS building property management, and short-term investments of $582,903,000 for a total of $590,170,000. The amounts held by the City Treasurer are pooled with the monies of other City agencies and invested by the City Treasurer's office. These assets are not individually identifiable. On June 30, 2025, short-term investments included collective domestic STIF of $480,485,000, international STIF of $47,542,000, and future contracts initial margin and collateral of $54,876,000.

The fair value of derivative instruments, including equity index, commodity, currency, and interest rate future contracts, currency forward contracts and options, rights and warrants, and swaps, is recorded in the Statement of Fiduciary Net Position with a positive value of $2,142,000. The changes in fair value of the derivative instruments during the fiscal year are recorded in the Statement of Changes in Fiduciary Net Position as Investment Income. LACERS enters into derivative contracts for investment purposes and manages risks associated with its investment portfolio. For financial reporting purposes, all LACERS derivatives for the current and previous fiscal years are classified as investment derivatives.

The notional amount and the fair value of derivative instruments as of June 30, 2025, are as follows (in thousands):

Derivative Type	Notional Amount	Fair Value	Change in Fair Value
Future Contracts -			
Equity Index	32,111	$ 25	$ (3)
Interest Rate	54,427	122	153
Currency Forward Contracts	639,938	1,063	3,485
Currency Options	N/A	(877)	(418)
Right / Warrants	N/A	257	207
Swaps–Interest Rate	N/A	553	6,692
Swaps–Credit Contracts	N/A	999	104
Total Value		**$ 2,142**	**$ 10,220**

Credit Risk – Derivatives

Derivatives are subject to credit risk that the counterparty to a contract will default. LACERS is exposed to credit risk on the reported assets of the investment derivatives that are traded over the counter. The credit risk of exchange-traded derivatives for future contracts is considered minimal because the exchange clearing house is the counterparty and guarantees performance.

LACERS permits investment managers, under the terms of individual guidelines, to use derivative instruments set forth in each manager's investment guidelines to control portfolio risk. It is the responsibility of these investment managers to actively monitor their counterparties' financial safety and ensure compliance with investment restrictions. LACERS has no general investment policy with respect to netting arrangements or collateral requirements. However, these individual investment managers have set up the arrangements with the counterparties to net off positive and negative contracts with the same counterparty in case of the counterparty's default.

Note 6. Cash and Short-Term Investments and Investments *(continued)*

As of June 30, 2025, without respect to netting arrangements, LACERS' maximum income on derivative instruments subject to credit risk, namely currency forward contracts, is $6,128,000. All counterparties of these investment derivatives had the credit rating of “A”, “AA”, or “ BBB+” assigned by S&P.

Credit Risk – Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. LACERS seeks to maintain a diversified portfolio of fixed income instruments to obtain the highest total return for the fund at an acceptable level of risk within this asset class. The credit quality ratings of investments in fixed income securities by Standard and Poor’s (S&P), a nationally-recognized statistical rating organization, as of June 30, 2025, are as follows (dollars in thousands):

S & P Ratings	Fair Value	Percentage
AAA	$ 63,224	1.46 %
AA+	5,163	0.12
AA	1,219,523	28.14
AA-	19,868	0.46
A+	32,391	0.75
A	88,744	2.05
A-	159,793	3.69
BBB+	237,262	5.47
BBB	226,049	5.22
BBB-	181,604	4.19
BB+	141,647	3.27
BB	187,097	4.32
BB-	120,439	2.78
B+	62,460	1.44
B	430,926	9.94
B-	111,042	2.56
CCC+	91,790	2.12
CCC	55,680	1.28
CCC-	17,956	0.41
CC	33	0.00
D	545	0.00
Not Rated	881,052	20.33
	$ 4,334,288	100.00 %
U.S. Government Guaranteed Securities[1]	1,837,554	
Total Fixed Income Securities	**$ 6,171,842**	

[1] Consists of U.S Government Bonds and GNMA Mortgage-Backed Securities which had the AA+ rating.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a financial institution’s failure of depository financial institution, LACERS would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or not collateralized.

Note 6. Cash and Short-Term Investments and Investments *(continued)*

As of June 30, 2025, LACERS has exposure to such risk in the amount of $40,591,000 or 0.6% of the fair value of total international investments. The amount represents non-invested cash denominated in foreign currencies, managed by 15 different investment managers, and held outside of LACERS' custodial bank. LACERS policy requires each individual publicly traded equities investment manager to hold no more than 10% of their portfolios in the form of cash. LACERS is in compliance with the policy.

Investment securities are exposed to custodial credit risk if the securities are not insured, are not registered in LACERS' name, and are held by the counterparty or the counterparty's trust department or agent, but not in LACERS' name. As of June 30, 2025, LACERS investments were not exposed to custodial credit risk because all securities were registered in the name of the System.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. One of the ways LACERS manages its exposure to interest rate risk is by requiring the fixed income investment managers to maintain their portfolio effective duration within a specified range of the BC U.S. High Yield 2% Capped Index, the BC Intermediate Government Credit Index, the BC Aggregate Bond Index, or the J.P. Morgan EMBI Global Diversified Index, depending on the Board's mandates. The effective duration is a measure, in years, of interest-rate sensitivity in debt investments. The longer the effective duration, the greater the sensitivity to interest rate changes. Information about the sensitivity of the fair values of LACERS investments to market interest rate fluctuations as of June 30, 2025, is provided by the following table that shows the weighted average effective duration of LACERS fixed income securities by investment type (dollars in thousands):

Investment Type	Fair Value	Weighted Average Duration (in Years)
Asset-Backed Securities	$ 91,469	2.40
Bank Loans	152,238	(0.03)
Commercial Mortgage-Backed Securities	102,901	2.04
Corporate Bonds	1,295,935	4.99
Government Agencies	125,240	6.10
Government Bonds	1,684,354	7.21
Government Mortgage-Backed Securities	647,285	6.88
Index Linked Government Bonds	859,955	4.27
Municipal/Provincial Bonds	17,785	5.99
Non-Government Backed Collateralized Mortgage Obligations (C.M.O.s)	42,751	3.02
Opportunistic Debts and Private Credit	553,164	0.09
Other Fixed Income (Funds)	598,765	6.05
Total Fixed Income Securities	**$ 6,171,842**	

Concentration of Credit Risk

As of June 30, 2025, the investment portfolio did not contain any concentration of investments in any one entity that represented 5% or more of the total investment portfolio.

Note 6. Cash and Short-Term Investments and Investments *(continued)*

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. LACERS Asset Allocation policy sets a target of 20% of the total portfolio for non-U.S. investments in equities. In addition, fixed income, real estate, and private equity managers may hold non-U.S. investments depending on their individual mandates. Forward currency contracts are permitted primarily to reduce the foreign currency risk. LACERS non-U.S. currency investment holdings as of June 30, 2025, which represent 23.33% of the fair value of total investments, are as follows (in thousands):

Foreign Currency Type	Cash and Adjustments to Cash	Equity	Fixed Income	Derivatives Instruments	Other Investments	Total Fair Value in USD
Argentine peso	-	-	2,308	-	-	2,308
Australian dollar	385	132,296	-	8	-	132,689
Brazilian real	32,084	41,091	20,476	(297)	(112)	93,242
British pound sterling	1,043	581,735	-	(13)	-	582,765
Canadian dollar	(657)	301,225	-	44	-	300,612
Chilean peso	4,937	3,049	5,618	(6)	(5)	13,593
Chinese yuan renminbi	12,692	55,774	17,881	71	98	86,516
Colombian peso	(9,419)	885	25,322	(276)	(63)	16,449
Czech koruna	1,318	910	24,851	(588)	(440)	26,051
Danish krone	609	72,317	-	-	-	72,926
Dominican peso	-	-	819	-	-	819
Egyptian pound	14,080	-	-	-	-	14,080
Euro	(28,359)	1,164,637	51,696	(2,492)	467,793	1,653,275
Hong Kong dollar	1,630	310,600	-	(6)	-	312,224
Hungarian forint	1,252	4,267	13,084	(415)	(49)	18,139
Indian rupee	14,462	322,028	42,108	72	122	378,792
Indonesian rupiah	17,166	12,880	58,056	-	-	88,102
Japanese yen	8,052	648,855	-	97	-	657,004
Kazakhstan tenge	2,347	-	-	-	-	2,347
Kuwaiti dinar	-	3,299	-	-	-	3,299
Malaysian ringgit	17,115	13,103	38,410	53	62	68,743
Mexican peso	5,437	61,964	50,930	(82)	(4)	118,245
Moroccan dirham	-	4,870	-	-	-	4,870
New Israeli shekel	230	48,715	-	-	-	48,945
New Romanian leu	11,617	-	5,457	(9)	-	17,065
New Taiwan dollar	(9,911)	249,165	-	(338)	-	238,916
New Zealand dollar	34	2,662	-	-	-	2,696
Nigerian naira	-	-	-	(40)	-	(40)
Norwegian krone	292	60,285	-	-	-	60,577
Peruvian nuevo sol	(8,276)	-	29,761	(241)	-	21,244
Philippine peso	12,160	4,523	-	-	-	16,683
Polish zloty	14,669	15,407	27,719	108	121	58,024
Qatari riyal	177	4,939	-	-	-	5,116
Russian ruble	-	-	-	-	-	-
Saudi riyal	296	37,311	-	-	-	37,607
Serbian dinar	3,479	-	-	-	-	3,479
Singapore dollar	(15,442)	32,866	-	(186)	-	17,238
South African rand	(11,132)	42,083	55,586	482	471	87,490
South Korean won	(4,304)	141,734	-	445	229	138,104
Swedish krona	282	116,403	-	-	-	116,685
Swiss franc	700	205,962	-	-	-	206,662
Thai baht	2,458	10,334	32,636	62	60	45,550
Turkish lira	12,709	7,758	4,399	(365)	-	24,501
United Arab Emirates dirham	33	17,609	-	-	-	17,642
Uruguayan peso uruguayo	-	-	3,114	-	-	3,114
Total Investments Held in Foreign Currency	**$ 106,245**	**$4,733,541**	**$510,231**	**$ (3,912)**	**$ 468,283**	**$ 5,814,388**

Note 6. Cash and Short-Term Investments and Investments *(continued)*

Highly-Sensitive Investments

Highly-sensitive investments are certain debt investments whose terms may cause their fair value to be highly-sensitive to market interest rate changes. Terms include embedded options, coupon multipliers, benchmark indexes, and reset dates. LACERS asset-backed investments have embedded prepayment options that will typically cause prepayments by the obligees of the underlying investments when interest rates fall. Prepayments eliminate the stream of future interest payments and, therefore, diminish the fair value of the asset-backed investment. The following table shows the fair value of LACERS' asset-backed investments by investment type (in thousands):

Investment Type	Fair Value
Asset-Backed Securities	$ 91,469
Commercial Mortgage-Backed Securities	102,901
Government Agencies	125,240
Government Mortgage-Backed Securities	647,285
Non-Government Backed C.M.O.s	42,751
Total Asset-Backed Investments	**$ 1,009,646**

Fair Value Measurements

LACERS follows GASB Statement No. 72 (GASB 72), *Fair Value Measurements and Application*. GASB 72 addresses accounting and financial reporting issues related to fair value measurements and disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in either a government's principal or the most advantageous market at the measurement date.

The System's investments are measured and reported within the fair value hierarchy established by US GAAP. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Inputs to the valuation include: 1) quoted prices for similar assets or liabilities in active markets; 2) quoted prices for identical or similar assets or liabilities in markets that are not active; 3) inputs other than quoted prices that are observable for the asset or liability; and 4) market-corroborated inputs.

Level 3 inputs are unobservable inputs for an asset or liability where there are little market activities. The inputs into the determination of fair value are based upon the best information in the circumstances and may require management judgment or estimation.

Note 6. Cash and Short-Term Investments and Investments *(continued)*

Schedule of Investments by Fair Value Hierarchy

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 or 3 of the fair value hierarchy are valued using a matrix pricing technique based on the availability of the market price, the pricing source and type, and the country of incorporation of the securities. The hierarchy levels are determined based on the level of corroborative information obtained from other market sources to assert that the prices provided represent observable data.

The exchange-traded Future Contracts classified in Level 1 of the fair value hierarchy are valued using a daily settlement when available or as a daily mark to market. The Foreign Exchange Contracts (liabilities) classified in Level 2 of the fair value hierarchy are valued using independent pricing services, including London Close Mid-evaluation, WM/Reuters Company, Bloomberg, and Thomson Reuters.

Real estate funds classified in Level 3 of the fair value hierarchy are valued based on periodic appraisals in accordance with industry practice, or other valuation methods and techniques, including models.

The System's remaining investments not categorized under the fair value hierarchy, such as private equity partnerships, real estate comingled funds, and other investments that do not have a readily determinable fair value, have been valued at the Net Asset Value (NAV). NAV is calculated and used as a practical expedient to estimate the fair value of LACERS' interest, unless it is probable that all or a portion of the investments will be sold for an amount different from the NAV. As of June 30, 2025, LACERS had no specific plans to sell investments at amounts different from NAV. These investments are disclosed in the Investments Measured at the NAV on page 53.

Note 6. Cash and Short-Term Investments and Investments *(continued)*

The System has the following recurring fair value measurements as of June 30, 2025 (in thousands):

		Fair Value Measurements Using		
Investments by Fair Value Level:	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Debt securities:				
Government Bonds	$ 2,544,309	$ -	$ 2,544,309	$ -
Government Agencies	125,240	-	125,240	-
Municipal/Provincial Bonds	17,785	-	17,785	-
Corporate Bonds	1,430,155	-	1,410,906	19,249
Bank Loans	152,238	-	150,826	1,412
Government Mortgage Bonds	647,285	-	647,285	-
Commercial Mortgage Bonds	102,901	-	102,901	-
Opportunistic Debts	19,329	-	-	19,329
Total Debt Securities	5,039,242	-	4,999,252	39,990
Equity Securities:				
Common Stock:				
Basic Industries	1,596,653	1,596,601	-	52
Capital Goods Industries	520,829	520,749	-	80
Consumer & Services	2,308,208	2,308,129	-	79
Energy	599,776	599,681	-	95
Financial Services	2,003,414	2,003,204	-	210
Health Care	923,275	923,201	-	74
Information Technology	2,146,847	2,146,662	-	185
Real Estate	834,334	834,025	-	309
Other Funds - Common Stock	963,617	-	963,617	-
Miscellaneous	1,413	2	-	1,411
Total Common Stock	11,898,366	10,932,254	963,617	2,495
Preferred Stock	20,758	20,758	-	-
Stapled Securities	4,125	4,125	-	-
Convertible Equity	1,762	1,762	-	-
Total Equity Securities	11,925,011	10,958,899	963,617	2,495
Private Credit Funds	140,314			140,314
Real Estate Funds	252,763	-	-	252,763
Total Investments by Fair Value Level	$ 17,357,330	$ 10,958,899	$ 5,962,869	$ 435,562
Investments Measured at the NAV:				
Common Fund Assets	598,766			
Private Credit Funds	342,568			
Private Equity Funds	4,997,135			
Real Estate Funds	1,111,852			
Opportunistic Debts	301,402			
Total Investments Measured at the NAV	7,351,723			
Total Investments Measured at Fair Value(1)	**$ 24,709,053**			
Investment Derivative Instruments:				
Future Contracts (liabilities)	$ 147	$ 147	$ -	$ -
Foreign Exchange Contracts (liabilities)	1,063	-	1,063	-
Rights/Warrants/Options/Swaps	932	1,591	(877)	218
Total Investment Derivative Instruments	$ 2,142	$ 1,738	$ 186	$ 218

(1) Excluded $2,142,000 of investment derivative instruments (shown separately) and $207,016,000 of securities lending collateral.

Note 6. Cash and Short-Term Investments and Investments *(continued)*

Investments Measured at the net asset value (NAV):
(in thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common Fund Assets [(1)]	$ 598,766	$ -	Daily	2 days
Private Credit Funds [(2)]	342,568	412,545	N/A	N/A
Private Equity Funds [(3)]	4,997,135	2,401,247	N/A	N/A
Real Estate Funds [(4)]	1,111,852	218,864	Daily, Quarterly	1-90 days
Opportunistic Debts [(5)]	301,402	-	Monthly	30 days
Total Investments Measured at NAV	$ 7,351,723	$ 3,032,656		

(1) Common fund assets - This investment type includes one fund that primarily invests in U.S. bonds. The fair value of the investment has been determined using a practical expedient based on the investment's NAV per share (or its equivalent). This investment can be redeemed daily, with a two-day advance redemption notice period.

(2) Private credit funds - This investment type includes 10 closed-end commingled private credit funds, 1 co-investment sidecar fund, and 3 separately managed accounts that invest primarily in debt and other credit instruments issued by privately held U.S. and non-U.S. companies. The fair values of these investments have been determined using a practical expedient based on the investments' NAV per share (or its equivalent). These investments are not redeemable. It is expected that these investments will be held for the entire lives of the funds and will not be sold in the secondary market. Distributions from each fund will be received as the underlying loans and other assets are repaid or liquidated by the fund managers. It is expected that the underlying assets of these funds will be realized over the next 5 to 10 years, depending on the vintage year of each fund."

(3) Private equity funds - This investment type includes 343 closed-end commingled private equity funds that invest primarily in securities of privately held U.S. and non-U.S. companies. The fair values of these investments have been determined using a practical expedient based on the investments' NAV per share (or its equivalent). These investments are not redeemable. It is expected that these investments will be held for the entire lives of the funds and will not be sold in the secondary market. Distributions from each fund will be received as the underlying assets are liquidated by the fund managers. It is expected that the underlying assets of these funds will be liquidated over the next one to 13 years, depending on the vintage year of each fund.

(4) Real estate funds - This investment type includes 29 commingled real estate funds that invest primarily in U.S. commercial real estate. The fair values of these investments have been determined using a practical expedient based on the investments' NAV per share (or its equivalent). Nine investments, representing approximately 68.3% of the value of this investment type, are in open-end funds, which may be redeemed according to terms specific to each fund. Redemptions generally are subject to the funds' available cash and redemption queues. Twenty investments, representing approximately 31.7% of the value of this investment type, are in closed-end funds and are not redeemable. It is expected that these investments will be held for the entire lives of the funds and will not be sold in the secondary market. Distributions from each fund will be received as underlying assets are liquidated by the fund managers. It is expected that the underlying assets of these funds will be liquidated over the next one to 12 years, depending on the vintage year of each fund.

Note 6. Cash and Short-Term Investments and Investments *(continued)*

(5) Opportunistic debts - This investment type includes three commingled funds: two that invest primarily in senior loans of non-investment grade companies (senior loan funds) and another one that invests primarily in the securities and obligations of companies experiencing operational or financial distress (distressed investment fund). The fair values of these investments have been determined using a practical expedient based on the investments' NAV per share (or its equivalent). The larger of the two senior loan funds, representing approximately 93.9% of the value of opportunistic debts, can be redeemed monthly. The other senior loan fund, representing 6.0% of the investment type, can be redeemed bi-monthly. The distressed investment fund, representing approximately 0.1% of the value of this investment type, is being dissolved and is no longer making new underlying investments. Distributions from this fund will be received as underlying investments are liquidated by the fund manager. The fund is still being liquidated.

Note 7. Securities Lending Agreement

Under authority granted by the City Charter, LACERS has entered into various short-term arrangements with its custodian to lend securities to various brokers. There are no restrictions on the number of securities that may be lent, and the custodian determines which lenders' accounts to lend securities from by using an impartial sequential system that matches loan requests with various lenders' accounts. All lenders are deemed to have relatively equal opportunity to profit from the lending of securities. Therefore, should a collateral deficiency occur beyond the custodian's responsibilities, the deficiency is allocated pro rata among all lenders.

Minimum collateralization is 102% of the fair value of the borrowed U.S. securities and 105% for international securities. Collateral consists of cash, government and corporate securities, and commercial bank obligations. Cash collateral is invested in a separate account comprised of money market or high-quality short-term investments. It is the responsibility of the custodian to monitor collateralization on a daily basis. If the collateral is below the minimum collateralization level, additional collateral will be requested from the borrower to meet the requirement. Collateral requested each morning is required to be received on the same day. If the borrower fails to deliver additional collateral, the custodian would notify the borrower that they are in default under the securities lending agreement. If the borrower does not provide the necessary collateral after receiving notification, the legal agreement allows the custodian to close the contract with the borrower and buy-in the securities on behalf of LACERS.

The borrower has all incidents of ownership with respect to borrowed securities and collateral, including the right to vote and transfer or loan borrowed securities to others. LACERS is entitled to receive all distributions that are made by the issuer of the borrowed securities, directly from the borrower. Under the agreement, the custodian will indemnify LACERS as a result of the custodian's failure to: 1) make a reasoned determination of the creditworthiness of a potential borrower before lending and, during the term of the loan or loans, the borrower files a petition of bankruptcy or similar action; 2) demand adequate collateral; or 3) otherwise maintain the securities lending program in compliance with the Federal Financial Institutions Examination Council Supervisory Policy on Securities Lending. As of June 30, 2025, the fair value of the securities on loan was $1,177,219,000. The fair value of associated collateral was $1,224,604,000 ($207,016,000 of cash collateral and $1,017,588,000 of non-cash collateral). These agreements provide for the return of the securities and revenue determined by the type of collateral received.

During the reporting period, LACERS had no losses on securities lending transactions resulting from default of a borrower or lending agent. Due to the nature of the securities lending program and the custodian bank's collateralization of loans at amounts greater than the fair value of the loaned securities, it is deemed that there were no material credit risks to LACERS as defined in GASB Statement No. 28 and GASB Statement No. 40 by its participation in the securities lending program. However, similar to any other investment portfolio, there is risk associated with investing cash collateral in securities. The value of the invested collateral may fall below the value of the cash collateral pledged by the borrowers and may impair LACER's ability to return cash collateral to the borrowers upon the redemption of loans. If this scenario were to occur, LACERS would be required to make up the deficiency in collateral and would incur a loss.

Note 7. Securities Lending Agreement *(continued)*

All securities loans can be terminated on demand by either LACERS or the borrower. Because of this nature, their duration did not generally match the duration of the investment made with the cash collateral. LACERS cannot pledge or sell non-cash collateral unless the borrower defaults.

For loaned securities for which LACERS received cash collateral, the following table represents the fair value of securities on loan, corresponding cash collateral received, and cash reinvestment value, as of June 30, 2025 (in thousands):

Securities on Loan	Fair Value of Underlying Securities on Loan	Cash Collateral Received	Collateral Reinvestment Value
U.S. Government & Agency Securities	$ 7,432	$ 7,639	$ 7,639
Domestic Corporate Fixed Income Securities	70,947	72,931	72,931
International Fixed Income Securities	9,111	9,365	9,365
Domestic Stocks	61,275	62,988	62,988
International Stocks	52,622	54,093	54,093
Total	**$ 201,387**	**$ 207,016**	**$ 207,016**

The fair value of cash collateral is reported in the Statement of Fiduciary Net Position. However, the non-cash collateral, which LACERS does not have the ability to sell unless the borrower defaults, is not reported in the Statement of Fiduciary Net Position.

The Security Lending Program risk-reducing strategies aim to minimize potential losses due to unusual and more volatile market conditions as a result of the COVID pandemic adopted by the Board on April 28, 2020, continue to remain in place as of the fiscal year ended June 30, 2025. These strategies include (1) temporarily reducing the volume of loans in order to reduce LACERS overall exposure; (2) shorten the duration and maturity of individual investments to 60 days; and (3) require a non-U.S. country to hold a sovereign credit rating of AA- or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations (NRSRO) in order for non-U.S. government or corporate debt to be eligible for investment.

During the fiscal year ended June 30, 2025, LACERS' income and expenses related to securities lending were $3,833,000 and $574,000, respectively, a decrease of 0.8%, or $27,000 from the prior fiscal year’s net security lending income (income net of expenses).

Note 8. Future and Forward Contracts

LACERS uses derivative financial instruments, primarily to manage portfolio risk. Future and forward contracts are marked to market and are recorded in the Statement of Fiduciary Net Position at fair value. Future contracts have little credit risk, as organized exchanges are the guarantors. Forward agreements are subject to the creditworthiness of the counterparties, which are principally large financial institutions (refer to Note 6 – Credit Risk - Derivatives).

As of June 30, 2025, LACERS had outstanding equity index and interest rate future contracts with an aggregate notional amount of $86,538,000. In addition, as of June 30, 2025, LACERS had outstanding forward purchase commitments with a notional amount of $639,938,000, offset by forward sales commitments with a notional amount of $639,938,000, which are scheduled to expire in June 2026. LACERS maintains margin collateral on the positions with brokers, consisting of cash and U.S. Treasury Bills. The total collateral margin was $54,876,000 as of June 30, 2025.

Note 9. Capital Assets

The System's capital assets include land, buildings, furniture, office and technology equipment, computer software, and subscription assets. The cost and related accumulated depreciation/amortization as of the fiscal year ended June 30, 2025, and 2024 (dollars in thousands) are presented below:

	Beginning Balance June 30, 2024	Increases	Decreases	Ending Balance June 30, 2025
Capital Assets Not Depreciated/Amortized				
Land	$ 4,023	$ -	$ -	$ 4,023
Total Capital Assets Not Depreciated/Amortized	**4,023**	**-**	**-**	**4,023**
Capital Assets Depreciated/Amortized				
Building and Improvements	49,236	-	-	49,236
Furniture, Office & Technology Equipment	4,613	862	-	5,475
Computer Software	9,413	-	-	9,413
Subscription Asset	475	379	-	854
Total Capital Assets Depreciated/Amortized	**63,737**	**1,241**	**-**	**64,978**
Less: Accumulated Depreciation/Amortization				
Building	2,462	1,969	-	4,431
Furniture, Office & Technology Equipment	2,894	402	-	3,296
Computer Software	3,964	629	-	4,593
Subscription Asset	98	173	-	271
Total Accumulated Depreciation/Amortization	**9,418**	**3,173**	**-**	**12,591**
Total Capital Assets Depreciated/Amortized, Net	**54,319**	**(1,932)**	**-**	**52,387**
Total Capital Assets, Net	**$ 58,342**	**$ (1,932)**	**$ -**	**$ 56,410**

Note 10. Leases

LACERS as a Lessee

In accordance with Governmental Accounting Standards Board No. 87, Leases, the System has evaluated all potential lease agreements in which it acts as a lessee. During the fiscal year, no new or existing lease contracts were identified that would result in the recognition of lease liabilities and right-to-use leased assets.

LACERS as a Lessor

The System entered into a cell tower/antenna placement agreement under a five-year extended term expiring on November 30, 2023, with an option to automatically renew for four consecutive additional periods of five years each. The total amount of inflow of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was $61,000. This total includes $24,000 of variable and other payments not previously included in the measurement of the lease receivable.

Note 11. Subscription-Based Information Technology Arrangements (SBITA)

The System entered into a subscription-based information technology arrangement (SBITA) with various vendors that provides the System the right to use their software and licenses over a period of three years, which included an option to renew for another term. As of the reporting period, the total carrying value of the subscription asset is $583,000 with related accumulated amortization of $271,000, while the outstanding subscription liability is $488,000. The total amount of outflows of resources recognized and accrued for the reporting period is $18,000. The subscriptions' principal and interest requirements to maturity are as follows (dollars in thousands):

Fiscal Year	Payment	Principal	Interest
2026	$ 268	$ 251	$ 17
2027	178	172	6
2028	67	65	2
Total	**$ 513**	**$ 488**	**$ 25**

Note 12. Compensated Absences

LACERS recognized liability for compensated absences in accordance with GASB Statement No. 101, *Compensated Absences,* which establishes recognition and measurement guidance for leave benefits that accumulate and are expected to be used or otherwise paid. A liability for compensated absences is recognized when all of the following criteria are met:

1. The leave is attributable to services already rendered.
2. The leave accumulates and may be carried forward to future periods; and
3. It is *more likely than not* that the leave will be used or otherwise paid or settled.

The System's Compensated Absences includes vacation and sick leave benefits as well as accumulated compensated time-off earned by eligible employees in accordance with the City of Los Angeles personnel policies and applicable Memoranda of Understanding (MOUs) between the City and employee labor organizations. As of the reporting period, the System reported a Compensated Absences liability in the amount of $6,420,000, from which $3,060,000 is the estimated amount due in more than one year. The amount due within one year was based on the actual leave paid out for the reporting period. The following shows the details of Compensated Absences liability (in thousands):

Description	Amount
Beginning Balance (Restated)	$ 5,978
Net Increase (Decrease)	442
Ending Balance	**$ 6,420**
Due Within One Year	**$ 3,360**

Note 13. Restatement of Beginning Fiduciary Net Position

During the fiscal year 2024-25, the System implemented the GASB Statement No. 101, *Compensated Absences*. This implementation constitutes a change in accounting principle in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections.* As a result, the beginning fiduciary net position of the prior fiscal year ending June 30, 2024, was restated to record the compensated absences liability and recognize the cumulative effect of adopting GASB 101. The effects of these restatements were as follows (in thousands):

	Retirement Plan	Post Employment Health Care Plan	Total
Accrued Compensated Absences, *as previously reported*	$ -	$ -	$ -
Accrued Compensated Absences, *as restated*	4,853	1,125	5,978
Change in Beginning of Fiduciary Net Position	**$ (4,853)**	**$ (1,125)**	**$ (5,978)**

Note 14. Commitments and Contingencies

As of June 30, 2025, LACERS was committed to future purchases of real estate, private credit and private equity investments at an aggregate cost of approximately $3,174,123,000, including agreements for acquisition not yet initiated.

Note 15. Subsequent Events

Date of Management's Review

The potential for subsequent events was evaluated through December 9, 2025, which was the date of management's review.

Charter Amendment FF

On November 5, 2024, Charter Amendment FF, a ballot measure that authorizes the Los Angeles City Council to amend the Charter to provide a process whereby certain City employees who are sworn peace officers and perform peace officer duties for the City's Police, Airports, Harbor, and Recreation and Parks Departments, and who are Members of LACERS and actively employed on January 12, 2025, may make a one-time election to transfer into Los Angeles Fire and Police Pensions' (LAFPP) Tier 6, passed and was certified. Ordinance 188756 was adopted by the LA City Council on October 31, 2025. Pursuant to the Ordinance, LACERS Peace Officer Members shall file a written election form with LACERS by the election deadline on January 9, 2026, indicating whether they wish to transfer to LAFPP or remain as LACERS Members. The transfer to LAFPP Tier 6 will be effective on January 11, 2026. The transfer of assets to LAFPP will occur afterward; however, as of this report, the exact impact on membership, funding, and operations is yet to be determined.

Retirement Plan

The following schedules included in the Required Supplementary Information for the Retirement Plan shows information for 10 years.

1) Schedule of Net Pension Liability
2) Schedule of Changes in Net Pension Liability and Related Ratios
3) Schedule of Investment Returns (Losses)

Schedule of Net Pension Liability [1]
As of June 30
(Dollars in Thousands)

Fiscal Year	Total Pension Liability	Plan Fiduciary Net Position	Plan's Net Pension Liability	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2016	$ 17,424,996	$ 11,809,329	$ 5,615,667	67.8%
2017	18,458,188	13,180,516	5,277,672	71.4%
2018	19,944,578	14,235,230	5,709,348	71.4%
2019	20,793,421	14,815,593	5,977,828	71.3%
2020	22,527,195	14,932,404	7,594,791	66.3%
2021	23,281,893	18,918,136	4,363,757	81.3%
2022	24,078,751	17,013,091	7,065,660	70.7%
2023	25,299,537	17,953,293	7,346,244	71.0%
2024	26,492,518	19,144,037	7,348,481	72.3%
2025	27,613,229	21,077,645	6,535,584	76.3%

[1] In calculating the Plan's net pension liability, the total pension liability and the Plan fiduciary net position, amounts associated with non-pension benefits (Family Death and Larger Annuity Benefits) were excluded.

Note to Schedule:

Refer to the notes to the Schedule of Changes in Net Pension Liability and Related Ratios.

Retirement Plan *(continued)*

Schedule of Changes in Net Pension Liability and Related Ratios [1]
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2025	2024	2023	2022	2021
Total Pension Liability					
Service cost [2]	$ 496,465	$ 461,844	$ 412,247	$ 413,863	$ 451,426
Interest	1,842,759	1,758,842	1,671,683	1,617,800	1,570,785
Changes of benefit terms	295	-	-	-	-
Differences of expected and actual experience	108,917	242,434	469,172	(66,172)	(189,822)
Changes of assumptions	-	-	(112,700)	-	-
Benefit payments, including refunds of Member contributions	(1,327,725)	(1,270,139)	(1,219,616)	(1,168,633)	(1,077,691)
Net change in total pension liability	1,120,711	1,192,981	1,220,786	796,858	754,698
Total pension liability-beginning	26,492,518	25,299,537	24,078,751	23,281,893	22,527,195
Total pension liability-ending (a)	$ 27,613,229	$ 26,492,518	$ 25,299,537	$ 24,078,751	$ 23,281,893
Plan fiduciary net position					
Contributions-employer	$ 803,985	$ 714,338	$ 669,391	$ 591,234	$ 554,856
Contributions-Member	301,885	275,717	257,968	241,876	252,123
Net investment income (loss)[4]	2,198,639	1,503,281	1,261,073	(1,542,473)	4,283,202
Benefit payments, including refunds of Member contributions	(1,327,725)	(1,270,139)	(1,219,616)	(1,168,633)	(1,077,691)
Administrative expenses	(38,349)	(32,453)	(28,614)	(27,033)	(26,758)
Others [3]	(4,827)	-	-	(16)	-
Net change in Plan fiduciary net position	1,933,608	1,190,744	940,202	(1,905,045)	3,985,732
Plan fiduciary net position-beginning	19,144,037	17,953,293	17,013,091	18,918,136	14,932,404
Plan fiduciary net position-ending (b)	$ 21,077,645	$ 19,144,037	$ 17,953,293	$ 17,013,091	$ 18,918,136
Plan's net pension liability-ending (a)-(b)	**$ 6,535,584**	**$ 7,348,481**	**$ 7,346,244**	**$ 7,065,660**	**$ 4,363,757**
Plan fiduciary net position as a percentage of the total pension liability (b)/(a)	76.3%	72.3%	71.0%	70.7%	81.3%
Covered payroll	$ 2,687,404	$ 2,460,394	$ 2,307,336	$ 2,155,005	$ 2,276,768
Plan's net pension liability as a percentage of covered payroll	243.2%	298.7%	318.4%	327.9%	191.7%

(1) In calculating the Plan's net pension liability, the total pension liability and the Plan fiduciary net position, amounts associated with non-pension benefits (Family Death and Larger Annuity Benefits) were excluded.

(2) The service cost is based on the previous year's valuation.

(3) Prior period adjustments related to the implementation of GASB 87 – *Lease* in the fiscal year 2022 and GASB 101 – *Compensated Absences* in the fiscal year 2025.

(4) Building Lease and Other Income were included in the Net investment income (loss) starting in fiscal year 2020. Investment-related administrative expenses are part of administrative expenses and are excluded from Net investment income.

Retirement Plan *(continued)*

Schedule of Changes in Net Pension Liability and Related Ratios [1] *(continued)*
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2020	2019	2018	2017	2016
Total Pension Liability					
Service cost [2]	$ 374,967	$ 370,409	$ 352,283	$ 340,759	$ 322,574
Interest	1,499,208	1,439,661	1,332,878	1,302,278	1,263,556
Changes of benefit terms	-	-	25,173	-	-
Differences of expected and actual experience	308,184	(46,035)	144,224	(146,474)	(300,813)
Changes of assumptions	530,720	-	483,717	340,718	-
Benefit payments, including refunds of Member contributions	(979,305)	(915,192)	(851,885)	(804,089)	(770,317)
Net change in total pension liability	1,733,774	848,843	1,486,390	1,033,192	515,000
Total pension liability-beginning	20,793,421	19,944,578	18,458,188	17,424,996	16,909,996
Total pension liability-ending (a)	$ 22,527,195	$ 20,793,421	$ 19,944,578	$ 18,458,188	$ 17,424,996
Plan fiduciary net position					
Contributions-employer	$ 553,118	$ 478,717	$ 450,195	$ 453,356	$ 440,546
Contributions-Member	259,817	237,087	230,757	221,829	206,377
Net investment income (loss)[4]	306,712	799,351	1,243,817	1,517,545	29,358
Benefit payments, including refunds of Member contributions	(979,305)	(915,192)	(851,885)	(804,089)	(770,318)
Administrative expenses	(23,531)	(19,600)	(17,699)	(17,454)	(17,204)
Others [3]	-	-	(471)	-	-
Net change in Plan fiduciary net position	116,811	580,363	1,054,714	1,371,187	(111,241)
Plan fiduciary net position-beginning	14,815,593	14,235,230	13,180,516	11,809,329	11,920,570
Plan fiduciary net position-ending (b)	$ 14,932,404	$ 14,815,593	$ 14,235,230	$ 13,180,516	$ 11,809,329
Plan's net pension liability-ending (a)-(b)	**$ 7,594,791**	**$ 5,977,828**	**$ 5,709,348**	**$ 5,277,672**	**$ 5,615,667**
Plan fiduciary net position as a percentage of the total pension liability (b)/(a)	66.3%	71.3%	71.4%	71.4%	67.8%
Covered payroll	$ 2,271,039	$ 2,108,171	$ 2,057,565	$ 1,973,049	$ 1,876,946
Plan's net pension liability as a percentage of covered payroll	334.4%	283.6%	277.5%	267.5%	299.2%

(1) In calculating the Plan's net pension liability, the total pension liability and the Plan fiduciary net position exclude amounts associated with non-pension-related benefits (Family Death and Larger Annuity Benefits).

(2) The service cost is based on the previous year's valuation.

(3) On July 1, 2017, the System reallocated $471,000 of interest from the Reserve for Mandatory Member Contributions into the Reserve for Voluntary Member Contributions.

(4) Building Lease and Other Income were included in the Net investment income (loss) starting in fiscal year 2020. Investment-related administrative expenses are part of administrative expenses and are excluded from Net investment income.

Retirement Plan *(continued)*

Notes to Schedule:

Changes of Benefit Terms: The June 30, 2018, calculation reflected the newly adopted enhanced benefits for Airport Peace Officers (APO) who elected to stay at LACERS Plan effective as of January 7, 2018 while the June 30, 2025 pertains to enhanced death and disability benefits for certain sworn Public Safety Officers (PSO) including APO (refer to Note 2 – Retirement Plan Description, Tier 1 – Enhanced Benefits on page 34).

Change of Assumptions: The total pension liability calculation on fiscal years ended June 30, 2017, June 30, 2020, and June 30, 2023, reflected various assumption changes based on the triennial actuarial experience study. The latest experience study covering the period July 1, 2019, to June 30, 2022, resulted in changes to the assumptions used in the June 30, 2023, actuarial valuation. The changes include inflation rate reduction from 2.75% to 2.50% and various demographic assumption changes, such as retirement, mortality, disability, and termination rates.

Schedule of Contribution History
(Dollars in Thousands)

Fiscal Year	Actuarially Determined Contributions (ADC)	Contributions in Relation to ADC	Contributions Deficiency / (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 440,546	$ 440,546	-	$ 1,876,946	23.5%
2017	453,356	453,356	-	1,973,049	23.0%
2018	450,195	450,195	-	2,057,565	21.9%
2019	478,717	478,717	-	2,108,171	22.7%
2020	553,118	553,118	-	2,271,039	24.4%
2021	554,856	554,856	-	2,276,768	24.4%
2022	591,234	591,234	-	2,155,005	27.4%
2023	669,391	669,391	-	2,307,336	29.0%
2024	714,338	714,338	-	2,460,394	29.0%
2025	803,985	803,985	-	2,687,404	29.9%

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported (the June 30, 2023, valuation sets the rates for the 2024-2025 fiscal year).

Methods and Assumptions Used to Establish the Actuarially Determined Contribution for the Fiscal Year Ended June 30, 2025 (based on June 30, 2023 Valuation):

Actuarial Cost Method: Entry Age Cost Method (individual basis).

Amortization Method: Level Percent of Payroll.

Retirement Plan *(continued)*

Amortization Period	Multiple layers – closed amortization periods. Actuarial gains/losses are amortized over 15 years. Assumption or method changes are amortized over 20 years. Plan changes, including the 2009 Early Retirement Incentive Program (ERIP), are amortized over 15 years. Future ERIPs will be amortized over 5 years. Any actuarial surplus is amortized over 30 years. The existing layers on June 30, 2012, except those arising from the 2009 ERIP and the two Governmental Accounting Standards Board (GASB) Statements No. 25/27 layers, were combined and amortized over 30 years.
Asset Valuation Method	The actuarial value of assets is equal to the fair value of assets less unrecognized returns from each of the last seven years. The unrecognized return each year is equal to the difference between the actual and expected returns on the fair value, recognized over a seven-year period. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the fair value of assets.

Actuarial Assumptions (Used in the June 30, 2023, Valuation):

Investment Rate of Return	7.00%.
Inflation	2.50%.
Across-the-Board Salary Increase	0.50%.
Projected Salary Increase	Ranges from 4.00% to 9.00% based on years of service, including inflation assumption at 2.50%, real across-the-board salary increase assumption of 0.50% plus merit and promotion increases.
Cost of Living Adjustment	2.75% for Tier 1; 2.00% for Tier 3. For Tier 1 members who have COLA banks, it is assumed that they receive up to 3% COLA increases until their COLA banks are exhausted and 2.75% thereafter.
Mortality Table for Healthy Retirees	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables (separate tables for males and females) with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Disabled Retirees	Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables (separate tables for males and females) with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Beneficiaries *Currently in pay status*	Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Beneficiaries *Not currently in pay status*	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Retirement Plan *(continued)*

Schedule of Investment Returns (Losses)
For the Fiscal Years Ended June 30

	2025	2024	2023	2022	2021
Annual money-weighted rate of return, net of investment expenses	11.1%	8.1%	7.1%	(8.0%)	27.5%

	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expenses	2.0%	5.5%	9.3%	12.6%	0.2%

Note to Schedule:

From fiscal years 2020 to 2023, the impact of highly divergent and volatile global markets on LACERS' investments was caused by the economic distress from the COVID-19 pandemic that began in 2020, the strong market recovery in 2021, the sharp decline in 2022 due to inflation concerns, and the gradual recovery in 2023.

Postemployment Health Care Plan

The following schedules included in the Required Supplementary Information for the Postemployment Health Care Plan show information for 10 years.

1) Schedule of Net OPEB (Asset) Liability
2) Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
3) Schedule of Investment Returns (Losses)

Additional years will be displayed in the future as they become available.

Schedule of Net Other Postemployment Benefit (OPEB) (Asset) Liability
As of June 30
(Dollars in Thousands)

Fiscal Year	Total OPEB Liability	Plan Fiduciary Net Position	Plan's Net OPEB (Asset) Liability	Plan Fiduciary Net Position as a percentage of the Total OPEB Liability
2016	$ 2,793,689	$ 2,134,877	$ 658,812	76.4%
2017	3,005,806	2,438,862	566,944	81.1%
2018	3,256,827	2,676,371	580,456	82.2%
2019	3,334,299	2,812,098	522,201	84.3%
2020	3,486,530	2,851,204	635,326	81.8%
2021	3,520,078	3,781,652	(261,574)	107.4%
2022	3,580,696	3,347,771	232,925	93.5%
2023	3,405,088	3,540,386	(135,298)	104.0%
2024	3,570,148	3,796,165	(226,017)	106.3%
2025	3,868,233	4,186,550	(318,317)	108.2%

Note to Schedule:

Refer to the notes to the Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios.

Postemployment Health Care Plan *(continued)*

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2025	2024	2023	2022	2021
Total OPEB Liability					
Service cost[1]	$ 105,747	$ 96,467	$ 81,028	$ 81,415	$ 84,817
Interest	251,426	239,773	250,838	246,694	244,776
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(5,448)	(38,374)	(12,048)	(369)	10,672
Changes of assumptions	117,443	22,296	(336,075)	(109,877)	(157,614)
Benefit payments[2]	(171,083)	(155,102)	(159,351)	(157,245)	(149,103)
Net change in total OPEB liability	298,085	165,060	(175,608)	60,618	33,548
Total OPEB liability-beginning	3,570,148	3,405,088	3,580,696	3,520,078	3,486,530
Total OPEB liability-ending (a)	$3,868,233	$ 3,570,148	$ 3,405,088	$ 3,580,696	$ 3,520,078
Plan fiduciary net position					
Contributions-employer	$ 90,168	$ 97,094	$ 90,581	$ 91,623	$ 103,454
Net investment income (loss)[3]	482,747	322,658	269,611	(360,636)	983,522
Benefit payments[2]	(171,083)	(155,102)	(159,351)	(157,245)	(149,103)
Administrative expense	(10,322)	(8,871)	(8,226)	(7,619)	(7,425)
Others [4]	(1,125)	-	-	(4)	-
Net change in Plan fiduciary net position	390,385	255,779	192,615	(433,881)	930,448
Plan fiduciary net position-beginning	3,796,165	3,540,386	3,347,771	3,781,652	2,851,204
Plan fiduciary net position-ending (b)	$4,186,550	$ 3,796,165	$ 3,540,386	$ 3,347,771	$ 3,781,652
Plan's net OPEB (asset) liability-ending (a)-(b)	**$ (318,317)**	**$ (226,017)**	**$ (135,298)**	**$ 232,925**	**$ (261,574)**
Plan fiduciary net position as a percentage of the total OPEB liability (b)/(a)	108.2%	106.3%	104.0%	93.5%	107.4%
Covered payroll	$2,687,404	$ 2,460,394	$ 2,307,336	$ 2,155,005	$ 2,276,768
Plan's net OPEB (asset) liability as a percentage of covered payroll	(11.8%)	(9.2%)	(5.9%)	10.8%	(11.5%)

(1) The service cost is based on the previous year's valuation.

(2) Benefit payments associated with the self-funded insurance premium and Member's health insurance premium reserve that were reported as both additions and deductions in fiduciary net position were excluded from the above schedule beginning in fiscal year 2019.

(3) Building Lease and Other Income were included in the Net investment income (loss) starting in fiscal year 2020. Investment-related administrative expenses are part of Administrative expenses and excluded from Net investment income.

(4) Prior period adjustments related to the implementation of GASB 87 – Lease in the fiscal year 2022 and GASB 101 – *Compensated Absences* in the fiscal year 2025.

Postemployment Health Care Plan *(continued)*

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios *(continued)*
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2020	2019	2018	2017	2016
Total OPEB Liability					
Service cost[1]	$ 76,423	$ 74,478	$ 74,611	$ 68,385	$ 62,360
Interest	242,666	236,678	218,686	210,170	199,078
Changes of benefit terms	-	-	948	-	17,215
Differences between expected and actual experience[2]	(135,720)	(134,053)	(7,321)	19,666	(22,013)
Changes of assumptions	96,076	33,940	92,178	33,512	-
Benefit payments[3]	(127,214)	(133,571)	(128,081)	(119,616)	(109,940)
Net change in total OPEB liability	152,231	77,472	251,021	212,117	146,700
Total OPEB liability-beginning	3,334,299	3,256,827	3,005,806	2,793,689	2,646,989
Total OPEB liability-ending (a)	$3,486,530	$ 3,334,299	$ 3,256,827	$ 3,005,806	$ 2,793,689
Plan fiduciary net position					
Contributions-employer	$ 112,136	$ 107,927	100,909	97,457	105,983
Net investment income (loss)[4]	60,899	166,470	269,380	330,708	(344)
Benefit payments[3]	(127,214)	(133,571)	(128,081)	(119,616)	(109,940)
Administrative expense	(6,715)	(5,099)	(4,699)	(4,564)	(4,528)
Net change in Plan fiduciary net position	39,106	135,727	237,509	303,985	(8,829)
Plan fiduciary net position-beginning	2,812,098	2,676,371	2,438,862	2,134,877	2,143,706
Plan fiduciary net position-ending (b)	$2,851,204	$ 2,812,098	$ 2,676,371	$ 2,438,862	$ 2,134,877
Plan's net OPEB (asset) liability-ending (a)-(b)	**$ 635,326**	**$ 522,201**	**$ 580,456**	**$ 566,944**	**$ 658,812**
Plan fiduciary net position as a percentage of the total OPEB liability (b)/(a)	81.8%	84.3%	82.2%	81.1%	76.4%
Covered payroll	$2,271,039	$ 2,108,171	$ 2,057,565	$ 1,973,049	$ 1,876,946
Plan's net OPEB (asset) liability as a percentage of covered payroll	28.0%	24.8%	28.2%	28.7%	35.1%

(1) The service cost is based on the previous year's valuation.

(2) After the GASB Statement No. 74 valuation report was issued for the fiscal year June 30, 2017, the System's consulting actuary reclassified $12,450,000 of OPEB liability from the *Changes of Assumption* (revised from $45,962,000 to $33,512,000) to the *Differences Between Expected and Actual Experience* (revised from $7,216,000 to $19,666,000). However, this reclassification did not affect the recommended employer contribution rates or the overall results of the OPEB valuation.

(3) Benefit payments associated with the self-funded insurance premium and Member's health insurance premium reserve that were reported as both additions and deductions in fiduciary net position were excluded from the above schedule beginning in fiscal year 2019.

(4) Building Lease and Other Income were included in the Net investment income (loss) starting in fiscal year 2020. Investment-related administrative expenses are part of administrative expenses and are excluded from Net investment income.

Postemployment Health Care Plan *(continued)*

Notes to Schedule:

Changes of Benefit Terms: The OPEB liability from the changes of benefit terms for the fiscal year ended June 30, 2016 is primarily due to providing retiree healthcare benefits to part-time employees who retired with 10 years of service but less than 10 years of service credit (refer to Note 3 – Postemployment Health Care Plan Description, Eligibility Requirement and Benefits Provided on page 40) while the June 30, 2018 increase is primarily as a result of the newly adopted enhanced benefits for Airport Peace Officers (APO) who elected to stay at LACERS Plan (refer to Note 2 – Retirement Plan Description, Tier 1 – Enhanced Benefits on page 34) as some APO Members may retire earlier than expected. Enhanced benefits became effective as of January 7, 2018.

Schedule of Contribution History
(Dollars in Thousands)

Fiscal Year	Actuarially Determined Contributions (ADC)	Contributions in Relation to ADC	Contributions Deficiency / (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	105,983	105,983	-	1,876,946	5.7%
2017	97,457	97,457	-	1,973,049	4.9%
2018	100,909	100,909	-	2,057,565	4.9%
2019	107,927	107,927	-	2,108,171	5.1%
2020	112,136	112,136	-	2,271,039	4.9%
2021	103,454	103,454	-	2,276,768	4.5%
2022	91,623	91,623	-	2,155,005	4.3%
2023	90,581	90,581	-	2,307,336	3.9%
2024	97,094	97,094	-	2,460,394	4.0%
2025	90,168	90,168	-	2,687,404	3.4%

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported (the June 30, 2023, valuation sets the rates for the 2024-2025 fiscal year).

Methods and Assumptions Used to Establish the Actuarially Determined Contribution for the Fiscal Year Ended June 30, 2025 (based on June 30, 2023 Valuation):

Actuarial Cost Method — Entry Age Cost Method (individual basis).

Amortization Method — Level Percent of Payroll.

Postemployment Health Care Plan *(continued)*

Amortization Period	Multiple layers – closed amortization periods. Assumption changes resulting from the triennial experience study will be amortized over 20 years. Health trend and premium assumption changes, plan changes, and gains and losses will be amortized over 15 years. Any actuarial surplus is amortized over 30 years on an open (non-decreasing) basis.
Asset Valuation Method	Fair value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual and expected returns on a fair value basis and is recognized over a seven-year period. The actuarial value of assets cannot be less than 60% or greater than 140% of the market value of assets.

Actuarial Assumptions (Used in the June 30, 2023 Valuation):

Investment Rate of Return	7.00%.
Inflation	2.50%.
Across-the-Board Salary Increase	0.50%.
Projected Salary Increase	Ranges from 4.00% to 9.00% based on years of service, including inflation assumption at 2.50%, real across-the-board salary increase assumption of 0.50% plus merit and promotion increases.
Mortality Table for Healthy Retirees	Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Disabled Retirees	Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table (separate tables for males and females) with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Beneficiaries *Currently in pay status*	Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5% for males and 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Beneficiaries *Not currently in pay status*	Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Postemployment Health Care Plan *(continued)*

Schedule of Investment Returns (Losses)
For the Fiscal Years Ended June 30

	2025	2024	2023	2022	2021
Annual money-weighted rate of return, net of investment expenses	14.2%	10.1%	9.0%	(10.5%)	39.9%

	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expenses	2.1%	6.1%	10.8%	15.2%

Note to Schedule:

The required disclosure about factors that significantly affect trends in the money-weighted rate of return is not provided, as only nine years' rates are available. As additional years' money-weighted rate of return becomes available, the System will disclose factors that significantly affect trends in the rate of return.

From fiscal years 2020 to 2023, the impact of highly divergent and volatile global markets on LACERS' investments was caused by the economic distress from the COVID-19 pandemic that began in 2020, the strong market recovery in 2021, the sharp decline in 2022 due to inflation concerns, and the gradual recovery in 2023.

Schedule of Additions and Deductions to Fiduciary Net Position
Postemployment Health Care Plan
For the Fiscal Year Ended June 30, 2025
(In Thousands)

	401(h)	115 Trust	Total
Additions			
Contributions			
City Contributions	$ -	$ 90,168	$ 90,168
Member Contributions	-	-	-
Total Contributions	-	90,168	90,168
Self Funded Insurance Premium	-	13,127	13,127
Health Insurance Premium Reserve	-	1,083	1,083
Investment Income (Loss)			
Net Appreciation (Depreciation) in Fair Value of Investments, Including Gain and Loss on Sales	349,603	82,797	432,400
Interest	29,784	7,054	36,838
Dividends	27,040	6,404	33,444
Other Investment Income	9,146	2,166	11,312
Security Lending Income	449	106	555
Less: Security Lending Expense	(87)	(21)	(108)
Sub-total	415,935	98,506	514,441
Investment Management Fees and Expenses	(25,632)	(6,070)	(31,702)
Investment Related Administrative Expenses	(679)	(161)	(840)
Net Investment Income (Loss)	389,624	92,275	481,899
Building Lease and Other Income	7	2	9
Total Additions	**389,631**	**196,655**	**586,286**
Deductions			
Benefit Payments	172,571	12,722	185,293
Administrative Expenses	6,905	2,578	9,483
Total Deductions	**179,476**	**15,300**	**194,776**
Net Increase in Fiduciary Net Position	210,155	181,355	391,510
Fiduciary Net Position Restricted for Postemployment Health Care Benefits			
Beginning of year, *as previously reported*	$ 3,155,889	$ 640,276	$ 3,796,165
Implementation of GASB No. 101	(940)	(185)	(1,125)
Beginning of year, *as restated*	$ 3,154,949	$ 640,091	$ 3,795,040
End of year	**$ 3,365,104**	**$ 821,446**	**$ 4,186,550**

Schedule of Administrative Expenses
For the Fiscal Year Ended June 30, 2025
(In Thousands)

	Retirement Plan	Postemployment Health Care Plan	Total
Personnel Services:			
Salaries	$ 17,887	$ 4,151	$ 22,038
Employee Benefits and Development	8,354	1,938	10,292
Total Personnel Services	26,241	6,089	32,330
Professional Services:			
Actuarial	283	66	349
Audit	120	28	148
Legal Counsel	978	227	1,205
Disability Evaluation	139	33	172
Retirees' Health Admin Consulting	-	432	432
Benefit Payroll Processing	216	50	266
Self Funded Plan Administrative Fee	-	942	942
Other Consulting	64	15	79
Total Professional Services	1,800	1,793	3,593
Information Technology:			
Computer Hardware & Software	802	186	988
Computer Maintenance & Support	1,059	246	1,305
Total Information Technology	1,861	432	2,293
Other Expenses:			
Insurance	81	19	100
Educational and Due Diligence Travel	45	10	55
Office Expenses	372	86	458
Depreciation	2,575	598	3,173
Building Operating Expenses	1,966	456	2,422
Total Other Expenses	5,039	1,169	6,208
Total Administrative Expenses	**$ 34,941**	**$ 9,483**	**$ 44,424**

Schedule of Investment Fees and Expenses
For the Year Ended June 30, 2025
(In Thousands)

	Assets Under Management	Fees
Retirement Plan		
Investment Management Fees:		
Fixed Income Managers	$ 4,959,596	$ 8,523
Equity Managers	9,959,248	32,077
Subtotal Investment Management Fees	14,918,844	40,600
Other Investment Fees and Expenses:		
Private Equity Consulting Fees	N/A	696
Private Credit Consulting Fees	N/A	264
Real Estate Consulting Fees	N/A	180
Other Consulting Fees	N/A	390
Investment Related Administrative Expenses	N/A	3,618
Subtotal Other Investment Fees and Expenses	N/A	5,148
Postemployment Health Care Plan		
Investment Management Fees:		
Fixed Income Managers	979,936	1,978
Equity Managers	1,967,783	7,443
Subtotal Investment Management Fees	2,947,719	9,421
Other Investment Fees and Expenses:		
Private Equity Consulting Fees	N/A	161
Private Credit Consulting Fees	N/A	61
Real Estate Consulting Fees	N/A	42
Other Consulting Fees	N/A	90
Investment Related Administrative Expenses	N/A	839
Subtotal Other Investment Fees and Expenses	N/A	1,193
Total Investment Fees and Expenses excluding Private Equity, Private Credit and Real Estate	$ 17,866,563	$ 56,362
Private Equity Managers' Fees and Expenses:		
Retirement Plan	$ 4,172,682	$ 67,109
Postemployment Health Care Plan	824,453	15,572
Total Private Equity Managers' Fees and Expenses	4,997,135	82,681
Private Credit Managers' Fees and Expenses:		
Retirement Plan	403,214	10,296
Postemployment Health Care Plan	79,668	2,389
Total Private Credit Managers' Fees and Expenses	482,882	12,685
Real Estate Managers' Fees and Expenses:		
Retirement Plan	1,139,474	17,090
Postemployment Health Care Plan	225,141	3,966
Total Real Estate Managers' Fees and Expenses	1,364,615	21,056
Total Assets Under Management and Fees	**$ 24,711,195** (1)	**$ 172,784** (2)

(1) Excluding Security Lending Collateral assets of $207,016,000. Total Investments including Security Lending Collateral was $24,918,211,000.

(2) Included Investment Management Fees and Expenses of $168,326,000 and Investment Related Administrative Expenses of $4,458,000.

Investment

December 18, 2025

Dear Members of the Board:

Presented below is a summary report of the System's investment activities for the fiscal year 2024-2025.

Market Overview

The 2025 fiscal year resulted in positive returns for the LACERS investment portfolio, with gains of 11.16% (gross of fees) for the one-year period ending June 30, 2025. However, this gain underperformed the policy benchmark return of 11.41%.

The U.S. economy remains anchored by solid earning fundamentals as investors entered the second quarter of 2025 with over 79% of U.S.-based companies meeting or beating return expectations. Despite initial fears regarding several geo-political conflicts and threatening tariffs that resulted in a market selloff, consumers have expressed continued optimism towards the capital markets but with caution.

While inflation remains sticky and above the Federal Reserve's 2% long-term target, the consensus from industry experts project that the Federal Reserve will continue to lower interest rates with a measured approach based on traditional economic and market indicators. Housing, a major component of GDP, has seen sales lag due to supply constraints and higher interest rates. Higher costs from tariffs, initially deemed to having reduced consumer purchasing power, have been somewhat moderate, but still led to reduced retail sales and weaker consumer demand.

Further, the strength in the large-cap U.S. equity market, as measured by the S&P 500 Index, produced an acceptable return of 15.16%, but lower than the prior fiscal year end return of 24.56%. U.S. small cap stocks, as measured by the Russell 2000 Index, gained 7.68% for the year, retreating slightly from the 10.06% return for the prior 12 months.

U.S. investment grade fixed income returns, as measured by the Bloomberg U.S. Aggregate Bond Index, returned 6.08%, an increase from the prior fiscal year's 2.63% return. The leveraged loan market as measured by the S&P UBS Leveraged Loan Index returned 7.50%, compared to the 11.04% from the prior year.

Outside the U.S., international stocks performed well, with developed equity markets, as measured by the MSCI EAFE Index, returning 17.73%, compared to 11.54% from the prior 12 months. Emerging markets stocks produced a 15.29% return, eclipsing the prior fiscal year's 12.55%. These solid non-U.S. returns can be attributed to its favorable valuations and increasing strength in equity market fundamentals.

Against the backdrop of a challenging exit environment in the private markets, the blended private equity benchmark of the Russell 3000 and Cambridge Associates Global Private Equity and Venture Capital Index returned 6.48% while the NFI-ODCE benchmark, a measure of the real estate market, returned 4.36%. Transaction volumes are still recovering, as there is continued optimism of M&A and real estate deal activity in the upcoming year.

Despite the mix of positive growth amid several downside risk factors, LACERS continues to manage its portfolio with a cautionary tone as investment markets continue to meander with elevated degrees of volatility. As market conditions continue to evolve, it is important to acknowledge that LACERS is a long-term strategic investor with a carefully constructed, highly diversified portfolio designed to weather all market conditions.

Investment Performance

LACERS' primary investment objective is to maximize the return of the portfolio at a prudent level of risk to meet the obligations of the System. The System's investment portfolio is managed on a total return basis over a long-term investment horizon. While the System recognizes the importance of capital preservation, it also recognizes that varying degrees of investment risk are generally rewarded with commensurate returns. Consequently, prudent risk-taking is warranted within the context of overall portfolio diversification, which is achieved through the System's strategic asset allocation policy.

LACERS investments are reported at fair value. The total portfolio, comprised of investments, cash, and accrued dividends and income, was valued at $25.17 billion as of June 30, 2025, an increase of $2.15 billion from the prior fiscal year. The total portfolio realized an 11.16% return (gross of fees) for the fiscal year. Individual asset class returns (gross of fees) were U.S. Equity, 13.80%; Non-U.S. Equity, 18.18%; Core Fixed Income, 6.28%; Credit Opportunities, 10.57%; Real Assets, 4.83%; and Private Equity, 7.70%.

The total portfolio underperformed its policy benchmark by 25 basis points (gross of fees) for the fiscal year, with U.S. equities and Real Assets underperforming relative to their respective benchmarks. The Investment Results table presented on page 80 provides a summary of time-weighted rates of return based on fair value of assets by asset class and for the total portfolio.

Policies, Procedures and Guidelines

In fiscal year 2024-2025, the Board, with the assistance of staff and the General Fund Consultant, conducted an asset-liability study, resulting in the adoption of a new asset allocation policy on December 10, 2024. The new policy created the addition of an Infrastructure allocation, called for slight modifications to the fixed income targets, increased the target to U.S. equities, and decreased the target to non-U.S. equities. These changes will better position the portfolio to achieve LACERS long-term investment goals in light of the current and expected market environment; implementation of these changes is subject to a Board-approved multi-year transition plan. The new asset allocation policy targets are presented in the pie chart on page 83.

The Board also approved amendments across various sections of the Investment Policy Manual based on findings from the July 1, 2022 Management Audit, as well as adopting industry best practices with respect to responsible investing. The Securities Litigation Policy amendment, based on the aforementioned audit, introduced thresholds for litigation participation and delegated authority to the General Manager and legal counsel to expedite decisions on foreign cases to improve operational efficiency and ensure that LACERS maximizes its participation in meaningful recovery opportunities. Other audit-driven updates included investment consultant and fiduciary counsel reviews for all proposed policy amendments, the inclusion of an asset allocation policy matrix, and the implementation of a compliance calendar to track governance reviews of policy requirements. The Responsible Investment Policy, based on responsible investing factors, was updated to broaden the Board's total plan stewardship oversight to be consistent with the Principles for Responsible Investment framework. Collectively, these policy adjustments aim to add plan value through strengthened oversight measures, improved transparency, and efficient administrative management.

Public Investment Manager Contract Awards, Renewals, and Terminations

As presented in the table on page 82, contracts with two investment managers of publicly traded securities were awarded or renewed during the fiscal year: one active non-U.S. emerging markets growth equities manager, and one active non-U.S. developed markets growth equities manager. No contracts with investment managers of publicly traded securities were terminated during the fiscal year.

Private Investments

Also as presented in the table of page 82, LACERS approved twelve private equity partnership contracts, totaling $460 million of commitments, four private real estate partnership contracts, totaling $205 million of commitments, and nine private credit partnership contracts, totaling $570 million of commitments during the fiscal year.

The pages that follow provide further details about the LACERS investment portfolio and investment activity for the fiscal year 2024-2025.

Respectfully submitted,

Rodney L. June
Chief Investment Officer

OUTLINE OF INVESTMENT POLICIES

The Los Angeles City Employees' Retirement System's (LACERS, or the System) general investment goals are consistent with the City Charter citations and State Constitution and are stated below:

- The overall goal of the System's investment assets is to provide plan participants with post-retirement benefits as set forth in the System documents. This will be accomplished through a carefully planned and executed investment program.
- The System's investment program shall comply, at all times, with existing and future applicable City, state and federal regulations. Investment performance data is calculated in conformance with Global Investment Performance Standards (GIPS).
- All transactions undertaken will be for the sole benefit of the System's participants and beneficiaries and for the exclusive purpose of providing benefits to them and defraying reasonable administrative expenses associated with the System.
- The System has a long-term investment horizon, and utilizes an asset allocation that encompasses a strategic, long run perspective of capital markets. It is recognized that a strategic long-run asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of the System's investment performance.
- Investment actions are expected to comply with the Employee Retirement Income Security Act (ERISA) "prudent person" standards, which are described in the act as "…with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims."

INVESTMENT RESULTS

Schedule of Annualized Asset Class Investment Returns
(Compared to Policy Benchmarks)

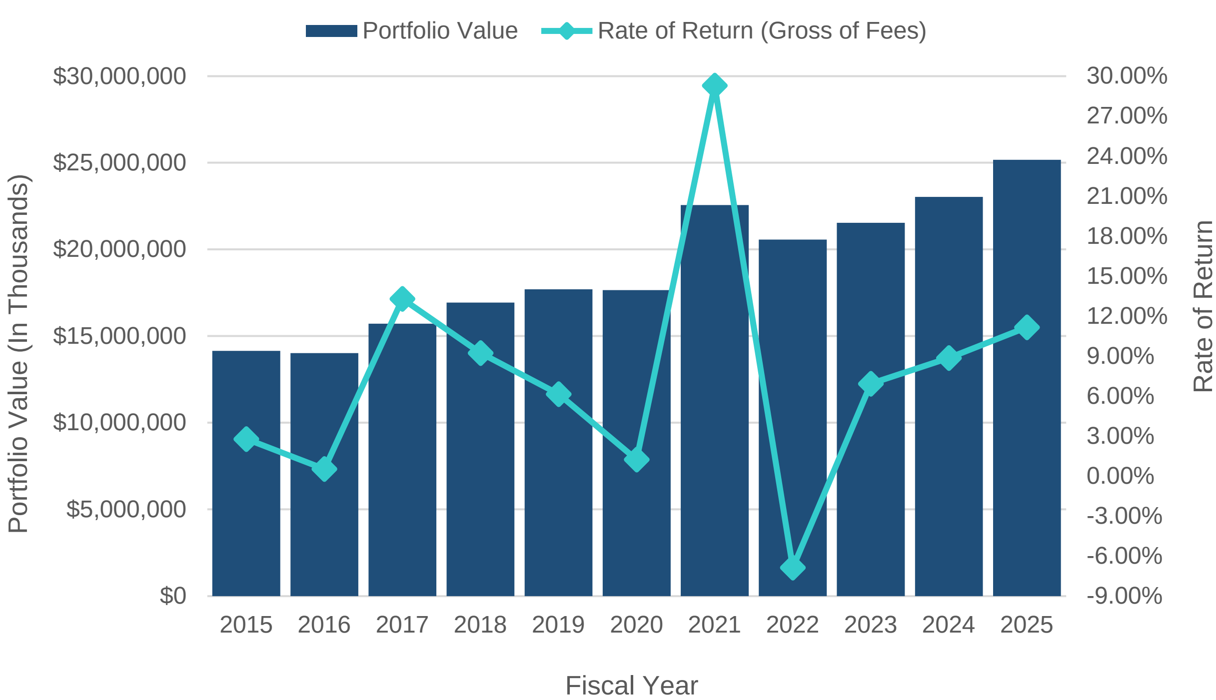
Asset Class / Benchmark	Annualized Rates of Return[1] (Gross of Fees)		
	1 Yr. (%)	3 Yrs. (%)	5 Yrs. (%)
U.S. Equity	**13.80**	**17.57**	**15.24**
Russell 3000[2]	15.30	19.08	15.96
Non-U.S. Equity	**18.18**	**13.84**	**10.86**
MSCI ACWI ex U.S.	17.72	13.99	10.13
Private Equity	**7.70**	**4.56**	**17.76**
Private Equity Blend[3]	6.48	1.73	12.24
Core Fixed Income	**6.28**	**2.88**	**(0.19)**
Bloomberg U.S. Aggregate Bond Index	6.08	2.55	(0.73)
Credit Opportunities	**10.57**	**9.63**	**4.91**
Credit Opportunities Blend[4]	9.40	8.90	4.46
Real Assets	**4.83**	**(0.18)**	**3.18**
Real Assets Blend[5]	5.76	(0.54)	2.88
LACERS Total Fund	**11.16**	**8.97**	**9.28**
LACERS Policy Benchmark[6]	11.41	8.86	8.38

(1) Time-weighted rate of return based on fair value of assets for all asset classes.
(2) July 1, 2011 – Current: Russell 3000 Index; September 30, 1994 – December 31, 1999: S&P 500 Index 33.75, Russell 1000 Value Index 35%, Russell 1000 Growth 12.5%, Russell 2000 Value 12.5%, Russell 2000 Growth 6.25%.
(3) January 1, 2022 – Current: Cambridge Associates Global Private Equity and Venture Capital Index; February 1, 2012 – December 31, 2021: Russell 3000 + 3%; Inception – January 31, 2012: Russell 3000 + 4%.
(4) 13.95% Bloomberg U.S. High Yield 2% Issuer Capped Index, 13.95% S&P UNS Leveraged Loan Index, 37.21% Blended Emerging Markets Debt Blend, 34.88% S&P UBS Leveraged Loan Index One Quarter Lagged.
(5) 32% Bloomberg U.S. TIPS Index / 16% FTSE NAREIT All Equity Index / 52% Real Estate Blend.
Real Estate Blend – July 1, 2014 - Current: NCREIF ODCE + 0.80%; July 1, 2012 - June 30, 2014: NCREIF Property Index Lagged + October 1, 1994 – June 30, 2012: NCREIF Property Index Lagged.
(6) 20.5% Russell 3000 Index, 25.5% MSCI ACWI ex USA Net Index, 12.75% Bloomberg U.S. Aggregate Bond Index, 10.75% Credit Opportunities Blend, 6.00% Public Real Assets Blend, 6.5% Real Estate Blend, 17.0% Private Equity Blend, 1% Citi 3 Month T-Bill Index.

Schedule of Investment Result History
For the Fiscal Years Ended June 30
(Dollars in Thousands)

Fiscal Year	Total Investment Portfolio[1] (Fair Value)	Time-Weighted Rate of Return (Gross of Fees)
2015	$14,148,849	2.78 %
2016	14,014,772	0.53
2017	15,708,981	13.29
2018	16,935,458	9.23
2019	17,693,115	6.15
2020	17,654,460	1.24
2021	22,518,983	29.29
2022	20,564,461	(6.86)
2023	21,529,316	6.93
2024	23,023,746	8.86
2025	25,171,120	11.16

(1) The total investment portfolio is comprised of investments, cash, accrued dividends, and accrued investment income. It excludes LACERS' new headquarters property purchased in fiscal year 2019-2020.



INVESTMENT CONTRACT ACTIVITY

Contracts with investment managers of publicly traded securities awarded/renewed/extended:

Firms	Mandate
Axiom Investors, LLC	Active Non-U.S. Emerging Markets Growth Equities
MFS Institutional Advisors, Inc	Active Non-U.S. Developed Markets Growth Equities

New private credit, private equity and real estate partnerships:

Investment Funds	Mandate
400 Capital Asset Backed Term Fund IV, L.P.	Private Credit – Asset Based Lending
Biospring Partners Fund II, L.P.	Private Equity – Growth
Carlyle Property Investors, L.P.	Private Real Estate – Core Plus
Centana Growth Partners III, L.P.	Private Equity – Growth
Centre Lane Credit Partners III, L.P.	Private Credit – Direct Lending
Dawson Portfolio Finance 6, L.P.	Private Credit – Specialty Finance
Enhanced Healthcare II, L.P.	Private Equity – Buyouts
H.I.G. Europe Middle Market LBO Fund II, L.P.	Private Equity – Buyouts
Hg Saturn 4, L.P.	Private Equity – Buyouts
ICG Senior Debt Partners Fund 5-C, L.P.	Private Credit – Direct Lending
LBA Logistics Value Fund X, L.P.	Private Real Estate – Value Added
Mavik Real Estate Special Opportunities VS2, L.P.	Private Credit – Opportunistic
Mill Point Capital Partners III, L.P.	Private Equity – Buyouts
NMS Fund V, L.P.	Private Equity – Buyouts
Nordic Capital Evolution Fund II, L.P.	Private Equity – Buyouts
Principal Data Center Growth & Income Fund, L.P.	Private Real Estate - Opportunistic
Putnam Hill Private Credit Fund, L.P.	Private Credit – Direct Lending
Quantum Capital Solutions II, L.P.	Private Credit – Energy
Quantum Energy Partners VIII, L.P.	Private Equity – Natural Resources
Silver Point Specialty Credit III, L.P.	Private Credit – Opportunistic
Stellex Capital Partners III, L.P.	Private Equity – Buyouts
TPG Angelo Gordon Direct Lending Fund VI, L.P.	Private Credit – Direct Lending
TPG Rise Climate II, L.P.	Private Equity – Growth
Warren Equity Partners Fund IV, L.P.	Private Equity – Buyouts
WCP Newcold III, L.P.	Private Real Estate – Opportunistic

Contracts with consultants and vendors awarded/renewed/extended:

Firms	Mandate
Northern Trust Company	Custodial Services. Securities Lending and Ancillary Svcs.
Bloomberg Finance, L.P.	Investment Research Database
Institutional Shareholder Services Inc.	Proxy Voting Service
MSCI, Inc.	ESG Data Service
PitchBook Data, Inc.	Private Markets Database
CEM Benchmarking	Investment Cost and Performance Benchmarking

As of June 30, 2025

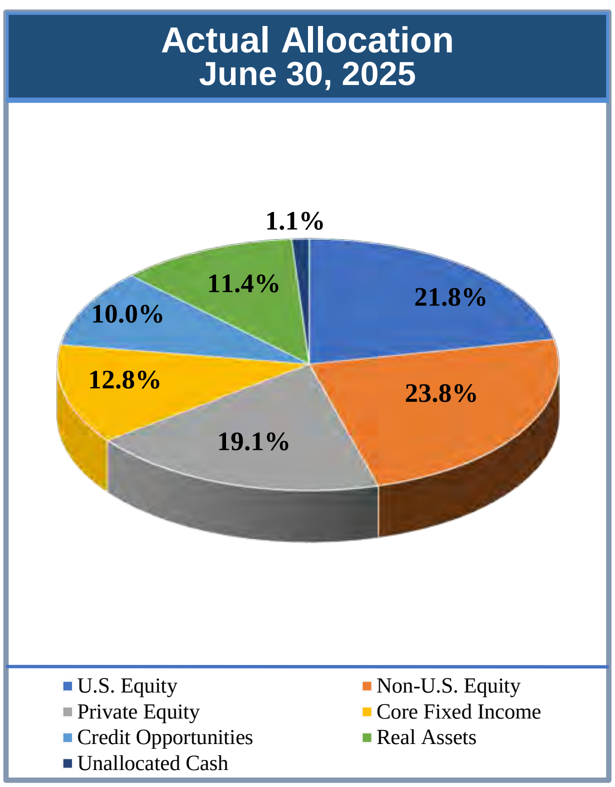
Actual[1]		Target[2]	
U.S. Equity	21.80%	U.S. Equity	23.00%
Non-U.S. Equity	23.79	Non-U.S. Equity	20.00
Private Equity[3]	19.14	Private Equity	16.00
Core Fixed Income	12.76	Core Fixed Income	10.25
Credit Opportunities[4]	10.01	Credit Opportunities	12.75
Real Assets	11.38	Real Assets	17.00
Unallocated Cash	1.12	Unallocated Cash	1.00
Total	100.00%	**Total**	100.00%

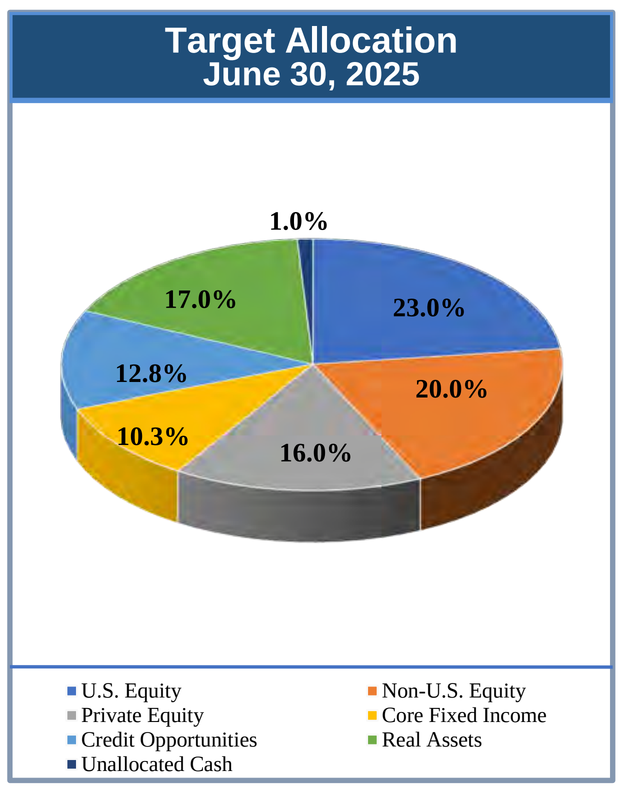
(1) Implementation of the most recently adopted Target Asset Allocation Policy is in progress and explains the difference in actual versus target allocations.

(2) Interim Target Asset Allocation Policy was adopted on December 10, 2024. The policy targets are scheduled to incrementally change between 2025 and 2028 and ultimately converge to the long-term target ranges as presented above.

(3) The overweight to Private Equity is a result of the denominator effect caused by public market volatility and cannot be rebalanced on demand due to the illiquid nature of private market investments.

(4) The underweight to Credit Opportunities is due to the addition of the Private Credit sub-asset class, which is currently in the process of being invested. The balance of the allocation for Private Credit is currently held within the Credit Opportunities portfolio.





LIST OF LARGEST ASSETS HELD BY FAIR VALUE

Displayed below are the ten largest holdings in each asset class along with their fair and share/par values as of June 30, 2025.

Largest U.S. Equity Holdings

	Shares	Asset Description	Fair Value (in US$)
1.	1,775,459	NVIDIA Corp.	$ 280,504,767
2.	541,103	Microsoft Corp.	269,150,043
3.	1,087,356	Apple Inc.	223,092,831
4.	687,872	Amazon Inc.	150,912,238
5.	158,064	Meta Platforms, Inc.	116,665,458
6.	342,311	Broadcom Inc.	94,358,027
7.	423,412	Alphabet Inc. Class A	74,617,897
8.	133,500	Berkshire Hathaway Class B	64,850,295
9.	204,008	Tesla Inc.	64,805,181
10.	279,060	American Tower Corp	61,677,841
		Total	**$ 1,400,634,578**

Largest Non-U.S. Equity Holdings

	Shares	Asset Description	Fair Value (in US$)
1.	12,650,634	SSgA MSCI Emerging Markets Index Fund(1)	$ 603,865,349
2.	14,874,999	SSgA MSCI EAFE Small Cap Index Fund(1)	359,751,856
3.	1,331,200	Taiwan Semiconductor Manufacturing Company Limited	48,304,532
4.	155,801	SAP SE	47,212,280
5.	5,213,103	AIA Group Limited	46,751,905
6.	54,481	ASML Holding N.V.	43,334,229
7.	1,440,315	Hitachi NPV	41,929,624
8.	416,291	Nestle SA	41,226,406
9.	188,712	Air Liquide	38,796,940
10.	116,502	Roche Holdings	37,819,242
		Total	**$ 1,308,992,363**

(1) Investment in a commingled fund that holds publicly traded equity securities. The share amount represents LACERS ownership interest in the commingled fund.

LIST OF LARGEST ASSETS HELD BY FAIR VALUE

Largest U.S. Fixed Income Holdings

	Par Value	Asset Description	Fair Value (in US$)
1.	17,821,977	SSgA US Aggregate Bond Fund[1]	$ 598,764,956
2.	196,000,000	Bain Capital Senior Loan Fund, L.P.[1]	301,021,894
3.	97,899,656	Benefit Street Partners SMA	92,119,990
4.	92,423,726	Monroe Capital Private Credit Fund L.P.	91,472,159
5.	65,000,000	United States of America Treasury Notes 1.125% Due 01/15/2033	66,888,536
6.	61,000,000	United States Treas Notes Inflation Index 0.125% Due 01/15/2032	63,979,024
7.	60,000,000	United States of America Treasury Notes 1.875% Due 07/15/2034	61,388,030
8.	53,600,000	United States Treas Notes Inflation Index 0.125% Due 01/15/2031	61,197,047
9.	50,800,000	United States Treas Notes Inflation Index 0.125% Due 07/15/2030	59,704,824
10.	48,870,000	United States Treas Notes Inflation Index 0.125% Due 01/15/2030	57,502,834
		Total	**$ 1,454,039,294**

Largest Non-U.S. Fixed Income Holdings

	Par Value (in local currency)	Asset Description	Fair Value (in US$)
1.	11,200,000	Senior Floating Rate Fund LLC	$ 19,328,025
2.	3,715,254	Republic of Mexico 7.750% Due 11/23/2034	17,950,549
3.	77,245	Secretaria Tesouro 10.000% Due 01/01/2027	14,098,025
4.	42,332,000	Bonos De Tesoreria 6.850% Due 08/12/2035	12,285,422
5.	187,654,228	Republic of Africa 11.625% Due 03/31/2035	11,081,334
6.	46,530,000	Republic of Poland 1.750% Due 04/25/2032	10,392,311
7.	10,410,000	Baffinland Iron Mines Corp Sr Secd Nt 8.750% Due 07/15/2026	9,604,974
8.	35,027,000	Malaysian Govt 3.733% Due 06/15/2028	8,450,998
9.	31,599,000	Bonos De Tesoreria 5.400% Due 08/12/2034	8,402,170
10.	23,353,800,000	Republic of Mexico 8.500% Due 02/28/2030	8,154,980
		Total	**$ 119,748,788**

[1] Investment in a commingled fund that holds publicly traded fixed income securities. The par value represents LACERS ownership interest in the commingled fund.

Schedule of Fees
(In Thousands)

	2025 Assets Under Management	Fees	2024 Assets Under Management	Fees
Investment Manager Fees:				
Fixed Income Managers	$ 5,939,532 (1)	$ 10,501	$ 5,838,200 (2)	$ 9,964
Equity Managers	11,927,031 (1)	39,520	10,979,341 (2)	29,765
Real Estate Managers	1,364,615	21,056	1,249,044	20,642
Private Credit Managers	482,882	12,685	-	0
Private Equity Managers	4,997,135	82,681	4,447,057	77,459
Total	**$ 24,711,195**	**$ 166,443**	**$ 22,513,642**	**$ 137,830**
Investment Consulting Fees	N/A	$ 1,883	N/A	$ 1,845
Investment Related Administrative Expense	N/A	4,458	N/A	3,794
Total	**N/A**	**$ 6,341**	**N/A**	**$ 5,639**

(1) Includes $122,000 of fixed income derivatives and $2,020,000 of equity derivatives. This is combined in the Statement of Fiduciary Net Position of $2,142,000.

(2) Includes $31,000 of fixed income derivatives and $(8,109,000) of equity derivatives. This is combined in the Statement of Fiduciary Net Position of $(8,078,000).

Schedule of Top Ten Brokerage Commissions

	Broker	Shares	Commission	$/Share
1.	J.P. Morgan Securities PLC	26,209,217	$ 181,131	$ 0.007
2.	Societe Generale	15,162,236	176,879	0.012
3.	Merrill Lynch International Limited	33,466,954	165,180	0.005
4.	Jefferies LLC	7,927,044	164,707	0.021
5.	Liquidnet Inc.	11,191,222	158,682	0.014
6.	Morgan Stanley and Co., LLC	18,604,065	133,181	0.007
7.	Macquarie Bank Limited	48,090,267	130,938	0.003
8.	UBS AG London Branch	8,520,369	129,773	0.015
9.	Goldman, Sachs and Co.	15,572,532	127,853	0.008
10.	Barclays Capital	5,892,644	120,699	0.020
	Total	190,636,550	1,489,023	0.008
	Total - Other Brokers(1)	441,596,386	2,800,548	0.006
	Grand Total	**632,232,936**	**$ 4,289,571**	**$ 0.007**

(1) Over-the-counter (OTC) Brokers excluded because there is no stated commission.

LACERS has commission recapture arrangements with brokerage firms. For the current fiscal year, LACERS recaptured a total of $17,661 commission credit from CAPIS (formerly known as Cowen), which was rebated to LACERS in cash.

INVESTMENT SUMMARY

As of June 30, 2025
(In Thousands)

Type of investment	Fair Value	% of Total Fair Value	Domestic Fair Value	Foreign Fair Value
Fixed Income:				
Government bonds	$ 2,544,310	10.21	$ 1,773,478	$ 770,832
Government agencies	125,240	0.50	15,228	110,012
Municipal/provincial bonds	17,785	0.07	17,189	596
Corporate bonds	1,430,155	5.74	1,071,232	358,923
Bank loans	152,238	0.61	142,777	9,461
Government mortgage bonds	647,285	2.60	647,285	-
Commercial mortgage bonds	102,901	0.41	102,901	-
Opportunistic debts	320,731	1.29	301,402	19,329
Other fixed income (Common Funds Assets)	598,765	2.40	598,765	-
Derivative Instruments	122	-	132	(10)
Total Fixed Income	**5,939,532**	**23.83**	**4,670,389**	**1,269,143**
Equities:				
Common stock:				
Basic industries	1,596,653	6.41	651,562	945,091
Capital good industries	520,828	2.08	162,208	358,620
Consumer & services	2,308,209	9.26	1,266,720	1,041,489
Energy	599,775	2.41	284,228	315,547
Financial services	2,003,414	8.04	841,937	1,161,477
Health care	923,276	3.71	534,076	389,200
Information technology	2,146,847	8.62	1,507,580	639,267
Real Estate	834,334	3.35	745,359	88,975
Other funds - Common Stock	963,617	3.87	963,617	-
Miscellaneous	1,413	0.01	50	1,363
Total Common Stock	**11,898,366**	**47.76**	**6,957,337**	**4,941,029**
Preferred Stock	20,758	0.08	-	20,758
Stapled Securities	4,125	0.02	-	4,125
Convertible Equity	1,762	0.01	1,745	17
Derivative Instruments	2,020	0.01	6,735	(4,715)
Total Equities	**11,927,031**	**47.88**	**6,965,817**	**4,961,214**
Real Estate:	**1,364,615**	**5.48**	**1,334,002**	**30,613**
Private Credit:	**482,882**	**1.94**	**482,882**	**-**
Private Equity:				
Buyout	2,841,486	11.40	2,163,541	677,945
Distressed debt	254,468	1.02	182,718	71,750
Mezzanine	32,624	0.13	32,624	-
Special situations	287,812	1.15	215,232	72,580
Venture capital	1,580,745	6.34	1,461,834	118,911
Total Private Equity	**4,997,135**	**20.04**	**4,055,949**	**941,186**
Security Lending Collateral	**207,016**	**0.83**	**143,557**	**63,459**
Total Fund[(1)]	**$24,918,211**	**100.00**	**$17,652,596**	**$ 7,265,615**

[(1)]Total Fund includes securities lending, but excludes cash and cash equivalents and adjustments to cash.

LIST OF INVESTMENT ADVISORS, CUSTODIAN AND OTHER CONSULTANTS

Investment Advisors

U.S. Equity
Copeland Capital Management, LLC
EAM Investors, LLC
Granahan Investment Management
Principal Global Investors, LLC
RhumbLine Advisers Limited Partnership
Segall Bryant & Hamill

Non-U.S. Equity
Axiom Investors, LLC
Barrow, Hanley, Mewhinney & Strauss, LLC
Dimensional Fund Advisors LP
Lazard Asset Management, LLC
MFS Institutional Advisors, Inc.
Oberweis Asset Management, Inc.
State Street Global Advisors Trust Company
Wasatch Advisors Inc.

Fixed Income
Garcia Hamilton & Associates, L.P.
Income Research & Management
J.P. Morgan Asset Management
Loomis, Sayles & Company, L.P.
Robert W. Baird & Co., Incorporated
State Street Global Advisors Trust Company

Credit Opportunities
400 Capital Management
Bain Capital Credit, L.P.
Benefit Street Partners L.L.C.
Centre Lane Partners, LLC
Crescent Capital Group LP
Dawson Partners Inc.
HPS Investment Partners LLC
ICG Plc
Loomis, Sayles & Company, L.P.
Monroe Capital Advisors LLC
Polen Capital Credit, LLC
PGIM, Inc.
Putnam Hill Capital Partners
Quantum Capital Group
Silver Point Capital, L.P.
TPG Twin Brook
Wellington Management Company LLP

Cash & Short-Term
The Northern Trust Company

Public Real Assets
CenterSquare Investment Management LLC
Dimensional Fund Advisors LP

Real Estate
Almanac Realty Partners, LLC
Apollo Global Management, LLC
Ares Management Corp.
Asana Partners, LP
Berkshire Group
Bristol Group, Inc.
Broadview Real Estate Partners
Brookfield Asset Management Inc.
Bryanston Realty Partners
Carlyle Group Inc.
Cerberus Capital Management
CIM Group LLC
Clarion Partners
Cortland Partners, LLC
DLJ Real Estate Capital Partners
DRA Advisors LLC
EQT Group
Gerrity Group, LLC
Hancock Timber Resource Group, Inc.
Heitman LLC
Invesco Advisors, Inc.
Jamestown L.P.
JP Morgan Chase & Co.
Kayne Anderson Capital Advisors, L.P.
LBA Logistics
Lone Star Funds
Morgan Stanley & Co., LLC
Northbridge Partners
NREP Logistics AB
Oaktree Capital Management, L.P.
PCCP, LLC
Principal Financial Services, Inc.
Standard Life Investments Limited
Stockbridge Capital Group
The Wolff Company
Torchlight Investors, LLC
TPG Capital Advisors, LLC
Walton Street Capital
Waterton Associates LLC
Westpoint Capital Partners LLC

Investment Advisors *(continued)*

Private Equity

- 1315 Capital LLC
- 3 Boomerang Capital, L.P.
- ABRY Partners LLC
- ACON Investments, L.L.C.
- Advent International Corp.
- AION Capital Partners
- Altaris, LLC
- American Securities LLC
- Angeleno Group LLC
- Angeles Equity Partners, LLC
- Apollo Global Management, LLC
- Arsenal Capital Partners
- Ascribe Capital, LLC
- Astorg Group, LLC
- Astra Capital Management LLC
- Auldbrass Partners
- Avance Investment Management
- Bain Capital
- Baring Private Equity Asia Limited
- BC Partners
- Bessemer Venture Partners
- Biospring Partners
- Black Diamond Capital Management
- Blackstone Group Inc.
- Blue Sea Capital LLC
- Brentwood Associates, Inc.
- Builders VC
- Cardinal Partners
- Carlyle Group Inc.
- Centana Growth Partners
- CenterGate Capital, L.P.
- Charterhouse Capital Partners LLP
- Cinven
- Clearlake Capital Group
- Coller Capital Limited
- CVC Capital Partners
- Defy Partners Management, LLC
- EIG Global Energy Partners
- Encap Investments L.P.
- Energy Capital Partners
- Essex Woodland Health Ventures
- FIMI Ltd.
- First Reserve Corporation
- Fortress Investment Group
- Francisco Partners
- Freeman Spogli & Co. Inc.
- General Catalyst Partners
- Genstar Capital
- GGV Capital
- Gilde Buy Out Partners BV
- Glendon Capital Management LP
- GTCR LLC
- The Halifax Group, LLC
- HarbourVest Partners, LLC
- Harvest Partners
- Hellman & Friedman LLC
- Hg Capital, LLC
- H.I.G. Capital
- High Road Capital Partners, LLC
- Hony Capital
- Incline Equity Partners
- Insight Partners
- Institutional Venture Partners
- Intermediate Capital Group Inc
- JH Whitney & Co.
- Kelso & Company
- Khosla Ventures
- Knox Lane
- KPS Capital Partners
- L2 Point Management, LLC
- Leonard Green & Partners LP
- Levine Leichtman Capital Partners, LLC
- Lightbay Capital
- Longitude Capital
- Mayfield Group
- MBK Partners L.P.
- Mill Point Capital, LLC
- Montagu Private Equity LLP
- Nautic Partners, LLC
- New Enterprise Associates, LLC
- New Mountain Capital, LLC
- New Water Capital, L.P.
- NGEN Partners, LLC
- NGP Energy Capital Management, LLC
- New MainStream Capital
- Nordic Capital, L.P.
- Oak HC/FT Partners, LLC
- Oak Investment Partners, L.P.
- Oaktree Capital Management, L.P.
- OceanSound Partners Fund, L.P.
- Onex Partners
- Orchid Asia Group
- P4G Capital Management, LLC
- Palladium Equity Partners, L.P.

Investment Advisors *(continued)*

Private Equity *(continued)*

Permira, L.P.
Pharos Capital Group, LLC
Platinum Equity, LLC
Polaris Partners, L.P.
Providence Equity Partners, LLC
Quantum Capital Group
Reverence Capital Partners
Roark Capital Group
Searchlight Capital Partners, L.P.
SK Capital Partners L.P.
Spark Capital
Spire Capital Management, LLC
St. Cloud Capital Partners, L.P.
Stellex Capital Management
StepStone Group, L.P.
Stripes Group, LLC
Sunstone Partners
TA Associates Management, L.P.
Technology Crossover Ventures, LLC
Thoma Bravo, LLC
Threshold Ventures Inc. (formerly DFJ Venture)
TPG Capital Advisors, LLC
Trident Capital
Ulu Ventures
Upfront Ventures
VantagePoint Venture Partners, L.P.
Vicente Capital Partners, LLC
Vista Equity Partners Management, LLC
Vitruvian Partners, LLP
Wynnchurch Capital, L.P.
Yucaipa Alliance Management, LLC

Consultants

NEPC, LLC
Aksia LLC
Townsend Holdings, LLC

Custodian

The Northern Trust Company

Transition Managers

Abel Noser, LLC
Blackrock Institutional Trust Company, N.A.
Citigroup Global Markets Inc.
The Northern Trust Company
Russell Investments Implementation Services, LLC

Proxy Voting Services

Institutional Shareholder Services Inc. (ISS)

Actuarial

Summary of Significant Valuation Results

Category	June 30, 2025	June 30, 2024	Change
I. Total Membership			
a. Active Members	27,000	26,782	0.8%
b. Pensioners and Beneficiaries	22,915	22,763	0.7%
II. Valuation Salary			
a. Total Annual Projected Payroll	$2,868,028,601	$2,730,282,217	5.0%
b. Average Projected Monthly Salary	8,852	8,495	4.2%
III. Benefits to Current Retirees and Beneficiaries[1]			
a. Total Annual Benefits	$1,356,133,557	$1,301,096,466	4.2%
b. Average Monthly Benefit Amount	4,932	4,763	3.5%
IV. Total System Assets[2]			
a. Actuarial Value	$24,799,377,599	$23,404,150,020	6.0%
b. Fair Value	25,375,318,626	23,041,225,445	10.1%
V. Unfunded Actuarial Accrued Liability (UAAL)			
a. Retirement Benefits	$7,013,981,160	$7,046,941,634	(0.5)%
b. Health Subsidy Benefits	(223,295,413)	(285,810,920)	(21.9)%[3]

Category	Fiscal Year 2026–27[4] Tier 1	Fiscal Year 2026–27[4] Tier 3	Fiscal Year 2025–26[4] Tier 1	Fiscal Year 2025–26[4] Tier 3	Difference Tier1	Difference Tier 3
VI. Budget Items (as a Percent of Pay)						
a. Retirement Benefits						
1. Normal Cost	9.77%	5.40%	8.85%	5.42%	0.92%	(0.02)%
2. Amortization of UAAL	20.37%	20.37%	20.55%	20.55%	(0.18)%	(0.18)%
3. Total Retirement Contribution	30.14%	25.77%	29.40%	25.97%	0.74%	(0.20)%
b. Health Subsidy Benefits						
1. Normal Cost	3.92%	4.16%	3.83%	3.98%	0.09%	0.18%
2. Amortization of UAAL	(0.43)%	(0.43)%	(0.58)%	(0.58)%	0.15%	0.15%
3. Total Health Subsidy Contribution	3.49%	3.73%	3.25%	3.40%	0.24%	0.33%
c. Total Contribution (a+b)	33.63%	29.50%	32.65%	29.37%	0.98%	0.13%

Category	June 30, 2025	June 30, 2024	Difference
VII. Funded Ratio			
(Based on Valuation Value of Assets)			
a. Retirement Benefits	74.6%	73.4%	1.2%
b. Health Subsidy Benefits	105.8%	108.0%	(2.2)%
c. Total	78.4%	77.5%	0.9%
(Based on Fair Value of Assets)			
d. Retirement Benefits	76.3%	72.3%	4.0%
e. Health Subsidy Benefits	108.2%	106.3%	1.9%
f. Total	80.3%	76.3%	4.0%

1 Includes July COLA.
2 Includes assets for Retirement, Health, Family Death, and Larger Annuity Benefits.
3 There is a reduction in the level of overfunding from the 2024 to the 2025 valuation.
4 Contributions are assumed to be received by LACERS on July 15.

Summary of Significant Valuation Results (Continued)

Category	June 30, 2025	June 30, 2024	Change
VIII. Net Pension Liability[1]			
Total Pension Liability	$27,613,228,652	$26,492,518,234	4.2%
Plan Fiduciary Net Position	(21,077,644,650)	(19,144,037,018)	10.1%
Net Pension Liability	$6,535,584,002	$7,348,481,216	(11.1)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.3%	72.3%	4.0%
IX. Net OPEB (Asset) Liability[2]			
Total OPEB Liability	$3,868,232,808	$3,570,147,657	8.3%
Plan Fiduciary Net Position	(4,186,549,919)	(3,796,164,817)	10.3%
Net OPEB (Asset) Liability	$(318,317,111)	$(226,017,160)	40.8%[3]
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	108.2%	106.3%	1.9%

1 Refer to the Schedule of Changes in Net Pension Liability and Related Ratios on page 100.

2 Refer to the Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios on page 127.

3 There is an increase in the level of overfunding from the 2024 to the 2025 valuation.

Segal

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Actuarial certification

October 28, 2025

This is to certify that Segal has conducted an actuarial valuation of the Los Angeles City Employees' Retirement System (LACERS or the System) retirement program as of June 30, 2025, in accordance with generally accepted actuarial principles and practices. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by the Actuarial Standards of Practice (ASOPs). Actuarial valuations are performed annually for this retirement program with the last valuation completed as of June 30, 2024. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of the historical funding methods used in determination of the liability for retirement benefits.

The actuarial valuation is based on the plan of benefits verified by LACERS and on participant and financial data provided by LACERS. Segal did not audit LACERS' financial statements, but we conducted an examination of all participant data for reasonableness and we concluded that it was reasonable and consistent with the prior year's data.

One of the general goals of an actuarial valuation is to establish contributions that fully fund the System's liabilities, and that, as a percentage of payroll, remain as level as possible for each generation of active members. Both the Normal Cost and the Actuarial Accrued Liability are determined under the Entry Age cost method.

The actuarial computations made are for funding plan benefits. Accordingly, additional determinations will be needed for other purposes, such as satisfying financial accounting requirements under Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68 and judging benefit security at termination of the plan.

Segal prepared all of the supporting schedules in the Actuarial Section of the Annual Comprehensive Financial Report and certain supporting schedules in the Financial Section, based on the results of the June 30, 2025 actuarial valuation. A listing of the supporting schedules Segal prepared for inclusion in the Financial Section as Required Supplementary Information prescribed by GASB, and in the Actuarial Section, is provided below:

Financial Section

1. Schedule of Net Pension Liability[1]
2. Schedule of Changes in Net Pension Liability and Related Ratios[1]
3. Schedule of Contribution History[1]

[1] Source: Segal's GASB Statement No. 67 valuation report as of June 30, 2025.

October 28, 2025

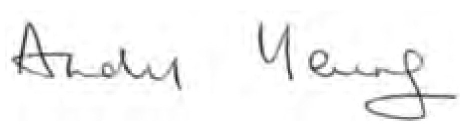
Actuarial Section

4. Summary of Significant Valuation Results
5. Active Member Valuation Data
6. Retirees and Beneficiaries Added to and Removed from Retiree Payroll
7. Schedule of Funded Liabilities by Type
8. Schedule of Funding Progress
9. Actuarial Analysis of Financial Experience
10. Actuarial Balance Sheet
11. Schedule of Changes in Net Pension Liability and Related Ratios[1]
12. Projection of Pension Plan Fiduciary Net Position for use in Calculation of Discount Rate of 7.00% and Preparation of GASB 67 Report as of June 30, 2025[1]

LACERS' staff prepared other trend data schedules in the Statistical Section based on information supplied in Segal's valuation report.

To the best of our knowledge, this report is complete and accurate and in our opinion presents the plan's current funding information. The undersigned is a member of the American Academy of Actuaries and is qualified to render the actuarial opinion contained herein.

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.



Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary

[1] Source: Segal's GASB Statement No. 67 valuation report as of June 30, 2025.

Active Member Valuation Data
Member Population

Valuation Date	Active Members[1]	Covered Payroll[2]	Annual Average Pay[2]	Change in Annual Average Pay (%)
06/30/2016	24,446	$1,968,702,630	$80,533	0.9%
06/30/2017	25,457	2,062,316,129	81,012	0.6
06/30/2018	26,042	2,177,687,102	83,622	3.2
06/30/2019	26,632	2,225,412,831	83,562	(0.1)
06/30/2020	27,490	2,445,016,587	88,942	6.4
06/30/2021	25,176	2,254,165,029	89,536	0.7
06/30/2022	24,917	2,258,724,771	90,650	1.2
06/30/2023	25,875	2,512,179,018	97,089	7.1
06/30/2024	26,782	2,730,282,217	101,945	5.0
06/30/2025	27,000	2,868,028,601	106,223	4.2

Retirees and Beneficiaries Added to and Removed from Retiree Payroll[3]

Valuation Date	No. of New Retirees/ Beneficiaries	Annual Allowances Added[4]	No. of Retirees/ Beneficiaries Removed	Annual Allowances Removed	No. of Retirees/ Beneficiaries at 6/30	Annual Allowances at 6/30	Percent Increase in Annual Allowances	Average Annual Allowance
06/30/2016	1,082	$51,056,286	657	$23,092,610	18,357	$778,355,426	3.7%	$42,401
06/30/2017	1,142	65,583,105	694	24,422,619	18,805	819,515,912	5.3	43,580
06/30/2018	1,312	86,917,553	738	26,361,758	19,379	880,071,707	7.4	45,414
06/30/2019	1,341	93,946,126	686	26,429,224	20,034	947,588,609	7.7	47,299
06/30/2020	1,134	85,268,880	745	28,126,528	20,423	1,004,730,961	6.0	49,196
06/30/2021	2,486	169,148,971	897	37,106,822	22,012	1,136,773,110	13.1	51,643
06/30/2022	1,140	91,420,287	753	32,200,860	22,399	1,195,992,537	5.2	53,395
06/30/2023	892	80,956,579	781	36,429,717	22,510	1,240,519,399	3.7	55,110
06/30/2024	1,007	94,946,932	754	34,369,865	22,763	1,301,096,466	4.9	57,158
06/30/2025	964	93,888,755	812	38,851,664	22,915	1,356,133,557	4.2	59,181

1 Includes non-vested Members.
2 Reflects annualized salaries for part-time Members.
3 Does not include Family Death Benefit Plan beneficiaries. Table is based on valuation data.
4 Includes the COLA granted in July.

Schedule of Funded Liabilities by Type
for Years Ended June 30 (Dollars in Thousands)

Date	Aggregate Actuarial Accrued Liabilities for Member Contributions	Aggregate Actuarial Accrued Liabilities for Retirees, Beneficiaries, & Inactive/ Vested	Aggregate Actuarial Accrued Liabilities for Active Members	Valuation Value of Assets	Portion of Aggregate Accrued Liabilities Covered by Reported Assets: Member Contributions	Portion of Aggregate Accrued Liabilities Covered by Reported Assets: Retirees, Beneficiaries, & Inactive/ Vested	Portion of Aggregate Accrued Liabilities Covered by Reported Assets: Active Members
06/30/2016	$2,137,269	$9,439,001	$5,848,726	$12,439,250	100.0%	100.0%	14.8%
06/30/2017	2,255,048	10,164,403	6,038,737	13,178,334	100.0	100.0	12.6
06/30/2018	2,354,026	11,079,053	6,511,500	13,982,435	100.0	100.0	8.4
06/30/2019	2,469,761	11,933,703	6,389,957	14,818,564	100.0	100.0	6.5
06/30/2020	2,584,851	12,740,109	7,202,235	15,630,102	100.0	100.0	4.2
06/30/2021	2,431,974	14,546,803	6,303,116	16,660,585	100.0	97.8	0.0
06/30/2022	2,554,972	15,266,882	6,256,897	17,649,268	100.0	98.9	0.0
06/30/2023	2,776,364	15,932,796	6,590,377	18,493,821	100.0	98.6	0.0
06/30/2024	3,013,000	16,549,811	6,929,707	19,445,577	100.0	99.3	0.0
06/30/2025	3,276,841	17,068,318	7,268,070	20,599,247	100.0	100.0	3.5

Schedule of Funding Progress
for Years Ended June 30 (Dollars in Thousands)

Valuation Date	Valuation Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) **(b) − (a)**	Funded Ratio (a) ÷ (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) − (a)] ÷ (c)
06/30/2016	$12,439,250	$17,424,996	$4,985,746	71.4%	$1,968,703	253.3%
06/30/2017	13,178,334	18,458,188	5,279,854	71.4	2,062,316	256.0
06/30/2018	13,982,435	19,944,579	5,962,144	70.1	2,177,687	273.8
06/30/2019	14,818,564	20,793,421	5,974,857	71.3	2,225,413	268.5
06/30/2020	15,630,102	22,527,195	6,897,093	69.4	2,445,017	282.1
06/30/2021	16,660,585	23,281,893	6,621,308	71.6	2,254,165	293.7
06/30/2022	17,649,268	24,078,751	6,429,483	73.3	2,258,725	284.7
06/30/2023	18,493,821	25,299,537	6,805,716	73.1	2,512,179	270.9
06/30/2024	19,445,577	26,492,518	7,046,941	73.4	2,730,282	258.1
06/30/2025	20,599,247	27,613,229	7,013,982	74.6	2,868,029	244.6

Please refer to the required supplementary information of the Financial Section for the ten-year schedule of actuarially determined contributions and actual contributions.

Actuarial Analysis of Financial Experience
Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2025

Category	Amount
1. Unfunded actuarial accrued liability at beginning of year	$7,046,941,634
2. Total normal cost at beginning of year	496,465,290
3. Expected employer and member contributions at beginning of year	(1,056,035,417)
4. Interest	454,116,005
5. Expected unfunded actuarial accrued liability at end of year	$6,941,487,512
6. Changes due to:	
a) Investment loss on smoothed value of assets	$3,693,560
b) Gain due to contribution experience	(40,412,053)
c) Loss due to higher than expected salary increases for continuing actives	121,485,278
d) Loss due to higher than expected COLAs for payees	12,385,695
e) Other net gains on demographic experience	(24,954,188)
f) Increase due to Sworn Public Safety Officers (PSO) benefit enhancement	295,356
Total loss	$72,493,648
7. Unfunded actuarial accrued liability at end of year	$7,013,981,160

Actuarial Balance Sheet for Year Ended June 30, 2025

Category	Amount
Actuarial Present Value of Future Benefits	
1. Present value of benefits for retired members and beneficiaries	$16,679,536,581
2. Present value of benefits for inactive vested members	734,775,120
3. Present value of benefits for active members	14,576,850,684
4. Total actuarial present value of future benefits	$31,991,162,385
Current and Future Assets	
5. Total valuation value of assets	$20,599,247,492
6. Present value of future contributions by members	2,580,336,570
7. Present value of future employer contributions for:	
a) Entry age normal cost	1,797,597,163
b) Unfunded actuarial accrued liability	7,013,981,160
8. Present value of current and future assets	$31,991,162,385

Schedule of Changes in Net Pension Liability and Related Ratios[1] for the Fiscal Years Ended June 30 (Dollars in Thousands)

Category	2025	2024	2023	2022
Total Pension Liability				
Service cost[2]	$496,465	$461,844	$412,247	$413,863
Interest	1,842,759	1,758,842	1,671,683	1,617,800
Changes of benefit terms	295	—	—	—
Differences between expected and actual experience	108,917	242,434	469,172	(66,172)
Changes of assumptions	0	—	(112,700)	—
Benefit payments, including refunds of Member contributions	(1,327,725)	(1,270,139)	(1,219,616)	(1,168,633)
Net change in total pension liability	1,120,711	1,192,981	1,220,786	796,858
Total pension liability-beginning	26,492,518	25,299,537	24,078,751	23,281,893
Total pension liability-ending (a)	$27,613,229	$26,492,518	$25,299,537	$24,078,751
Plan Fiduciary net position				
Contributions-employer	$803,985	$714,338	$669,391	$591,234
Contributions-Member	301,885	275,717	257,968	241,876
Net investment income (loss)[3]	2,198,639	1,503,281	1,261,073	(1,542,473)
Benefit payments, including refunds of Member contributions	(1,327,725)	(1,270,139)	(1,219,616)	(1,168,633)
Administrative expenses	(38,349)	(32,453)	(28,614)	(27,033)
Other[4]	(4,827)	—	—	(16)
Net change in Plan Fiduciary net position	1,933,608	1,190,744	940,202	(1,905,045)
Plan Fiduciary net position-beginning	19,144,037	17,953,293	17,013,091	18,918,136
Plan Fiduciary net position-ending (b)	$21,077,645	$19,144,037	$17,953,293	$17,013,091
Plan's net pension liability-ending (a) − (b)	$6,535,584	$7,348,481	$7,346,244	$7,065,660
Plan Fiduciary net position as a percentage of the total pension liability (b) ÷ (a)	76.3%	72.3%	71.0%	70.7%
Covered payroll	$2,687,404	$2,460,394	$2,307,336	$2,155,005
Plan's net pension liability as a percentage of covered payroll	243.2%	298.7%	318.4%	327.9%

1 In calculating the Plan's net pension liability, the total pension liability and the Plan Fiduciary net position exclude amounts associated with non-pension related benefits (Family Death and Larger Annuity Benefits).

2 The service cost is based on the previous year's valuation.

3 Building Lease and Other Income were included in the Net investment income (loss) starting in fiscal year 2020. Investment related administrative expenses is part of Administrative expenses and excluded from Net investment income.

4 On July 1, 2024, the System made an adjustment to beginning of year assets in order to match the June 30, 2024 Plan Fiduciary Net Position restated by LACERS after the completion of the June 30, 2024 GASB 67 valuation report.

On July 1, 2021, the System made an adjustment to the beginning of year assets in order to match the June 30, 2021 Plan Fiduciary Net Position restated by LACERS after the completion of the June 30, 2021 GASB 67 valuation report.

Schedule of Changes in Net Pension Liability and Related Ratios[1] (Continued) for the Fiscal Years Ended June 30 (Dollars in Thousands)

Category	2021	2020	2019	2018
Total Pension Liability				
Service cost[2]	$451,426	$374,967	$370,409	$352,283
Interest	1,570,785	1,499,208	1,439,661	1,332,878
Changes of benefit terms	—	—	—	25,173
Differences between expected and actual experience	(189,822)	308,184	(46,035)	144,224
Changes of assumptions	—	530,720	—	483,717
Benefit payments, including refunds of Member contributions	(1,077,691)	(979,305)	(915,192)	(851,885)
Net change in total pension liability	754,698	1,733,774	848,843	1,486,390
Total pension liability-beginning	22,527,195	20,793,421	19,944,578	18,458,188
Total pension liability-ending (a)	$23,281,893	$22,527,195	$20,793,421	$19,944,578
Plan Fiduciary net position				
Contributions-employer	$554,856	$553,118	$478,717	$450,195
Contributions-Member	252,123	259,817	237,087	230,757
Net investment income (loss)[3]	4,283,202	306,712	799,351	1,243,817
Benefit payments, including refunds of Member contributions	(1,077,691)	(979,305)	(915,192)	(851,885)
Administrative expenses	(26,758)	(23,531)	(19,600)	(17,699)
Other[4]	—	—	—	(471)
Net change in Plan Fiduciary net position	3,985,732	116,811	580,363	1,054,714
Plan Fiduciary net position-beginning	14,932,404	14,815,593	14,235,230	13,180,516
Plan Fiduciary net position-ending (b)	$18,918,136	$14,932,404	$14,815,593	$14,235,230
Plan's net pension liability-ending (a) − (b)	$4,363,757	$7,594,791	$5,977,828	$5,709,348
Plan Fiduciary net position as a percentage of the total pension liability (b) ÷ (a)	81.3%	66.3%	71.3%	71.4%
Covered payroll	$2,276,768	$2,271,039	$2,108,171	$2,057,565
Plan's net pension liability as a percentage of covered payroll	191.7%	334.4%	283.6%	277.5%

1 In calculating the Plan's net pension liability, the total pension liability and the Plan Fiduciary net position exclude amounts associated with non-pension related benefits (Family Death and Larger Annuity Benefits).

2 The service cost is based on the previous year's valuation.

3 Building Lease and Other Income were included in the Net investment income (loss) starting in fiscal year 2020. Investment related administrative expenses is part of Administrative expenses and excluded from Net investment income.

4 On July 1, 2017, the System reallocated $471,000 of interest from the Reserve for Mandatory Member Contributions into the Reserve for Voluntary Member Contributions.

Schedule of Changes in Net Pension Liability and Related Ratios[1] (Continued) for the Fiscal Years Ended June 30 (Dollars in Thousands)

Category	2017	2016
Total Pension Liability		
Service cost[2]	$340,759	$322,574
Interest	1,302,278	1,263,556
Changes of benefit terms	—	—
Differences between expected and actual experience	(146,474)	(300,813)
Changes of assumptions	340,718	—
Benefit payments, including refunds of Member contributions	(804,089)	(770,317)
Net change in total pension liability	1,033,192	515,000
Total pension liability-beginning	17,424,996	16,909,996
Total pension liability-ending (a)	$18,458,188	$17,424,996
Plan Fiduciary net position		
Contributions-employer	$453,356	$440,546
Contributions-Member	221,829	206,377
Net investment income (loss)[3]	1,517,545	29,358
Benefit payments, including refunds of Member contributions	(804,089)	(770,318)
Administrative expenses	(17,454)	(17,204)
Other	—	—
Net change in Plan Fiduciary net position	1,371,187	(111,241)
Plan Fiduciary net position-beginning	11,809,329	11,920,570
Plan Fiduciary net position-ending (b)	$13,180,516	$11,809,329
Plan's net pension liability-ending (a) − (b)	$5,277,672	$5,615,667
Plan Fiduciary net position as a percentage of the total pension liability (b) ÷ (a)	71.4%	67.8%
Covered payroll	$1,973,049	$1,876,946
Plan's net pension liability as a percentage of covered payroll	267.5%	299.2%

1 In calculating the Plan's net pension liability, the total pension liability and the Plan Fiduciary net position exclude amounts associated with non-pension related benefits (Family Death and Larger Annuity Benefits).

2 The service cost is based on the previous year's valuation.

3 Investment related administrative expenses is part of Administrative expenses and excluded from Net investment income.

Schedule of Changes in Net Pension Liability and Related Ratios (Continued)

Notes to Schedule:

Changes of Benefit Terms: The June 30, 2018 calculation reflected the newly adopted enhanced benefits for Airport Peace Officers (APO) who elected to stay at LACERS Plan (refer to Note 2 – Retirement Plan Description, Tier 1 – Enhanced Benefits on page 34). Enhanced benefits became effective as of January 7, 2018.

The June 30, 2025 calculation reflected enhanced pre-retirement death and disability benefits for certain Sworn PSO.

Change of Assumptions: The June 30, 2018 calculations reflected changes in the actuarial assumptions adopted by the Board on August 14, 2018 based on the triennial experience study for the period from July 1, 2014 through June 30, 2017, including revising the mortality tables from static to generational to reflect future mortality improvement, contributing to increased total pension liability.

The June 30, 2020 calculations reflected changes in the actuarial assumptions adopted by the Board on June 23, 2020 based on the triennial experience study for the period from July 1, 2016 through June 30, 2019. These assumption changes included lowering of the investment return assumption from 7.25% to 7.00% (which was largely offset by the effect of the change in the inflation assumption from 3.00% to 2.75%), changes in the merit and promotion salary increase assumption, and changes in the mortality assumption, which contributed to increased total pension liability.

The June 30, 2023 calculations reflected changes in the actuarial assumptions adopted by the Board on June 27, 2023 based on the triennial experience study for the period from July 1, 2019 through June 30, 2022. These assumption changes included lowering of the inflation assumption from 2.75% to 2.50% while maintaining the 2.75% cost of living adjustment assumption for Tier 1, changes in the merit and promotion salary increase assumption, and changes in the mortality assumption, which somewhat offset the increase in total pension liability.

Projection of Pension Plan Fiduciary Net Position for Use in Calculation of Discount Rate of 7.00% and Preparation of GASB 67 Report as of June 30, 2025 (Dollars in Millions)

Year Beginning July 1,	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Admin. Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan Fiduciary Net Position (a) + (b) − (c) − (d) + (e)
2024	$19,144	$1,106	$1,328	$38	$2,194 [1]	$21,078
2025	21,078	1,087	1,549	42	1,448	22,022
2026	22,022	1,084	1,530	44	1,515	23,048
2027	23,048	1,071	1,599	46	1,584	24,057
2028	24,057	1,085	1,665	48	1,652	25,081
2029	25,081	1,108	1,734	50	1,722	26,127
2030	26,127	1,128	1,808	52	1,792	27,187
2031	27,187	1,163	1,886	54	1,865	28,274
2032	28,274	1,187	1,967	57	1,938	29,375
2033	29,375	1,175	2,048	59	2,011	30,456
2051	35,508	231 [2]	3,003	71	2,368	35,033
2052	35,033	219 [2]	3,029	70	2,333	34,486
2053	34,486	207 [2]	3,052	69	2,294	33,866
2054	33,866	194 [2]	3,072	68	2,249	33,169
2117	1	0 [2,3]	1	0 [3]	0 [3]	1
2118	1	0 [2,3]	0 [3]	0 [3]	0 [3]	0 [3]
2119	0 [3]	0 [2,3]	0 [3]	0 [3]	0 [3]	0 [3]
2120	0 [3]	0 [2,3]	0 [3]	0 [3]	0 [3]	0 [3]
2121	0 [3]	0 [2,3]	0 [3]	0 [3]	0 [3]	0 [3]
2122	0 [3]	0 [2,3]	0 [3]	0 [3]	0 [3]	0 [3]
2123	0 [3]	0 [2,3]	0 [3]	0 [3]	0 [3]	0 [3]

Note that in preparing the above projections, we have not taken into consideration the one-year delay between the date of the contribution rate calculation and the implementation.

[1] Includes prior period adjustment resulting from the implementation of GASB 101 – Compensated Absences, effective fiscal year 2024/2025, of $(4.8) M.

[2] Mainly attributable to employer contributions to fund each year's annual administrative expenses.

[3] Less than $1 million, when rounded.

Projection of Pension Plan Fiduciary Net Position for Use in Calculation of Discount Rate of 7.00% and Preparation of GASB 67 Report as of June 30, 2025 (Continued)

Notes to Schedule:

1. Amounts may not total exactly due to rounding.
2. Amounts shown for the year beginning July 1, 2024 row are actual amounts, based on the unaudited financial statements provided by LACERS.
3. Various years have been omitted from this table.
4. Column (a): None of the Plan Fiduciary Net Position amounts shown have been adjusted for the time value of money.
5. Column (b): Projected total contributions include member and employer normal cost contributions based on closed group projections (based on covered active members as of June 30, 2025); plus employer contributions to the unfunded actuarial accrued liability; plus employer contributions to fund each year's annual administrative expenses reflecting a 15-year amortization schedule. Contributions are assumed to occur halfway through the year, on average.
6. Column (c): Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive, retired members, and beneficiaries as of June 30, 2025. The projected benefit payments reflect the cost of living increase assumptions used in the June 30, 2025 funding valuation report. Benefit payments are assumed to occur halfway through the year, on average.
7. Column (d): Projected administrative expenses are calculated as approximately 0.20% of the beginning Plan Fiduciary Net Position. The 0.20% was based on the actual fiscal year 2024–2025 administrative expenses as a percentage of the beginning Plan Fiduciary Net Position as of July 1, 2024. Administrative expenses are assumed to occur halfway through the year, on average.
8. Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum and reflect the assumed timing of cashflows, as noted above.
9. As illustrated in this Exhibit, the Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected 'cross-over date' when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2025 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

Summary of Actuarial Assumptions and Actuarial Cost Method

Rationale for Assumptions

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2019 through June 30, 2022 Actuarial Experience Study dated June 21, 2023. Unless otherwise noted, all actuarial assumptions and methods shown below apply to both Tier 1 and Tier 3 Members. The following assumptions used to value the Plan liabilities for funding purposes and for financial reporting purposes have been adopted by the Board.

Net Investment Return

7.00%[1]

Based on the Actuarial Experience Study report referenced above, expected administrative and investment expenses represent about 0.20% of the Actuarial Value of Assets.

Discount Rate

7.00%

Employee Contribution Crediting Rate

Based on average of 5-year Treasury note rate. An assumption of 2.50% is used to approximate that crediting rate in this valuation.

Cost of Living Adjustment (COLA)

Retiree COLA increases of 2.75% per year for Tier 1 and 2.00% per year for Tier 3. For Tier 1 members with COLA banks, withdrawals from the bank are assumed to increase the retiree COLA to 3.00% per year until their COLA banks are exhausted.

Payroll Growth

Inflation of 2.50% per year plus real “across the board” salary increases of 0.50% per year, used to amortize the UAAL as a level percentage of payroll.

Increase in Internal Revenue Code Section 401(a)(17) Compensation Limit

Increase of 2.50% per year from the valuation date.

[1] Net of investment and administrative expenses for funding purposes, and net of investment expenses only for financial reporting purposes.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Salary Increases

The annual rate of compensation increase includes: inflation at 2.50%, plus “across the board” salary increases of 0.50% per year, plus the following merit and promotion increases:

Years of Service	Percentage Increase
Less than 1	6.00%
1–2	5.90%
2–3	5.40%
3–4	4.20%
4–5	3.50%
5–6	2.80%
6–7	2.50%
7–8	2.10%
8–9	1.80%
9–10	1.60%
10–11	1.50%
11–12	1.40%
12–13	1.30%
13–14	1.20%
14–15	1.10%
15 & Over	1.00%

Post-Retirement Mortality Rates

Healthy Members

Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Disabled Members

Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Beneficiaries

Beneficiaries not currently in pay status: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Beneficiaries currently in pay status: Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and increased by 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

The Pub-2010 mortality tables and adjustments as shown above reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Pre-Retirement Mortality Rates

Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Age	Male Rate (%)	Female Rate (%)
20	0.04	0.01
25	0.03	0.01
30	0.03	0.01
35	0.05	0.02
40	0.06	0.04
45	0.09	0.06
50	0.14	0.08
55	0.21	0.12
60	0.30	0.19
65	0.45	0.30

Generational projections beyond the base year (2010) are not reflected in the above mortality rates.

For Tier 1 Enhanced and Sworn PSO, 100% of pre-retirement death benefits are assumed to be service-connected.

Disability Incidence

Age	Rate (%)
25	0.01
30	0.02
35	0.03
40	0.05
45	0.10
50	0.14
55	0.15
60	0.16
65	0.20

For Tier 1 Enhanced and Sworn PSO, 90% of disability retirements are assumed to be service-connected with service-connected disability benefits based on years of service, as follows:

Years of Service	Benefit
Less than 20	55% of Final Average Monthly Compensation
20–30	65% of Final Average Monthly Compensation
More than 30	75% of Final Average Monthly Compensation

For Tier 1 Enhanced and Sworn PSO, 10% of disability retirements are assumed to be nonservice-connected with nonservice-connected disability benefits equal to 40% of Final Average Monthly Compensation.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Termination

Years of Service	Rate (%)
Less than 1	10.50
1–2	10.00
2–3	9.00
3–4	7.75
4–5	6.25
5–6	5.25
6–7	5.00
7–8	4.75
8–9	4.50
9–10	4.25
10–11	4.00
11–12	3.75
12–13	3.50
13–14	3.00
14–15	2.75
15 & over	2.50

No termination is assumed after a member is eligible for retirement (as long as a retirement rate is present).

Retirement Rates

Age	Tier 1: Non-55/30 Rate (%)	Tier 1: 55/30 Rate (%)	Tier 1 Enhanced: Non-55/30 Rate (%)	Tier 1 Enhanced: 55/30 Rate (%)	Tier 3: Non-55/30 Rate (%)	Tier 3: 55/30 Rate (%)
50	5.0	0.0	6.0	0.0	5.0	0.0
51	3.0	0.0	5.0	0.0	3.0	0.0
52	3.0	0.0	5.0	0.0	3.0	0.0
53	3.0	0.0	5.0	0.0	3.0	0.0
54	18.0	0.0	18.0	0.0	17.0	0.0
55	6.0	27.0	10.0	30.0	0.0 [1]	26.0
56	6.0	18.0	10.0	22.0	0.0 [1]	17.0
57	6.0	18.0	10.0	22.0	0.0 [1]	17.0
58	6.0	18.0	10.0	22.0	0.0 [1]	17.0
59	6.0	18.0	10.0	22.0	0.0 [1]	17.0
60	9.0	18.0	11.0	22.0	8.0	17.0
61	9.0	18.0	11.0	22.0	8.0	17.0
62	9.0	18.0	11.0	22.0	8.0	17.0
63	9.0	18.0	11.0	22.0	8.0	17.0
64	9.0	18.0	11.0	22.0	8.0	17.0
65	16.0	21.0	20.0	26.0	15.0	20.0
66	16.0	21.0	20.0	26.0	15.0	20.0
67	16.0	21.0	20.0	26.0	15.0	20.0
68	16.0	21.0	20.0	26.0	15.0	20.0
69	16.0	21.0	20.0	26.0	15.0	20.0
70 & Over	100.0	100.0	100.0	100.0	100.0	100.0

[1] Not eligible to retire under the provisions of the Tier 3 plan at these ages with less than 30 years of service. If a member has at least 30 years of service at these ages, they would be subject to the "55/30" rates.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Retirement Age and Benefit for Inactive Vested Members

Pension benefit paid at the later of age 60 or the current attained age for members retiring from deferred status and at the later of age 59 or the current attained age for members retiring from reciprocal status. For reciprocals, 4.00% compensation increases per annum.

Other Reciprocal Service

5% of future inactive Members will work at a reciprocal system.

Service

Benefit service is used for benefit calculation purposes. For eligibility determination purposes, employment service is used for currently active members and vesting service is used for currently inactive members.

Future Benefit Accruals

1.0 year of service credit per year.

Unknown Data for Members

Same as those exhibited by Members with similar known characteristics. If not specified, Members are assumed to be male.

Form of Payment

All active and inactive Tier 1 and Tier 3 members who are assumed to be married or with domestic partners at retirement are assumed to elect the 50% Joint and Survivor Cash Refund Annuity. For Tier 1 Enhanced, the continuance percentage is 70% for service retirement and nonservice-connected disability, and 80% for service-connected disability. Those members who are assumed to be un-married or without domestic partners are assumed to elect the Single Cash Refund Annuity.

Percent Married/Domestic Partner

For all active and inactive Members, 76% of male participants and 52% of female participants are assumed to be married or with domestic partner at pre-retirement death or retirement.

Age and Gender of Spouse

For all active and inactive Members, male Members are assumed to have a female spouse who is 3 years younger than the Member, and female Members are assumed to have a male spouse who is 2 years older than the Member.

Actuarial Cost Method

Entry Age Cost Method, level percent of salary. Entry age is calculated as age on the valuation date minus years of benefit service rounded down to the number of completed years. Both the normal cost and the actuarial accrued liability are calculated on an individual basis.

Actuarial Value of Assets

Fair value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual fair value return and the expected return on the fair value and is recognized over a seven-year period. The actuarial value of assets (AVA) is limited by a 40% corridor; the AVA cannot be less than 60% of fair value of assets, nor greater than 140% of fair value of assets.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Valuation Value of Assets

The portion of the total actuarial value of assets allocated for retirement benefits, based on a prorated share of fair value.

Amortization Policy

The amortization method for the UAAL is a level percent of payroll, assuming annual increases in total covered payroll equal to inflation plus across the board increases (other than inflation).

Changes in the UAAL due to actuarial gains/losses are amortized over separate 15-year periods. Changes in the UAAL due to assumption or method changes are amortized over separate 20-year periods. Plan changes, including the 2009 ERIP, are amortized over separate 15-year periods. Future ERIPs will be amortized over 5 years. Any actuarial surplus is amortized over 30 years. All the bases on or before June 30, 2012, except those arising from the 2009 ERIP and the two (at that time) GASB 25/27 layers,[1] were combined and amortized over 30 years effective June 30, 2012.

Employer Contributions

Employer contributions consist of two components:

Normal Cost
The annual contribution rate, that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. Accumulation includes annual crediting of interest at the assumed investment earnings rate. The contribution rate is expressed as a level percentage of the member's compensation.

Contribution to the Unfunded Actuarial Accrued Liability (UAAL)
The annual contribution rate, that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earnings rate. The contribution (or rate credit in the case of a negative UAAL) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the System) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the annual rate of 3.00% (i.e., 2.50% inflation plus 0.50% across-the-board salary increase).

The amortization policy is described above.

Internal Revenue Code Section 415

Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active members could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit of $160,000 indexed for inflation. That limit is $280,000 for 2025. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions.

Benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

Legal counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

[1] The two GASB 25/27 layers have been fully amortized by the June 30, 2025 valuation.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Contribution rates determined in this valuation have not been reduced for the Section 415 limitations. Actual limitations will result in gains as they occur.

Changes in Actuarial Assumptions, Methods or Models

There have been no changes in actuarial assumptions, methods or models since the last valuation.

Summary of Plan Provisions

LACERS administers a single-employer defined benefit Retirement Plan. The following summarizes the major provisions of LACERS Retirement Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year

July 1 through June 30

Census Date

June 30

Membership Eligibility

Tier 1 (§ 4.1002(a)), (§ 4.1002.1)

All employees who became Members of LACERS before July 1, 2013, and certain employees who became Members of LACERS on or after July 1, 2013. In addition, pursuant to Ordinance No. 184134, all Tier 2 employees who became Members of LACERS between July 1, 2013 and February 21, 2016 were transferred to Tier 1 effective February 21, 2016 (refer to Note 2 – Retirement Plan Description on page 33 regarding the Membership). Includes Airport Peace Officers who did not pay for enhanced benefits.

Tier 1 Enhanced (§ 4.1002(e))

All Tier 1 Airport Peace Officers (including certain fire fighters) appointed to their positions before January 7, 2018 who elected to remain at LACERS after January 6, 2018, and who paid their mandatory additional contribution of $5,700 to LACERS before January 8, 2019, or prior to their retirement date, whichever was earlier.

Tier 3 (§ 4.1080.2(a))

All employees who became Members of LACERS on or after February 21, 2016, except as provided otherwise in Section 4.1080.2(b) of the Los Angeles Administrative Code.

Normal Retirement Benefit

Tier 1 & Tier 1 Enhanced

Age & Service Requirement (§ 4.1005(a))

- Age 70; or
- Age 60 with 10 years of continuous City service; or
- Age 55 with at least 30 years of City service.

Tier 1

Amount (§ 4.1007(a))

- 2.16% per year of service credit (not greater than 100%) of the Final Average Monthly Compensation.

Tier 1 Enhanced

Summary of Plan Provisions (Continued)

Amount (§ 4.1007(a))

- 2.30% per year of service credit (not greater than 100%) of the Final Average Monthly Compensation.

Normal Retirement Benefit (Continued)

Tier 3

With less than 30 Years of Service (§ 4.1080.5(a)(2)(i))

Age & Service Requirement

- Age 60 with 10 years of service, including 5 years of continuous City service.

Amount

- 1.50% per year of service credit at age 60 (not greater than 80%[1]) of the Final Average Monthly Compensation.

With 30 or more Years of Service (§ 4.1080.5(a)(2)(ii))

Age & Service Requirement

- Age 60 with 30 years of service, including 5 years of continuous City service.

Amount

- 2.00% per year of service credit at age 60 (not greater than 80%[1]) of the Final Average Monthly Compensation.

Early Retirement Benefit

Tier 1 & Tier 1 Enhanced

Age & Service Requirement (§ 4.1005(b))

- Age 55 with 10 years of continuous City service; or
- Any age with 30 years of City service.

Amount (§ 4.1007(a) & (b))

- 2.16% and 2.30% per year of service credit for Tier 1 and Tier 1 Enhanced, respectively, (not greater than 100%) of the Final Average Monthly Compensation, reduced for retirement ages below age 60 using the following Early Retirement benefit adjustment factors:

Age	Factor
45	0.6250
46	0.6550
47	0.6850
48	0.7150
49	0.7450
50	0.7750
51	0.8050
52	0.8350
53	0.8650
54	0.8950
55	0.9250

[1] Except when benefit is based solely on the annuity component funded by the Member's contributions.

Summary of Plan Provisions (Continued)

56	0.9400
57	0.9550
58	0.9700
59	0.9850
60	1.0000

Early Retirement Benefit (Continued)

Tier 3

Age & Service Requirement (§ 4.1080.5(a)(1))

- Prior to age 60 with 30 years of service, including 5 years of continuous City service.

Amount (§ 4.1080.5(a)(1))

- 2.00% per year of service credit (not greater than 80%[1]) of the Final Average Monthly Compensation, reduced for retirement ages below age 55 using the following Early Retirement benefit adjustment factors:

Age	Factor
45	0.6250
46	0.6550
47	0.6850
48	0.7150
49	0.7450
50	0.7750
51	0.8050
52	0.8350
53	0.8650
54	0.8950
55–60	1.0000

Enhanced Retirement Benefit

Tier 1 & Tier 1 Enhanced

Age & Service Requirement

- Not applicable – see Normal Retirement age and service requirement.

Amount

- Not applicable – see Normal Retirement amount.

[1] Except when benefit is based solely on the annuity component funded by the Member's contributions.

Summary of Plan Provisions (Continued)

Enhanced Retirement Benefit (Continued)

Tier 3

With less than 30 Years of Service (§ 4.1080.5(a)(3)(i))

Age & Service Requirement

- Age 63 with 10 years of service, including 5 years of continuous City service.

Amount

- 2.00% per year of service credit at age 63 (not greater than 80%[1]) of the Final Average Monthly Compensation.

With 30 or more Years of Service (§ 4.1080.5(a)(3)(ii))

Age & Service Requirement

- Age 63 with 30 years of service, including 5 years of continuous City service.

Amount

- 2.10% per year of service credit at age 63 (not greater than 80%[1]) of the Final Average Monthly Compensation.

Service Credit

Tier 1, Tier 1 Enhanced, & Tier 3 (§ 4.1001(a) & § 4.1080.1(a))

The time component of the formula used by LACERS for purposes of calculating benefits.

Final Average Monthly Compensation

Tier 1 & Tier 1 Enhanced (§ 4.1001(b))

Equivalent of monthly average salary of highest continuous 12 months (one year); includes base salary plus regularly assigned pensionable bonuses or premium pay.[2]

Tier 3 (§ 4.1080.1(b))

Equivalent of monthly average salary of highest continuous 36 months (three years); limited to base salary and any items of compensation that are designated as pension based.[2]

Sworn PSO

For purposes of calculating the pre-retirement death and disability benefits, except for the service retirement component of such benefits for current Tier 3 members: Equivalent of monthly average salary of highest continuous 12 months (one year); includes base salary plus regularly assigned pensionable bonuses or premium pay.[2]

For purposes of calculating the service retirement component of the disability benefits for current Tier 3 members: Equivalent of monthly average salary of highest continuous 36 months (three years); limited to base salary and any items of compensation that are designated as pension based.[2]

[1] Except when benefit is based solely on the annuity component funded by the Member's contributions.

[2] IRC Section 401(a)(17) compensation limit would apply to all employees who began membership in LACERS after June 30, 1996.

Summary of Plan Provisions (Continued)

Post-Retirement Cost of Living Benefits

Tier 1 & Tier 1 Enhanced (§ 4.1022)

Based on changes to Los Angeles area[1] Consumer Price Index, to a maximum of 3% per year; excess banked.

Tier 3 (§ 4.1080.17)

Based on changes to Los Angeles area[1] Consumer Price Index, to a maximum of 2% per year; excess not banked.

Death after Retirement

Tier 1 & Tier 3 (§ 4.1010(c), § 4.1080.10(c), & § 4.1012(c)) (service retirement or disability) and Sworn PSO (§ 4.1010(c), § 4.1010(c)(3), and § 4.1010(c)(2)) (service retirement)

- 50% of retiree's unmodified allowance continued to an eligible spouse or a domestic partner; or a modified continuance to an eligible spouse or a domestic partner at the time of Member's death (or a designated beneficiary selected by Member at the time of retirement);[2] and
- $2,500 lump sum death benefit paid to a designated beneficiary; and
- Any unused contributions if the Member has elected the cash refund annuity option.

Tier 1 Enhanced (§ 4.1010.1(b), § 4.1010.1(i), & § 4.1010.1(j)) (service-connected disability) and Sworn PSO (§ 4.1010.2(b)(6), § 4.1010(c)(3), & § 4.1010(c)(2)) (service-connected disability)

- 80% of retiree's unmodified allowance continued to an eligible spouse or a domestic partner; or a modified continuance to an eligible spouse or a domestic partner at the time of Member's death (or a designated beneficiary selected by Member at the time of retirement)[3,4]; and
- $2,500 lump sum death benefit paid to a designated beneficiary; and
- Any unused contributions if the Member has elected the cash refund annuity option.

Tier 1 Enhanced (§ 4.1010.1(b), § 4.1010.1(i), & § 4.1010.1(j)) (service retirement or nonservice-connected disability) and Sworn PSO (§ 4.1010.2(b)(7), § 4.1010(c)(3), & § 4.1010(c)(2)) (nonservice-connected disability)

- 70% of retiree's unmodified allowance continued to an eligible spouse or a domestic partner; or a modified continuance to an eligible spouse or a domestic partner at the time of Member's death (or a designated beneficiary selected by Member at the time of retirement)[4] and
- $2,500 lump sum death benefit paid to a designated beneficiary; and
- Any unused contributions if the Member has elected the cash refund annuity option.

[1] Currently referred to as the Los Angeles-Long Beach-Anaheim Area, by the Bureau of Labor Statistics.

[2] The retiree may elect at the time of retirement to take a reduced allowance in order to provide for a higher continuance percentage pursuant to the provisions of either Section 4.1015 (Tier 1) or Section 4.1080.14 (Tier 3).

[3] If the death occurs within three years of the retiree's retirement, the eligible survivor shall receive 80% of the Final Average Monthly Compensation (adjusted with Cost of Living benefit).

[4] The retiree may elect at the time of retirement to take a reduced allowance in order to provide for a higher continuance percentage pursuant to the provisions of Section 4.1010.1(c).

Summary of Plan Provisions (Continued)

Death before Retirement

Tier 1, Tier 1 Enhanced, & Tier 3 (§ 4.1010(a), § 4.1010.1(b), & § 4.1080.10(a)) and Sworn PSO (§ 4.1010.2(b)(5))

Greater of:

Option #1:

- Eligibility – None.
- Benefit – Refund of employee contributions plus a limited pension benefit equal to 50% of monthly salary paid, according to the following schedule:[1]

Service Credit	Total Number of Monthly Payments
Less than 1 year	0
1 year	2
2 years	4
3 years	6
4 years	8
5 years	10
6+ years	12

Tier 1 & Tier 3

Option #2:

- Eligibility – Duty-related death or after five years of continuous service.
- Benefit – Deferred, service, optional, or disability survivorship benefit payable under 100% joint and survivor option to an eligible spouse or qualified domestic partner (limited pension waived); or refund of accumulated contributions. No survivorship benefit payable with refund.

Tier 1 Enhanced and Sworn PSO

Service-Connected Death

Option #2:

- Eligibility – None.
- Benefit – 80% of Member's Final Average Monthly Compensation.

[1] Refund only if less than one year of service credit.

Summary of Plan Provisions (Continued)

Death before Retirement (Continued)

Tier 1 Enhanced and Sworn PSO

Nonservice-Connected Death

Option #2:

- Eligibility – 5 years of service (unless on military leave and killed while on military duties).
- Benefit – 50% of Member's Final Average Monthly Compensation.
- Eligibility – Less than 5 years of service.
- Benefit – The Basic Death Benefit shall consist of: (1) the return of a deceased Member's accumulated contributions to the Retirement System with accrued interest thereon, subject to the rights created by virtue of the Member's designation of a beneficiary as otherwise provided in the Retirement System; and (2) if the deceased Member had at least one year of service, the deceased Member's Final Compensation multiplied by the number of completed years of Service, not to exceed six years, provided that said amount shall be paid in monthly installments of one-half of the deceased Member's Final Compensation.

Member Contributions

Tier 1 & Tier 1 Enhanced (§ 4.1003)

Effective July 1, 2011, the Member contribution rate became 7% for all employees. Of the 7% rate, 0.5% is the survivor contribution portion and 6.5% is the normal contribution. The 7% Member rate shall be paid until June 30, 2026 or until the ERIP Cost Obligation (defined in ERIP Ordinance No. 180926) is fully paid, whichever comes first.[1]

Beginning January 1, 2013, all non-represented Members and Members in certain bargaining groups are required to pay an additional 4% Member contribution rate to defray the cost of providing a Retiree Medical Plan premium subsidy (this additional rate has increased to 4.5% for certain Members).

For Tier 1 (excluding Tier 1 Enhanced), members with no eligible spouse or domestic partner at retirement can request a refund of the survivor portion of the Member contributions (i.e., generally based on a contribution rate of 0.5% of pay).

Tier 3 (§ 4.1080.3)

The Member contribution rate is 7% for all employees. Of the 7% rate, 0.5% is the survivor contribution portion and 6.5% is the normal contribution.

All Members are required to pay an additional 4% Member contribution rate to defray the cost of providing a Retiree Medical Plan premium subsidy.

Members with no eligible spouse or domestic partner at retirement can request a refund of the survivor portion of the Member contributions (i.e., generally based on a contribution rate of 0.5% of pay).

[1] The Member contribution rate will drop down to 6% afterwards.

Summary of Plan Provisions (Continued)

Disability

Tier 1 & Tier 3

Service Requirement (§ 4.1008(a) & § 4.1080.8(a))

- 5 years of continuous service.

Amount[1] (§ 4.1008(c) & § 4.1080.8(c))

- 1/70 (1.43%) of the Final Average Monthly Compensation per year of service or 1/3 of the Final Average Monthly Compensation, if greater.

Tier 1 Enhanced and Sworn PSO

Service Requirement (§ 4.1008.1, § 4.1008.2(a), & § 4.1080.8.1(a))

- Service-Connected Disability: None.
- Nonservice-Connected Disability: 5 years of continuous service.

Amount[1] (§ 4.1008.1, § 4.1008.2(b), § 4.1080.8.1(b), § 4.1008.2(c), & § 4.1080.8.1(c))

- Service-Connected Disability: 30% to 90% of the Final Average Monthly Compensation depending on severity of disability, with a minimum of 2% of the Final Average Monthly Compensation per year of service.
- Nonservice-Connected Disability: 30% to 50% of the Final Average Monthly Compensation depending on severity of disability.

Deferred Retirement Benefit (Vested)

Tier 1 & Tier 1 Enhanced (§ 4.1006)

Age & Service Requirement

- Age 70 with 5 years of continuous City service; or
- Age 60 with 5 years of continuous City service and at least 10 years elapsed from first date of membership; or
- Age 55 with at least 30 years of service.
- Deferred employee who meets part-time eligibility: age 60 and at least 10 years elapsed from first date of membership.

Amount

- Normal Retirement Benefit (or refund of contributions and accumulated interest).

[1] The benefit calculated using the service retirement formula will be paid if the Member is eligible and that benefit is greater than that calculated under the disability retirement formula.

Summary of Plan Provisions (Continued)

Deferred Retirement Benefit (Vested) (Continued)

Tier 1 & Tier 1 Enhanced (§ 4.1006) (continued)

Age & Service Requirement

- A former Member who is not yet age 60 may retire for early retirement with an age-based reduced retirement allowance at age 55 or older with 5 years of continuous City service provided at least 10 years have elapsed from first date of membership; or
- Deferred employee who meets part-time eligibility: age 55 and at least 10 years elapsed from first date of membership.

Amount

- Early Retirement Benefit (or refund of contributions and accumulated interest), using the following Early Retirement benefit adjustment factors:

Age	Factor
55	0.9250
56	0.9400
57	0.9550
58	0.9700
59	0.9850

Tier 3 (§ 4.1080.6)

Age & Service Requirement

- Age 60 with 5 years of continuous City service and at least 10 years elapsed from first date of membership; or
- Age 70 with 5 years of continuous City service, regardless of the number of years that have elapsed from first date of membership.

Amount

- Normal retirement benefit (based on a Retirement Factor of 1.50%; or refund of contributions and accumulated interest).

Age & Service Requirement

- Age 60 with 30 years of continuous City service and at least 10 years elapsed from first date of membership; or
- Age 63 with 10 years of service, including 5 years of continuous City Service.

Amount

- Normal retirement benefit (based on a Retirement Factor of 2.00%; or refund of contributions and accumulated interest).

Age & Service Requirement

- Age 63 with 30 years of continuous City service and at least 10 years elapsed from first date of membership.

Amount

- Enhanced retirement (benefit based on a Retirement Factor of 2.10%; or refund of contributions and accumulated interest).

Summary of Plan Provisions (Continued)

Deferred Retirement Benefit (Vested) (Continued)

Tier 3 (§ 4.1080.6) (continued)

Age & Service Requirement

- Age 55 (but not yet 60) with 5 years of continuous City service and at least 10 years elapsed from first date of membership.

Amount

- Early retirement benefit (based on a Retirement Factor of 1.50% and using the following Early Retirement benefit adjustment factors; or refund of contributions and accumulated interest):

Age	Factor
55	0.9250
56	0.9400
57	0.9550
58	0.9700
59	0.9850

Withdrawal of Contributions Benefit (Ordinary Withdrawal)

Refund of employee contributions with interest.

Changes in Plan Provisions

This valuation reflects enhanced pre-retirement death and disability benefits for certain sworn Public Safety Officers who choose to remain in LACERS.

Furthermore, certain LACERS members would be allowed to transfer to the City of Los Angeles Fire and Police Pension Plan (LAFPP), as permitted under Measure FF. However, as the elections to be made by the eligible members were not yet available to Segal as of the drafting of this report, Segal has not reflected the financial impact of the transfers in the report.

Segal

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Actuarial certification

October 28, 2025

This is to certify that Segal has conducted an actuarial valuation of certain benefit obligations of the Los Angeles City Employees' Retirement System's other postemployment benefit (OPEB) program as of June 30, 2025, in accordance with generally accepted actuarial principles and practices. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by the Actuarial Standards of Practice (ASOPs). Actuarial valuations are performed annually for this other postemployment benefit program with the last valuation completed as of June 30, 2024.

The actuarial valuation is based on the plan of benefits verified by LACERS and reliance on participant, premium, claims and expense data provided by LACERS. Segal has not audited the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. Segal, however, has reviewed the data for reasonableness and consistency.

One of the general goals of an actuarial valuation is to establish contributions that fully fund the OPEB Plan's liabilities, and that, as a percentage of payroll, remain as level as possible for each generation of active members. Both the Normal Cost and the Actuarial Accrued Liability are determined under the Entry Age cost method.

The actuarial computations made are for funding plan benefits. Accordingly, additional determinations will be needed for other purposes, such as satisfying financial accounting requirements under Governmental Accounting Standards Board (GASB) Statements No. 74 and No. 75 and judging benefit security at termination of the plan.

Segal prepared all of the supporting schedules for the Actuarial Section of the Annual Comprehensive Financial Report (ACFR) and certain supporting schedules in the Financial Section, based on the results of the June 30, 2025 actuarial valuation. A listing of the supporting schedules Segal prepared for inclusion in the Financial Section, and in the Actuarial Section, is provided below:

Financial Section

1. Schedule of Net OPEB Liability[1]
2. Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios[1]
3. Schedule of Contribution History[1]

[1] Source: Segal's GASB Statement No. 74 valuation report as of June 30, 2025.

October 28, 2025

Actuarial Section

4. Summary of Significant Valuation Results
5. Active Member Valuation Data
6. Retirees and Beneficiaries Added to and Removed from Health Benefits
7. Member Benefit Coverage Information
8. Schedule of Funding Progress
9. Actuarial Analysis of Financial Experience
10. Actuarial Balance Sheet
11. Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios[1]
12. Projection of OPEB Plan Fiduciary Net Position for Use in Calculation of Discount Rate of 7.00% and Preparation of GASB 74 Report as of June 30, 2025[1]

LACERS' staff prepared other trend data schedules in the Statistical Section based on information supplied in Segal's valuation report.

To the best of our knowledge, this report is complete and accurate and in our opinion presents the information necessary to fund the Plan with respect to the benefit obligations addressed. The signing actuaries are members of the Society of Actuaries, the American Academy of Actuaries and other professional actuarial organizations and collectively meet their "General Qualification Standards for Statements of Actuarial Opinions" to render the actuarial opinion contained herein.

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

Andy Yeung

Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary

Mehdi Riazi

Mehdi Riazi, FSA, MAAA, FCA, EA
Vice President and Actuary

[1] Source: Segal's GASB Statement No. 74 valuation report as of June 30, 2025.

Active Member Valuation Data
Member Population

Valuation Date	Active Members[1]	Covered Payroll	Annual Average Pay[2]	Change in Annual Average Pay (%)
06/30/2016	24,446	$1,968,702,630	$80,533	0.9%
06/30/2017	25,457	2,062,316,129	81,012	0.6
06/30/2018	26,042	2,177,687,102	83,622	3.2
06/30/2019	26,632	2,225,412,831	83,562	(0.1)
06/30/2020	27,490	2,445,016,587	88,942	6.4
06/30/2021	25,176	2,254,165,029	89,536	0.7
06/30/2022	24,917	2,258,724,771	90,650	1.2
06/30/2023	25,875	2,512,179,018	97,089	7.1
06/30/2024	26,782	2,730,282,217	101,945	5.0
06/30/2025	27,000	2,868,028,601	106,223	4.2

Retirees and Beneficiaries Added to and Removed from Health Benefits

Valuation Date	No. of New Retirees/ Beneficiaries	Annual Subsidies Added[3]	No. of Retirees/ Beneficiaries Removed	Annual Subsidies Removed	No. of Retirees/ Beneficiaries at 6/30	Annual Subsidies at 6/30	Percent Increase in Annual Subsidies	Average Annual Subsidy
06/30/2016	837	$2,185,058	536	$3,102,492	14,313	$111,712,086	(0.8)%	$7,805
06/30/2017	913	13,706,185	574	3,316,380	14,652	122,101,891	9.3	8,333
06/30/2018	1,104	17,413,241	612	3,649,382	15,144	135,865,750	11.3	8,972
06/30/2019	1,195	12,323,187	548	3,780,696	15,791	144,408,241	6.3	9,145
06/30/2020	967	7,878,817	651	3,979,061	16,107	148,307,997	2.7	9,208
06/30/2021	2,135	25,826,129	742	5,162,633	17,500	168,971,493	13.9	9,656
06/30/2022	893	5,631,315	640	4,809,300	17,753	169,793,508	0.5	9,564
06/30/2023	699	1,517,839	693	568,742	17,759	170,742,605	0.6	9,614
06/30/2024	784	5,382,994	628	555,229	17,909	175,570,370	2.8	9,803
06/30/2025	769	11,069,872	674	4,752,005	18,004[4]	181,888,237	3.6	10,103

1 Includes non-vested Members.

2 Reflects annualized salaries for part-time Members.

3 Also reflects changes in subsidies for continuing retirees and beneficiaries.

4 Total participants including married dependents currently receiving benefits are 23,846.

Member Benefit Coverage Information for Years Ended June 30 (Dollars in Thousands)

Valuation Date	Aggregate Actuarial Accrued Liabilities for Inactive/ Vested Members	Aggregate Actuarial Accrued Liabilities for Retirees, Beneficiaries & Dependents	Aggregate Actuarial Accrued Liabilities for Active Members	Valuation Value of Assets	Portion of Aggregate Accrued Liabilities Covered by Reported Assets: Inactive/ Vested Members	Portion of Aggregate Accrued Liabilities Covered by Reported Assets: Retirees, Beneficiaries & Dependents	Portion of Aggregate Accrued Liabilities Covered by Reported Assets: Active Members
06/30/2016	$50,413	$1,275,604	$1,467,671	$2,248,753	100%	100%	63%
06/30/2017	62,252	1,379,357	1,564,197	2,438,458	100	100	64
06/30/2018	67,138	1,497,370	1,692,320	2,628,844	100	100	63
06/30/2019	65,887	1,600,131	1,668,281	2,812,662	100	100	69
06/30/2020	70,327	1,677,723	1,738,481	2,984,424	100	100	71
06/30/2021	74,600	1,869,445	1,576,034	3,330,377	100	100	88
06/30/2022	74,632	1,900,861	1,605,203	3,472,956	100	100	93
06/30/2023	76,592	1,784,281	1,544,216	3,646,978	100	100	100
06/30/2024	86,361	1,824,659	1,659,128	3,855,959	100	100	100
06/30/2025	90,734	1,966,689	1,810,810	4,091,528	100	100	100

Schedule of Funding Progress for Years Ended June 30 (Dollars in Thousands)

Valuation Date	Valuation Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) **(b) − (a)**	Funded Ratio (a) ÷ (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll) **[(b) − (a)] ÷ (c)**
06/30/2016	$2,248,753	$2,793,688	$544,935	80.5%	$1,968,703	27.7%
06/30/2017	2,438,458	3,005,806	567,348	81.1	2,062,316	27.5
06/30/2018	2,628,844	3,256,828	627,984	80.7	2,177,687	28.8
06/30/2019	2,812,662	3,334,299	521,637	84.4	2,225,413	23.4
06/30/2020	2,984,424	3,486,531	502,107	85.6	2,445,017	20.5
06/30/2021	3,330,377	3,520,078	189,701	94.6	2,254,165	8.4
06/30/2022	3,472,956	3,580,696	107,740	97.0	2,258,725	4.8
06/30/2023	3,646,978	3,405,088	(241,890)	107.1	2,512,179	(9.6)
06/30/2024	3,855,959	3,570,148	(285,811)	108.0	2,730,282	(10.5)
06/30/2025	4,091,528	3,868,233	(223,295)	105.8	2,868,029	(7.8)

Please refer to the required supplementary information of the Financial Section for the ten-year schedule of actuarially determined contributions and actual contributions.

Actuarial Analysis of Financial Experience
Development of Unfunded Actuarial Accrued Liability
for Year Ended June 30, 2025

	Category	Amount
1.	Unfunded actuarial accrued liability as of June 30, 2024	$(285,810,920)
2.	Employer normal cost as of June 30, 2024	105,747,585
3.	Expected employer contributions during 2024-25 fiscal year	(90,061,296)
4.	Interest	(18,807,451)
5.	Expected unfunded actuarial accrued liability as of June 30, 2025 (1 + 2 + 3 + 4)	$(288,932,082)
6.	Change due to investment gain, after smoothing	(46,506,411)
7.	Change due to actual contributions less than expected	148,733
8.	Change due to miscellaneous demographic gains and losses	(5,488,386)
9.	Change due to updated 2025/2026 premiums, underlying claims estimates and subsidy levels	44,996,783
10.	Change due to updated trend assumption to project future medical premiums after 2025/2026	72,445,950
11.	Unfunded actuarial accrued liability as of June 30, 2025 (5 + 6 + 7 + 8 + 9 + 10)	$(223,295,413)

Actuarial Balance Sheet for Year Ended June 30, 2025

	Category	Amount
Assets		
1.	Actuarial value of assets	$4,091,528,221
2.	Present value of future normal costs	1,028,964,247
3.	Unfunded actuarial accrued liability	(223,295,413)
4.	Present value of current and future assets	$4,897,197,055
Liabilities		
5.	Actuarial present value of total projected benefits	$4,897,197,055

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios for the Fiscal Years Ended June 30 (Dollars in Thousands)

Category	2025	2024	2023	2022
Total OPEB Liability				
Service cost[1]	$105,747	$96,467	$81,028	$81,415
Interest	251,426	239,773	250,838	246,694
Changes of benefit terms	—	—	—	—
Differences between expected and actual experience	(5,448)	(38,374)	(12,048)	(369)
Changes of assumptions	117,443	22,296	(336,075)	(109,877)
Benefit payments	(171,083)	(155,102)	(159,351)	(157,245)
Net change in total OPEB liability	298,085	165,060	(175,608)	60,618
Total OPEB liability-beginning	3,570,148	3,405,088	3,580,696	3,520,078
Total OPEB liability-ending (a)	$3,868,233	$3,570,148	$3,405,088	$3,580,696
Plan Fiduciary net position				
Contributions-employer	$90,168	$97,094	$90,581	$91,623
Net investment income (loss)	482,747	322,658	269,611	(360,636)
Benefit payments	(171,083)	(155,102)	(159,351)	(157,245)
Administrative expense	(10,322)	(8,871)	(8,226)	(7,619)
Other[2]	(1,125)	—	—	(4)
Net change in Plan Fiduciary net position	390,385	255,779	192,615	(433,881)
Plan Fiduciary net position-beginning	3,796,165	3,540,386	3,347,771	3,781,652
Plan Fiduciary net position-ending (b)	$4,186,550	$3,796,165	$3,540,386	$3,347,771
Plan's net OPEB (asset) liability-ending (a) − (b)	$(318,317)	$(226,017)	$(135,298)	$232,925
Plan Fiduciary net position as a percentage of the total OPEB liability (b) ÷ (a)	108.2%	106.3%	104.0%	93.5%
Covered payroll	$2,687,404	$2,460,394	$2,307,336	$2,155,005
Plan's net OPEB (asset) liability as a percentage of covered payroll	(11.8)%	(9.2)%	(5.9)%	10.8%

1 The service cost is based on the previous year's valuation.

2 Adjustment made to beginning of year assets in order to match the June 30, 2024 Plan Fiduciary Net Position restated by LACERS after the completion of the June 30, 2024 GASB 74 valuation report.

Adjustment made to beginning of year assets in order to match the June 30, 2021 Plan Fiduciary Net Position restated by LACERS after the completion of the June 30, 2021 GASB 74 valuation report.

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios (Continued) for the Fiscal Years Ended June 30 (Dollars in Thousands)

Category	2021	2020	2019	2018
Total OPEB Liability				
Service cost[1]	$84,817	$76,423	$74,478	$74,611
Interest	244,776	242,666	236,678	218,686
Changes of benefit terms	—	—	—	948
Differences between expected and actual experience	10,672	(135,720)	(134,053)	(7,321)
Changes of assumptions	(157,614)	96,076	33,940	92,178
Benefit payments[2]	(149,103)	(127,214)	(133,571)	(128,081)
Net change in total OPEB liability	33,548	152,231	77,472	251,021
Total OPEB liability-beginning	3,486,530	3,334,299	3,256,827	3,005,806
Total OPEB liability-ending (a)	$3,520,078	$3,486,530	$3,334,299	$3,256,827
Plan Fiduciary net position				
Contributions-employer	$103,454	$112,136	$107,927	$100,909
Net investment income (loss)	983,522	60,899	166,470	269,380
Benefit payments[2]	(149,103)	(127,214)	(133,571)	(128,081)
Administrative expense	(7,425)	(6,715)	(5,099)	(4,699)
Other	—	—	—	—
Net change in Plan Fiduciary net position	930,448	39,106	135,727	237,509
Plan Fiduciary net position-beginning	2,851,204	2,812,098	2,676,371	2,438,862
Plan Fiduciary net position-ending (b)	$3,781,652	$2,851,204	$2,812,098	$2,676,371
Plan's net OPEB (asset) liability-ending (a) − (b)	$(261,574)	$635,326	$522,201	$580,456
Plan Fiduciary net position as a percentage of the total OPEB liability (b) ÷ (a)	107.4%	81.8%	84.3%	82.2%
Covered payroll	$2,276,768	$2,271,039	$2,108,171	$2,057,565
Plan's net OPEB (asset) liability as a percentage of covered payroll	(11.5)%	28.0%	24.8%	28.2%

1 The service cost is based on the previous year's valuation.

2 Benefit payments associated with the self-funded insurance premium and Member's health insurance premium reserve that were reported as both additions and deductions in fiduciary net position beginning fiscal year 2019 were excluded from the above schedule.

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios (Continued) for the Fiscal Years Ended June 30 (Dollars in Thousands)

Category	2017	2016
Total OPEB Liability		
Service cost[1]	$68,385	$62,360
Interest	210,170	199,078
Changes of benefit terms	—	17,215
Differences between expected and actual experience[2]	19,666	(22,013)
Changes of assumptions	33,512	—
Benefit payments	(119,616)	(109,940)
Net change in total OPEB liability	212,117	146,700
Total OPEB liability-beginning	2,793,689	2,646,989
Total OPEB liability-ending (a)	$3,005,806	$2,793,689
Plan Fiduciary net position		
Contributions-employer	$97,457	$105,983
Net investment income (loss)	330,708	(344)
Benefit payments	(119,616)	(109,940)
Administrative expense	(4,564)	(4,528)
Other	—	—
Net change in Plan Fiduciary net position	303,985	(8,829)
Plan Fiduciary net position-beginning	2,134,877	2,143,706
Plan Fiduciary net position-ending (b)	$2,438,862	$2,134,877
Plan's net OPEB (asset) liability-ending (a) − (b)	$566,944	$658,812
Plan Fiduciary net position as a percentage of the total OPEB liability (b) ÷ (a)	81.1%	76.4%
Covered payroll	$1,973,049	$1,876,946
Plan's net OPEB (asset) liability as a percentage of covered payroll	28.7%	35.1%

1 The service cost is based on the previous year's valuation.

2 After the GASB Statement No. 74 valuation report was issued for the fiscal year June 30, 2017, the System's consulting actuary reclassified $12,450,000 of OPEB liability from the *Changes of Assumption* (revised from $45,962,000 to $33,512,000) to the *Differences Between Expected and Actual Experience* (revised from $7,216,000 to $19,666,000). However, this reclassification did not affect the recommended employer contribution rates or results of the OPEB valuation in total.

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios (Continued)

Notes to Schedule:

Changes of Benefit Terms: The OPEB liability from the changes of benefit terms for the fiscal year ended June 30, 2016 was primarily due to providing retiree healthcare benefits to part-time employees who retired with 10 years of service but less than 10 years of service credit (refer to Note 3 – Postemployment Health Care Plan Description, Eligibility Requirement and Benefits Provided on page 40) while the June 30, 2018 increase was primarily as a result of the newly adopted enhanced benefits for Airport Peace Officers (APO) who elected to stay at LACERS Plan (refer to Note 2 – Retirement Plan Description, Tier 1 – Enhanced Benefits on page 34) as some APO Members may retire earlier than expected. Enhanced benefits became effective as of January 7, 2018.

Changes of Assumptions: The OPEB liability from the changes of assumptions for the fiscal year ended June 30, 2017 was primarily due to the lowered assumed investment rate of return, from 7.50% to 7.25%. The June 30, 2018 liability increase was primarily due to the new actuarial assumptions adopted in the triennial experience study (July 1, 2014 through June 30, 2017), including revising the mortality tables from static to generational, while the June 30, 2019 increase was mainly due to the increased Medicare Part B Premium Trend Rate from 4.0% to 4.5%. The June 30, 2020 liability increase was primarily due to the new actuarial assumptions adopted in the triennial experience study (July 1, 2016 through June 30, 2019), including the lowered assumed investment rate of return, from 7.25% to 7.00%. The June 30, 2021 liability decrease was primarily due to 2021/2022 premium and subsidy levels lower than expected from favorable premium renewal experience. The June 30, 2022 liability decrease was primarily due to favorable 2022/2023 premium renewal experience and lower 2022/2023 subsidy levels than expected. The June 30, 2023 liability decrease was primarily due to lower overall 2023/2024 premiums and subsidy levels than expected, and to a lesser degree the new assumptions adopted in the triennial experience study (July 1, 2019 to June 30, 2022). The OPEB liability increase from changes of assumptions for fiscal year ended June 30, 2024 was mainly due to updated trend assumptions for prescription drug costs and Part B premiums. The impact of the higher trend assumptions was mostly offset by the updated starting costs for 2024/2025. The OPEB liability increase from changes in assumptions for fiscal year ending June 30, 2025 was mainly due to the impact of the new Part B Medicare premium trend assumptions and updated initial year healthcare costs.

Projection of OPEB Plan Fiduciary Net Position for Use in Calculation of Discount Rate of 7.00% and Preparation of GASB 74 Report as of June 30, 2025 (Dollars in Millions)

Year Beginning July 1,	Projected Beginning OPEB Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Admin. Expenses (d)	Projected Investment Earnings (e)	Projected Ending OPEB Plan Fiduciary Net Position (a) + (b) − (c) − (d) + (e)
2024	$3,796	$90	$171	$10	$482	$4,187
2025	4,187	106	182	11	290	4,389
2026	4,389	115	192	12	304	4,604
2027	4,604	112	203	13	319	4,818
2028	4,818	109	215	13	333	5,032
2029	5,032	105	227	14	347	5,243
2030	5,243	102	241	14	362	5,452
2031	5,452	99	255	15	376	5,657
2032	5,657	95	270	15	389	5,856
2051	8,266	33	525	22	561	8,312
2052	8,312	29	542	23	563	8,339
2053	8,339	26	557	23	564	8,350
2054	8,350	22	571	23	564	8,342
2055	8,342	18	584	23	563	8,318
2088	11,918	0 [1,2]	217	32	826	12,493
2089	12,493	0 [1,2]	198	34	866	13,128
2090	13,128	0 [1,2]	179	36	911	13,825
2091	13,825	0 [1,2]	160	38	961	14,588
2092	14,588	0 [1,2]	142	40	1,015	15,421
2108	39,418	0 [1,2]	4	107	2,755	42,062
2109	42,062	0 [1,2]	3	114	2,940	44,886
2110	44,886	0 [1,2]	2	122	3,138	47,899
2111	47,899	0 [1,2]	1	130	3,348	51,116
2112	51,116	0 [1,2]	1	139	3,573	54,550
2113	54,550	0 [1,2]	0 [2]	148	3,813	58,214
2114	58,214	0 [1,2]	0 [2]	158	4,069	62,125
2115	62,125	0 [1,2]	0 [2]	169	4,343	66,299
2116	66,299	0 [1,2]	0 [2]	180	4,635	70,753
2117	70,753	0 [1,2]	0 [2]	192	4,946	75,507
2118	75,507	0 [1,2]	0 [2]	205	5,278	80,580
2119	80,580	0 [1,2]	0 [2]	219	5,633	85,994
2120	85,994	0 [1,2]	0 [2]	234	6,011	91,771
2121	91,771	0 [1,2]	0 [2]	250	6,415	97,937
2122	97,937	0 [1,2]	0 [2]	266	6,846	104,517
2123	104,517	0 [1,2]	0 [2]	284	7,306	111,539
2124	$111,539 [3]					
2124	Discounted: $138					

1 Mainly attributable to employer's contributions to fund each year's annual administrative expenses

2 Less than $1 million, when rounded.

3 $111,539 million when discounted with interest at the rate of 7.00% per annum has a value of $138 million as of June 30, 2025.

Note that in preparing the above projections, we have not taken into consideration the one-year delay between the date of the contribution rate calculation and the implementation.

Projection of OPEB Plan Fiduciary Net Position for Use in Calculation of Discount Rate of 7.00% and Preparation of GASB 74 Report as of June 30, 2025 (Continued)

Notes to Schedule:

1. Amounts may not total exactly due to rounding.
2. Amounts shown for the year beginning July 1, 2024 row are actual amounts, based on the unaudited financial statements provided by LACERS.
3. Years 2033-2050, 2056-2087, and 2093-2107 have been omitted from this table.
4. Column (a): Except for the “discounted value” shown for 2124, none of the projected beginning OPEB Plan Fiduciary Net Position amounts shown have been adjusted for the time value of money.
5. Column (b): Projected total contributions include employer normal cost contributions based on closed group projections (based on covered active Members as of June 30, 2025); plus employer contributions to the unfunded actuarial accrued liability; plus contributions to fund each year's annual administrative expenses. Unfunded accrued liabilities are amortized over closed 20 and 15-year periods, depending on the source of the changes. Contributions are assumed to occur halfway through the year, on average. Any actuarial surplus is amortized over 30 years on an open (non-decreasing) basis. Zeros represent dollar amounts less than $1 million, when rounded.
6. Column (c): Projected benefit payments have been determined in accordance with paragraph 43 of GASB Statement No. 74, and are based on the closed group of active, inactive vested, retired Members, and beneficiaries as of June 30, 2025. The projected benefit payments reflect future health care trends used in the June 30, 2025 funding valuation report. Benefit payments are assumed to occur halfway through the year, on average. In accordance with paragraph 49 of GASB Statement No. 74, the long-term expected rate of return on Plan investments of 7.00% was applied to all periods of projected benefit payments to determine the discount rate. Zeros represent dollar amounts less than $1 million, when rounded.
7. Column (d): Projected administrative expenses are calculated as approximately 0.25% of the projected beginning OPEB Plan Fiduciary Net Position amount. The 0.25% portion was based on the actual fiscal year 2024-25 administrative expenses as a percentage of the beginning OPEB Plan Fiduciary Net Position amount as of July 1, 2024. Administrative expenses are assumed to occur halfway through the year, on average.
8. Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum.
9. As illustrated in this Schedule, the OPEB Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current Plan Members. In other words, there is no projected 'cross-over date' when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the Total OPEB Liability as of June 30, 2025 shown in the GASB 74 report, pursuant to paragraph 49 of GASB Statement No. 74.

Summary of Actuarial Assumptions and Actuarial Cost Method

Rationale for Assumptions

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2019 through June 30, 2022 Actuarial Experience Study dated June 21, 2023 and the retiree health assumptions letter dated September 16, 2025. Unless otherwise noted, all actuarial assumptions and methods shown below apply to both Tier 1 and Tier 3 Members. These assumptions have been adopted by the Board.

Measurement Date

June 30, 2025.

Data

LACERS provided detailed census data and financial information for post-employment benefits.

Post-Retirement Mortality Rates

Healthy Members

Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Disabled Members

Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Tables with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Beneficiaries

Beneficiaries not currently in pay status: Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Beneficiaries currently in pay status: Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and increased by 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

The Pub-2010 mortality tables and adjustments as shown reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Pre-Retirement Mortality Rates

Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Tables with rates increased by 10% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Disability Incidence

Age	Rate (%)
25	0.01
30	0.02
35	0.03
40	0.05
45	0.10
50	0.14
55	0.15
60	0.16
65	0.20

Termination

Years of Service	Rate (%)
Less than 1	10.50
1–2	10.00
2–3	9.00
3–4	7.75
4–5	6.25
5–6	5.25
6–7	5.00
7–8	4.75
8–9	4.50
9–10	4.25
10–11	4.00
11–12	3.75
12–13	3.50
13–14	3.00
14–15	2.75
15 & over	2.50

No termination is assumed after a member is eligible for retirement (as long as a retirement rate is present).

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Retirement Rates

Age	Tier 1: Non-55/30 Rate (%)	Tier 1: 55/30 Rate (%)	Tier 1 Enhanced: Non-55/30 Rate (%)	Tier 1 Enhanced: 55/30 Rate (%)	Tier 3: Non-55/30 Rate (%)	Tier 3: 55/30 Rate (%)
50	5.0	0.0	6.0	0.0	5.0	0.0
51	3.0	0.0	5.0	0.0	3.0	0.0
52	3.0	0.0	5.0	0.0	3.0	0.0
53	3.0	0.0	5.0	0.0	3.0	0.0
54	18.0	0.0	18.0	0.0	17.0	0.0
55	6.0	27.0	10.0	30.0	0.0 [1]	26.0
56	6.0	18.0	10.0	22.0	0.0 [1]	17.0
57	6.0	18.0	10.0	22.0	0.0 [1]	17.0
58	6.0	18.0	10.0	22.0	0.0 [1]	17.0
59	6.0	18.0	10.0	22.0	0.0 [1]	17.0
60	9.0	18.0	11.0	22.0	8.0	17.0
61	9.0	18.0	11.0	22.0	8.0	17.0
62	9.0	18.0	11.0	22.0	8.0	17.0
63	9.0	18.0	11.0	22.0	8.0	17.0
64	9.0	18.0	11.0	22.0	8.0	17.0
65	16.0	21.0	20.0	26.0	15.0	20.0
66	16.0	21.0	20.0	26.0	15.0	20.0
67	16.0	21.0	20.0	26.0	15.0	20.0
68	16.0	21.0	20.0	26.0	15.0	20.0
69	16.0	21.0	20.0	26.0	15.0	20.0
70 & Over	100.0	100.0	100.0	100.0	100.0	100.0

Retirement Age and Benefit for Inactive Vested Members

Assume retiree health benefit will be paid at the later of age 59 or the current attained age.

Unknown Data for Members

Same as those exhibited by Members with similar known characteristics. If not specified, Members are assumed to be male.

Service

Employment service is used for eligibility determination purposes. Benefit service is used for benefit calculation purposes.

Future Benefit Accruals

1.0 year of service credit per year

Net Investment Return

7.00% [2]

[1] Not eligible to retire under the provisions of the Tier 3 plan at these ages with less than 30 years of service. If a member has at least 30 years of service at these ages, they would be subject to the “55/30” rates.

[2] Net of investment and administrative expenses for funding purposes, and net of investment expenses only for financial reporting purposes.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Discount Rate

7.00%

Payroll Growth

Inflation of 2.50% per year plus real "across the board" salary increases of 0.50% per year, used to amortize the UAAL as a level percentage of payroll.

Salary Increases

Inflation: 2.50%; plus additional 0.50% "across the board" salary increases (other than inflation); plus the following merit and promotion increases:

Years of Service	Rate (%)
Less than 1	6.00
1–2	5.90
2–3	5.40
3–4	4.20
4–5	3.50
5–6	2.80
6–7	2.50
7–8	2.10
8–9	1.80
9–10	1.60
10–11	1.50
11–12	1.40
12–13	1.30
13–14	1.20
14–15	1.10
15 & Over	1.00

Per Capita Cost Development

The assumed costs on a composite basis are the future costs of providing postemployment health care benefits at each age. To determine the assumed costs on a composite basis, historical premiums are reviewed and adjusted for increases in the cost of health care services.

Maximum Dental Subsidy: 2025–26 Fiscal Year

Carrier	Election Percent	Maximum Monthly Dental Subsidy
Delta Dental PPO	83.0%	$42.93
DeltaCare USA	17.0%	$15.70

Medicare Part B Premium Subsidy

Category	Amount
Actual monthly premium for calendar year 2025	$185.00
Actual monthly premium for calendar year 2026[1]	$206.50
Projected average monthly premium for plan year 2025/2026	$195.75

1 Based on calendar year 2025 premium adjusted to 2026 by assumed trend rate of 11.60%.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Per Capita Cost Development (Continued)

LACERS will not reimburse Medicare Part B premiums for spouses/domestic partners, unless they are LACERS retired Members with Medicare Parts A and B enrolled as a dependent in a LACERS medical plan. This valuation does not reflect Medicare Part B reimbursement for any (married or surviving) spouses/domestic partners enrolled in Medicare Parts A and B.

For retirees age 65 and over on the valuation date, Segal valued the Medicare Part B premium subsidy reported in the data with Medicare Part B premium. For current and future retirees under age 65, Segal will assume 100% of those electing a medical subsidy will be eligible for the Medicare Part B premium subsidy.

Maximum Monthly Medical Subsidy
(Tier 1 Members Not Subject to Medical Subsidy Cap and all Tier 3 Members)
Participant Under Age 65 or Not Eligible for Medicare A & B
2025–26 Fiscal Year

Carrier	Observed and Assumed Election Percent	Single Party Subsidy	Married/with Domestic Partner Subsidy	Eligible Survivor Subsidy
Kaiser HMO	59.8%	$1,139.60	$2,279.19	$1,139.60
Anthem BC PPO	23.2%	$1,797.51	$2,363.21	$1,139.60
Anthem BC HMO	17.0%	$1,435.57	$2,363.21	$1,139.60

Maximum Monthly Medical Subsidy
(Tier 1 Members Not Subject to Medical Subsidy Cap and all Tier 3 Members)
Participant Eligible for Medicare A & B
2025–26 Fiscal Year

Carrier	Observed and Assumed Election Percent	Single Party Subsidy	Married/with Domestic Partner Subsidy	Eligible Survivor Subsidy
Kaiser Senior Adv. HMO	55.3%	$263.23	$526.45	$263.23
Anthem Medicare Preferred (PPO)	33.2%	$437.70	$870.36	$437.70
UHC Medicare Advantage Plan[1]	5.3%	$364.61	$724.19	$364.61
SCAN Medicare Advantage Plan	4.1%	$226.93	$448.83	$226.93
Anthem Medicare Supplemental	2.1%	$607.32	$1,162.25	$607.32

The monthly premiums provided above include vision premiums and are the plan's member rates, which do not necessarily equal the rates charged by the carriers. For valuation purposes, the retirees with UHC Medicare Advantage HMO for Arizona and Nevada (1.1% of total enrollment) are assumed to have the same costs as the UHC California Medicare Advantage Plan. These grouping simplifications have a de-minimis impact on the valuation results.

[1] Rates for CA plan.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Per Capita Cost Development (Continued)

Tier 1 Members who are subject to the retiree medical subsidy cap will have monthly health insurance subsidy maximums capped at the levels in effect at July 1, 2011, as shown in the table below.

Maximum Monthly Medical Subsidy
(Tier 1 Members Subject to Retiree Medical Subsidy Cap)

Category	Single Party Subsidy	Married/With Domestic Partner Subsidy	Eligible Survivor Subsidy
Under Age 65: All Plans	$1,190.00	$1,190.00	$593.62
Age 65 and Over:			
Kaiser Senior Adv.	$203.27	$253.68	$203.27
Anthem Medicare Preferred (PPO)[1]	$478.43	$478.43[2]	$478.43
UHC California Medicare Adv. HMO	$219.09	$433.93	$219.09
SCAN Medicare Advantage Plan[3]	$223.88	$447.76	$223.88

These rates only apply to a small number of deferred vested members, retirees and beneficiaries. No active members are subject to the retiree medical subsidy cap.

Per capita costs were based on the premiums for the valuation year. Actuarial factors were applied to the premiums to estimate individual retiree and spouse costs by age and by gender in accordance with ASOP 6.

Spouse/Domestic Partner Coverage

For all active and inactive members, 60% of male and 35% of female retirees who receive a retiree health subsidy are assumed to be married or have a qualified domestic partner and elect dependent coverage. Of these covered spouses/domestic partners, 100% are assumed to continue coverage if the retiree predeceases the spouse/domestic partner.

Male retirees are assumed to be four years older than their female spouses/domestic partners. Female retirees are assumed to be two years younger than their male spouses/domestic partners.

Participation

Retiree Medical and Dental Coverage Participation:

Years of Service Range	Percent Covered[4]
10–14	60%
15–19	80%
20–24	90%
25 and Over	95%

100% of retirees becoming eligible for Medicare are assumed to be covered by both Parts A and B.

[1] We have assumed the same $478.43 maximum subsidy for retirees who elect the Anthem Medicare Supplement.

[2] The reason the subsidy is only at the single-party amount is that there is no excess subsidy to cover a dependent.

[3] We have assumed the two-party maximum for SCAN to be twice the single party SCAN maximum.

[4] Deferred vested Members are assumed to elect coverages at 50% of the rates shown above.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Health Care Cost Subsidy Trend Rates

Trends to be applied in following fiscal years, to all health plans.

First Fiscal Year (July 1, 2025 through June 30, 2026):

Plan	Trend to be applied to 2025-26 Fiscal Year premium
Anthem HMO, Under Age 65	8.06%
Anthem PPO, Under Age 65	8.06%
Kaiser HMO, Under Age 65	5.65%
Anthem Preferred PPO Medicare Advantage	4.08%
Kaiser Senior Advantage	3.80%
UHC CA Medicare Advantage	21.24%
SCAN	3.50%
Anthem Medicare Supplement	7.89%

Health Care Cost Subsidy Trend Rates (Continued)

The fiscal year trend rates are based on the following calendar year trend rates:

Fiscal Year	Trend (Approx.): Non-Medicare	Trend (Approx.): Medicare	Calendar Year	Trend (applied to calculate following year premium): Non-Medicare	Trend (applied to calculate following year premium): Medicare	Trend (applied to calculate following year premium): Medicare Part B
2026–27	7.12%	6.87%	2026	7.25%[1]	7.00%	6.75%
2027–28	6.87	6.62	2027	7.00	6.75	6.75
2028–29	6.62	6.37	2028	6.75	6.50	6.75
2029–30	6.37	6.12	2029	6.50	6.25	6.75
2030–31	6.12	5.87	2030	6.25	6.00	6.75
2031–32	5.87	5.62	2031	6.00	5.75	6.75
2032–33	5.62	5.37	2032	5.75	5.50	6.75
2033–34	5.37	5.12	2033	5.50	5.25	6.75
2034–35	5.12	4.87	2034	5.25	5.00	6.25
2035–36	4.87	4.62	2035	5.00	4.75	5.75
2036–37	4.62	4.50	2036	4.75	4.50	5.25
2037–38	4.50	4.50	2037	4.50	4.50	4.75
2038–39	4.50	4.50	2038	4.50	4.50	4.50
2039–2040	4.50	4.50	2039	4.50	4.50	4.50
2040 and later	4.50	4.50	2040	4.50	4.50	4.50

Delta Dental PPO Premium Trend: 1.50%, then 3.00% thereafter.

Deltacare Premium Trend: 1.50%, then 3.00% thereafter.

[1] For example, the 7.25% assumption, when applied to the 2026 non-Medicare medical premiums would provide the projected 2027 non-Medicare medical premiums. This trend would also be applied to the maximum medical subsidy, based on the non-Medicare Kaiser premium. The 2026 carrier rates for the non-Medicare plans were the same as the member rates.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Health Care Reform

The valuation does not reflect the potential impact of any future changes due to prior or pending legislations.

Administrative Expenses

No administrative expenses were valued separately from the premium costs.

Actuarial Cost Method

Entry Age Cost Method, level percent of salary. Entry age is calculated as age on the valuation date minus years of benefit service rounded down to the number of completed years. Both the normal cost and the actuarial accrued liability are calculated on an individual basis.

Actuarial Value of Assets

Fair value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual and expected returns on a fair value basis and is recognized over a seven-year period. The actuarial value of assets cannot be less than 60% of fair value of assets nor greater than 140% of fair value of assets.

Valuation Value of Assets

The portion of the total actuarial value of assets allocated for retiree health benefits, based on a prorated share of fair value.

Amortization Policy

The amortization method for the UAAL is a level percent of payroll, assuming annual increases in total covered payroll equal to inflation plus across the board increases (other than inflation).

Changes in the UAAL due to actuarial gains/losses are amortized over separate 15-year periods. Changes in the UAAL due to assumption or method changes are amortized over separate 20-year periods. Plan changes and health trend and premium assumption changes are amortized over separate 15-year periods. Future ERIPs will be amortized over 5 years. Any actuarial surplus is amortized over 30 years. The plan had an actuarial surplus as of June 30, 2023 through June 30, 2025. Prior to the June 30, 2023 valuation, the plan had a positive UAAL and all bases as of June 30, 2020 were re-amortized over 21 years effective with the June 30, 2021 valuation. When the plan reached surplus in 2023, all prior amortization bases were deemed fully amortized.

An adjustment is made to the amortization period of all the UAAL actuarial gain layers to be the longer of 15 years or the longest remaining amortization period for any outstanding UAAL layers when the total UAAL contribution is negative (a credit) but there is still a UAAL balance.

Employer Contributions

Employer contributions consist of two components:

Normal Cost

The annual contribution rate, that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. Accumulation includes annual crediting of interest at the assumed investment earnings rate. The contribution rate is expressed as a level percentage of the member's compensation.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Contribution to the Unfunded Actuarial Accrued Liability (UAAL)

The annual contribution rate, that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earnings rate. The contribution (or rate credit in the case of a negative UAAL) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the System) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the annual rate of 3.00% (i.e., 2.50% inflation plus 0.50% across-the-board salary increase).

The amortization policy is described above.

Assumption Changes since Prior Valuation

The trend assumptions applicable to future Medicare Part B premiums were updated. The initial year healthcare costs and maximum subsidies were updated.

Summary of Plan Provisions

LACERS administers a single-employer postemployment health care plan. The following summarizes the major benefit provisions of the Health Plan as included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

Membership Eligibility

Tier 1 (§4.1002(a))

All employees who became Members of LACERS before July 1, 2013, and certain employees who became Members of LACERS on or after July 1, 2013. In addition, pursuant to Ordinance No. 184134, all Tier 2 employees who became Members of LACERS between July 1, 2013 and February 21, 2016 were transferred to Tier 1 effective February 21, 2016 (refer to Note 2 – Retirement Plan Description on page 33 regarding the Membership).

Tier 3 (§4.1080.2(a))

All employees who became Members of LACERS on or after February 21, 2016, except as provided otherwise in Section 4.1080.2(b) of the Los Angeles Administrative Code.

Benefit Eligibility

Tier 1 (§4.1111(a)) and Tier 3 (§4.1126(a))

Retired age 55 or older with at least 10 years of service (including deferred vested Members who terminate employment and receive a retirement benefit from LACERS), or if retirement date is between October 2, 1996 and September 30, 1999 at age 50 or older with at least 30 years of service. Benefits are also payable to spouses, domestic partners, or other qualified dependents while the retiree is alive. The health subsidy is not payable to a service or disabled retiree before the Member reaches age 55.

Medical Subsidy for Members Not Subject to Cap

Under Age 65 or Over Age 65 Without Medicare Part A:

Tier 1 (§4.1111(d)) and Tier 3 (§4.1126(c))

Both Tier 1 and Tier 3 Members will be eligible for 40% of maximum medical plan premium subsidy for 10 whole years of service credit, and eligible Members earn 4% per year of service credit for their annual medical subsidy accrual after 10 years of service (limited to actual premium).

As of July 1, 2025, the maximum monthly health subsidy is $2,318.58 and will be $2,407.84 per month as of January 1, 2026. This amount includes coverage of dependent premium costs.

Over Age 65 and Enrolled in Both Medicare Parts A and B:

Tier 1 (§4.1111(e)) and Tier 3 (§4.1126(d))

For retirees, a maximum health subsidy shall be paid in the amount of the single-party monthly premium of the approved Medicare supplemental or coordinated plan in which the retiree is enrolled, subject to the following vesting schedule:

Completed Years of Service Credit	Vested Percentage
10–14	75%
15–19	90%
20+	100%

Summary of Plan Provisions (Continued)

Subsidy Cap for Tier 1

Tier 1 (§4.1111(b))

As of the June 30, 2011 valuation, the retiree health benefits program was changed to cap the medical subsidy for non-retired Members who do not contribute an additional 4.0% or 4.5% of employee contributions to the System.

The capped subsidy is different for Medicare and non-Medicare retirees. The cap applies to the medical subsidy limits at the 2011 calendar year level. The cap does not apply to the dental subsidy or the Medicare Part B premium reimbursement.

Dependents

Tier 1 (§4.1111(e)(4)) and Tier 3 (§4.1126(d)(4))

An additional amount is added for coverage of dependents which shall not exceed the amount provided to a retiree not enrolled in Medicare Parts A and B and covered by the same medical plan with the same years of service credit. The combined Member and dependent subsidy shall not exceed the actual premium. This refers to dependents of retired Members with Medicare Parts A and B. It does not apply to those without Medicare or Part B only.

Dental Subsidy for Members

Tier 1 (§4.1114(b)) and Tier 3 (§4.1129(b))

The System will pay 4% of the maximum dental subsidy (limited to actual premium) for each year of Service Credit, up to 100% of the maximum dental subsidy. As of July 1, 2025, the maximum dental subsidy is $42.93 per month; remaining the same in calendar year 2026.

There is no subsidy available to dental plan dependents or surviving spouses/domestic partners. There is also no reimbursement for dental plans not sponsored by the System.

Medicare Part B Reimbursement for Members

Tier 1 (§4.1113) and Tier 3 (§4.1128)

If a retiree is eligible for a health subsidy, covered by both Medicare Parts A and B, and enrolled in a LACERS medical plan or participates in the LACERS Retiree Medical Premium Reimbursement Program, LACERS will reimburse the retiree the basic Medicare Part B premium. LACERS does not reimburse survivors or dependents any part of their Medicare Part B premium.

Medical Subsidy for Surviving Spouse

Tier 1 (§4.1115) and Tier 3 (§4.1129.1)

The surviving spouse or domestic partner will be entitled to a health subsidy based on the Member's years of service credit and the surviving dependent's eligibility for Medicare.

Under Age 65 or Over Age 65 Without Medicare Part A

The maximum health subsidy available for survivors is the lowest cost plan available (currently Kaiser) single-party premium ($1,117.28 per month as of January 1, 2025, and will be $1,161.91 per month as of January 1, 2026).

Summary of Plan Provisions (Continued)

Medical Subsidy for Surviving Spouse (Continued)

Tier 1 (§4.1115) and Tier 3 (§4.1129.1) (continued)

Over Age 65 and Enrolled in Both Medicare Parts A and B:

For survivors, a maximum health subsidy limited to the single-party monthly premium of the plan in which the survivor is enrolled, is provided subject to the following vesting schedule:

Completed Years of Service Credit	Vested Percentage
10–14	75%
15–19	90%
20+	100%

Changes in Plan Provisions

None.

Certain LACERS members would be allowed to transfer to the City of Los Angeles Fire and Police Pension Plan (LAFPP), as permitted under Measure FF. However, as the elections to be made by the eligible members were not yet available to Segal as of the drafting of this report, Segal has not reflected the financial impact of the transfers in the report.

Statistical

The Statistical Section of the System's Annual Comprehensive Financial Report provides additional historical trend information to assist the reader in gaining a more comprehensive understanding of the current fiscal year's financial statements, note disclosures, and required supplementary information, which cover the System's Retirement Plan and the Postemployment Health Care Plan. This section also provides multi-year trending of financial and operating information to facilitate a comprehensive understanding of how the System's financial position and performance have changed over time. More specifically, the financial and operating information provides contextual data for the System's revenues (additions), expenses (deductions), net increase or decrease in fiduciary net position, benefit expenses by type, number of retirees by different types of benefits, and average monthly benefit payments.
The financial and operational trend information is as follows:

Schedule of Additions by Source - Retirement Plan
(Dollars in Thousands)

Fiscal Year	Member Contributions	Employer Contributions: Amounts	Employer Contributions: As a % of Annual Covered Payroll [1]	Net Investment Income (Loss)[2]	Building Lease & Other Income [3]	Total Additions
2016	$ 211,345	$ 440,704	23.5	$ 27,638	$ -	$ 679,687
2017	227,532	453,504	23.0	1,524,533	-	2,205,569
2018	236,222	450,338	21.9	1,249,814	-	1,936,374
2019	240,357	478,827	22.7	802,027	-	1,521,211
2020	263,936	553,222	24.4	305,291	645	1,123,094
2021	259,285	554,954	24.4	4,305,990	519	5,120,748
2022	245,879	591,305	27.4	(1,555,222)	30	(718,008)
2023	259,977	669,438	29.0	1,265,098	82	2,194,595
2024	279,636	714,389	29.0	1,508,518	34	2,502,577
2025	306,765	804,020	29.9	2,207,153	38	3,317,976

(1) % of Annual Covered Payroll is an aggregate rate for all tiers based on actual covered payroll.
(2) Includes unrealized gains and losses of investments. Investment-related administrative expenses are deducted from Investment Income pursuant to GASB Statement No. 67.
(3) Building Lease and Other Income from System's new Headquarters Building purchased on October 23, 2019.

Schedule of Deductions by Type - Retirement Plan
(In Thousands)

Fiscal Year	Benefit Payments	Refunds of Contributions	Administrative Expenses[1]	Total Deductions
2016	$ 767,264	$ 7,719	$ 15,576	$ 790,559
2017	799,221	9,803	16,019	825,043
2018	847,031	10,412	16,394	873,837
2019	909,154	11,684	17,806	938,644
2020	973,197	12,332	21,257	1,006,786
2021	1,067,331	17,584	24,264	1,109,179
2022	1,163,419	11,630	24,282	1,199,331
2023	1,211,894	14,397	25,758	1,252,049
2024	1,263,240	13,602	29,554	1,306,396
2025	1,318,706	15,767	34,941	1,369,414

(1) Excludes investment-related administrative expenses.

Schedule of Additions by Source - Postemployment Health Care Plan
(Dollars in Thousands)

Fiscal Year	Employer Contributions: Amounts	Employer Contributions: As a % of Annual Covered Payroll [1]	Self-Funded Insurance Premium [2]	Health Insurance Premium Reserve [2]	Net Investment Income (Loss) [3]	Building Lease & Other Income [4]	Total Additions
2016	$ 105,983	5.7	$ -	$ -	$ (721)	$ -	$ 105,262
2017	97,457	4.9	-	-	330,368	-	427,825
2018	100,909	4.9	-	-	269,065	-	369,974
2019	107,927	5.1	6,090	468	166,470	-	280,955
2020	112,136	4.9	10,364	2,137	60,201	147	184,985
2021	103,454	4.5	10,924	919	982,797	118	1,098,212
2022	91,623	4.3	13,280	1,180	(361,307)	7	(255,217)
2023	90,581	3.9	12,809	1,423	268,900	19	373,732
2024	97,094	3.9	12,934	2,125	321,936	8	434,097
2025	90,168	3.4	13,127	1,083	481,899	9	586,286

(1) % of annual covered payroll is an aggregate rate for all tiers, and it is based on actual covered payroll.
(2) Additions related to the LACERS Postemployment Health Care 115 Trust fund and the self-funded Dental Plan established in fiscal year 2019 and the self-funded Vision Plan in fiscal year 2022.
(3) Includes unrealized gains and losses of investments. Investment-related administrative expenses are deducted.
(4) Building Lease and Other Income from System's new Headquarters Building purchased on October 23, 2019.

Schedule of Deductions by Type - Postemployment Health Care Plan
(In Thousands)

Fiscal Year	Benefit Payments	Administrative Expenses [1]	Total Deductions
2016	$ 109,940	$ 4,151	$ 114,091
2017	119,616	4,224	123,840
2018	128,081	4,384	132,465
2019	140,129	5,099	145,228
2020	139,714	6,165	145,879
2021	160,945	6,820	167,765
2022	171,705	6,955	178,660
2023	173,583	7,534	181,117
2024	170,161	8,157	178,318
2025	185,293	9,483	194,776

(1) Excludes investment-related administrative expenses. Starting fiscal year 2019, expenses include third-party fees paid for the administration of the self-funded Plans.

Net Increase (Decrease) in Fiduciary Net Position - Retirement Plan [2]
Last Ten Fiscal Years
(In Thousands)

	Additions					Deductions				
Fiscal Year	City Contributions	Member Contributions	Net Investment Income (Loss)	Building Lease & Other Income	Total Additions	Benefit Payments	Refunds of Contributions	Admin. Expenses [1]	Total Deductions	Net Increase (Decrease) in Fiduciary Net Position
2016	$ 440,704	$ 211,345	$ 27,638	$ -	$ 679,687	$ 767,264	$ 7,719	$ 15,576	$ 790,559	$ (110,872)
2017	453,504	227,532	1,524,533	-	2,205,569	799,221	9,803	16,019	825,043	1,380,526
2018	450,338	236,222	1,249,814	-	1,936,374	847,031	10,412	16,394	873,837	1,062,537
2019	478,827	240,357	802,027	-	1,521,211	909,154	11,684	17,806	938,644	582,567
2020	553,222	263,936	305,291	645	1,123,094	973,197	12,332	21,257	1,006,786	116,308
2021	554,954	259,285	4,305,990	519	5,120,748	1,067,331	17,584	24,264	1,109,179	4,011,569
2022	591,305	245,879	(1,555,222)	30	(718,008)	1,163,419	11,630	24,282	1,199,331	(1,917,339)
2023	669,438	259,977	1,265,098	82	2,194,595	1,211,894	14,397	25,758	1,252,049	942,546
2024	714,389	279,636	1,508,518	34	2,502,577	1,263,240	13,602	29,554	1,306,396	1,196,181
2025	804,020	306,765	2,207,153	38	3,317,976	1,318,706	15,767	34,941	1,369,414	1,948,562

(1) Excludes investment-related administrative expenses. Starting fiscal year 2020, expenses related to the new headquarters building were incurred.

(2) Prior period adjustments were recorded in fiscal year 2022 related to the implementation of GASB 87 - Leases, that require restatement of fiscal year 2021 information presented in fiscal year 2022 financial report as comparative report and fiscal year 2025, for the implementation of GASB 101 – Compensated Absences, to restate fiscal year 2024 information presented in fiscal year 2025 financial report as comparative report.

Net Increase (Decrease) in Fiduciary Net Position - Postemployment Health Care Plan [3]
Last Ten Fiscal Years
(In Thousands)

	Additions						Deductions			
Fiscal Year	City Contributions	Self-Funded Insurance Premium [1]	Health Insurance Premium Reserve [1]	Net Investment Income (Loss)	Building Lease & Other Income	Total Additions	Benefit Payments	Admin. Expenses [2]	Total Deductions	Net Increase (Decrease) in Fiduciary Net Position
2016	$ 105,983	$ -	$ -	$ (721)	$ -	$ 105,262	$ 109,940	$ 4,151	$ 114,091	$ (8,829)
2017	97,457	-	-	330,368	-	427,825	119,616	4,224	123,840	303,985
2018	100,909	-	-	269,065	-	369,974	128,081	4,384	132,465	237,509
2019	107,927	6,090	468	166,470	-	280,955	140,129	5,099	145,228	135,727
2020	112,136	10,364	2,137	60,201	147	184,985	139,714	6,165	145,879	39,106
2021	103,454	10,924	919	982,797	118	1,098,212	160,945	6,820	167,765	930,447
2022	91,623	13,280	1,180	(361,307)	7	(255,217)	171,705	6,955	178,660	(433,877)
2023	90,581	12,809	1,423	268,900	19	373,732	173,583	7,534	181,117	192,615
2024	97,094	12,934	2,125	321,936	8	434,097	170,161	8,157	178,318	255,779
2025	90,168	13,127	1,083	481,899	9	586,286	185,293	9,483	194,776	391,510

(1) Additions related to LACERS Postemployment Health Care 115 Trust and the self-funded Dental Plan established in 2019, and the self-funded Vision Plan in fiscal year 2022.

(2) Excludes investment-related administrative expenses. Starting fiscal year 2019, expenses include third-party fees paid for the administration of the self-funded plans. The related expenses for the new headquarters building were incurred beginning in fiscal year 2020.

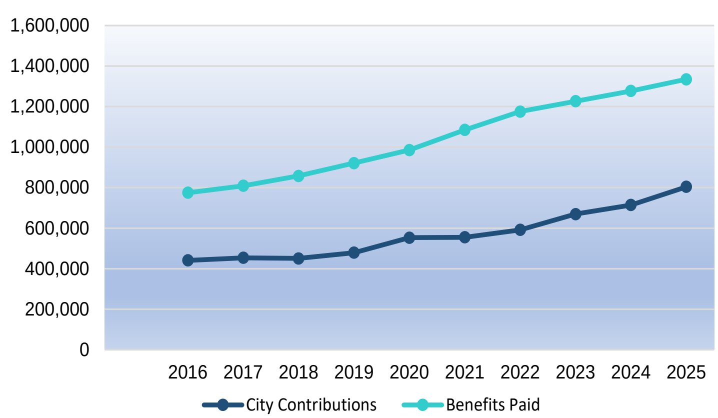
(3) Prior period adjustments were recorded in fiscal year 2022 related to the implementation of GASB 87 - Leases, that require restatement of fiscal year 2021 information presented in fiscal year 2022 financial report as comparative report and fiscal year 2025, for the implementation of GASB 101 – Compensated Absences, to restate fiscal year 2024 information presented in fiscal year 2025 financial report as comparative report.

Schedule of Benefit Expenses by Type - Retirement Plan
(In Thousands)

	Benefits						Refunds of Contributions					
	Age & Service Benefits			Disability Benefits								
Fiscal Year	Retirants	Survivors	Death in Service	Retirants	Survivors	Sub-Total	Separation	Death in Service	Unused Contri-butions	Misc.	Sub-Total	Total Benefits Paid
2016	$ 657,810	$ 78,441	$ 2,315	$ 19,001	$ 9,697	$ 767,264	$ 4,241	$ 1,231	$ 883	$ 1,364	$ 7,719	$ 774,983
2017	686,172	81,250	2,738	18,810	10,251	799,221	4,213	3,015	1,027	1,548	9,803	809,024
2018	731,954	83,387	2,402	18,850	10,438	847,031	5,686	1,653	1,588	1,485	10,412	857,443
2019	794,844	83,072	2,066	18,935	10,237	909,154	6,529	3,302	1,054	799	11,684	920,838
2020	853,719	87,577	1,855	19,432	10,614	973,197	6,839	2,798	1,544	1,151	12,332	985,529
2021	941,144	93,208	2,419	19,468	11,092	1,067,331	8,388	4,259	2,298	2,639	17,584	1,084,915
2022	1,032,404	99,122	1,978	18,496	11,419	1,163,419	6,215	3,362	1,584	469	11,630	1,175,049
2023	1,074,006	104,808	2,015	19,332	11,733	1,211,894	7,740	3,602	2,349	705	14,396	1,226,290
2024	1,118,974	110,371	2,008	19,644	12,243	1,263,240	7,483	2,899	2,714	506	13,602	1,276,842
2025	1,167,894	116,212	1,921	20,518	12,161	1,318,706	11,120	1,920	2,292	435	15,767	1,334,473

City Contributions versus Benefits Paid - Retirement Plan
(In Thousands)

Fiscal Year	City Contributions	Benefits Paid
2016	$ 440,704	$ 774,983
2017	453,504	809,024
2018	450,338	857,443
2019	478,827	920,838
2020	553,222	985,529
2021	554,954	1,084,915
2022	591,305	1,175,049
2023	669,438	1,226,291
2024	714,389	1,276,842
2025	804,020	1,334,473

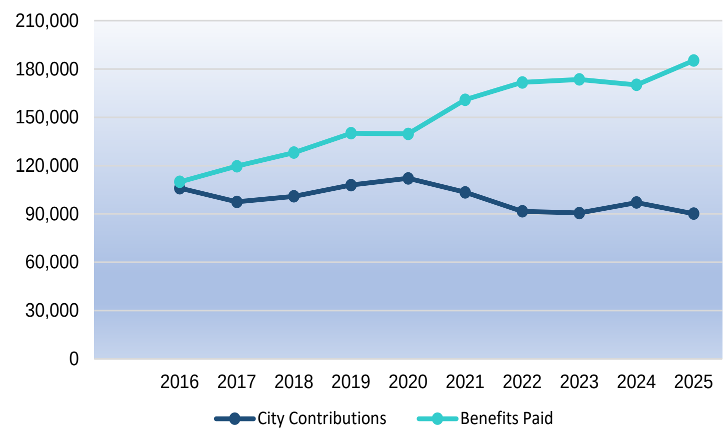


Schedule of Benefit Expenses by Type - Postemployment Health Care Plan
(In Thousands)

Fiscal Year	Age & Service Benefits		Death in Service Benefits	Disability Benefits		Total Benefits Paid
	Retirants	Survivors		Retirants	Survivors	
2016	$ 94,256	$ 11,240	$ 332	$ 2,723	$ 1,389	$ 109,940
2017	102,697	12,160	410	2,815	1,534	119,616
2018	110,680	12,609	363	2,851	1,578	128,081
2019	122,510	12,804	318	2,919	1,578	140,129
2020	122,561	12,573	266	2,790	1,524	139,714
2021	141,917	14,055	365	2,936	1,672	160,945
2022	152,369	14,629	292	2,730	1,685	171,705
2023	153,833	15,012	289	2,769	1,680	173,583
2024	150,728	14,867	271	2,646	1,649	170,161
2025	164,102	16,329	270	2,883	1,709	185,293

City Contributions versus Benefits Paid - Postemployment Health Care Plan
(In Thousands)

Fiscal Year	City Contributions	Benefits Paid
2016	$ 105,983	$ 109,940
2017	97,457	119,616
2018	100,909	128,081
2019	107,927	140,129
2020	112,136	139,714
2021	103,454	160,945
2022	91,623	171,705
2023	90,581	173,583
2024	97,094	170,161
2025	90,168	185,293



Schedule of Retired Members by Type of Benefits - Retirement Plan

Amount of Monthly Benefits	Number of Retirants [(1)]	Type of Benefits [(2)]										
		1	2	3	4	5	6	7	8	9	10	11
$1 to $1,000	1,543	400	245	9	468	15	111	31	264	-	489	32
$1,001 to $2,000	2,838	756	650	33	537	354	120	173	215	-	116	6
$2,001 to $3,000	3,029	1,439	604	69	346	324	29	128	90	-	22	2
$3,001 to $4,000	2,780	1,951	432	67	204	44	7	30	45	-	12	-
$4,001 to $5,000	3,008	2,533	255	63	113	14	1	10	19	-	3	-
$5,001 to $6,000	2,627	2,337	184	32	59	8	-	1	6	-	1	-
$6,001 to $7,000	2,047	1,887	101	14	39	2	-	-	4	-	-	-
$7,001 to $8,000	1,589	1,478	66	13	29	3	-	-	-	-	-	-
$8,001 to $9,000	1,107	1,030	52	7	14	3	-	-	1	-	-	-
$9,001 to $10,000	739	681	32	9	17	-	-	-	-	-	-	-
Over $10,000	1,603	1,501	63	10	26	3	-	-	-	-	-	-
Total	22,910	15,993	2,684	326	1,852	770	268	373	644	-	643	40

(1) Larger Annuity and Larger Annuity Continuance types of benefits are not included in counting the total number of retirees, since both benefits are voluntary supplementary benefits to the retirees.

(2) Type of Benefits

1 - Service Retirement
2 - Service Continuance
3 - Service Survivorship
4 - Vested Right Retirement
5 - Disability Retirement
6 - Disability Continuance
7 - Disability Survivorship
8 - DRO Lifetime Annuity
9 - DRO Term Annuity
10 - Larger Annuity
11 - Larger Annuity Continuance

Schedule of Retired Members by Type of Benefits - Postemployment Health Care Plan

Amount of Monthly Benefits			Number of Retirants	Type of Benefits [3] 1	2	3	4	5	6	7
Medical Subsidy										
$1	to	$200	619	446	40	2	45	61	12	13
$201	to	$400	6,088	4,556	1,005	91	253	103	23	57
$401	to	$600	5,387	4,760	383	37	148	36	8	15
$601	to	$800	92	78	1	5	6	2	-	-
$801	to	$1,000	887	823	9	13	30	7	1	4
$1,001	to	$1,200	1,274	1,043	83	32	92	18	3	3
$1,201	to	$1,400	1,250	1,182	-	-	55	13	-	-
$1,401	to	$2,319 [1]	2,308	2,173	-	-	113	22	-	-
Total			17,905	15,061	1,521	180	742	262	47	92
Dental Subsidy										
$1	to	$10	413	310	-	-	53	50	-	-
$11	to	$20	2,833	2,576	-	-	170	87	-	-
$21	to	$30	1,318	1,046	-	-	196	76	-	-
$31	to	$40	1,599	1,395	-	-	167	37	-	-
$41	to	$43 [2]	9,582	9,406	-	-	163	13	-	-
Total			15,745	14,733	-	-	749	263	-	-

(1) Maximum medical subsidy for plan year 2025.
(2) Maximum dental subsidy for plan year 2025.
(3) Type of Benefits

1 - Service Retirement
2 - Service Continuance
3 - Service Survivorship
4 - Vested Right Retirement
5 - Disability Retirement
6 - Disability Continuance
7 - Disability Survivorship

Schedule of Average Benefit Payments - Retirement Plan

Retirement Effective Dates July 1, 2015 to June 30, 2025	Years of Service Credit: Under 11 yrs	11-15 yrs	16-20 yrs	21-25 yrs	26-30 yrs	Over 30 yrs
Period 7/1/15 to 6/30/16						
Average Monthly Benefit at Retirement	$ 943	$ 1,756	$ 2,514	$ 3,796	$ 4,514	$ 5,498
Average Final Monthly Salary [1]	$ 5,095	$ 6,077	$ 6,786	$ 7,656	$ 7,731	$ 7,876
Number of Retirees Added	117	116	89	77	255	228
Average Monthly Continuance Benefit	$ 886	$ 1,068	$ 1,388	$ 1,521	$ 1,657	$ 2,568
Number of Continuance Benefit Added	79	29	24	41	32	65
Period 7/1/16 to 6/30/17						
Average Monthly Benefit at Retirement	$ 1,076	$ 1,764	$ 2,546	$ 3,412	$ 4,789	$ 5,745
Average Final Monthly Salary [1]	$ 5,553	$ 6,326	$ 6,974	$ 7,696	$ 8,053	$ 8,204
Number of Retirees Added	105	99	104	107	263	271
Average Monthly Continuance Benefit	$ 1,154	$ 1,022	$ 1,360	$ 1,949	$ 1,869	$ 2,916
Number of Continuance Benefit Added	70	19	30	38	50	55
Period 7/1/17 to 6/30/18						
Average Monthly Benefit at Retirement	$ 1,291	$ 1,913	$ 2,739	$ 3,922	$ 5,037	$ 6,348
Average Final Monthly Salary [1]	$ 5,869	$ 6,707	$ 7,100	$ 7,896	$ 8,292	$ 8,758
Number of Retirees Added	115	115	136	85	247	377
Average Monthly Continuance Benefit	$ 1,012	$ 1,411	$ 1,562	$ 2,076	$ 2,830	$ 3,812
Number of Continuance Benefit Added	70	25	26	28	49	54
Period 7/1/18 to 6/30/19						
Average Monthly Benefit at Retirement	$ 1,003	$ 2,010	$ 2,756	$ 3,829	$ 5,395	$ 6,834
Average Final Monthly Salary [1]	$ 5,276	$ 6,613	$ 7,103	$ 7,771	$ 8,695	$ 9,219
Number of Retirees Added	123	104	147	82	277	344
Average Monthly Continuance Benefit	$ 1,697	$ 1,703	$ 1,586	$ 2,655	$ 2,665	$ 4,184
Number of Continuance Benefit Added	65	28	30	29	42	82
Period 7/1/19 to 6/30/20						
Average Monthly Benefit at Retirement	$ 1,049	$ 1,922	$ 3,215	$ 4,599	$ 5,825	$ 6,690
Average Final Monthly Salary [1]	$ 5,079	$ 6,449	$ 8,189	$ 9,195	$ 9,267	$ 9,073
Number of Retirees Added	123	94	142	84	192	321
Average Monthly Continuance Benefit	$ 1,459	$ 1,412	$ 1,882	$ 2,219	$ 2,747	$ 4,398
Number of Continuance Benefit Added	76	29	24	18	46	60

[1] Average Final Monthly Salary = Average of last or highest 12 consecutive months' salary.

Schedule of Average Benefit Payments - Retirement Plan *(Continued)*

Retirement Effective Dates July 1, 2015 to June 30, 2025	Years of Service Credit: Under 11 yrs	11-15 yrs	16-20 yrs	21-25 yrs	26-30 yrs	Over 30 yrs
Period 7/1/20 to 6/30/21						
Average Monthly Benefit at Retirement	$ 1,043	$ 2,128	$ 2,938	$ 4,205	$ 5,787	$ 6,825
Average Final Monthly Salary [1]	$ 4,804	$ 6,819	$ 7,253	$ 8,417	$ 9,198	$ 9,293
Number of Retirees Added [2]	90	184	264	271	342	937
Average Monthly Continuance Benefit	$ 1,386	$ 1,261	$ 2,097	$ 2,447	$ 3,130	$ 4,861
Number of Continuance Benefit Added	109	25	27	34	64	111
Period 7/1/21 to 6/30/22						
Average Monthly Benefit at Retirement	$ 979	$ 2,109	$ 3,276	$ 4,133	$ 6,026	$ 7,348
Average Final Monthly Salary [1]	$ 5,409	$ 6,847	$ 8,193	$ 8,494	$ 9,786	$ 9,999
Number of Retirees Added	138	92	138	100	130	284
Average Monthly Continuance Benefit	$ 1,798	$ 1,665	$ 1,895	$ 2,736	$ 3,284	$ 4,698
Number of Continuance Benefit Added	116	22	34	32	48	66
Period 7/1/22 to 6/30/23						
Average Monthly Benefit at Retirement	$ 1,113	$ 2,545	$ 3,209	$ 4,654	$ 6,046	$ 8,249
Average Final Monthly Salary [1]	$ 5,934	$ 8,283	$ 8,032	$ 9,482	$ 9,861	$ 11,190
Number of Retirees Added	89	66	106	115	83	177
Average Monthly Continuance Benefit	$ 1,702	$ 1,376	$ 1,977	$ 2,709	$ 3,856	$ 4,645
Number of Continuance Benefit Added	64	27	35	26	56	76
Period 7/1/23 to 6/30/24						
Average Monthly Benefit at Retirement	$ 1,366	$ 2,206	$ 3,298	$ 4,792	$ 6,118	$ 8,388
Average Final Monthly Salary [1]	$ 6,842	$ 7,569	$ 8,474	$ 9,611	$ 10,260	$ 11,231
Number of Retirees Added	89	61	110	115	104	223
Average Monthly Continuance Benefit	$ 1,482	$ 1,460	$ 2,586	$ 2,660	$ 4,020	$ 5,074
Number of Continuance Benefit Added	81	19	24	36	63	80
Period 7/1/24 to 6/30/25						
Average Monthly Benefit at Retirement	$ 1,208	$ 2,628	$ 3,954	$ 4,803	$ 6,543	$ 8,705
Average Final Monthly Salary [1]	$ 7,089	$ 9,018	$ 9,714	$ 9,504	$ 10,893	$ 11,557
Number of Retirees Added	109	51	107	157	110	200
Average Monthly Continuance Benefit	$ 1,578	$ 1,379	$ 2,160	$ 2,763	$ 3,428	$ 5,359
Number of Continuance Benefit Added	58	18	34	32	40	82

(1) Average Final Monthly Salary = Average of last or highest 12 consecutive months' salary.
(2) A large increase in fiscal year 2021 was due to an increased number of retirements from the City's implementation of Separation Incentive Programs (SIP).

Schedule of Average Benefit Payments - Postemployment Health Care Plan

Retirement Effective Dates July 1, 2015 to June 30, 2025	Years of Service Credit: Under 10 yrs [1]	10-15 yrs	16-20 yrs	21-25 yrs	Over 25 yrs
Period 7/1/15 to 6/30/16					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 309	$ 515	$ 729	$ 926	$ 1,099
Number of Retirees Added	12	88	62	61	447
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 11	$ 16	$ 24	$ 34	$ 35
Number of Retirees Added	16	89	57	60	453
Period 7/1/16 to 6/30/17					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 411	$ 493	$ 717	$ 1,136	$ 1,184
Number of Retirees Added	17	76	79	85	487
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 11	$ 18	$ 25	$ 34	$ 38
Number of Retirees Added	10	75	78	82	483
Period 7/1/17 to 6/30/18					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ -	$ 547	$ 771	$ 1,082	$ 1,257
Number of Retirees Added	-	100	115	86	638
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 5	$ 17	$ 27	$ 31	$ 36
Number of Retirees Added	1	80	98	68	552
Period 7/1/18 to 6/30/19					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 716	$ 560	$ 714	$ 1,012	$ 1,220
Number of Retirees Added	2	98	127	72	640
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 12	$ 16	$ 27	$ 36	$ 37
Number of Retirees Added	4	75	113	62	539
Period 7/1/19 to 6/30/20					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 420	$ 533	$ 752	$ 1,129	$ 1,176
Number of Retirees Added	15	92	117	73	515
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 12	$ 18	$ 27	$ 35	$ 36
Number of Retirees Added	10	60	97	66	445

[1] Effective February 21, 2016, retiree health benefits are provided to part-time employees who retired with 10 years of service but less than 10 years of service credit. Previously, they were allowed to enroll in the LACERS Health Care Plan at their own cost, but were not eligible for health benefits.

Schedule of Average Benefit Payments - Postemployment Health Care Plan *(Continued)*

Retirement Effective Dates July 1, 2015 to June 30, 2025	Years of Service Credit: Under 10 yrs [1]	10-15 yrs	16-20 yrs	21-25 yrs	Over 25 yrs
Period 7/1/20 to 6/30/21					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 322	$ 538	$ 694	$ 913	$ 1,244
Number of Retirees Added[2]	27	150	224	248	1,271
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 14	$ 20	$ 28	$ 34	$ 37
Number of Retirees Added[2]	15	131	201	235	1,223
Period 7/1/21 to 6/30/22					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 390	$ 623	$ 839	$ 1,134	$ 1,273
Number of Retirees Added	47	66	105	95	407
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 14	$ 20	$ 27	$ 35	$ 37
Number of Retirees Added	25	52	79	77	319
Period 7/1/22 to 6/30/23					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 358	$ 745	$ 870	$ 1,180	$ 1,339
Number of Retirees Added	56	41	89	102	266
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 12	$ 17	$ 29	$ 33	$ 37
Number of Retirees Added	10	27	72	94	225
Period 7/1/23 to 6/30/24					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 292	$ 846	$ 1,023	$ 1,391	$ 1,564
Number of Retirees Added	63	44	97	109	324
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 12	$ 26	$ 31	$ 40	$ 40
Number of Retirees Added	7	34	84	101	292
Period 7/1/24 to 6/30/25					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 265	$ 637	$ 1,027	$ 1,263	$ 1,519
Number of Retirees Added	69	39	75	149	312
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 14	$ 18	$ 28	$ 35	$ 37
Number of Retirees Added	9	35	62	123	251

(1) Effective February 21, 2016, retiree health benefits are provided to part-time employees who retired with 10 years of service but less than 10 years of service credit. Previously, they were allowed to enroll in the LACERS Health Care Plan at their own cost, but were not eligible for health benefits.

(2) A large increase in fiscal year 2021 was due to an increased number of retirements from the City's implementation of Separation Incentive Programs (SIP).

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Direct questions concerning any of the information provided in this report to:

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Fiscal Management Division
977 North Broadway
Los Angeles, CA
90012-0218

PHONE 800-779-8328
TTY 888-349-3996
FAX 213-473-7297
www.lacers.org

LACERS

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Board Meeting: 01/2/26
Item: IV - A
Attachment: 2

2025

POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2025

Our Popular Annual Financial Report is a summary of the Los Angeles City Employees' Retirement System's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025

Interactive presentation and publication available online at www.lacers.org/financial-reports-and-statistics

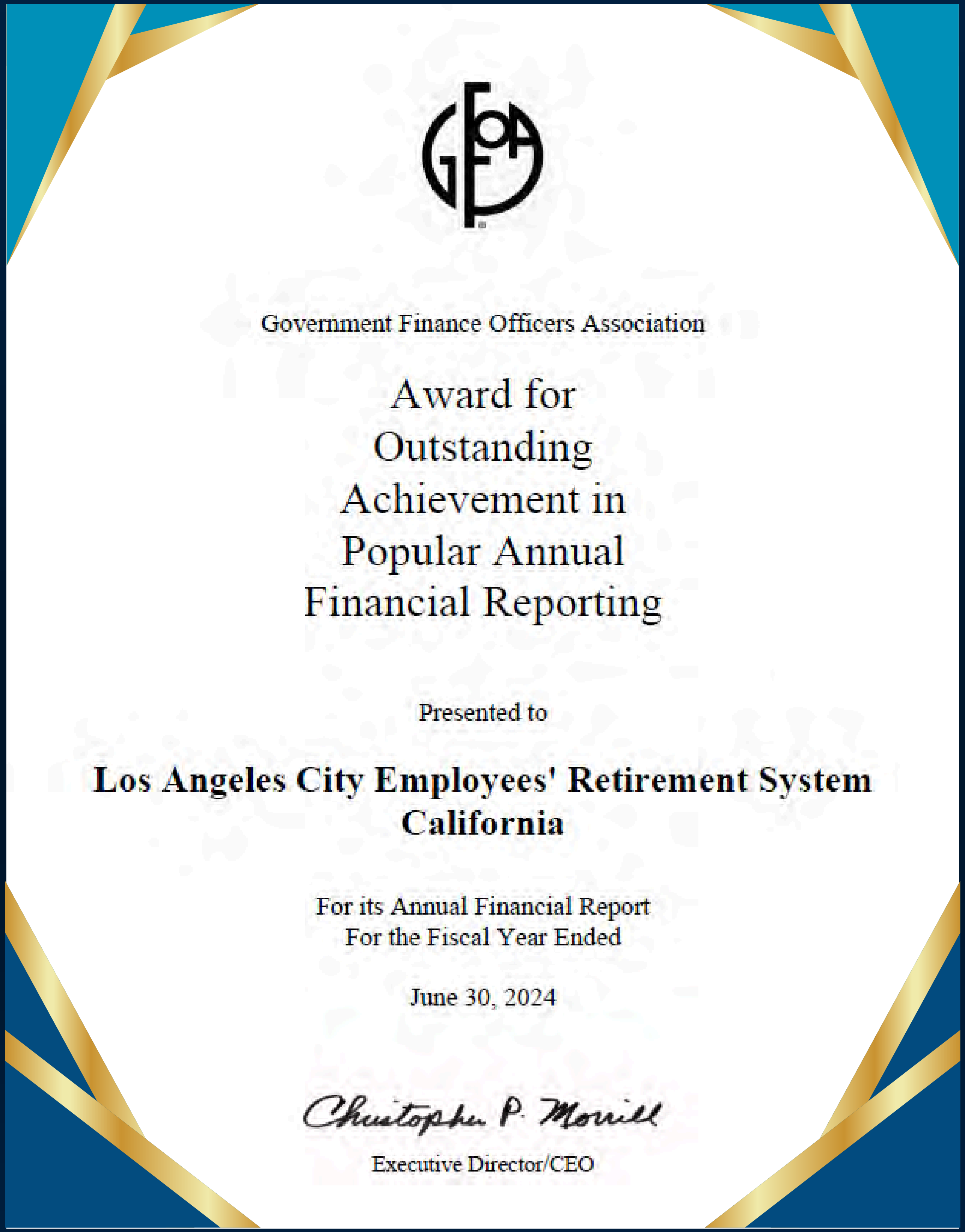
Explore LACERS' Annual Comprehensive Financial Report data since Fiscal Year Ended 1990 https://www.lacers.org/lacerstats

CITY OF LOS ANGELES FOUNDED 1781

LACERS

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

A COMPONENT UNIT OF THE CITY OF LOS ANGELES


Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

Los Angeles City Employees' Retirement System California

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

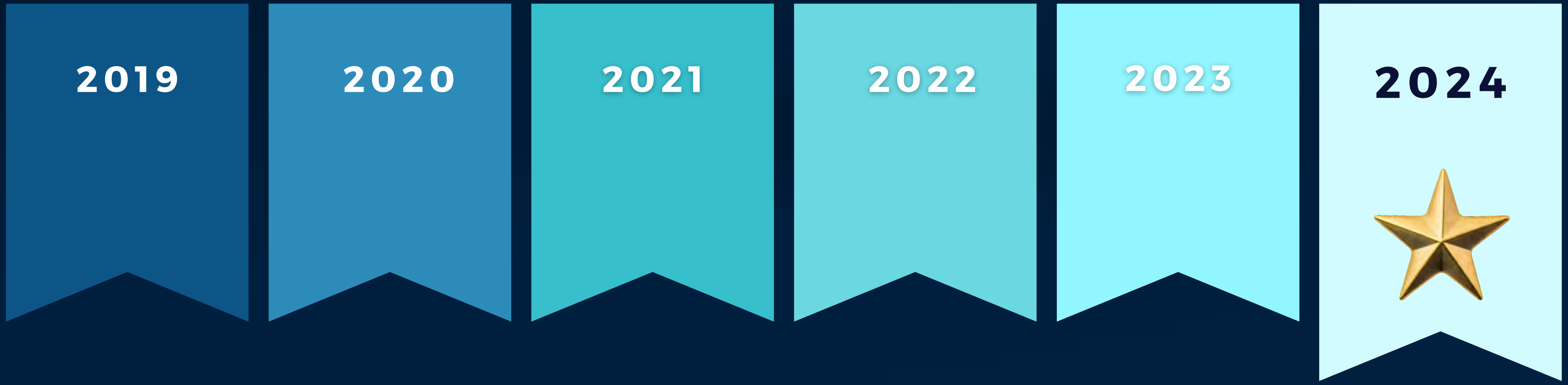
Executive Director/CEO

ABOUT POPULAR ANNUAL FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Los Angeles City Employees' Retirement System for its Popular Annual Financial Report for the Fiscal Year Ended June 30, 2024. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only.

Los Angeles City Employees' Retirement System has received a Popular Award for the last six consecutive years (fiscal years ended 2019-2024). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.



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MESSAGE FROM THE GENERAL MANAGER

It is with great gratitude that I introduce myself as the new General Manager of the Los Angeles City Employees' Retirement System. Becoming the General Manager of LACERS is a privilege and a responsibility that I carry with deep purpose — to protect and strengthen the retirement and health benefits that our Members depend on.

This year, we have accomplished so much together. We've advanced our Plan focused on improving the member experience, streamlining processes, and modernizing our systems.

Financially, LACERS remains strong. Through disciplined, diversified investments and careful stewardship, we continue to grow the fund responsibly and safeguard the financial security of every member.

Our fiduciary net position grew to $25.4 billion, a 10.2% increase from the previous year, driven by robust investment returns through disciplined, diversified investments and careful stewardship. The Retirement Plan's funded ratio improved to 76.3% and the Postemployment Health Care Plan remains well-funded at 108.2%.

As we look ahead to 2026, I am excited to continue building on this momentum. We will focus on expanding digital tools that make our services more efficient and accessible, while ensuring that every member continues to receive the personal care and support they deserve. Our goal is to expand choice — not limit it — so whether you prefer to call, click, or come in, you will always receive the same dedicated service.

I want to thank the LACERS Board of Administration for their confidence, and Mayor Karen Bass for her support of my nomination. Most importantly, I want to thank our staff for their hard work and commitment to excellence every single day. Together, we will continue to make LACERS a trusted and forward-looking institution for generations to come.

TODD BOUEY
General Manager

ABOUT
LACERS

MISSION

Provide retirement and healthcare benefits to all Members by securing and growing the trust fund

VISION

A forward-thinking organization and industry leader in financial strength and service excellence to our Members

GUIDING PRINCIPLES

Innovation
Kindness
Professionalism
Respect
Teamwork

88 YEARS OF SECURING YOUR TOMORROWS

In 1937, the Los Angeles City Charter established the Los Angeles City Employees' Retirement System (LACERS) as a retirement trust fund for the purpose of providing the civilian employees of the City of Los Angeles, a defined benefit retirement plan inclusive of service retirements, disability retirements, and survivor benefits. In 1999, LACERS began administering the retiree health insurance program. All regular, full-time, and certified part-time City employees are eligible for LACERS membership except employees of the Department of Water and Power, and sworn personnel who are members of the Los Angeles Fire and Police Pensions. Our fiduciary duty to our Members ensures we prudently manage the pension fund portfolio to offset payment costs of the pension benefits and retiree health care premiums of our Members.

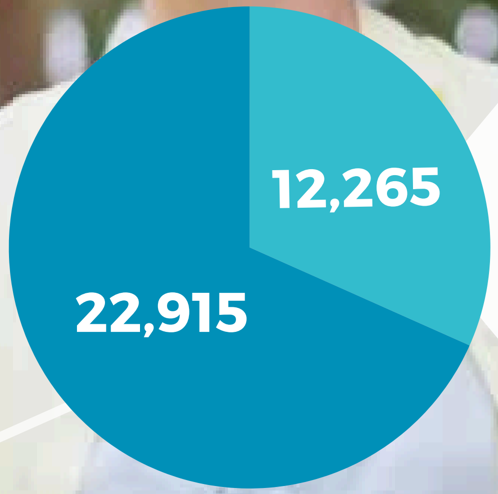
$4,932
AVERAGE MONTHLY BENEFIT
Change from 2016: **+39.6%**

60.8
AVERAGE AGE AT RETIREMENT
Change from 2016: **+1.0%**

72.8
AVERAGE AGE OF RETIREE
Change from 2016: **+1.3%**

62,180
TOTAL MEMBERSHIP
Change from 2016: **+25.1%**

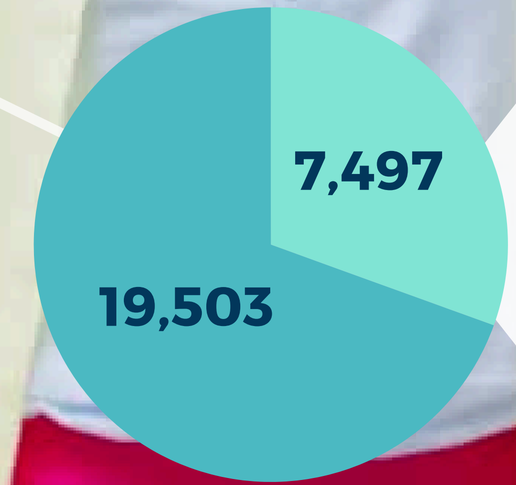
$306.8
MILLION IN MEMBER CONTRIBUTIONS
Change from 2016: **+45.2%**



RETIREES + BENEFICIARIES

INACTIVE MEMBERS

INACTIVE MEMBERS left City Service with contributions remaining on deposit in LACERS pension fund.



VESTED ACTIVE

NON-VESTED ACTIVE

ACTIVE MEMBERS mostly comprise City Employees still contributing prior to their retirement. Vesting schedule is 5 years of continuous City Service.

All data herein as of June 30, 2025 unless otherwise noted.

ABOUT OUR MEMBERSHIP

LACERS

In FY25, LACERS advanced its Strategic Plan through the execution of several key Business Plan Initiatives aligning with LACERS' seven strategic goals.

Some highlights of LACERS' recent accomplishments include:

- The successful implementation of a virtual appointment system to improve Member service delivery
- Launched a new group counseling model for future retirees enabling better service and information access for all
- Modernization of data and reporting systems
- Facilitation of the implementation of Measure FF, the City Charter amendment allowing certain peace officers to transfer their pension plan to the Los Angeles Fire and Police Pension (LAFPP) plan
- Continued development of the business continuity plan to strengthen organizational resilience

FIDUCIARY NET POSITION

The Fiduciary Net Position is the financial position of the System's Retirement and Postemployment Health Care Plans at fiscal year end, documenting the difference between the System's Assets (what is owned) and Liabilities (what is owed).

HOW WAS LACERS FUNDED IN 2025?

INVESTMENT INCOME
$2.9B

EMPLOYEE CONTRIBUTIONS
$306.8M

CITY OF LOS ANGELES CONTRIBUTIONS
$894.2M

LACERS

BENEFIT PAYMENTS & REFUNDS
$1.5B

INVESTMENT MANAGEMENT FEES & EXPENSES
$172.8M

ADMINISTRATIVE EXPENSES
$44.4M

$ 25,375,318,626
FIDUCIARY NET POSITION

$ 2,340,071,271
NET INCREASE WITHIN THE YEAR

83.5%
RETIREMENT

16.5%
HEALTH

ALLOCATION

The total Fiduciary Net Position is allocated between the Retirement Plan and the Postemployment Health Care Plan.

FIDUCIARY NET POSITION

During the fiscal year 2025, the System's fiduciary net position increased by $2.3 billion, or 10.2%, mainly due to appreciation in the fair value of investments from higher investment returns and increased contributions to cover increased benefit payments and associated costs.

$ 25,375,319,626

ADDITIONS AND DEDUCTIONS (Dollars in Thousands)	2025	2024	2023	% Change 2025-2024	% Change 2024-2023
BEGINNING NET POSITION, as previously reported	$ 23,041,225	$ 21,589,265	$ 20,454,104	6.7%	5.5%
Implementation of GASB No. 101	(5,978)	(4,287)	-	-	-
BEGINNING NET POSITION, as restated	$ 23,035,247	$ 21,584,978	$ 20,454,104	6.7%	5.5%
ADDITIONS					
City Contributions	$ 894,188	$ 811,483	$ 760,019	10.2%	6.8%
Member Contributions	306,765	279,636	259,977	9.7%	7.6%
Insurance Premium & Reserve	14,210	15,059	14,232	(5.6%)	5.8%
Net Investment Income	2,689,052	1,830,454	1,533,998	46.9%	19.3%
Other Income	47	42	101	11.9%	(58.4%)
TOTAL ADDITIONS	$ 3,904,262	$ 2,936,674	$ 2,568,327	32.9%	14.3%
DEDUCTIONS					
Benefit Payments	$ 1,503,999	$ 1,433,401	$ 1,385,477	4.9%	3.5%
Contribution Refunds	15,767	13,602	14,397	15.9%	(5.5%)
Administrative Expenses	44,424	39,402	33,292	12.7%	18.4%
TOTAL DEDUCTIONS	$ 1,564,190	$ 1,486,405	$ 1,433,166	5.2%	3.7%
NET INCREASE WITHIN YEAR	$ 2,340,072	$ 1,450,269	$ 1,135,161	61.4%	27.8%
ENDING NET POSITION	$ 25,375,319	$ 23,035,247	$ 21,589,265	10.2%	6.7%

ASSETS, LIABILITIES, AND DEFERRED INFLOW

2025 RETIREMENT AND HEALTH PLANS

(Dollars in Thousands)

	2025 RETIREMENT	2025 HEALTH	2025 TOTAL
ASSETS			
Cash, Short-term Investments & Receivables	$ 667,835	$ 131,952	$ 799,787
Investments, at Fair Value	20,807,076	4,111,135	24,918,211
Capital Assets, Net of Depreciation & Amortization	47,104	9,306	56,410
TOTAL ASSETS	$ 21,522,015	$ 4,252,393	$ 25,774,408
LIABILITIES			
Securities Lending Collateral & Other Payables	$ 332,673	$ 65,730	$ 398,403
DEFERRED INFLOW	$ 573	$ 113	$ 686
FIDUCIARY NET POSITION	$ 21,188,769	$ 4,186,550	$ 25,375,319

ASSETS, LIABILITIES, AND DEFERRED INFLOW

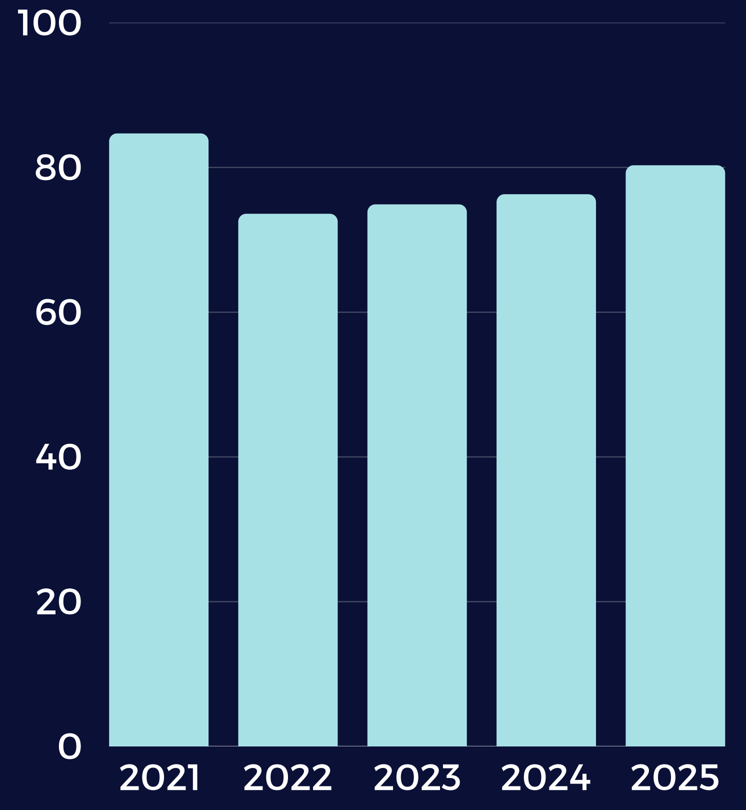
THREE YEAR COMPARISON COMBINED PLANS

(Dollars in Thousands)

	2025	2024	2023
ASSETS			
Cash, Short-term Investments & Receivables	$ 799,787	$ 764,882	$ 623,653
Investments, at Fair Value	24,918,211	22,674,039	21,363,996
Capital Assets, Net of Depreciation & Amortization	56,410	58,342	60,727
TOTAL ASSETS	$ 25,774,408	$ 23,497,263	$ 22,048,376
LIABILITIES			
Securities Lending Collateral & Other Payables	$ 398,403	$ 455,315	$ 458,350
DEFERRED INFLOW	$ 686	$ 723	$ 761
FIDUCIARY NET POSITION	$ 25,375,319	$ 23,041,225	$ 21,589,265

FUNDED STATUS

FIVE YEARS OF COMBINED PLAN FUNDED STATUS



2025	80.3%
2024	76.3%
2023	74.9%
2022	73.6%
2021	84.7%

76.3%

RETIREMENT PLAN FUNDED STATUS

ABOUT THE RETIREMENT PLAN

LACERS administers a defined benefit pension plan that provides for service and disability retirement benefits, as well as death benefits. The Retirement Plan covers all civilian and certain segments of sworn employees of the City who are not covered by other City retirement agencies. Plan Members have a vested right to their own contributions and accumulated interest posted to their accounts.

108.2%

HEALTH PLAN FUNDED STATUS

ABOUT THE HEALTH PLAN

LACERS administers, and provides single-employer postemployment healthcare benefits to eligible retirees and their eligible spouses/domestic partners who participate in the Retirement Plan regardless of their membership tiers. These benefits consist of subsidies which may also apply to the coverage of other eligible dependent(s).

WHAT IS THE COMBINED FUNDED STATUS OF THE PLAN?

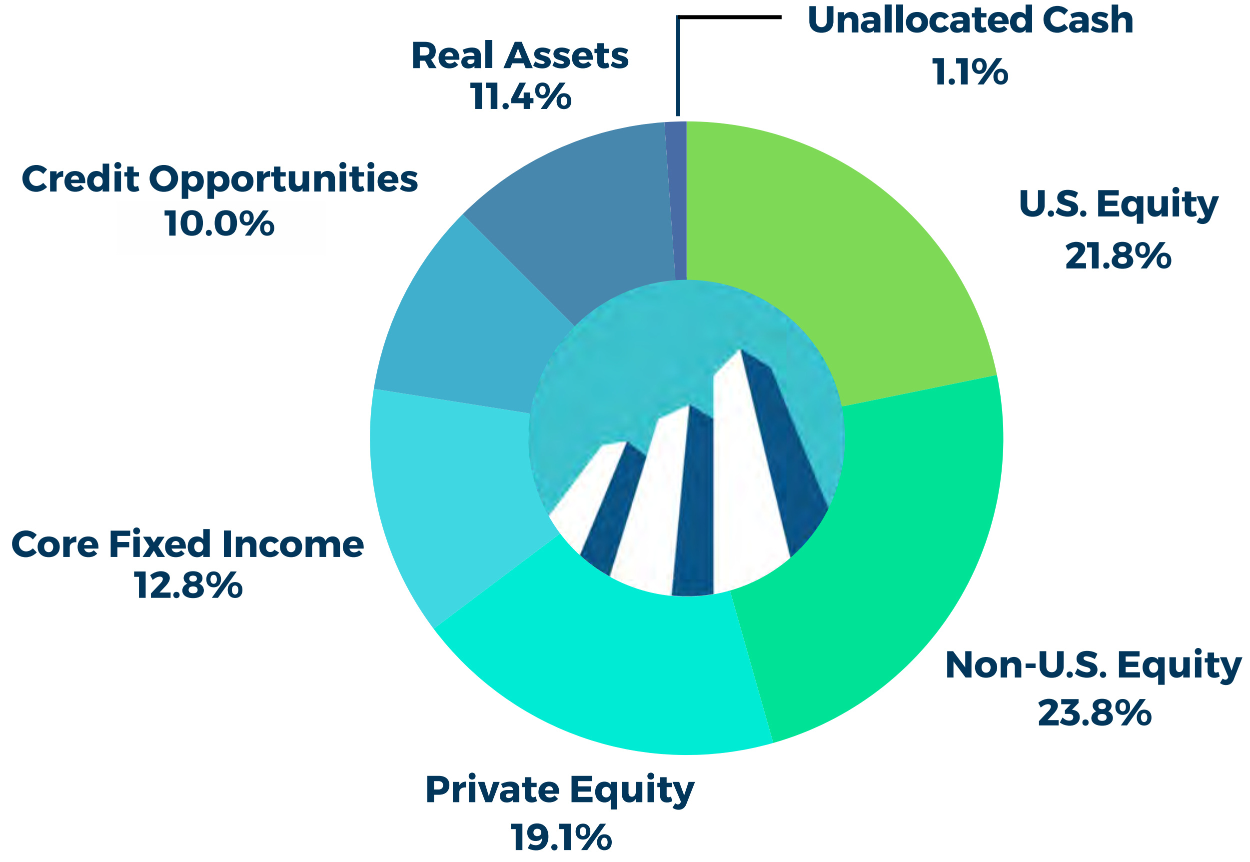
The Combined Funded Status is the ratio of the System's Fiduciary Net Position to Total Pension Liability. This funding ratio represents the percentage of Plan Assets available toward paying expected benefit obligations of LACERS Members.

INVESTMENT PORTFOLIO

ANNUALIZED RATES OF RETURN (GROSS OF FEES)

	1 Year (%)	3 Year (%)	5 Year (%)
LACERS TOTAL FUND	**11.16**	**8.97**	**9.28**
LACERS POLICY BENCHMARK	11.41	8.86	8.38

ACTUAL ASSET ALLOCATION



The percentages are on a market value basis. Due to rounding errors, the percentages may not sum to exactly 100%.

RODNEY JUNE
Chief Investment Officer

The 2025 fiscal year resulted in positive returns for the LACERS investment portfolio, with gains of 11.16% (gross of fees) for the one-year period ended June 30, 2025. However, this gain underperformed the policy benchmark return of 11.41%. The U.S. economy remains anchored by solid earning fundamentals as investors entered the second quarter of 2025 with over 79% of U.S.-based companies meeting or beating return expectations. Despite initial fears regarding several geo-political conflicts and threatening tariffs that resulted in a market selloff, consumers have expressed continued optimism towards the capital markets but with caution.

HOW DID OUR INVESTMENT PORTFOLIO DO?

The total portfolio underperformed its policy benchmark by 25 basis points (gross of fees) for the fiscal year, with U.S. equities and Real Assets underperforming relative to their respective benchmarks. Non-U.S. Equity achieved a positive return of 18.18%, reflecting an improvement from the previous year when it underperformed the benchmark.

$ 25,171,119,890

TOTAL INVESTMENT PORTFOLIO VALUE

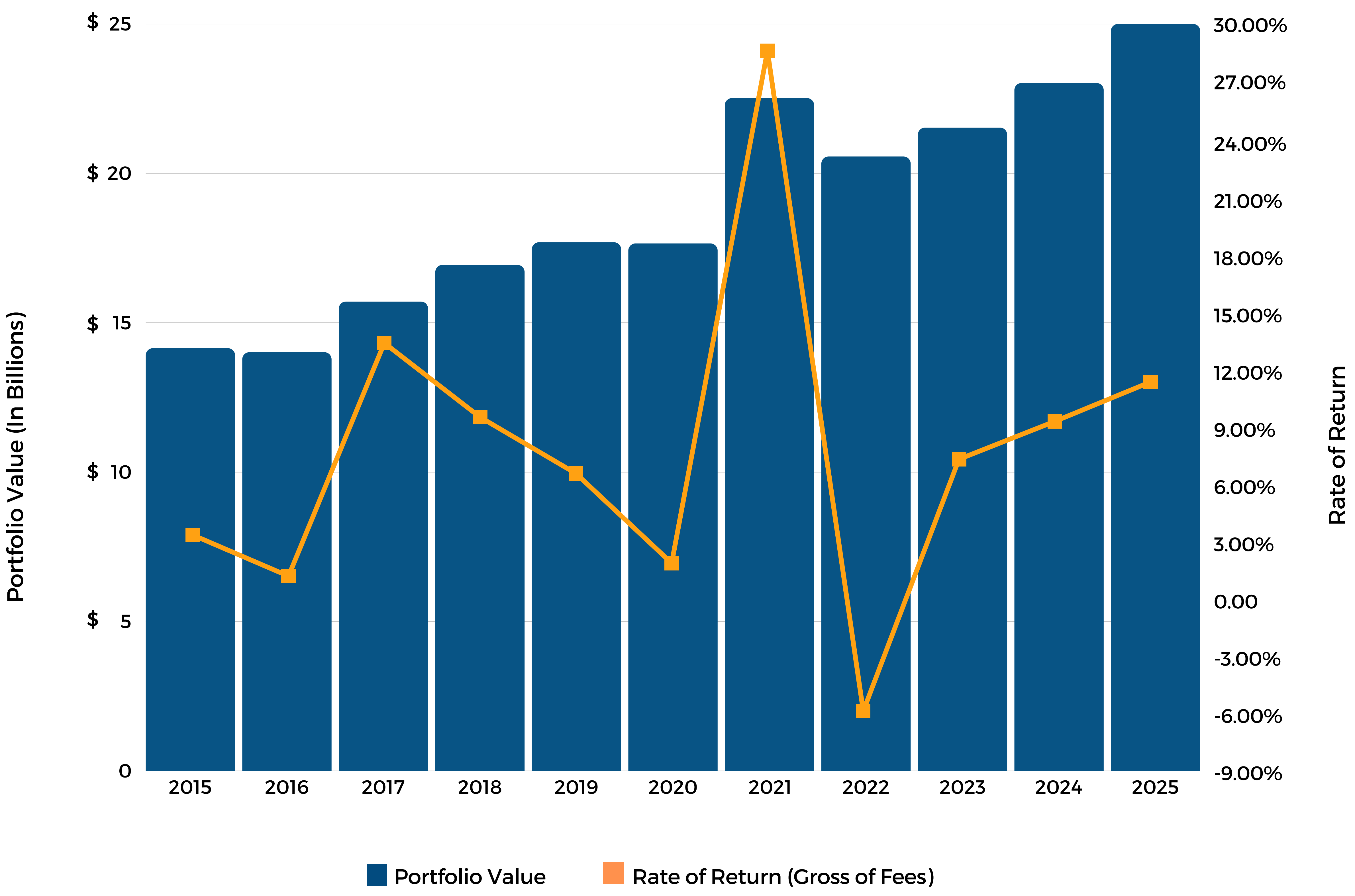
LACERS

LACERS' primary investment objective is to maximize the return of the portfolio at a prudent level of risk to meet the obligations of the System. The System's investment portfolio is managed on a total return basis over a long-term investment horizon. While the System recognizes the importance of capital preservation, it also recognizes that varying degrees of investment risk are generally rewarded with commensurate returns. Consequently, prudent risk-taking is warranted within the context of overall portfolio diversification, which is achieved through the System's strategic asset allocation policy.

LACERS investments are reported at fair value. The total portfolio, comprised of investments, cash, and accrued dividends and income, was valued at $25.17 billion as of June 30, 2025, an increase of $2.15 billion from the prior fiscal year. The total portfolio realized an 11.16% return (gross of fees) for the fiscal year. Individual asset class returns (gross of fees) were U.S. Equity, 13.80%; Non-U.S. Equity, 18.18%; Core Fixed Income, 6.28%; Credit Opportunities, 10.57%; Real Assets, 4.83%; and Private Equity, 7.70%.

PORTFOLIO VALUE RATE OF RETURN

(Gross of Fees) Compared to Total Portfolio Value for ten fiscal years all ending on June 30. Dollars in Billions.



LACERS

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LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: JANUARY 27, 2026**
From: Todd Bouey, General Manager **ITEM: IV- B**

SUBJECT: **REPORT ON LACERS RETIREMENT ORIENTATION PILOT PROGRAM**

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

Receive and file this report providing an update on the Retirement Orientation pilot program and proposed next steps to improve Member experience and operational efficiency.

Executive Summary

The Retirement Orientation pilot program launched in August 2025 to streamline the retirement process and reduce the demand for one-on-one counseling appointments. Early indications show success with reduced individual counseling demand and improved efficiency for the Retirement Services Division and Health and Wellness Division. It is recommended that the Retirement Orientation sessions continue twice monthly, and further refinements within existing resources be implemented on presentation content and logistics, promotion of the Retirement Application Portal utilization, exploration of digital alternatives to paper forms, and cross-training of staff to support peak periods and maintain service quality.

Discussion

Historically, the Service Retirement Unit (SRU) managed high volumes of individual appointments, often used by Members for general information rather than active retirement processing. The new group-based Retirement Orientation session provides comprehensive pre-retirement information, including retirement eligibility, benefit estimates, health plan options, and application guidance. Each session includes a presentation, one-on-one Q&A with subject matter experts, and a Retirement Application Portal (RAP) demo.

Eight orientations have been held since August 2025 with an average attendance rate of 20–30 Members per session, or 84%. Approximately 35% of Members submit applications during the session, with an additional 20% applying afterward. Survey feedback indicates 100% of attendees reported improved understanding of the retirement process, and rated staff knowledge and customer service as “Good” or better.

A detailed report on the pilot program, along with participant survey results, are attached for the Board’s review.

Fiscal Impact

No additional funding is required at this time. Sessions utilize existing staff and resources. Future enhancements may require additional funding including technology upgrades (e.g., RAP integration, implementation of digital forms) to further reduce processing time.

Prepared By: Gabriel J. Perez, Senior Benefits Analyst

IC/GP:gp

Attachment: Pilot Program Results Executive Summary

RETIREMENT ORIENTATION PILOT PROGRAM RESULTS

Executive Summary

Pilot Overview

The Retirement Orientation for Members within 90 days of planned retirement re-envisions individual pre-retirement counseling sessions into group sessions of up to 40 Members, so that Members' needs can be met within current staff resources. The two-hour general presentation is followed by a two-hour open session where individual Members can meet with subject-matter experts stationed at tables to answer questions, accept applications, process power-of-attorney documents, health enrollment forms, and provide cost letters for service purchases.

Key Observations and Metrics

- Eight sessions, capped at 40 Members; overall attendance rate 84%. Peak combined attendance (Members + guests) reached approximately 50.
- Application behavior: Approximately 35% apply during the session, and an additional 20% apply afterward. Of 102 attendees, 57 submitted applications (56% submission rate).
    - Members currently prefer paper at in-person events.
    - Health Enrollment Forms require wet signatures. The email distribution of forms and the use of pre-prepared Medicare Special Enrollment Period forms have improved in-session efficiency.
- Health in-person counseling averaged 73 per month after Orientation began were down from 93 per month pre-pilot, excluding Open Enrollment months, indicating reduced individual counseling demand, though seasonal declines may also contribute.
- The Service Processing Section can prepare cost letters in advance but sees increased pressure from rushed buybacks/reciprocity cases requiring completion prior to retirement dates.

Survey feedback

- 100% of respondents reported improved understanding of the retirement process and rated staff knowledge/customer service as “Good” or better. 100% would recommend the session.
- Session length: 94% rated as “Just Right”; 6% wanted longer.
- Commonly lauded elements: completeness of information and access to counselors for one-on-one help.
- Suggestions: slightly longer sessions, an in-session Q&A, and more counselors available during the open session period.

Next Steps

- Continue twice-monthly sessions; establish FY26/27 Orientation dates.
- Refine logistics: a table-assignment strategy (6–8 Members per counselor) to reduce wait times and improve workflow.
- Presentation content will be refined using questions captured during sessions to better surface common concerns and make information more digestible. Consideration is being given to adding a short Q&A period after presentations and offering virtual follow-ups for Members who need additional assistance.
- Crosstrain Benefit Specialists staff to maintain service quality while scaling. Additional staff during the two-hour open session will improve throughput and help manage peak periods.
- Prioritize expansion of the online Retirement Application Portal (RAP) utilization in this next phase of implementation.
    - Finalize procedures and rollout of RAP laptop deployment in collaboration with Systems Division.
    - Expand digital form use (Box/Box Sign) to reduce paperwork and processing time.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION
From: Isaias Cantú, Chief Benefits Analyst IC

MEETING: JANUARY 27, 2026
ITEM: V - A

SUBJECT: **APPROVAL OF DISABILITY RETIREMENT APPLICATION OF ONDRA MILLER AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☒ RECEIVE & FILE: ☐

Recommendation

That, pursuant to Los Angeles Administrative Code § 4.1008(b), the Board approve the disability retirement application for Ondra Miller based on the claimed disabling condition and the supporting medical evidence contained in the administrative record, which includes a report by three licensed, practicing physicians.

Background

Ondra Miller (Applicant) is a Gardener Caretaker in the Department of Recreation and Parks with 14.41960 years of City Service. The Applicant applied for disability retirement on November 26, 2024, 26 months outside of the one-year filing period; however, the application was accepted due to the Applicant's Workers' Compensation claim.

The Applicant's last day on active payroll was September 15, 2020. If approved, the Applicant's retirement effective date will be September 16, 2020.

Accommodation

Because Physician 1 opined the Applicant is disabled with no form of accommodation that would allow the Applicant to return to work, no inquiries were made with the employing department.

Fiscal Impact

Upon approval, the Applicant would receive a disability retirement allowance of approximately $1,674.00 per month, and a retroactive payment covering 65 months of approximately $108,810.00.

Prepared By: Rachelle Ramiento, Benefits Specialist, Retirement Services Division
Carol Rembert, Benefits Analyst, Retirement Services Division
Claudia Batres-Flores, Sr. Benefits Analyst I, Retirement Services Division

IC:CBF:cr:rr
Attachment:1. Proposed Resolution

APPROVAL OF DISABILITY RETIREMENT BENEFIT FOR ONDRA MILLER

PROPOSED RESOLUTION

WHEREAS, the General Manager presented certain medical reports and other evidence, and reported that the application filed was in regular and proper form;

WHEREAS, Physicians 1 and 2 examined and concluded Ondra Miller is unable to perform the usual and customary duties as a Gardener Caretaker with the City of Los Angeles;

NOTWITHSTANDING, Physician 3 examined and concluded Ondra Miller is able to perform the usual and customary duties as a Gardener Caretaker with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that Ondra Miller is incapacitated pursuant to the definition in Los Angeles Administrative Code § 4.1008(b) and not capable of performing the duties as a Gardener Caretaker;

WHEREAS, an investigation of the employment record established the age, final compensation, and period of continuous service in accordance with the Los Angeles Administrative Code, and such disability is not the result of the applicant's intemperance or willful misconduct;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the disability retirement benefit for Ondra Miller based upon the claimed disabling conditions.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION | **MEETING: JANUARY 27, 2026**
From: Isaias Cantú, Chief Benefits Analyst IC | **ITEM: V - B**

SUBJECT: **APPROVAL OF DISABILITY RETIREMENT APPLICATION OF RODRIGO URENA AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☒ RECEIVE & FILE: ☐

Recommendation

That, pursuant to Los Angeles Administrative Code § 4.1080.8(b), the Board approve the disability retirement application for Rodrigo Urena based on the claimed disabling conditions and the supporting medical evidence contained in the administrative record, which includes reports by three licensed, practicing physicians.

Background

Rodrigo Urena (Applicant) is a Refuse Collection Truck Operator II in the Department of Public Works Sanitation with 5.02385 years of City Service. The Applicant applied for disability retirement on February 11, 2025, four months outside of the one-year filing period; however, the application was accepted due to the Applicant's open Workers' Compensation claim.

The Applicant's last day on active payroll was November 17, 2023. If approved, the Applicant's retirement effective date would be November 18, 2023.

Accommodation

Because all physicians opined the Applicant is disabled with no form of accommodation that would allow the Applicant to return to work, no inquiries were made with the employing department.

Fiscal Impact

Upon approval, the Applicant would receive a disability retirement allowance of approximately $2,107.00 per month, and a retroactive payment covering 27 months of approximately $56,889.00.

Prepared By: Rachelle Ramiento, Benefits Specialist, Retirement Services Division
Carol Rembert, Benefits Analyst, Retirement Services Division
Claudia Batres-Flores, Sr. Benefits Analyst I, Retirement Services Division

IC:CBF:cr
Attachment: 1. Proposed Resolution

APPROVAL OF DISABILITY RETIREMENT BENEFIT FOR RODRIGO URENA

PROPOSED RESOLUTION

WHEREAS, the General Manager presented certain medical reports and other evidence, and reported that the application filed was in regular and proper form;

WHEREAS, Physicians 1, 2, and 3 examined and concluded Rodrigo Urena is unable to perform their usual and customary duties as a Refuse Collection Truck Operator II with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that Rodrigo Urena is incapacitated pursuant to the definition in Los Angeles Administrative Code § 4.1080.8(b) and not capable of performing the duties as a Refuse Collection Truck Operator II;

WHEREAS, an investigation of the employment record established the age, final compensation, and period of continuous service in accordance with the Los Angeles Administrative Code, and such disability is not the result of the applicant’s intemperance or willful misconduct;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the disability retirement benefit for Rodrigo Urena based upon their claimed disabling conditions.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

From: <u>Governance Committee</u>
Janna Sidley, Chair
Thuy Huynh
Susan Liem

MEETING: JANUARY 27, 2025
ITEM: VI - A

SUBJECT: **BOARD POLICY REVIEW: WHISTLEBLOWER POLICY AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board adopt the proposed Whistleblower Policy as reviewed and approved by the Governance Committee (Committee) on October 28, 2025.

Executive Summary

The 2022 Management Audit recommended that LACERS consider adopting additional policies aligned with industry best practices, including developing a Whistleblower Policy. Staff now presents the proposed Whistleblower Policy to the Board for its consideration.

Discussion

On October 28, 2025, the Committee reviewed the policy draft and recommended its adoption by the Board. This draft policy formalizes the procedures for reporting suspected misconduct, fraud, violation of policies and regulations, or unethical behavior related to LACERS' operations. This policy supports the Board's role in ensuring financial transparency and accountability in the administration of the pension system. Upon Board approval, staff will incorporate the policy into Article II—Board Administrative Policies as Section 3.4 of the Board Manual and subject to triennial review.

Staff is also proposing to rename this section from "Financial, Actuarial, Audit Administration" to "Financial and Administrative Oversight" to more accurately reflect the broader scope of policies it now encompasses.

<u>Prepared By:</u> Chhintana Kurimoto, Management Analyst

TB/EA/LL/CK:ck

Attachments: 1. Report to Governance Committee Dated October 28, 2025

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO GOVERNANCE COMMITTEE
From: Todd Bouey, Interim General Manager

MEETING: October 28, 2025
ITEM: III

SUBJECT: **BOARD POLICY REVIEW: WHISTLEBLOWER POLICY AND POSSIBLE COMMITTEE ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Governance Committee (Committee):

1. Review and approve the Whistleblower Policy; and,
2. Upon Committee approval, send the policy document to the Board of Administration (Board) for final review and adoption.

Executive Summary

The 2022 Management Audit recognized LACERS for adhering to best practices through the adoption of a Board Governance Manual. The audit found that LACERS' existing policies largely align with industry standards and reflect the practices expected of a well-governed public fund. However, it also recommended that LACERS consider adopting additional policies aligned with industry best practices, including the development of a Whistleblower Policy.

Discussion

Staff recommends approval of this policy document, which formalizes the procedures for reporting suspected misconduct, fraud, violation of policies and regulations, or unethical behavior related to LACERS' operations. This policy supports the Board's role in ensuring financial transparency and accountability in the administration of the pension system.

With the Committee's approval and upon Board adoption, the Compensation Policy will be incorporated into Article II – Board Administrative Policies, Section 3.0 of the Board Manual. Staff is also proposing to rename this section from "Financial, Actuarial, Audit Administration" to "Financial and Administrative Oversight" to more accurately reflect the broader scope of policies it now encompasses. Existing policies in this section include: (3.1) Actuarial Funding Policy, (3.2) Voluntary Benefit Deductions Policy, and (3.3) Budget Approval Policy. The Whistleblower Policy will be added as the fourth policy in this section.

Prepared By: Chhintana Kurimoto, Management Analyst

TB/EA/LL/CK

Attachment: 1. Article II, Section 3.4 Whistleblower Policy Draft

3.4 WHISTLEBLOWER POLICY

Purpose

The LACERS Board and Staff are expected to adhere to a code of ethical responsibility in their duties for the Retirement System and discharge their duties with respect to the System and the Plan solely in the interest of the Members and their beneficiaries, with the exclusive purpose of providing benefits to Members and beneficiaries and defraying reasonable expenses of administering the Plan.

This policy outlines the process for reporting suspected misconduct, fraud, violation of policies and regulations, or unethical behavior related to LACERS' operations. It encourages individuals such as Board Members, LACERS Staff, and Other Persons to report any wrongdoing without fear of retaliation and ensures protection while engaging in proper whistleblowing activities under California's Whistleblower Statute, as outlined in California Labor Code Section 1102.5.

This policy is separate from and does not replace existing grievance or complaint resolution procedures provided in an applicable employee Memorandum of Understanding (MOU) agreement.

I. Scope

This policy applies to:

A. Board Members
B. LACERS Staff
C. Other Persons defined as:
- Members of the System
- Contractors, consultants, and vendors
- Any other stakeholders engaging with the System

II. Guidelines

A. It is the policy of the Board that no LACERS Board Member or LACERS Staff may retaliate against anyone who engages in proper whistleblowing activity outlined within the whistleblower provision of the Labor Code.
B. An individual acting in good faith in reporting suspected misconduct, fraud, violations of policies and regulations, or unethical behavior related to LACERS' operations will not be subject to any retaliation, threats, coercion, or similar acts for having disclosed such activities.
C. All individuals covered by this policy shall promptly report any suspected misconduct, fraud, violations of policies and regulations, or unethical behavior related to LACERS' operations.

III. Reportable Activities

Examples of reportable misconduct include, but are not limited to:

A. Fraud, waste, or abuse of System resources
B. Misappropriation of funds, securities, supplies, or other assets
C. Misconduct in investment selection or oversight
D. Conflict of interest or ethics violations
E. Violation of fiduciary duty
F. Disclosing confidential and proprietary information to outside parties
G. Violation of applicable laws or regulations
H. Retaliation against whistleblowers

IV. Reporting Procedures

A. All LACERS staff or members of the public are encouraged to submit any claims or allegations of wrongdoing to LACERS' General Manager or the Human Resources Director. Alternatively, reports may be submitted to LACERS' Public Pension General Counsel or a Board Member if the information involves the General Manager or the Human Resources Director.

LACERS Staff may also submit reports to their direct supervisor or any Executive Management Staff (Assistant General Manager, Chief Investment Officer, or Departmental Auditor Manager) if the information involves the direct supervisor or the Executive Management Staff within their group. Supervisors or Executive Management Staff will be responsible for documenting the report if it is verbal, and will maintain the confidentiality of the employee to the extent possible. All reports will be forwarded to the appropriate personnel by the following business day for evaluation and follow-up. Supervisors must not attempt to investigate the matter themselves.

B. Alternative reporting and other types of allegations:

1. The City has established a Fraud, Waste, and Abuse Unit (FWA Unit) within the Controller's Office. Individuals may submit an online report regarding allegations of fraud, waste, and abuse that relate to or impact City resources at the Controller's Office website at controller.lacity.gov/fwa or by calling the Controller's Fraud Hotline during business hours at (866) 428-1514.

2. Allegations relating to violations of state and City laws regarding campaign financing, lobbying, governmental ethics, misuse of City position, and conflicts of interest may be reported to the City Ethics Commission at ethics.lacity.org/enforcement/#reportaviolation.

3. The California Whistleblower Protection Act authorizes the California State Auditor to receive complaints from state employees and members of the public who wish to report improper governmental activity. Individuals may submit a report using the online form or by calling the Whistleblower Hotline at (800) 952-5665.

4. Allegations relating to harassment and discrimination may be reported to the Personnel Department Office of Workplace Equity. To make a report, contact the Personnel department via the MyVoiceLA website at myvoicela.org.

V. Investigation Process

Section 3.0 FINANCIAL, ACTUARIAL, AUDIT ADMINISTRATION

LACERS will take all appropriate steps to thoroughly evaluate any allegations of improper conduct brought to its attention. All reports are taken seriously, investigated promptly, and acted upon appropriately. The investigation is fact-finding in nature, not disciplinary.

A. All claims or allegations of wrongdoing will be investigated or referred to the appropriate agency or group.

B. Pursuant to Section 3.6.1 of the Board Governance Statement (specifically the Audit Committee Charter), the Audit Committee helps the Board carry out its fiduciary duties. It does this by overseeing and guiding investigations that fall within its responsibilities, such as those involving financial reporting, legal compliance, ethical conduct, and related risks, as defined by the Board. Depending on the nature of the claim, the Audit Committee may facilitate the investigation process under the Board's direction.

C. The Public Pensions General Counsel will review the investigative materials and advise the Board and/or General Manager of any legal measures that may impact LACERS.

D. LACERS Staff shall cooperate with any investigation under this policy.

VI. Confidentiality

A. If desired, all claims or allegations of wrongdoing may be made anonymously, and reasonable efforts will be made to maintain the confidentiality of parties involved. However, the claimant's identity might need to be disclosed to conduct a complete investigation or comply with the law.

B. LACERS Staff or any person who is interviewed or otherwise involved in the investigation process is required to keep all information strictly confidential, unless specifically authorized to do so by the investigative team. Failure to comply may result in disciplinary action.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

From: <u>Governance Committee</u>
Janna Sidley, Chair
Thuy Huynh
Susan Liem

MEETING: JANUARY 27, 2026
ITEM: VI – B

SUBJECT: **BOARD POLICY REVIEW: COMPENSATION POLICY AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board of Administration (Board) adopt the proposed Compensation Policy as reviewed and approved by the Governance Committee (Committee) on October 28, 2025.

Executive Summary

The 2022 Management Audit identified several best practice policies for LACERS' consideration, including a formal Compensation Policy. Staff now presents the proposed Compensation Policy to the Board for its consideration.

Discussion

In the Management Audit, adopting a Compensation Policy is intended to complement another recommendation: granting LACERS greater autonomy in staff hiring. Currently, LACERS has limited authority in this area, primarily concerning the General Manager.

As a result, on October 28, 2025, the Committee reviewed a policy that reflects existing authority and introduces a compensation study framework, laying the foundation for future discussions on LACERS' efforts to increase autonomy over hiring of staff. The policy incorporates relevant Charter provisions governing the Board's role in the General Manager's compensation and performance evaluation, and highlights LACERS' participation in external compensation studies and any additional studies directed by the Board to support benchmarking efforts. Following its review, the Committee recommends Board adoption of the policy.

Upon Board approval, staff will incorporate this policy into Article II – Board Administration Policies, as Section 3.5 of the Board Manual, subject to triennial review.

Prepared By: Lisa Li, Management Analyst

TB/DW/EA/CK:ll

Attachment 1: Report to Governance Committee dated October 28, 2025

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO GOVERNANCE COMMITTEE **MEETING: OCTOBER 28, 2025**
From: Todd Bouey, Interim General Manager **ITEM: IV**

SUBJECT: **BOARD POLICY REVIEW: COMPENSATION POLICY AND POSSIBLE COMMITTEE ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Governance Committee (Committee):

1. Review and approve the Compensation Policy; and,
2. Upon Committee approval, send the policy document to the Board of Administration (Board) for final review and adoption.

Executive Summary

At the September 23, 2025 meeting, the Committee reviewed four compensation policy options and selected a hybrid approach. This model codifies the Board of Administration (Board) authority over General Manager performance pay while initiating a framework for compensation studies focused on executive and investment roles. Staff is now returning with a draft policy for the Committee's review and approval.

Discussion

The proposed Compensation Policy has been developed to ensure alignment with the Board's legal authority under the Los Angeles City Charter while also supporting transparency and sound governance. It incorporates the relevant provisions of Charter Sections 508(f) and 1108(c), both of which define the Board's specific responsibilities regarding the General Manager's compensation and performance evaluation.

Additionally, the draft policy outlines key components of a compensation study framework related to LACERS' executive and investment positions. The framework begins by outlining the objectives of the compensation studies, which include evaluating how LACERS' compensation for executive and investment staff compares to industry benchmarks. Although the Board lacks authority over staff compensation, the policy emphasizes the importance of staying proactively engaged in workforce planning. Accordingly, LACERS will participate in compensation surveys conducted by external organizations to support ongoing benchmarking efforts and will carry out compensation studies as directed by the Board.

The last time a compensation study was conducted by LACERS was in 2021 for investment classifications, in which it was discovered that LACERS' Chief Investment Officer is compensated 11% to 20% below the market median. In response to the 2021 compensation study, the Board directed the General Manager to reach out to the Office of the City Administrative Officer for further discussions. However, no notable direct action was taken.

Nevertheless, this regular assessment helps the Board identify potential gaps and risks related to recruitment and retention. Finally, the policy explains how the findings of these studies will be used. While they do not trigger automatic changes, the results will provide a foundation for discussions with City leadership.

Through the establishment of this policy, LACERS is taking a proactive governance step that allows the Board to fulfill its fiduciary duty by staying informed on critical workforce issues and ensuring the Board is well-prepared to support future opportunities that enhance organizational effectiveness.

With the Committee's approval and upon Board adoption, the Compensation Policy will be incorporated into Article II – Board Administrative Policies, Section 3.0 of the Board Manual. Existing policies in this section include: (3.1) Actuarial Funding Policy, (3.2) Voluntary Benefit Deductions Policy, and (3.3) Budget Approval Policy. The Compensation Policy will be added as the fifth policy in this section pending the Whistleblower Policy approval and adoption by the Board as the fourth policy.

Prepared By: Lisa Li, Management Analyst

TD/DW/EA/CK:ll

Attachments: 1. Article II, Section 3.5 Compensation Policy Draft
2. Report to Governance Committee dated September 9, 2025

3.5 COMPENSATION POLICY

Purpose

In order to meet its fiduciary obligations to Members, the LACERS Board of Administration (Board) must have access to a highly skilled and stable workforce capable of implementing complex investment strategies, managing risks, and ensuring operational compliance. This policy formalizes the Board's oversight in aligning executive compensation with performance outcomes, particularly merit-based pay increases for the General Manager. The classes and salaries of positions within LACERS are established by the Los Angeles Administrative Code Section 4.61. The City's Classification Plan includes salary ranges and salaries alongside the classes, codes, and titles known as "Schedule A." However, the Board retains plenary authority to grant merit-based pay to its General Manager to ensure that executive leadership is accountable for delivering results that align with the long-term interests of Members. Moreover, this approach is considered best practice as it promotes transparency, reinforces performance, and helps retain high-caliber leadership essential to long-term sustainability in the management of LACERS.

Additionally, this policy also establishes a framework for periodic salary studies that assesses whether the City's compensation adjustments for Executive and Investment roles are competitive against relevant labor markets. These studies ensure the Board is better equipped to make informed decisions that support recruitment and retention of skilled professionals, which is essential to meeting the organization's mission and fiduciary responsibilities.

General Manager Compensation Plan

The General Manager Compensation Plan is governed by provisions in the Los Angeles City Charter. It outlines the applicable salary range and process for merit-based increases.

A. Base Compensation Framework

The Los Angeles City Charter Section 508(f) requires that the amount of compensation for the General Manager be adjusted by the appointing commission within guidelines established by the City Council.

The General Manager's salary range is set by City Ordinance, with compensation between M-7 and M-13. Each M range identifies specific classifications entitled to compensation within the range. The GM—LACERS (Class Code 9150) is currently set at the M-9 salary range level.

B. Charter Authority and Merit Pay

Per City Charter Section 1108(c), the Board is required to conduct an annual evaluation and may consider a merit pay increase in accordance with Council guidelines. Any increase is subject to the Mayor and City Council's final approval.

The Board may approve a merit salary adjustment between 0 to 5% effective at the start of the following fiscal year, based on the performance evaluation of the current fiscal year. However, the salary range established for General Manager positions encompasses merit pay. Therefore, any merit pay approved by the Board that would result in compensation exceeding the established maximum cannot be implemented.

Compensation Studies

While Charter provisions provide the foundation for Executive compensation, compensation studies offer the data and context needed to inform decisions within a broader market. Properly constructed compensation studies conducted by qualified compensation professionals to assess LACERS' Executive and Investment positions against comparable market benchmarks will provide the Board with insight into appropriate compensation and reinforce the Board's fiduciary oversight. Codifying this process enhances transparency and long-term workforce planning.

A. Study Objectives

Through salary studies, the Board will have market-based reference points that serve as objective standards that inform decisions. A properly constructed compensation study will achieve the following objectives:

- Collect and analyze salary data from employers similar to LACERS
- Evaluate internal pay relationships within job families
- Support consistent and defensible compensation practices aligned with public sector standards and organizational values
- Identify recruitment and retention risks
- Provide credible, market-based data to support the Board's efforts to pursue expanded authority over compensation decisions aligned with its governance and fiduciary responsibilities
- Promote organizational readiness to assume compensation setting responsibilities, should the authority for staff and compensation autonomy be granted

B. Study Frequency and Application

LACERS shall annually participate in public pension compensation surveys conducted by reputable third-party organizations to maintain visibility into external labor market trends. Survey results and key findings will be provided to the Board. These surveys provide timely insights that complement formal Board-directed salary studies enhancing the Board's ability to make informed decisions.

As requested by the Board, directed salary studies may be conducted as needed in response to significant changes in economic conditions, workforce dynamics, organizational strategy, or other objectives of the Board.

The studies will assist the Board in exercising effective oversight of compensation practices and, if necessary, in pursuing changes to existing authority structures to better align with its

Section 3.0 FINANCIAL, ACTUARIAL, AUDIT ADMINISTRATION

fiduciary responsibility to attract and retain highly qualified professionals essential to the administration of the Plan.

The Compensation Policy shall be reviewed by the Board at least every three to five years to ensure that it remains relevant and appropriate.

GC Meeting: 10/28/25
Item IV
Attachment 2

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO GOVERNANCE COMMITTEE **MEETING: SEPTEMBER 23, 2025**
From: Todd Bouey, Interim General Manager **ITEM: IV**

TBouey

SUBJECT: **BOARD POLICY REVIEW: COMPENSATION POLICY AND POSSIBLE COMMITTEE ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Governance Committee (Committee) provide direction on whether to pursue the development of a Compensation Policy and, if so, the appropriate scope and structure of such a policy.

Executive Summary

The 2022 Management Audit commended LACERS for its comprehensive Board Governance Manual and the presence of most key governance policies. However, the audit also identified several best-practice policies to consider for adoption, including a formal Compensation Policy. However, the rationale for adopting such a policy is intended to complement the recommendation that LACERS be given autonomy in staff hiring. As LACERS currently does not have that authority, except to a certain extent over the General Manager, staff is proposing four potential options to move forward with the policy discussion.

Discussion

LACERS' current authority to set compensation is limited to the General Manager position, as provided under Los Angeles City Charter Section 508(f). This provision allows the Board to approve merit-based compensation adjustments for the General Manager, provided that such adjustments remain within the salary guidelines adopted by the City Council and are subject to confirmation by the Mayor and Council. All other staff positions fall under the City's Civil Service system, which governs classification, hiring, and compensation.

In light of these constraints, staff has identified four potential courses of action for the Committee to consider:

1. Defer Policy Adoption

   Given that the Compensation policy was intended to accompany the establishment of LACERS' independent hiring authority, one option is to defer its adoption until that authority is formally granted.

Deferral can avoid internal or external confusion regarding who is governed by the policy and under what circumstances, given that LACERS continues to follow the City's existing compensation framework. Staff and stakeholders can also consistently be directed to the City's established policies, avoiding ambiguity that LACERS may be operating under a separate system.

With no formal compensation policy in place amongst LACERS' peer pension systems within the City, it would be reasonable for LACERS to take a measured approach and revisit this discussion once the appropriate authority has been granted.

2. Develop a Narrow Compensation Policy Focused on General Manager Performance Pay

Although LACERS does not have autonomy over staff hiring and compensation, the Los Angeles City Charter Section 508(f) does grant the LACERS' Board of Administration the authority to approve merit-based compensation adjustments for the General Manager, provided that increases are within the salary guidelines adopted by the City Council. Therefore, it is within reason for LACERS to have a Compensation policy addressing the General Manager's merit pay, which brings transparency and structure to the existing authority. Having a policy in place would also demonstrate commitment to good governance and best practices.

Other public pension systems within California, such as the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS), do not have complete autonomy over all staff hiring and compensation but maintain independent authority over their executive and investment management positions and have established compensation policies specifically for these positions. If this option were to be adopted, LACERS would be following a comparable model by adopting a policy limited only to its areas of authority.

3. Establish LACERS' Strategic Goal Toward Staffing Autonomy

Separately, LACERS can adopt a policy that states the Board's need to recruit and retain the most qualified professionals is paramount to meet its fiduciary responsibilities. Autonomy in setting compensation is recognized as best practice, reinforcing the fiduciary duty of public pension systems, and was also a recommendation of the recent management audit. This policy could establish a regular salary study framework for Executive and Investment Officer roles to benchmark against the City's compensation structure and provide transparency on whether the compensation structure limits LACERS' ability to attract the most qualified individuals to LACERS. This approach would also underpin future efforts to seek Charter reform or other mechanisms to expand the Board's authority.

While this may not constitute a comprehensive Compensation Policy, it retains foundational elements, particularly the competitive salary benchmarking, that are embedded in the compensation policies of CalPERS and CalSTRS.

4. Consider a Hybrid Approach

Finally, the Board may consider a hybrid approach that combines the immediate adoption of a General Manager Compensation Policy with the establishment of a strategic framework for broader compensation benchmarking. This option would allow LACERS to take action within its current authority while also laying the groundwork for long-term governance enhancements. It would address the audit recommendation to the extent practicable and align with best practices observed in other public pension systems.

Staff seeks the Committee's direction on which option or other alternative to pursue and will return with a draft policy or framework based on the Committee's guidance.

Prepared By: Lisa Li, Management Analyst

TB/EA/CK/LL

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION
From: Todd Bouey, General Manager

MEETING: JANUARY 27, 2026
ITEM: VI - C

SUBJECT: **ASSISTANT GENERAL MANAGER CANDIDATE TRAVEL AUTHORITY AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board authorize reimbursement of travel expenses for Assistant General Manager finalist candidates; in accordance with the Controller's Travel Policy; not to exceed $1,000 per out-of-town candidate per interview; and not to exceed a total of $4,000 for all candidate travel expenses.

Discussion

Candidates for the LACERS Assistant General Manager position may reside outside of the Los Angeles area. As it is for the benefit of LACERS, and common practice in executive recruitment, LACERS will provide reimbursement of travel expenses for out-of-town candidates. Out-of-town candidates are interviewees who reside outside the geographic boundaries of Los Angeles County and more than 50 miles away from the interview location.

For out-of-town candidates invited to interview, LACERS will arrange round trip transportation and one-night hotel stay through the City's pre-authorized travel vendor(s). Reimbursement shall be limited to transit between residence and Los Angeles; lodging; ground transportation to and from the transit station to lodging and the interview location; and a per diem at the Federal rate for meals and incidental expenses. LACERS will only provide reimbursement for reasonable travel expenses that meet the requirements of the Controller's Travel Policy, not to exceed $1,000 per out-of-town candidate, per interview; and not to exceed a total of $4,000 for all candidates travel expenses.

Prepared By: Abegaye King, Senior Management Analyst I

TB/EA/HA:ak

Attachment 1: Assistant General Manager Candidate Travel Authority and Possible Board Action Resolution

ASSISTANT GENERAL MANAGER CANDIDATE TRAVEL AUTHORITY AND POSSIBLE BOARD ACTION

PROPOSED RESOLUTION

WHEREAS, candidates for the LACERS Assistant General Manager position may reside outside of the Los Angeles area, and it is for the benefit of LACERS and common practice in executive recruitment to provide reimbursement of travel expenses for out-of-town candidates;

WHEREAS, out-of-town candidates are defined as interviewees who reside outside the geographic boundaries of Los Angeles County and more than 50 miles away from the interview location;

WHEREAS, for out-of-town candidates invited to interview as a finalist, LACERS will arrange round trip transit and one-night hotel stay in Los Angeles, ground transportation to and from the transit station to lodging and the interview location, and a per diem at the Federal rate for meals and incidental expenses;

WHEREAS, LACERS will only provide reimbursement for reasonable travel expenses that meet the requirements of the Controller's Travel Policy, not to exceed $1,000 per out-of-town candidate per interview, and not to exceed a total of $4,000 for all candidates travel expenses;

NOW, THEREFORE BE IT RESOLVED, that the Board hereby authorizes reimbursement of travel expenses for Assistant General Manager candidates under the terms described above, and directs the General Manager to implement this policy consistent with Controller guidelines.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION | **MEETING: JANUARY 27, 2026**
From: Todd Bouey, General Manager | **ITEM: VI - D**

SUBJECT: **CONTRACT AWARD TO CUSHMAN & WAKEFIELD, INC. FOR PROPERTY MANAGEMENT SERVICES AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board:

1. Award the Property Management contract to Cushman & Wakefield, Inc. for a three-year term, beginning May 1, 2026, not to exceed $660,684; and,
2. Authorize the General Manager to negotiate and execute the contract.

Executive Summary

The RFP opportunity was promoted on both the LACERS website and the Regional Alliance Marketplace for Procurement (RAMPLA) website, which also distributed notifications to interested firms. Three qualified firms submitted proposals for consideration to provide LACERS with Property Management Services and successfully completed the Request for Proposals (RFP) process.

After evaluating the proposals received, staff recommends awarding Cushman & Wakefield, Inc. (C&W) a three-year contract for property management services for the LACERS headquarters building at 977 North Broadway.

Discussion

In October 2019, LACERS acquired the partially unfinished five-story building located at 977 North Broadway to serve as its headquarters. In 2021, LACERS, in partnership with its asset management consultant, Invesco Advisors Inc. (Invesco), engaged C&W to provide property management services. These services included managing tenants and lease negotiations; establishing contracts for engineering, security, and other building-related services; and preparing the facility for tenant improvement projects scheduled for 2021–2023. Invesco negotiated an initial five-year contract term with C&W, effective May 1, 2021, through April 30, 2026.

On July 28, 2025, LACERS issued a Request for Proposals (RFP) for Property Management Services, with submissions due by September 5, 2025. The opportunity was advertised on the LACERS website and the RAMPLA portal, which notifies firms interested in doing business with local municipal organizations, including LACERS.

The RFP outlined the required property management services that included, but were not limited to:

1. Compliance with LACERS and governmental requirements;
2. First-class professional management of the Property, including assistance with special reports, presentations, and related materials;
3. Preparation of monthly, quarterly, and annual financial reports for property operations and capital expenditures;
4. Staffing and maintaining an on-site office to operate and manage the Property;
5. Soliciting bids, estimates, and contract proposals for services, and executing contracts subject to written approval;
6. Collecting income, conducting property maintenance inspections, overseeing contractors, and managing tenant communications; and
7. Managing property-related financial matters; and other as-needed services.

LACERS received six proposals. Of those six, three firms failed to satisfy the minimum requirements and were no longer considered for the opportunity. Three firms, Dow Property Group, Inc. (DPG), EBS Asset Management Inc. (EBS), and C&W submitted fully complete and responsive proposals. These three firms met the RFP qualifications, which included a minimum level of experience, submission of requested information and forms in the required timeframe and manner requested; and acknowledgment of acceptance of the City and LACERS' standard contracting terms, or to otherwise state substitutions for consideration by LACERS. Additionally, all three firms exceeded the minimum qualification of five years' experience in commercial property management.

An evaluation panel of five LACERS Administrative Division staff reviewed and scored the proposals based on: (1) Professionalism in responding to the RFP; (2) Proposed Scope of Service and Methodology to meet LACERS' objectives and schedules; (3) Qualifications, Experience, and Accomplishments of the team serving on the management team for LACERS; and (4) Value of Cost.

After completing the evaluations, the RFP panel recommends awarding the Property Management Services contract to C&W.

The following costs contribute to the proposed first-year and total contract term amounts:

Item	Year 1 Amount + annual 3% increase	Contract Term Amount
Management Fee	$48,698	$150,522
Two Property Managers	$156,042	$482,312
Equipment Fees	$8,121	$24,850
Cost Appraisal	$3,000 (every 3 years)	$3,000
TOTAL	**$212,861**	**$660,684**

This amount does not include costs associated with additional contractors for building-related services such as security, engineering, custodial, or related services. These costs are budgeted under the annual Operating and Capital facilities budget.

In the second year of the three-year contract, staff will prepare and present options for the Board's consideration regarding property management services beyond the initial proposed three-year term. These options may include exercising contract amendments, initiating a new competitive solicitation, or recommending other actions that best serve LACERS' interests.

Prepared By: Kristen Szanto, Management Analyst

TB/EA/HA:ks:ak

Attachment 1: Proposed Resolution

**CONTRACT AWARD TO CUSHMAN & WAKEFIELD, INC.
FOR PROPERTY MANAGEMENT SERVICES
AND POSSIBLE BOARD ACTION**

PROPOSED RESOLUTION

WHEREAS, in October 2019, LACERS acquired the partially unfinished five-story building located at 977 North Broadway (the Property) to serve as its headquarters;

WHEREAS, in 2021, LACERS, in partnership with its asset management consultant, Invesco Advisors Inc. (Invesco), engaged Cushman & Wakefield, Inc. (C&W) to provide property management services, including tenant management, lease negotiations, building service contracts, and preparation for tenant improvement projects scheduled for 2021–2023, under an initial five-year contract term effective May 1, 2021, through April 30, 2026;

WHEREAS, on July 28, 2025, LACERS issued a Request for Proposals (RFP) for Property Management Services, advertised on the LACERS website and the RAMPLA portal, with submissions due by September 5, 2025;

WHEREAS, the RFP outlined required services including compliance with LACERS and governmental requirements, professional management of the Property, preparation of financial reports, on-site staffing, solicitation and execution of service contracts, income collection, property maintenance, tenant communications, and management of property-related financial matters;

WHEREAS, LACERS received six proposals, of which three met all qualifications, and an evaluation panel of five LACERS Administrative Division staff reviewed and scored proposals based on professionalism, proposed scope and methodology, qualifications and experience, and cost value;

WHEREAS, after completing evaluations, the panel recommends awarding the Property Management Services contract to C&W;

NOW, THEREFORE BE IT RESOLVED, that the Board hereby approves awarding the Property Management Services contract to C&W and authorizes the General Manager to execute the necessary documents, with the following terms, and subject to City Attorney review:

COMPANY NAME:	Cushman & Wakefield, Inc.
SERVICE PROVIDED:	Commercial Property Management Services
TERM:	May 1, 2026, to April 30, 2029
TOTAL EXPENDITURE AUTHORITY:	$660,684

Board Meeting: 01/27/26
ITEM VII-B

Aksia LLC

Los Angeles City Employees' Retirement System
Private Credit Portfolio Performance Report
As of June 30, 2025

Aksia
New York • London • Tokyo

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TABLE OF CONTENTS

Private Credit Portfolio Summary as of June 30, 2025

- As of June 30, 2025, Total Plan Market Value increased year-over-year by ~4.8% to ~$25.2 billion
- As of June 30, 2025, the Private Credit portfolio's fair market value of ~$486 million represented 1.9% of Total Plan Market Value

Aggregate Portfolio PRIVATE CREDIT Exposure Summary	
Total Plan Market Value	$25,227,558,527
Private Credit Exposure Target (%)	5.75%
Private Credit Exposure Target ($)	$1,450,584,615
Private Credit Exposure (%)	1.9%
Private Credit Fair Market Value ("FMV")	$486,443,698

- 2025 commitment pacing target is between $600mm and $700mm

Private Credit Portfolio Snapshot Year-Over-Year (6/30/2024 through 6/30/2025)

- Since the inception of the LACERS Private Credit program in 2020, LACERS has committed $1.1 billion to 16 partnerships, of which all remain active as of 06/30/2025
- For the last 12 months, contributions (-$271 million) outpaced distributions (+$54 million)
- Over this same period, the fair market value of the Private Credit portfolio increased by $261 million
- Since inception in Sep'20, the Private Credit portfolio has generated a net TVPI of 1.17x and a net IRR of 10.4%

Aggregate Portfolio Snapshot ($ millions)

Portfolio Since Inception	6/30/2025	6/30/2024	Change (+/-)
Partnerships	16	5	+11
Active	16	5	+11
Inactive	0	0	0
Sponsors	16	5	+11
Investment To Date Contributions	$501	$230	+$271
Investment To Date Distributions	$98	$43	+$54
Fair Market Value	$486	$225	+$261
TVPI[1,2]	1.17x	1.17x	0.00x
Net IRR[1]	10.4%	8.9%	1.5%

[1]Total Value to Paid In Capital ("TVPI") equals (Cumulative Distributions + Fair Market Value) / (Cumulative Contributions)
[2]TVPI and IRR figures rounded.

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10 Largest Sponsor Relationships (by Total Exposure[1])

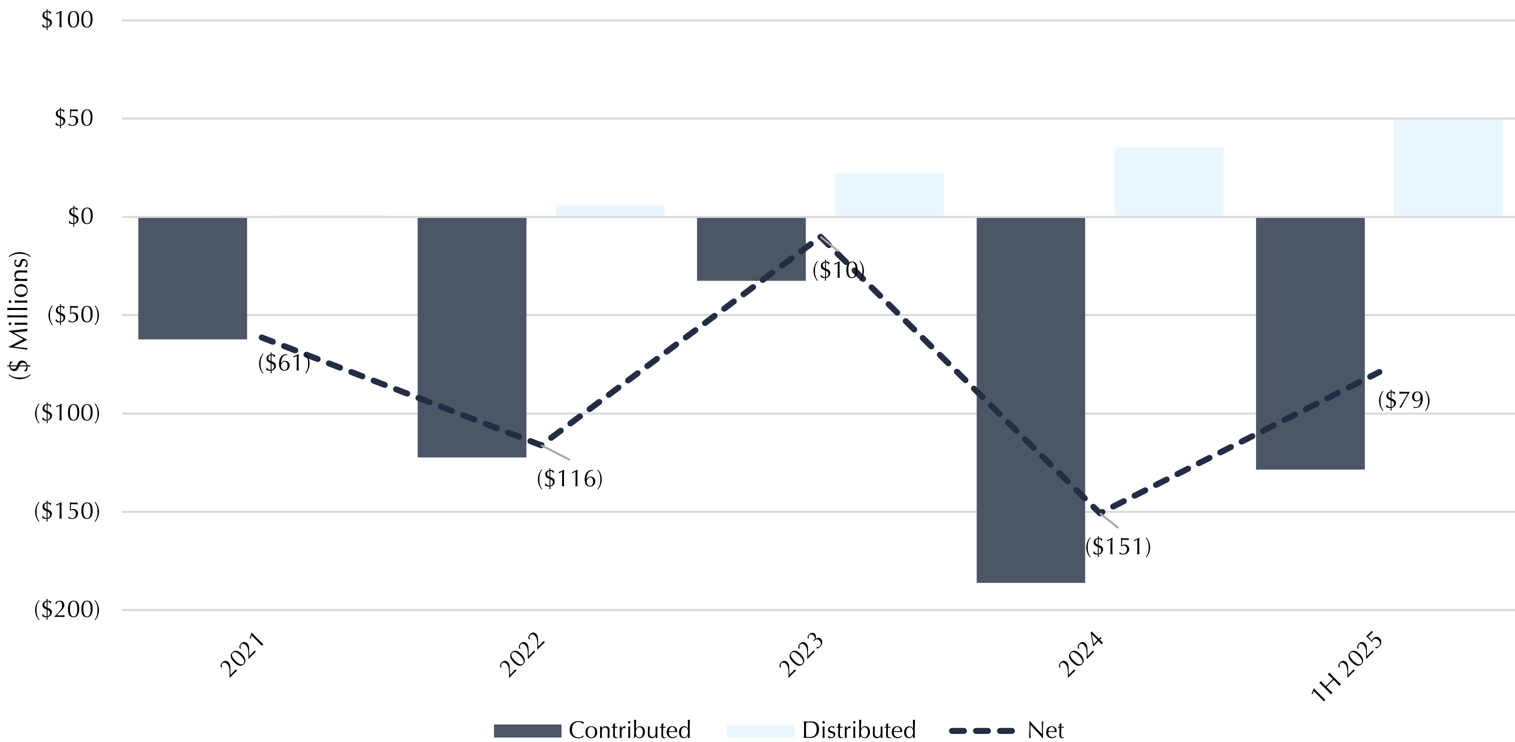
- The top 10 sponsors account for 94.2% of total exposure and of active portfolio commitments

Firm	Number of Active Funds	Active Commitments	% of Total Active Commitments	Exposure (FMV + Unfunded)	% of Total Exposure	TVPI[2,3]	Net IRR[3,4]
TPG Inc.	3	$200,000,000	18.8%	$206,231,118	19.0%	1.12x	n.m.
Monroe Capital Management Advisors LLC	1	$100,000,000	9.4%	$102,575,675	9.5%	1.27x	9.4%
ICG plc	1	$100,000,000	9.4%	$102,416,318	9.5%	1.10x	n.m.
HPS Investment Partners LLC	1	$100,000,000	9.4%	$102,314,153	9.4%	1.09x	n.m.
Silver Point Capital LP	1	$100,000,000	9.4%	$101,477,029	9.4%	1.11x	n.m.
Crescent Capital Group LP	1	$100,000,000	9.4%	$99,623,841	9.2%	1.15x	11.1%
Benefit Street Partners LLC	1	$100,000,000	9.4%	$99,345,677	9.2%	1.24x	7.5%
Dawson Partners	1	$70,000,000	6.6%	$73,545,161	6.8%	1.07x	n.m.
400 Capital Management LLC	1	$70,000,000	6.6%	$71,945,452	6.6%	1.10x	n.m.
Quantum Energy Partners	2	$60,000,000	5.7%	$60,516,251	5.6%	1.02x	n.m.

Data as of June 30, 2025
[1]Total Exposure represents NAV plus unfunded commitments
[2]Total Value to Paid In Capital ("TVPI") equals (Cumulative Distributions + Fair Market Value) / (Cumulative Contributions)
[3]TVPI and IRR figures rounded
[4]IRRs of investments held less than two years generally is not a meaningful indicator of performance and are therefore labeled "n.m."

PRIVATE CREDIT Program Cash Flow Profile Over Time

- LACERS's Private Credit portfolio is relatively new. As such, it has been largely cash flow negative, with capital calls greater than capital distributions. The portfolio is expected to be cashflow positive once it matures.



Data as of June 30, 2025

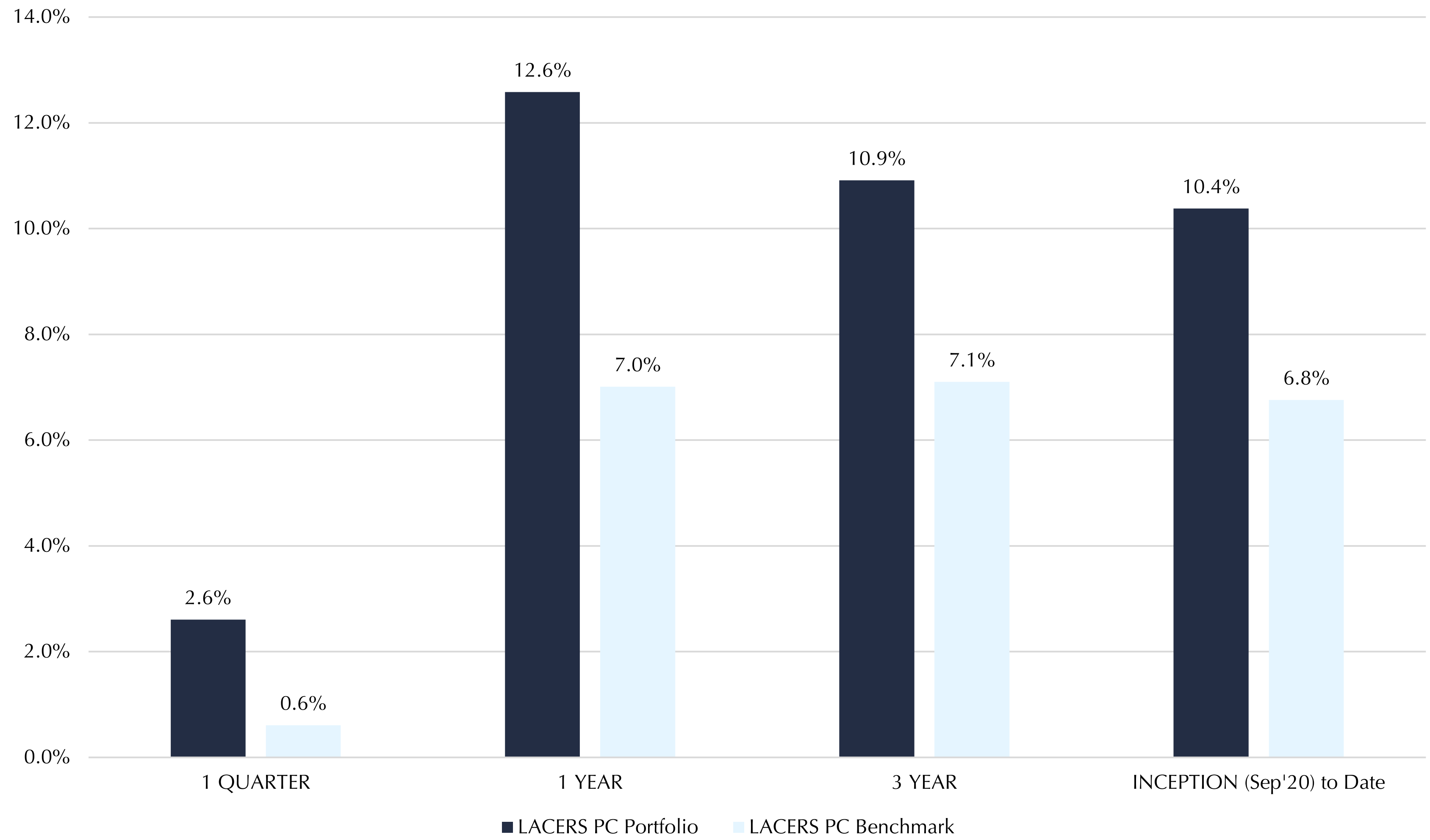
New Investments made in Q1 2025 & Q2 2025

- Commitments were made to 4 different funds totaling $195.0 million
  - 2 commitments were made to new sponsor relationships ($95.0mm)
  - 2 commitments were made to existing sponsor relationships ($100.0mm)
  - The average commitment amount was $65.0 million per sponsor
  - 1 commitment was made to emerging manager ($25.0mm)

Closing Date	Sponsor[1]	Partnership	Fund Size[2] ($ millions)	New or Existing	Investment Strategy	Commitment Amount[3] ($ millions)
1/17/2025	Mavik Capital Management LP	Mavik Real Estate Special Opportunities Fund 2	$526	New	Real Estate Distressed	$25
4/1/2025	Dawson Partners	Dawson Portfolio Finance 6	$7,720	New	PE Portfolio Finance	$70
6/18/2025	TPG Inc.	TPG Twin Brook Direct Lending Fund VI	$1,552	Existing	U.S. Direct Lending	$85
6/25/2025	TPG Inc.	TPG TBDL Co-Invest Fund VI	N/A	Existing	U.S. Direct Lending	$15
Total	**3**	**4**				**$195**

[1]Qualifies as an Emerging Manager based on LACERS' definition.
[2]Total capital raised as confirmed by the general partner. If the general partner has yet to provide closing data, the fund size will represent the target fund size. N/A denotes the data is not available.
[3]Commitments denominated in foreign currencies are converted to USD using the adjusted closing exchange rate as of the date the General Partner executes the accepted commitment on client subscription documents.

Horizon Returns for LACERS' Private Credit Program vs. Benchmark*



Data as of June 2025
LACERS benchmark: S&P UBS LL index (Sep'20 (inception) - Jun'25) and S&P UBS LL index + 200bps (starting Jul'25). Benchmark data provided by Northern Trust.
IRR figures rounded

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Performance by Strategy and Sub-Strategy (Inception-to-Date)

Strategy / Sub-Strategy	USD Commitment	USD Contributions	Percent Called	USD Distributions	Percent Distributed	USD Fair Market Value	TVPI[1,2]	Net IRR[2,3]
European Direct Lending	200,000,000	96,547,387	48%	21,408,623	10.7%	87,948,120	1.13x	11.6%
Global Direct Lending	100,000,000	28,266,905	28%	1,115,319	1.1%	29,814,153	1.09x	n.m.
U.S. Direct Lending	536,514,444	308,188,905	57%	65,398,509	12.2%	304,969,774	1.20x	9.5%
Direct Lending	**836,514,444**	**433,003,197**	**52%**	**87,922,451**	**10.5%**	**422,732,047**	**1.18x**	**10.0%**
Opportunistic Structured Credit	70,000,000	24,878,233	36%	610,287	0.9%	26,823,685	1.10x	n.m.
Real Estate Distressed	25,000,000	0	0%	0	0.0%	0	-	n.m.
Distressed Debt & Special Situations	**95,000,000**	**24,878,233**	**26%**	**610,287**	**0.6%**	**27,466,228**	**1.13x**	**n.m.**
Energy Credit	60,000,000	10,600,996	18%	212,752	0.4%	10,648,306	1.02x	n.m.
Real Assets Credit	**60,000,000**	**10,600,996**	**18%**	**212,752**	**0.4%**	**10,648,306**	**1.02x**	**n.m.**
PE Portfolio Finance	70,000,000	32,103,899	46%	8,901,707	12.7%	25,597,117	1.07x	n.m.
Specialty Finance	**70,000,000**	**32,103,899**	**46%**	**8,901,707**	**12.7%**	**25,597,117**	**1.07x**	**n.m.**
Total	1,061,514,444	500,586,325	47%	97,647,197	9.2%	486,443,698	1.17x	10.4%

Data as of June 2025
Private Credit portfolio inception in Sep'20. LACERS' Legacy PC portfolio comprises: Benefit Street Partners SMA (Sep'20), Crescent SMA (Sep'21), Monroe Capital SMA (Nov'21).
[1]Total Value to Paid In Capital ("TVPI") equals (Cumulative Distributions + Fair Market Value) / (Cumulative Contributions)
[2]TVPI and IRR figures rounded
[3]IRRs of investments held less than two years generally is not a meaningful indicator of performance and are therefore labeled "n.m."

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APPENDIX

- Investment Performance – Q2 2025
- Exposure Summary – Q2 2025

Private Credit Investment Performance as of June 30, 2025

Fund Name	Strategy	Sub-Strategy	Vintage Year	USD Commitment	USD ITD Contributions	USD ITD Distributions	USD Fair Market Value	Net TVPI[1,2]	Net IRR[2,3]
400 Capital Asset Based Onshore Term Fund IV	Distressed Debt & Special Situations	Opportunistic Structured Credit	2023	70,000,000	24,878,233	610,287	26,823,685	1.10	n.m.
AG Direct Lending Fund V	Direct Lending	U.S. Direct Lending	2022	100,000,000	65,156,958	4,399,609	68,731,118	1.12	n.m.
Benefit Street Partners SMA-L	Direct Lending	U.S. Direct Lending	2020	100,000,000	100,000,000	29,952,140	93,783,904	1.24	7.5%
Centre Lane Credit Partners Fund III	Direct Lending	U.S. Direct Lending	2022	25,000,000	9,715,370	4,343,546	7,061,160	1.17	n.m.
Crescent LACERS SMA Partnership	Direct Lending	European Direct Lending	2021	100,000,000	58,833,181	18,000,239	49,904,288	1.15	11.1%
Dawson Portfolio Finance 6	Specialty Finance	PE Portfolio Finance	2023	70,000,000	32,103,899	8,901,707	25,597,117	1.07	n.m.
HPS Specialty Loan Fund VI-L, SCSp	Direct Lending	Global Direct Lending	2023	100,000,000	28,266,905	1,115,319	29,814,153	1.09	n.m.
ICG Senior Debt Partners Fund 5-C (USD Leveraged) SCSp	Direct Lending	European Direct Lending	2023	100,000,000	37,714,206	3,408,384	38,043,832	1.10	n.m.
Mavik Real Estate Special Opportunities Fund 2	Distressed Debt & Special Situations	Real Estate Distressed	2024	25,000,000	-	-	-	-	n.m.
Monroe Capital Private Credit Fund L	Direct Lending	U.S. Direct Lending	2021	100,000,000	90,000,000	21,813,540	92,575,675	1.27	9.4%
Putnam Hill Private Credit Fund (Leveraged)	Direct Lending	U.S. Direct Lending	2025	11,514,444	2,221,866	37,299	2,102,573	0.96	n.m.
Quantum Capital Solutions II	Real Assets Credit	Energy Credit	2023	50,000,000	9,022,875	177,293	8,850,503	1.00	n.m.
Quantum Capital Solutions II Co-Investment Fund	Real Assets Credit	Energy Credit	2023	10,000,000	1,578,121	35,459	1,797,803	1.16	n.m.
Silver Point Specialty Credit Fund III	Direct Lending	U.S. Direct Lending	2022	100,000,000	41,094,711	4,852,375	40,715,344	1.11	n.m.
TPG TBDL Co-Invest Fund VI	Direct Lending	U.S. Direct Lending	2025	15,000,000	-	-	-	-	n.m.
TPG Twin Brook Direct Lending Fund VI	Direct Lending	U.S. Direct Lending	2025	85,000,000	-	-	-	-	n.m.
LACERS PC - Active				1,061,514,444	500,586,325	97,647,197	486,443,698	1.17	10.4%

Data as of June 30, 2025

[1]Total Value to Paid In Capital ("TVPI") equals (Cumulative Distributions + Fair Market Value) / (Cumulative Contributions)

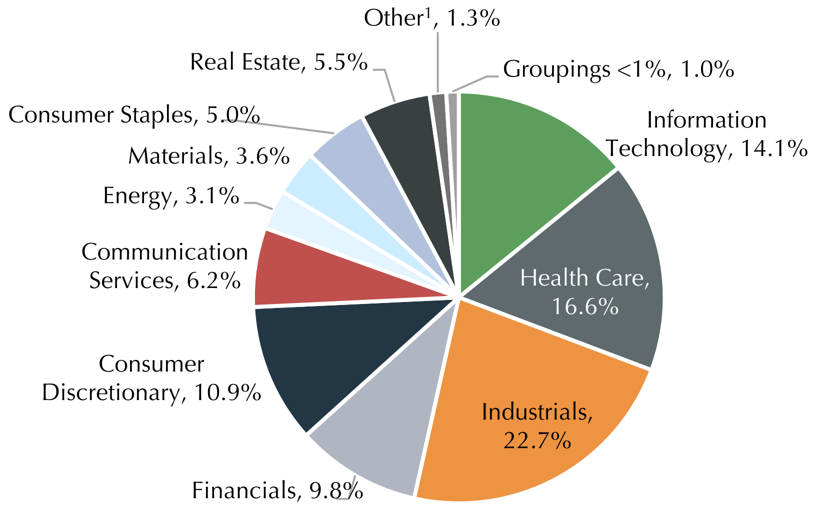
[2]TVPI and IRR figures rounded

[3]IRRs of investments held less than two years generally is not a meaningful indicator of performance and are therefore labeled "n.m."

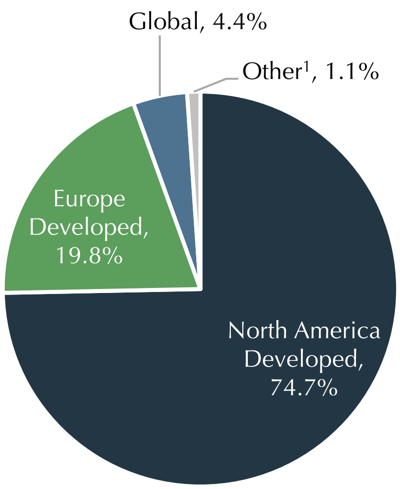
Private Credit Exposure Summary as of June 30, 2025

- Private Credit portfolio is diversified across Industry and Geography

Exposure by Industry



Exposure by Geography



Data as of June 30, 2025
Exposure based on NAV
[1]Other represents the total of investments in industries or geographies that constitute <1% of the NAV

Disclaimers

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LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

From: Investment Committee
Thuy T. Huynh, Chair
Gaylord "Rusty" Roten
Susan Liem

MEETING: JANUARY 27, 2026
ITEM: VII - C

SUBJECT: **PRESENTATION BY AKSIA LLC OF THE PRIVATE CREDIT PROGRAM 2026 STRATEGIC PLAN AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board adopt the Private Credit Program 2026 Strategic Plan.

Discussion

On January 13, 2026, Committee considered the attached report regarding the Private Credit Program 2026 Strategic Plan. The Committee heard a presentation from Trevor Jackson and Rahul Desai of Aksia LLC (Aksia), LACERS' Private Credit Consultant. The plan, developed by Aksia with input from staff, establishes strategic objectives and investment plan recommendations for the current calendar year. During the presentation, Aksia responded to questions about the current state of private credit markets and stated they would include some additional certain metrics to performance reports going forward, per the Committee's request. Aksia will be present at the Board meeting of January 27, 2026, should the Board desire to hear a presentation of the proposed plan.

Prepared By: Clark Hoover, Investment Officer I, Investment Division

TB:RJ:WL:EC:RM:CH

Attachment: 1. LACERS Private Credit Program 2026 Strategic Plan – Aksia LLC

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE **MEETING: JANUARY 13, 2026**
From: Todd Bouey, General Manager **ITEM: IV**

SUBJECT: **PRESENTATION BY AKSIA LLC OF THE PRIVATE CREDIT PROGRAM 2026 STRATEGIC PLAN AND POSSIBLE COMMITTEE ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Committee recommend to the Board the adoption of the Private Credit Program 2026 Strategic Plan.

Discussion

Aksia LLC (Aksia), LACERS' Private Credit Consultant, with input from staff, has developed the proposed Private Credit Program 2026 Strategic Plan, which considers strategic objectives and investment plan recommendations for calendar year 2026. Staff has reviewed the plan and recommends its adoption. Aksia will present the proposed plan.

Prepared By: Clark Hoover, Investment Officer I, Investment Division

TB:RJ:WL:RM:EC:CH

Attachment: 1. LACERS Private Credit Program 2026 Strategic Plan – Aksia LLC

Aksia LLC

LACERS Private Credit Program
2026 Strategic Plan

January 13, 2026

Aksia
New York • London • Tokyo

www.aksia.com

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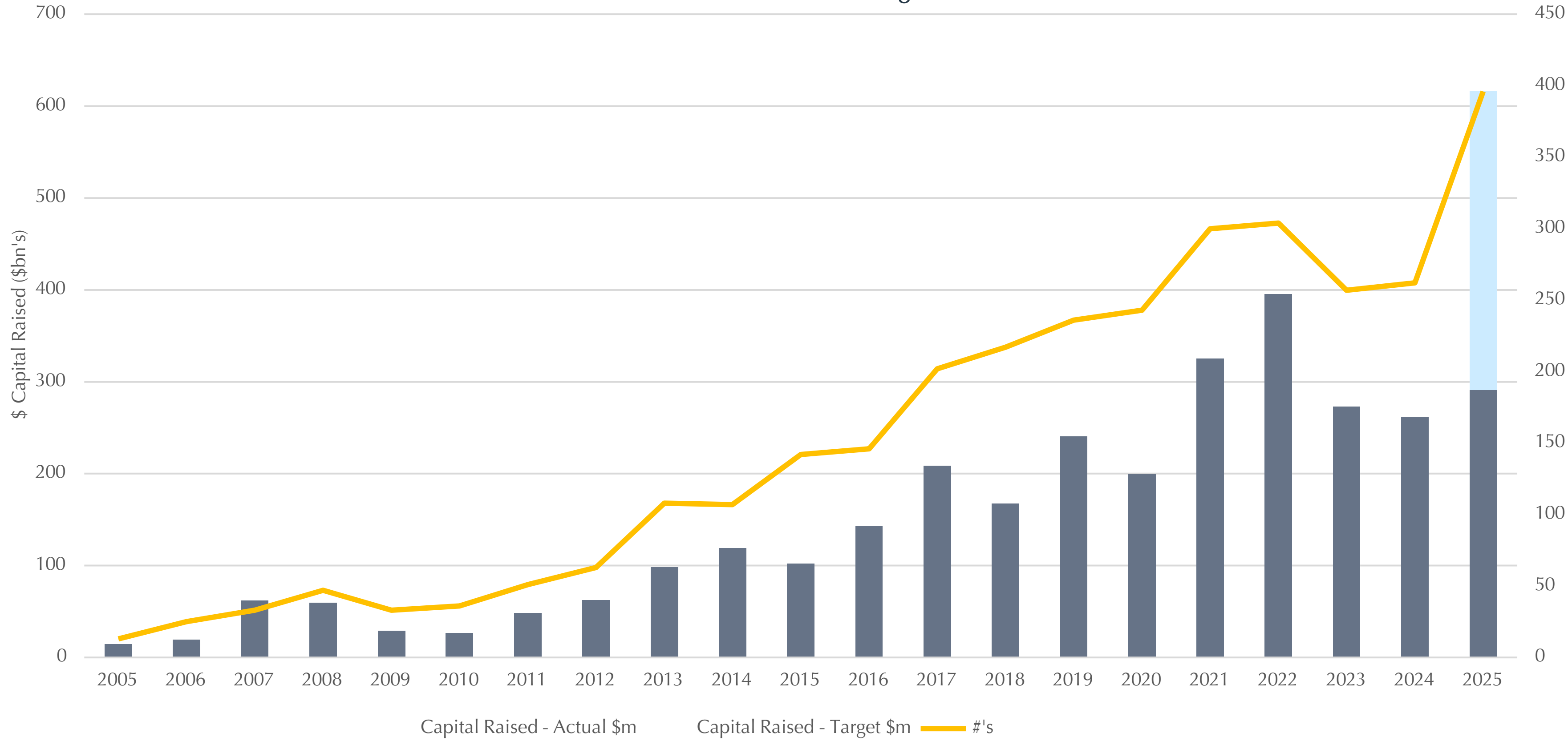
i. Private Credit Overview

LACERS PRIVATE CREDIT PROGRAM - 2026 STRATEGIC PLAN

Private Credit Fundraising

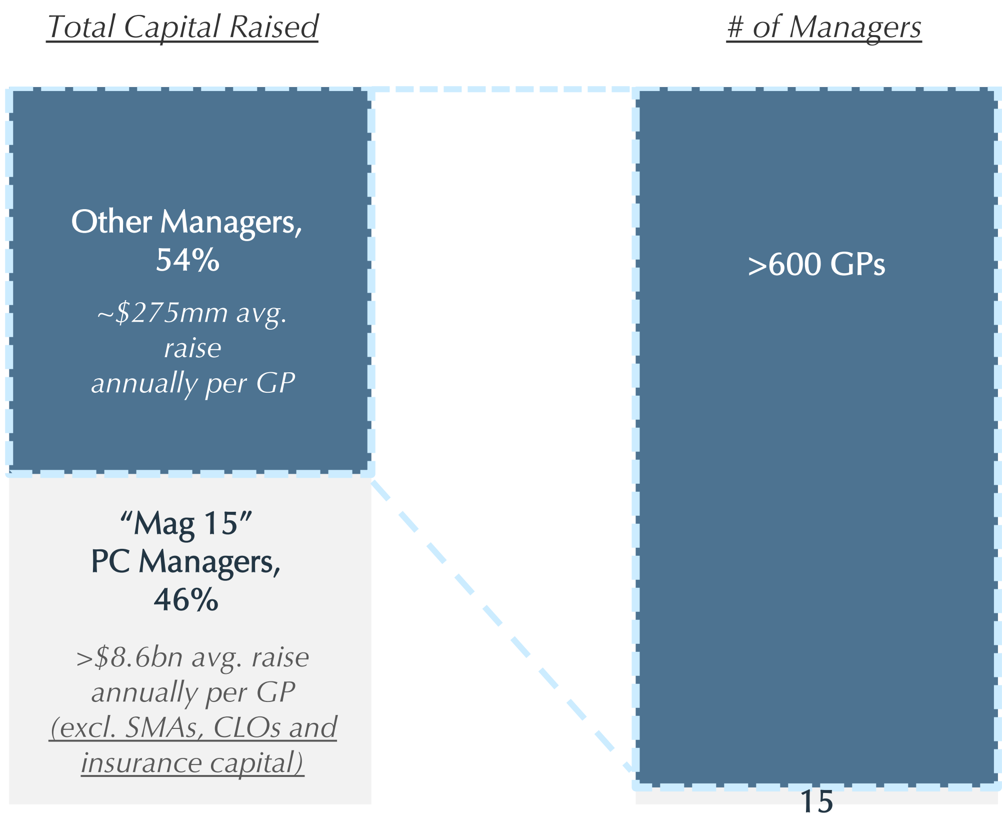


Private credit fundraising appears to be normalizing at an annual pace of roughly $300bn. This may signal the end of the exceptional growth trend that has persisted since the early 2010s. However, it could also reflect a temporary slowdown driven by fewer private equity realizations, which may be limiting LPs' ability to recycle capital into private credit.

Source: Aksia, August 13, 2025. Note: open-ended funds and those with incomplete fundraising profiles excluded.

LACERS PRIVATE CREDIT PROGRAM - 2026 STRATEGIC PLAN

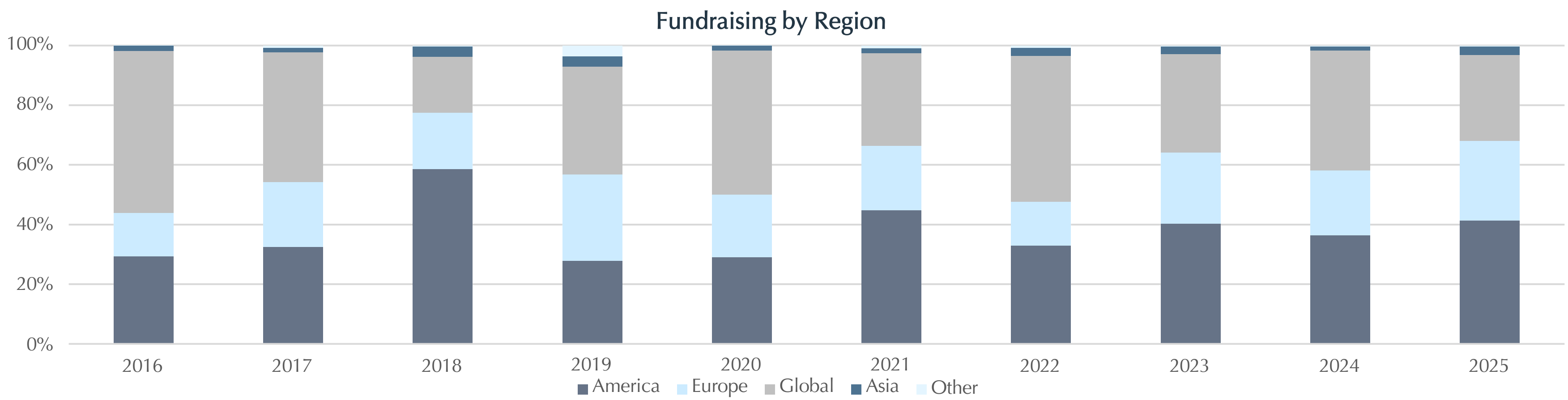
Private Credit Fundraising (Last 5 Years)[1]

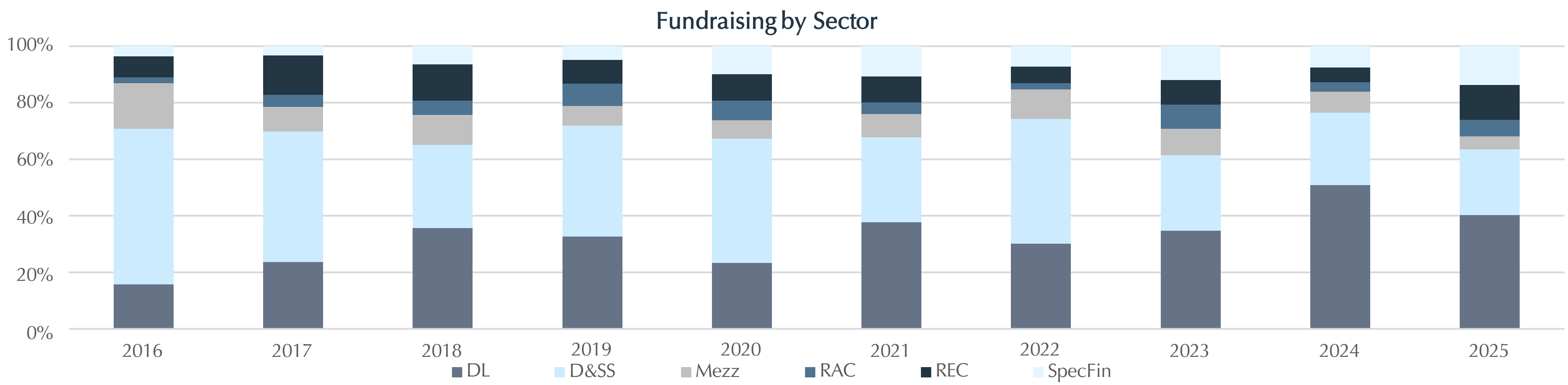


Capital raise dynamics considerably different for "smaller managers" featuring more niche strategies and limited access to global institutions, wealth or insurance channels.

Source: Aksia as of March 31, 2025. [1]Fundraising information based on Aksia proprietary fundraising data on Private Credit funds since 2020.

LACERS PRIVATE CREDIT PROGRAM - 2026 STRATEGIC PLAN





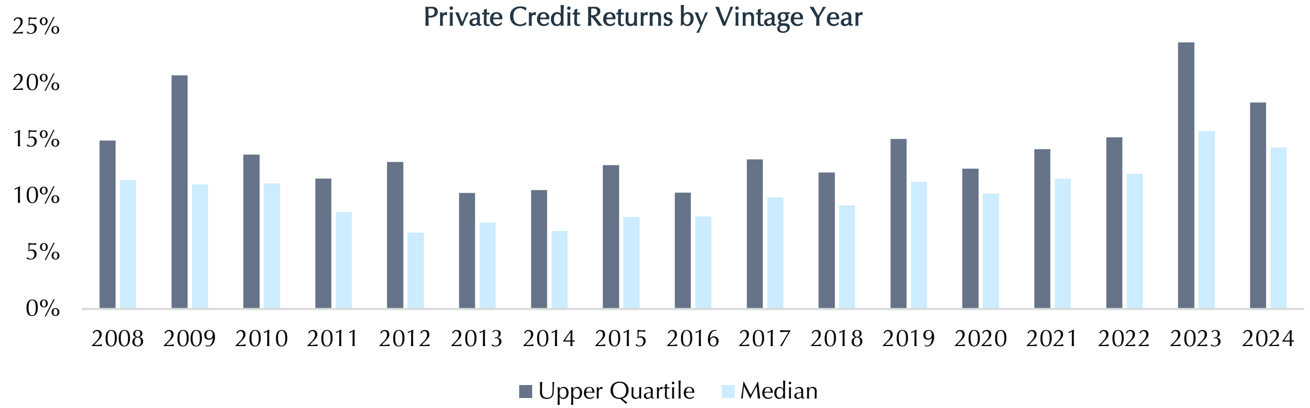
Private credit remains a market characterized by a highly diversified group of underlying strategies – potentially more so than any other private markets asset class.

Source: Aksia, August 13, 2025. Note: open-ended funds and those with incomplete fundraising profiles excluded.

LACERS PRIVATE CREDIT PROGRAM - 2026 STRATEGIC PLAN

Aksia

Private Credit Returns by Sector	5 Year	10 Year	15 Year
Subordinated Capital	12.9%	10.8%	11.4%
Credit Opportunities	11.1%	8.2%	9.5%
Senior Debt	9.1%	8.1%	7.9%
Control-Oriented Distressed	14.1%	10.4%	11.5%
Total	**11.8%**	**9.2%**	**10.2%**



From a returns standpoint, performance across the private credit asset class remains strong and is supported by elevated interest rates across the U.S. and Europe. At the same time, returns vary by vintage year and managers, making vintage diversification and manager selection important to overall performance.

Source: Cambridge Associates Pooled IRR: Subordinated Capital, Credit Opportunities, Senior Debt, Control-Oriented Distressed for the United States, Canada, Europe and Global as of June 30, 2025.

ii. Portfolio Pacing

LACERS PRIVATE CREDIT PROGRAM - 2026 STRATEGIC PLAN

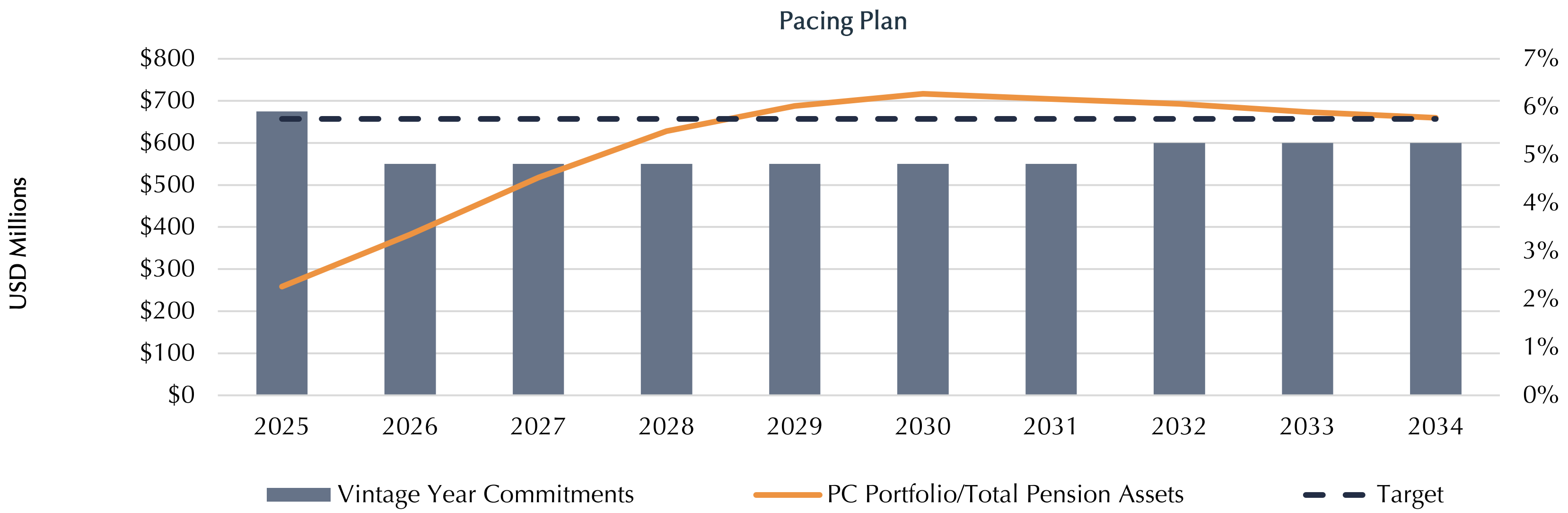
Pacing Analysis Summary

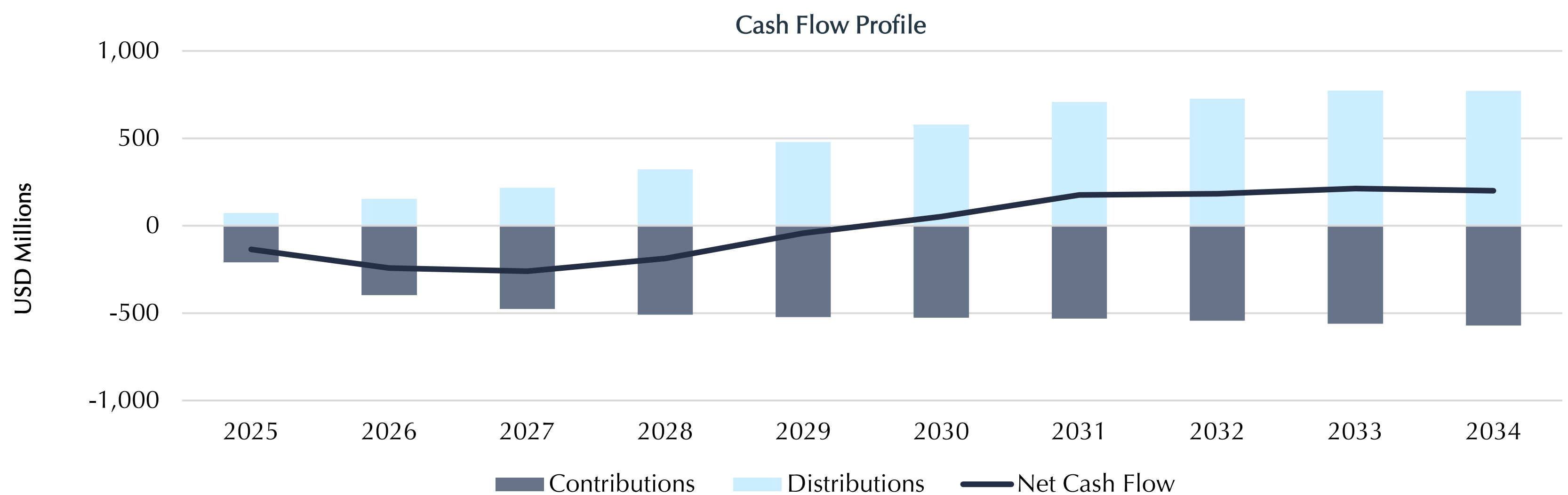
- Aksia recommends LACERS commit approximately $500 million to $600 million for 2026, with an expected target of $550 million
- Aksia believes it is reasonable to consider a five-year aggregate total commitment target of $2.7 billion as a base case scenario to achieve and maintain the target allocation of 5.75%
- LACERS is expected to hit the 5.75% allocation target by 2029

Key Assumptions

- $25.2bn plan value as June 30, 2025
- 4.0% long-term pension growth rate
- Incorporate LACERS' fund-level holdings information and Aksia's proprietary private credit assumptions and scenarios

Pacing Model (Base Case)





Data as of June 30, 2025

LACERS PRIVATE CREDIT PROGRAM - 2026 STRATEGIC PLAN

2026 Commitment Recommendations | $ in Millions

Strategy	Total Exposure[1]	Target	Annual Allocation	Commitment Range[2]
Core	**84%**	**70%-100%**	**$400-$550**	**$50-$150**
Direct Lending	79%	40%-70%		
Real Estate/Real Asset Credit	6%	20%-40%		
Satellite	**16%**	**0%-30%**	**$0-$165**	**$25-$100**
Specialty Finance	7%	0%-25%		
Distressed/Special Situations	9%	0%-30%		
Geography	**Total Exposure[1]**	**Target**	**Annual Allocation**	**Commitment Range[2]**
Core	**100%**	**75%-100%**	**$400-$550**	**$50-$150**
North America	65%	40%-70%		
Global	19%			
Europe	16%	20%-40%		
Satellite	**0%**	**0%-25%**	**$0-$140**	**$25-$75**
Asia	0%	0%-25%		
Rest-of-World	0%	0%-25%		
Emerging Managers	**Total Exposure[1]**	**Target**	**Annual Allocation**	**Commitment Range[2]**
Emerging Managers	6%	10%+	**$50-$60**	**$20-$30**
Total			**$500-$600**	

[1]Data as of June 30, 2025. Total Exposure represents NAV plus unfunded commitments. [2]Emerging Manager commitment sizes will likely be smaller.

iii. Portfolio Overview

Aksia

Portfolio Objectives and Guidelines

Asset/Strategy Mix	Diversified exposure to Private Credit strategies including: • Corporate Lending (Senior Focus) • Real Estate & Real Assets Lending • Distressed & Special Situations • Specialty Finance
Target Portfolio Size	5.75% of LACERS's plan assets
Target Commitment Size	\$20m - \$150m allocation sizes to 7-10 active GPs
Fund Structures	Commingled and Evergreen structures
Net Return Target	8-10%
Benchmark	S&P UBS Leveraged Loan TR USD + 200bps
Geographic Diversity	Primarily U.S./North America, some Europe
Other Considerations	• Complement existing private credit exposure • Take advantage of first close discounts and aggregation discounts • Source and evaluate emerging managers (target at least 10% of portfolio over time)

LACERS PRIVATE CREDIT PROGRAM - 2026 STRATEGIC PLAN

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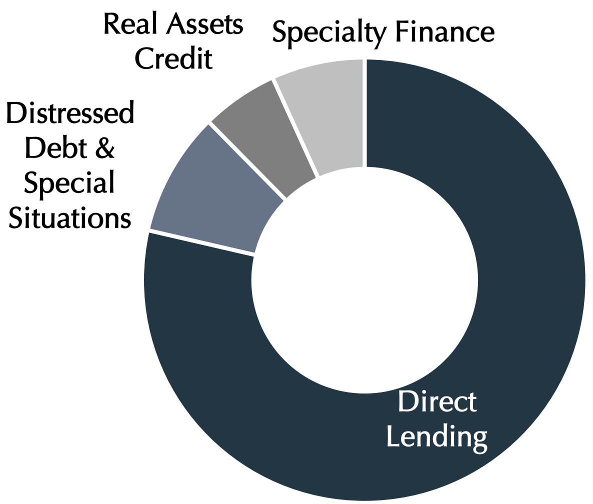
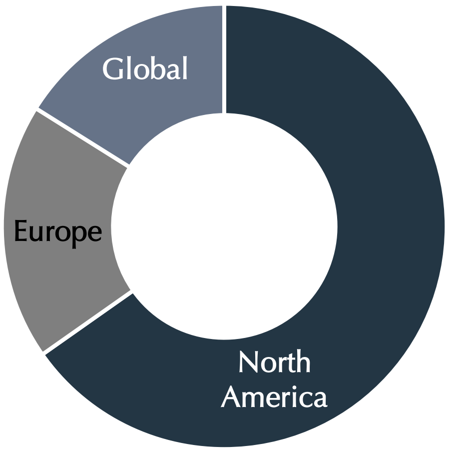
LACERS Private Credit Portfolio Actuals

	Strategy	Target %	Actual Portfolio %
Core	Direct Lending	40-70%	79%
	Real Assets Credit / Real Estate Credit	20-40%	6%
Satellite	Distressed/Special Situations	0-30%	9%
	Specialty Finance	0-25%	7%

Actual Portfolio*



	Geography	Target %	Actuals %
Core	U.S./North America	40-70%	65%
	Global		19%
	Europe	20-40%	16%
Satellite	Asia/Rest-of-World	0-25%	0%



*Data as of June 30, 2025. Actual Portfolio % represents NAV plus unfunded commitments.

LACERS PRIVATE CREDIT PROGRAM - 2026 STRATEGIC PLAN

Aksia

Direct Lending

U.S. Direct Lending
- Senior
- Opportunistic
- LMM (sponsored)
- LMM (non-sponsored)
- Private BDCs
- Industry Focused
- Revolvers

European Direct Lending
- Senior
- Opportunistic
- LMM
- Country-Specific Funds

Emerging Markets Lending
- Asian
- African
- CEE/Middle East
- Latin American
- Pan-EM

Global Direct Lending

Distressed Debt & Special Situations

Corporate Distressed
- Stress / Distressed Trading
- Influence / Control
- Diversified Distressed

Opportunistic Structured Credit
- 3rd Party CLO Equity
- Captive CLO Equity
- CLO Debt
- CLO Multi
- Consumer ABS
- CMBS/CRE
- Esoteric ABS
- European Structured Credit
- RMBS
- Structured Credit Multi-Sector

Real Estate Distressed

NPLs

Capital Solutions

PC Special Situations

PC Secondaries

Specialty Finance

Consumer & SME Lending
- Marketplace Finance
- Lender/Platform Finance

Rediscount Lending

Factoring & Receivables

Regulatory Capital Relief

Music/Film/Media Royalties

Oil & Gas Minerals Royalties

Metals Royalties

Healthcare Lending & Royalties
- Healthcare Lending
- Healthcare Royalties

Venture Lending

Technology Lending

Financial Services Credit

Insurance Linked Credit
- Diversified
- Life Insurance
- Non-Life

Litigation Finance
- Litigation Finance
- Merger Appraisal Rights

PE Portfolio Finance

Stretch ABL

Diversified Specialty Finance

Real Estate Credit

U.S. CRE Core Lending

U.S. CRE Transitional Lending
- Large Loan
- Middle Market
- Small Balance
- Opportunistic

U.S. CRE Bridge Lending
- Large Loan
- Middle Market
- Small Balance

European CRE Lending
- Bridge
- Transitional
- Core

Emerging Markets CRE Lending

CRE Structured Credit
- Agency CRE B-Piece
- Non-Agency CRE B-Piece

Residential Mortgages
- Residential NPLs
- Single Family Rental
- Mortgage Servicing Rights
- Residential Origination

Real Assets Credit

Infrastructure Lending
- Senior Focus
- Sub-IG Focus
- Mezz Focus

Energy Credit
- Energy Lending
- Energy Mezzanine Lending
- Opportunistic

Trade Finance

Metals & Mining Finance

Agricultural Credit

Transportation
- Aviation Lending
- Maritime Lending
- Road & Rail Lending
- Transportation Lending (Multi)

Mezzanine

U.S. Mezzanine
- Upper Middle Market
- Middle Market
- Lower Middle Market

European Mezzanine

Structured Equity

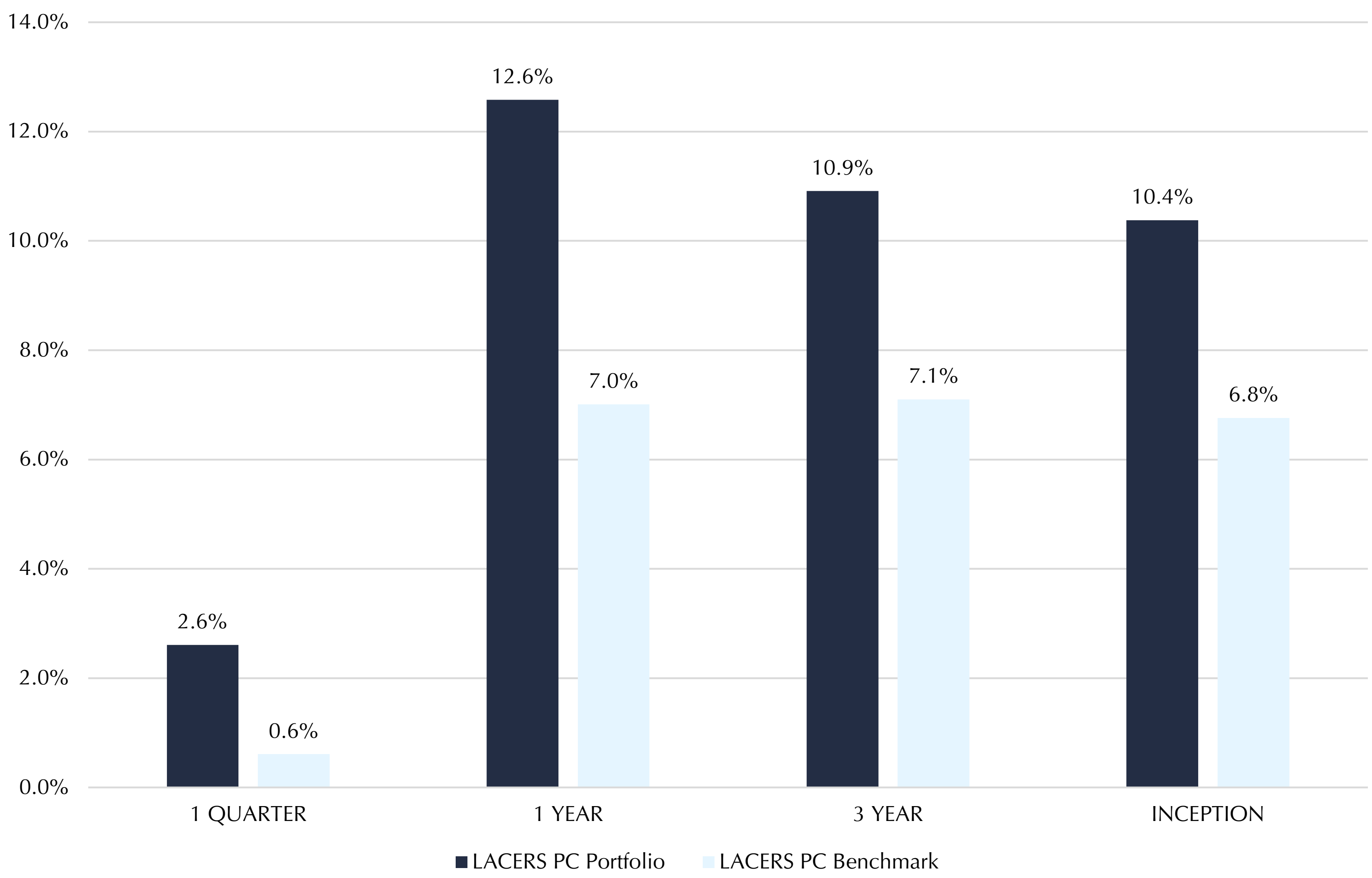
LACERS Finalized commitments

LACERS Pending commitments

LACERS Legacy commitments

LACERS PRIVATE CREDIT PROGRAM - 2026 STRATEGIC PLAN

LACERS PC Portfolio vs Benchmark*



Data as of June 2025. *LACERS benchmark: S&P UBS LL index (Inception-6/30/2025) and S&P UBS LL index + 200bps (starting 7/1/2025). Benchmark data provided by Northern Trust.

LACERS PRIVATE CREDIT PROGRAM - 2026 STRATEGIC PLAN

Aksia

	Fund	Region	Sub-Strategy	Target Net IRR	LACERS Close
2025 Commitments	Mavik Real Estate Special Opportunities VS2 LP	North America	Real Estate Distressed	14-16%	Jan-25
2025 Commitments	Dawson Portfolio Finance 6 LP	North America	PE Portfolio Finance	11-13%	Apr-25
2025 Commitments	TPG Twin Brook Direct Lending Fund VI LP	North America	U.S. LMM Lending (Sponsor)	10-12%	Jun-25
2025 Commitments	TPG TBDL Co-Invest Fund VI LP	North America	U.S. LMM Lending (Sponsor)	10-12%	Jun-25
2025 Commitments	Sixth Street Opportunities Partners Fund VI	Global	PC Special Situations	13-15%	Jul-25
2025 Commitments	Nuveen Energy & Power Infrastructure Credit - Cayman LP - Fund II	Global	Sub-IG Infrastructure Lending	11-13%	Jul-25
Pending	Real Estate Credit	North America	U.S. CRE Transitional Lending	11-13%	*Pending*
Pending	U.S. Direct Lending	North America	U.S. Opportunistic Lending	10-13%	*Pending*
Pending	Specialty Finance	North America	Stretch ABL	12-14%	*Pending*

Source: Manager-provided information. As of October 2025. Investment period and fund life do not include potential extensions to investment or harvest periods. Certain fund information may be based on latest commingled raise if not currently in market. Please see page 24 for important disclaimers which are integral to reviewing this data.

2026 Long-Term Strategic Plan Recommendations

- **Pacing**
  - Maintain relatively consistent longer-term pacing despite market volatility
  - Commitment plan of approximately $500 - $600 million proposed for 2026, with an expected target of $550 million
  - Commitments to 7-10 funds with a target size of $20-$150 million per commitment
  - 2-4 investments to Emerging Managers representing at least 10% of total annual commitments

- **Broad Portfolio Considerations**
  - Focus on direct lending to take advantage of the relatively higher base rates over the last few years
  - Continue to build out complementary satellite and specialty exposures
  - Evaluate and take advantage of distressed and opportunistic strategies in dislocated markets and key sectors
  - Deploy at least 10% of commitments to emerging managers
  - Diversify portfolio overall by size, strategy, geography in line with target exposures
  - Consider a five-year aggregate total commitment target of $2.7 billion as a base case scenario to achieve and maintain the target allocation of 5.75%

iv. Appendix

SWOT Analysis

Strengths

- Portfolio is comprised of high quality legacy managers and new targeted strategies
- Small number of relationships in legacy portfolio allows for high degree of selectivity in onboarding new manager relationships.

Weaknesses

- Private credit program is nascent and will require increased expertise in the asset class to further develop the program.
- Lack of deep and long relationships in private credit space relative to other asset classes such as private equity.

Opportunities

- Slowdown in debt capital markets and bank financing is leading more corporate and non-traditional borrowers to private credit to raise capital.
- Higher base rates have improved risk-adjusted returns across the risk spectrum in private credit.
- Attractive entry point for dislocated market segments including real estate and certain corporate sectors.

Threats

- Potential for significant spread changes and higher default risk as companies battle historically higher financing costs and pressure on margins and top-line revenue.
- Risk of increased prepayment rates eroding returns in the shorter-term given a cooling interest rate environment.
- Significant capital being raised in the private credit market and the expansion of the retail channel in private markets which will lead to more competition for deals.

PACING CONSIDERATIONS

There are a multiple factors to consider around annual commitment pacing

- A program of sustained and consistent commitments to private market strategies over time enhances vintage year diversification and leads to better performance versus attempts to market-time.
- The long-term nature of private market strategies, typically ten or more years, allows fund managers to not be forced sellers at low valuations or buyers at high valuations.
- Commitment pacing also drives future cash flows, and significant over-commitment to private markets followed by a retreat from the market will cause distortions in subsequent cash flows, including negative cash flows, if commitments are suspended or reduced for a number of periods.

PACING MODEL ASSUMPTIONS – PRIVATE CREDIT

- Aksia's model uses actual holding level historical cash flows and then employs multiple variables as inputs to project future capital calls, distributions and net asset values, allowing for the projection of an annual pacing commitment target.

- Existing investments incorporate actual investment and harvest periods and other terms (when available). For new and existing investments, the model generally uses default sector-level assumptions for forward-looking annual growth, cash interest, and annual contribution and distribution percentages. Additional adjustments may be made on a fund-by-fund basis.

- Aksia stands ready to run this pacing analysis using other assumptions upon request.

Private Credit Sector	Annual Growth	Cash Interest	Investment Period	Harvest Period
Direct Lending (Unlevered)	1.0%	9.0%	4 years	4 years
Direct Lending (Levered – 1.0x Debt/Equity)	2.0%	11.0%	4 years	4 years
Real Estate Credit	2.0%	11.0%	4 years	4 years
Specialty Finance	4.0%	11.0%	4 years	4 years
Junior Capital	7.0%	7.0%	5 years	7 years
Real Assets Credit	2.0%	9.0%	4 years	5 years
Distressed Debt & Special Situations	14.0%	0.0%	4 years	6 years

Private Credit Sector	Annual % Contribution[1]	Annual % Distribution[2]
Direct Lending (Unlevered)	25, 35, 40	0, 10, 15, 25, 30, 40
Direct Lending (Levered – 1.0x Debt/Equity)	25, 35, 40	0, 10, 15, 25, 30, 40
Real Estate Credit	25, 35, 40	0, 10, 10, 25, 40, 40
Specialty Finance	35, 45	10, 20, 35, 40, 40
Junior Capital	15, 25, 30	0, 5, 10, 15, 20, 30
Real Assets Credit	25, 35, 40	0, 10, 10, 15, 35, 35
Distressed Debt & Special Situations	25, 30	0, 5, 15, 20, 30, 30

[1] Annual contribution rates are expressed as a percentage of unfunded capital. Annual contribution rates assume a continuation of the last value shown until the end of the term.
[2] Annual distribution rates are expressed as a percentage of unrealized value. Following the last value shown, annual distribution rates assume a steady rise to 100% at the end of the term.

This model is for illustrative purposes only and should not be relied upon as a guarantee of future results. Projections are based on assumptions and historical data we believe to be reasonable but are subject to change. Actual outcomes may differ materially due to market conditions or other factors not accounted for in the model. These results are intended to provide insights, not conclusions, and should not be the sole basis for investment decisions. Client-specific assumptions may materially impact results. Past performance is not indicative of future outcomes. Neither Aksia nor its representatives guarantees the accuracy of the model or accepts liability for its use.

Aksia

PACING MODEL SCENARIOS DETAIL

	Aksia Upside Scenario	Aksia Downside Scenario
Total Portfolio Asset Growth		
Growth rate beginning 1 year from start of current quarter	20%	-10%
Growth rate beginning 2 years from start of current quarter	Base Assumption	-10%
Growth rate beginning 3 years from start of current quarter	Base Assumption	Base Assumption
Contribution Rate (Multiple of Base Assumption)		
Beginning 1 year from start of current quarter	1.25x	0.75x
Beginning 2 years from start of current quarter	1.50x	0.50x
Beginning 3 years from start of current quarter	1.00x	1.00x
Distribution Rate (Multiple of Base Assumption)		
Beginning 1 year from start of current quarter	1.25x	0.50x
Beginning 2 years from start of current quarter	1.50x	0.75x
Beginning 3 years from start of current quarter	1.00x	1.00x
Annual Growth (Multiple of Base Assumption)		
Beginning 1 year from start of current quarter	1.00x	0.00x
Beginning 2 years from start of current quarter	1.50x	-0.25x
Beginning 3 years from start of current quarter	1.00x	1.00x

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LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

From: **Investment Committee**
Thuy T. Huynh, Chair
Gaylord "Rusty" Roten
Susan Liem

MEETING: **JANUARY 27, 2026**
ITEM: **VII - D**

SUBJECT: **PRIVATE CREDIT CONSULTING CONTRACT WITH AKSIA LLC AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board:

1. Approve a five-year contract renewal with Aksia LLC for private credit consulting services.

2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

On January 13, 2026, the Committee considered the attached staff report (Attachment 1) recommending a five-year contract renewal with Aksia LLC (Aksia) for private credit consulting services. The current contract with Aksia became effective on April 1, 2023, and expires on March 31, 2026. Since inception, LACERS has paid a total of $975,000 in private credit consulting fees to Aksia ($325,000 annually over three years).

Staff discussed Aksia's consulting service and expressed satisfaction with the quality and level of service provided by Aksia as LACERS continues to develop a private credit program. The Committee inquired about the increase in the proposed fee schedule and asked Staff to engage Aksia in further discussions on this point. In response, Aksia submitted the revised fee schedule below, which is $20,000 less than the proposal presented to the Committee. The Committee concurred with staff's recommendation for a five-year contract renewal, subject to review and approval of a revised fee schedule.

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Year	Fee	% Increase
1	$360,000	10.8%
2	$370,000	2.8%
3	$385,000	4.1%
4	$400,000	3.9%
5	$415,000	3.8%
Total	$1,930,000	

Prepared By: Clark Hoover, Investment Officer I, Investment Division

TB:RJ:WL:EC:RM:CH

Attachments: 1. Report to Investment Committee dated January 13, 2026
2. Proposed Resolution

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE **MEETING: JANUARY 13, 2026**
From: Todd Bouey, General Manager **ITEM: V**

SUBJECT: **PRIVATE CREDIT CONSULTING CONTRACT WITH AKSIA LLC AND POSSIBLE COMMITTEE ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Investment Committee recommend to the Board a five-year contract renewal with Aksia LLC for private credit consulting services.

Executive Summary

Aksia LLC (Aksia) has served as LACERS private credit consultant since April 1, 2023; the current contract expires on March 31, 2026. Since inception of the contract, Aksia has provided value-added consulting services to LACERS; their investment recommendations have been developed thoughtfully based on a solid understanding of LACERS' objectives and Investment Policy. Staff is satisfied with Aksia's services and recommend a five-year contract renewal for private credit consulting services.

Discussion

Background
Aksia provides private credit consulting services to LACERS. The Board hired Aksia through the 2021-2022 Private Credit Consultant search process and authorized a three-year contract with Aksia on October 25, 2022. The contract became effective on April 1, 2023, and expires on March 31, 2026. Since inception, LACERS has paid a total of $975,000 in private credit consulting fees to Aksia.

Organization
Aksia is an alternative asset specialist investment consulting firm and is 100% employee owned. The firm was founded in 2006 and has eight global offices including New York (headquarters), San Diego, Chicago, London, Tokyo, Hong Kong, Dubai, and Athens. Aksia has more than 450 employees including 180 investment professionals, 56 operational due diligence professionals, and 47 risk management professionals.[1] Aksia advises on over $395 billion in client assets under supervision.[2]

[1] Number of professionals as of November 30, 2025.
[2] As of September 30, 2025. Assets under supervision includes $362.4 billion of assets under advisory ("AUA") and $33.2 billion in assets under management ("AUM"). AUA is the sum of NAV and unfunded commitments of advisory clients' underlying investments. AUM is the sum of NAV, unfunded commitments of investment management clients' underlying investments, and amounts committed to Aksia-managed vehicles but not yet committed to underlying investments. AUA & AUM are assets advised/managed by Aksia and tracked by Aksia's client operations team; does not include assets of research clients or of clients for which Aksia does not track assets. AUM includes all accounts where Aksia is investment manager and provides continuous and regular supervisory or management services.

Primary Consulting Team Assigned to LACERS
LACERS' primary consulting team currently consists of three individuals: Trevor Jackson, Managing Director, Pan-Alts, and LACERS' primary relationship manager; Rahul Desai, CFA, Director, Private Credit; and Melisa Zarate, Senior Associate, Pan-Alts.

Members of the consulting team bring deep private market experience and specializations around manager sourcing and selection, industry and manager research, operational due diligence, and portfolio construction. Collectively, they help guide LACERS long-term private credit strategy and program.

Consulting Approach and Accomplishments
Aksia's consulting approach is research-driven and centered on building a customized portfolio for LACERS, providing performance focused solutions to optimize LACERS' risk-adjusted returns. Since being hired, Aksia has provided value-added services to LACERS including:

- Underwriting and recommending $1.46 billion in new commitments to 22 funds, including approximately $115 million in commitments to 5 emerging manager funds[3]
- Advising on numerous contract amendments for existing LACERS managers
- Preparing and presenting the annual strategic plan and pacing studies
- Assisting with LACERS' Investment Policy review and developing new policies
- Providing Board and staff with investment education on topics such as private credit portfolio construction and manager due diligence
- Participating in LACERS initiatives such as the Emerging Manager Symposium and Networking Forum

Askia's recommendations and deliverables have been developed thoughtfully based on a solid understanding of LACERS' objectives and Investment Policy. Based on the high quality of services that Aksia has provided to LACERS, staff recommends a five-year contract renewal with Aksia.

Fees
The current contract with Aksia, which spans from April 1, 2023 to March 30, 2026, specifies the following fee structure:

Year	Fee
1	$325,000
2	$325,000
3	$325,000
Total	$975,000

For the next five-year contract term, Aksia has proposed a fee structure which reflects adjustments for current and projected inflation, additional staffing resources, as well as the increased size and complexity of LACERS' private credit program. The proposed fee schedule includes escalations each

[3] As of December 31, 2025

year, starting from the current annual fee of $325,000:

Year	Fee	% Increase
1	$360,000	10.8%
2	$375,000	4.2%
3	$390,000	4.0%
4	$400,000	2.6%
5	$425,000	6.3%
Total	$1,950,000	

Aksia also currently provides Private Equity Consulting Services to LACERS under a separate contract. In the renewal proposal submitted to LACERS, Aksia points out that the coordinated delivery of both private equity and private credit creates synergies which are reflected in the current pricing. For the proposed contract renewal, Aksia states that if LACERS terminates the Private Equity mandate during the proposed Private Credit contract term, Private Credit Consulting Services will be subject to an additional annual fee of $75,000, effective from the termination date of the Private Equity mandate.

Prepared By: Clark Hoover, Investment Officer I, Investment Division

TB:RJ:WL:RM:EC:CH

CONTRACT RENEWAL
AKSIA LLC
PRIVATE CREDIT CONSULTING SERVICES

PROPOSED RESOLUTION

WHEREAS, LACERS' current five-year contract with Aksia LLC (Aksia) for private credit consulting services expires on March 31, 2026; and,

WHEREAS, Aksia has provided a satisfactory level of service in meeting LACERS' needs and objectives; and,

WHEREAS, on January 27, 2026, the Board approved the Investment Committee's recommendation for a five-year contract renewal with Aksia.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute the contract subject to satisfactory business and legal terms and consistent with the following services and terms:

Company Name:	Aksia LLC
Services Provided:	Private Credit Consulting Services
Effective Dates:	April 1, 2026 through March 31, 2031
Duration:	Five years
Fee:	Year 1 - $360,000
	Year 2 - $370,000
	Year 3 - $385,000
	Year 4 - $400,000
	Year 5 - $415,000

January 27, 2026

LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

From: Investment Committee
Thuy Huynh, Chair
Gaylord "Rusty" Roten
Susan Liem

MEETING: JANUARY 27, 2026
ITEM: VII - E

SUBJECT: **SECURITIES LENDING PROGRAM GUIDELINES MODIFICATIONS AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board:

1. Approve staff's proposed revisions to the Cash Collateral Guidelines of the Securities Lending Program.

2. Authorize the General Manager or their designee to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Executive Summary

Staff is proposing modifications to the Securities Lending Program (SLP) Cash Collateral Guidelines. The recommended guideline changes, which largely restore the guidelines to a pre-2020 risk-return profile, align the cash reinvestment portfolio's risk parameters with current industry standards to expand earnings potential and optimize the risk-adjusted return profile of the SLP cash reinvestment program.

Discussion

At the meeting of January 13, 2026, the Committee considered the attached recommendation from staff, proposing revisions to the Cash Collateral Guidelines of the SLP. Staff provided a recap of guideline modifications pre- and post-COVID that included a summary of the guidelines, a comparison of the pre- and post-COVID changes, the suitability of the changes against the current market environment, and LACERS' SLP return objectives and risk constraints. The resulting proposed guideline modifications are as follows:

	Pre-2020 Modification	Post-2020 Modification/ Current	Proposed
Section: Liquidity/Maturity			
Maximum allowable maturity of any variable or floating rate security	Two years	60 days	Two years
Maximum allowable maturity of a fixed rate security	13 months	60 days	13 months
Maximum weighted maturity of the portfolio	180 days	60 days	120 days
Maximum value of the portfolio to be invested in securities or instruments which have a maturity exceeding 97 days	25%	0%	25%
Section: Eligible Investments			
Asset-backed commercial paper	Eligible	Ineligible	Eligible
Obligations of foreign commercial paper banks from issuers domiciled in countries with a sovereign credit rating of A+ or higher	Eligible, no minimum rating required	Ineligible, minimum credit rating of AA required	Eligible, minimum credit rating of A+ required
Section: Diversification			
Maximum value of the portfolio to be held under the daily sweep vehicle without written permission from the client	50%	25%	50%

Aside from these aforementioned guideline changes, staff proposes two additional expansionary guideline provisions, which bring the magnitude of portfolio diversification to current market standards:

- Allowing a maximum of 25% of the value of the total assets of the portfolio to be invested in repurchase agreements with one counterparty
- Clarification stating that issuances out of U.S. branches of non-U.S. parent entities do not count toward non-U.S. entities exposure

Staff also requests several administrative updates to the Cash Collateral guidelines documents:

- Removing LIBOR as a reference rate
- Updating references to the document as “Exhibit II” following the labels set forth in the new contract

Staff noted that NEPC, LLC, LACERS’ General Fund Consultant, is supportive of the proposed guideline changes and affirms that the proposed changes would result in guidelines that are appropriate for LACERS and also very similar to those of NEPC’s other clients.

The Committee inquired about the risks to the SLP, referencing LACERS’ previous experiences. Staff noted that the proposed guideline modifications do reflect a measured risk approach under the cash reinvestment program given its history. Staff assured the Committee that it monitors and reviews the program's performance and risk on at least a monthly basis. The Committee also requested a regular update on the SLP from staff. The Committee provided its concurrence with staff's recommendation.

Prepared By: Jeremiah Paras, Investment Officer II, Investment Division

TB:RJ:WL:RM:JP

Attachments: 1. Investment Committee Recommendation Report dated January 13, 2026
2. Proposed Resolution

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE **MEETING: JANUARY 13, 2026**
From: Todd Bouey, General Manager **ITEM: VI**

SUBJECT: **SECURITIES LENDING PROGRAM GUIDELINES MODIFICATIONS AND POSSIBLE COMMITTEE ACTIONS**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Committee recommend to the Board staff's proposed revisions to the Cash Collateral Guidelines of the Securities Lending Program.

Executive Summary

Staff is proposing modifications to the Securities Lending Program (SLP) Cash Collateral Guidelines. The recommended guideline changes largely restore the guidelines to a pre-2020 risk-return profile based on derisking cash collateral reinvestment program guidelines.

Discussion

On April 28, 2020, the Board authorized temporary modifications to the SLP in response to the extreme market volatility and uncertain economic outlook brought about by the onset of the COVID-19 pandemic. Staff pursued revisions to the SLP Cash and Non-Cash Collateral Guidelines to reduce risk exposure and protect investment program liquidity. Staff negotiated the guideline revisions with The Northern Trust Company (Northern Trust), LACERS' Master Custodian Bank, which also serves as the SLP agent and Cash Collateral investment portfolio manager.

The revisions to the Cash Collateral Guidelines aimed to improve the liquidity and credit quality of the Cash Collateral investment portfolio, as well as to provide further limits to counterparty exposure. The revisions to the Non-Cash Collateral Guidelines not only further limited counterparty exposure as well, but also narrowed the acceptable forms of non-cash collateral backing securities loans.

On June 22, 2021, the Board approved the permanent adoption of the temporary modifications to the SLP Non-Cash Collateral Guidelines, with staff noting that the revised guidelines already align with Northern Trust's stricter internal standards regarding non-cash collateral, which feature a balanced approach to income generation and the presence of essential risk-management features. At the same meeting, the Board also affirmed staff's recommendation to have the temporary revisions to the Cash Collateral Guidelines to remain in effect for an indefinite period of time, which at that time it was thought that the near-term markets would experience a rising interest rate environment that could cause increased risk within the Cash Collateral investment portfolio.

As a result of the implementation of the de-risked guideline revisions, SLP loan volumes and earnings declined. Loan volume and earnings information pre- and post-modification of the SLP are summarized in the following table.

Period	Average Monthly On Loan ($)	Average Monthly Available To Loan ($)	Utilization Rate	Average Monthly Net Earnings ($)
Pre-Modification Jul-15 - Jun-20	1,823,146,076	11,027,346,466	16.5%	565,759
Post-Modification Jul-20 - Jun-25	1,104,789,516	13,128,939,169	8.4%	295,499
% Change	-39.4%	19.1%	-49.1%	-47.8%

Comparing the five-year periods before and after the guideline revisions, the loan volume and utilization rate (value of securities on loan as a percentage of value of securities available to loan) decreased by 39% and 49%, respectively. The average monthly net earnings declined by approximately 48%. Staff and Northern Trust acknowledge SLP income declines due to holding higher quality securities and decreased maturity duration but also affirm that such reduced income levels were within the expected range.

Following a Request for Proposal search process, LACERS recently entered into a new five-year contract with Northern Trust for custodial and securities lending services effective August 1, 2025. While the SLP Cash and Non-Cash Collateral Guidelines were carried over into the new mandate, staff and Northern Trust revisited the guidelines and reviewed their suitability against the current market environment and LACERS' SLP return objectives and risk constraints. Staff and Northern Trust believe that restoring relevant parts of the Cash Collateral guidelines to their pre-2020 form will increase earnings with an acceptable degree of SLP marginal risk. This is because while Northern Trust indemnifies LACERS against securities loan borrower defaults; LACERS bears the risk of investing cash collateral, exposing LACERS to potential principal losses as a tradeoff to generating income from cash collateral. NEPC, LLC, LACERS' General Fund Consultant, is supportive of the proposed guideline changes and affirms that the proposed changes would result in guidelines that are appropriate for LACERS and also very similar to those of NEPC's other clients (memo attached).

Guidelines focused on liquidity/maturity, for which reversion to pre-2020 form is requested, include the following:

- Lengthening the maximum allowable maturity of any variable or floating rate security to two years, the maximum allowable maturity of a fixed rate security to 13 months, and the maximum weighted maturity of the portfolio to 120 days
- Allowing a maximum of 25% of the value of the portfolio to be invested in securities or instruments which have a maturity exceeding 97 days

Guidelines specifying eligible investments, for which reversion to pre-2020 form is requested, include the following:

- Asset-backed commercial paper
- Obligations of foreign commercial paper banks from issuers domiciled in countries with a sovereign credit rating of A+ or higher by at least two Nationally Recognized Statistical Rating Organizations

A guideline focused on diversification for which reversion to pre-2020 form is requested, specifies the following:

- Allowing a maximum of 50% of the value of the total assets of the portfolio to be held under the daily sweep vehicle without written permission from the client

The Cash Collateral Guidelines for which reversion to pre-2020 form is requested are summarized in the table below:

	Pre-2020 Modification	**Post-2020 Modification/ Current**	**Proposed**
Section: Liquidity/Maturity			
Maximum allowable maturity of any variable or floating rate security	Two years	60 days	Two years
Maximum allowable maturity of a fixed rate security	13 months	60 days	13 months
Maximum weighted maturity of the portfolio	180 days	60 days	120 days
Maximum value of the portfolio to be invested in securities or instruments which have a maturity exceeding 97 days	25%	0%	25%
Section: Eligible Investments			
Asset-backed commercial paper	Eligible	Ineligible	Eligible
Obligations of foreign commercial paper banks from issuers domiciled in countries with a sovereign credit rating of A+ or higher	Eligible, no minimum rating required	Ineligible, minimum credit rating of AA required	Eligible, minimum credit rating of A+ required
Section: Diversification			
Maximum value of the portfolio to be held under the daily sweep vehicle without written permission from the client	50%	25%	50%

Aside from these aforementioned guideline changes, staff concurs with Northern Trust to two additional expansionary guideline changes, which bring the magnitude of portfolio diversification to current market standards:

- Allowing a maximum of 25% of the value the total assets of the portfolio to be invested in repurchase agreements with one counterparty

- Clarification stating that issuances out of U.S. branches of non-U.S. parent entities do not count toward non-U.S. entities exposure

Staff also requests several administrative updates to the Cash Collateral guidelines documents:

- Removing LIBOR as a reference rate
- Updating references to the document as “Exhibit II” following the labels set forth in the new contract

To summarize, staff’s proposed changes to the SLP Cash Collateral Guidelines align the cash reinvestment portfolio’s risk parameters with current industry standards to expand earnings potential and optimize the risk-adjusted return profile of the SLP cash reinvestment program. Staff and NEPC recommend that the Investment Committee consider the proposed guideline changes presented in this report and recommend to the Board approval of these proposed revisions to the SLP Cash Collateral Guidelines.

Prepared By: Jeremiah Paras, Investment Officer II, Investment Division

TB:RJ:WL:JP

Attachments:
1. Securities Lending Program Cash Collateral Guidelines – Redline Version
2. Securities Lending Program Cash Collateral Guidelines – Clean Version
3. Securities Lending Program Cash Collateral Guidelines – Pre-2020 Version
4. NEPC Memo

EXHIBIT II TO APPENDIX B SECURITIES LENDING AUTHORIZATION AGREEMENT (the "Agreement") BETWEEN THE BOARD OF ADMINISTRATION OF THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ("System") AND THE NORTHERN TRUST COMPANY (the "Agent")

INVESTMENT MANAGER OBJECTIVES AND GUIDELINES FOR CUSTOM CASH COLLATERAL ACCOUNT / COLLATERAL ACCOUNT ('THE SHORT TERM INVESTMENT ACCOUNT')

INVESTMENT OBJECTIVE

To seek to maximize current income to the extent consistent with safety of principal, maintenance of liquidity and the investment standards set forth below. The Short Term Investment Account (the "Fund") is intended as a separate account for the investment of U.S.-dollar based cash Collateral received by Agent.

Upon the effective date of these guidelines, the Lender and Agent hereby acknowledge that there may be certain assets in the Fund that would not meet these guidelines if newly purchased at this time ("Transition Assets"), though these assets were in compliance with the relevant guidelines at the time of purchase. The Lender and Agent hereby agree that Agent may, at its sole discretion, hold Transition Assets until maturity, unless otherwise directed by Lender.

Cash Collateral Guidelines

Listed below are the cash Collateral guidelines specifying eligible investments, credit quality standards, and diversification, maturity and liquidity requirements. Subject to the above, all requirements, including diversification, listed in these guidelines are effective at the time of purchase of any security or instrument as a cash Collateral investment. Agent will make use of market standard settlement methods for cash investments including the use of a tri-party custodian as approved by Agent's appropriate risk committee. Settlement through a tri-party custodian may result in cash collateral.

INVESTMENT GUIDELINES

1. Eligible Investments:

(a) Obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities and custodial receipts with respect thereto.

(b) Obligations of domestic or foreign commercial banks, including Agent (or branches thereof where deposits with branches are general obligations of the parent bank) and bank holding companies, including, but not limited to, commercial paper, bankers' acceptances, certificates of deposit, time deposits, notes and bonds. Obligations of foreign commercial banks shall only be acceptable from issuers domiciled in countries with a sovereign credit rating of ~~AA-~~ A+ or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations ("NRSRO").

(c) Obligations of U.S. and foreign corporations, including, but not limited to, commercial paper, notes, bonds and debentures. ~~Asset backed commercial paper is excluded from eligible investments.~~ Asset backed commercial paper must carry 100% liquidity support.

(d) Obligations issued by foreign governments. The issuing country shall have a sovereign credit rating of AA- or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations ("NRSRO").

(e) Units of the Northern Institutional Liquid Assets Portfolio.

(f) Repurchase agreements with counterparties approved by the Agent's appropriate credit committee at the time of purchase where the Collateral is held by Agent or for the account of Agent by an agent or subcustodian of Agent or a central bank, depository, or a third party custodian, and which is fully collateralized by investments described in paragraph (a) above and having a market value, including accrued interest, equal to or greater than the amount invested in the repurchase agreement. Initial collateralization will be at 102%, except cash collateral shall be collateralized at 100%.

(g) In the case of each investment (a) through (f) above: (i) All investments shall be denominated in U.S. dollars, and (ii) investments may include variable and floating rate instruments. Variable and floating rate instruments will be limited to those securities with reference indexes of Federal Funds Effective, Federal Funds Open, SOFR, OBFR, ~~1 Month LIBOR and 3 Month LIBOR~~ and other relevant money market indices and which are structured such that the spread relationship between the security coupon rate and index reference rate is constant.

2. Credit Quality:

(a) Investments and reinvestments in commercial paper and other short-term obligations shall be limited to obligations (or issuers) with a rating of A1/P1/F1 or higher (or the equivalent) at the time of purchase by any two of the Nationally Recognized Statistical Rating Organizations ("NRSROs") that have assigned a rating to such security (or issuer).

(b) With respect to bonds and other long-term obligations, investments and reinvestments shall be limited to obligations rated at the time of purchase in one of the two highest rating categories (within which there may be sub-categories or gradations indicating relative standing) by the NRSROs that have assigned a rating to such security.

(c) Notwithstanding (a) and (b) above, Agent may invest assets of the Fund in the Northern Institutional Liquid Assets Portfolio.

3. Diversification:

(a) Except for repurchase agreements and obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities, a maximum of 3% of the value of the total assets of the Fund may be invested in securities of any one issuer. With respect to the Northern Institutional Liquid Assets Portfolio, holdings in excess of 3% of the value of total assets of the Fund are permitted, but should not exceed ~~25%~~ 50% without written permission from the client.

(b) A maximum of ~~15%~~ 25% of the value of the total assets of the Fund may be invested in repurchase agreements with one counterparty.

(c) A maximum of 15% of the value of the total assets of the Fund may be exposed to the risks of any one foreign country and a maximum of 25% of the value of the total assets of the Fund may be exposed to the risks of non-U.S. entities. ~~This limitation is applicable to the obligations of all foreign issuers~~. For the avoidance of doubt, non-U.S. entities that issue out of U.S. branches (also known as Yankee Bank issuance are not considered as exposure to non-U.S. entities). ~~Only entities domiciled in countries with a sovereign credit rating of AA- or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations ("NRSRO") are eligible for investment, subject to that restriction outlined in 1 (b) above.~~

(d) Except for the banking industry, a maximum of 25% of the value of the total assets of the Fund may be invested in obligations of issuers having their principal business in the same industry. For such purposes, personal and business finance companies are considered to be in separate industries. Finance companies which are wholly-owned will be considered to be in the industries of their parents if there activities are primarily related to financing the operations of their parents.

(e) Compliance with the credit quality and diversification requirements of these guidelines shall be determined on the basis of values or ratings at the time of acquisition of any security.

4. Liquidity/Maturity:

(a) A minimum of 20% of the value of the assets of the Fund should mature daily. Holdings of the Northern Institutional Liquid Assets Portfolio will be included in this calculation.

(b) A minimum of 35% of the value of the assets of the Fund will mature within one month.

(c) The interest rate sensitivity (as defined in section h below) of the Fund will be limited to a maximum of 60 days.

(d) The maximum final ~~or average~~ maturity (as defined in section g below) of any variable or floating rate security will be limited to ~~60 days~~ two years; the maximum final ~~or average~~ maturity of a fixed rate security will be limited to ~~60 days~~ 13 months; and the maximum weighted average maturity ~~(as herein defined)~~ of the Fund will be limited to ~~60~~ 120 days.

~~(d)~~(e) A maximum of 25% of the value of the assets of the Fund may be invested in securities or instruments which have a maturity (as herein defined) exceeding 97 days.

~~(e)~~(f) Compliance with the liquidity and maturity requirements of these guidelines shall be determined on the basis of values or ratings at the time of acquisition of any security.

~~(f)~~(g) For the purposes of this ~~Attachment 1~~ Exhibit II, the "maturity" of a security or instrument shall be defined as the date when final payment is due, with these exceptions: (a) instruments issued or guaranteed by the U.S. Government or any agency or instrumentality thereof which have a variable rate of interest shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate, (b) variable rate instruments (other than those described in (a) above) shall be deemed to have a maturity equal to the longer of the period of time remaining until either, (i) the next readjustment of the interest rate or (ii) the principal amount can be recovered through demand or maturity, (c) floating rate instruments which incorporate a demand feature shall be deemed to have a maturity equal to the period of time remaining until the principal amount can be recovered through demand, (d) a repurchase agreement shall be deemed to have a maturity equal to the period of time remaining until the date on which the repurchase is scheduled to occur, or, if no date is specified but the agreement is subject to demand, the notice period applicable to a demand for the repurchase of the securities.

~~(g)~~(h) For the purposes of this ~~Attachment 1~~ Exhibit II, the "interest rate sensitivity" of a security or instrument shall mean (a) in the case of a fixed rate security or instrument (i) the date on which final payment is due or (ii) the principal amount can be recovered through demand (if applicable) or (b) in the case of a floating or variable rate security or instrument, the shorter of the period of time remaining until either (i) the next readjustment of the interest rate or (ii) the principal amount can be recovered through demand (if applicable).

5. Trading Policy

Although the Fund will generally not engage in short-term trading, the Agent may dispose of any portfolio security prior to its maturity if, on the basis of a revised credit evaluation of the issuer or other considerations, Agent believes such disposition is in the best interest of the fund. Subsequent to its purchase, a portfolio security or issuer thereof may be assigned a lower rating or cease to be rated. Such an event would not necessarily require the disposition of the security, if the continued holding of the security is determined to be in the best interest of the Fund. In any event, Lender will be notified within five business days when any security is downgraded below the minimum requirements set forth in these investment guidelines

EXHIBIT II TO APPENDIX B SECURITIES LENDING AUTHORIZATION AGREEMENT (the "Agreement") BETWEEN THE BOARD OF ADMINISTRATION OF THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ("System") AND THE NORTHERN TRUST COMPANY (the "Agent")

INVESTMENT MANAGER OBJECTIVES AND GUIDELINES FOR CUSTOM CASH COLLATERAL ACCOUNT / COLLATERAL ACCOUNT ('THE SHORT TERM INVESTMENT ACCOUNT')

INVESTMENT OBJECTIVE

To seek to maximize current income to the extent consistent with safety of principal, maintenance of liquidity and the investment standards set forth below. The Short Term Investment Account (the "Fund") is intended as a separate account for the investment of U.S.-dollar based cash Collateral received by Agent.

Upon the effective date of these guidelines, the Lender and Agent hereby acknowledge that there may be certain assets in the Fund that would not meet these guidelines if newly purchased at this time ("Transition Assets"), though these assets were in compliance with the relevant guidelines at the time of purchase. The Lender and Agent hereby agree that Agent may, at its sole discretion, hold Transition Assets until maturity, unless otherwise directed by Lender.

Cash Collateral Guidelines

Listed below are the cash Collateral guidelines specifying eligible investments, credit quality standards, and diversification, maturity and liquidity requirements. Subject to the above, all requirements, including diversification, listed in these guidelines are effective at the time of purchase of any security or instrument as a cash Collateral investment. Agent will make use of market standard settlement methods for cash investments including the use of a tri-party custodian as approved by Agent's appropriate risk committee. Settlement through a tri-party custodian may result in cash collateral.

INVESTMENT GUIDELINES

1. Eligible Investments:

(a) Obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities and custodial receipts with respect thereto.

(b) Obligations of domestic or foreign commercial banks, including Agent (or branches thereof where deposits with branches are general obligations of the parent bank) and bank holding companies, including, but not limited to, commercial paper, bankers' acceptances, certificates of deposit, time deposits, notes and bonds. Obligations of foreign commercial banks shall only be acceptable from issuers domiciled in countries with a sovereign credit rating of A+ or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations ("NRSRO").

(c) Obligations of U.S. and foreign corporations, including, but not limited to, commercial paper, notes, bonds and debentures. Asset backed commercial paper must carry 100% liquidity support.

(d) Obligations issued by foreign governments. The issuing country shall have a sovereign credit rating of AA- or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations ("NRSRO").

(e) Units of the Northern Institutional Liquid Assets Portfolio.

(f) Repurchase agreements with counterparties approved by the Agent's appropriate credit committee at the time of purchase where the Collateral is held by Agent or for the account of Agent by an agent or subcustodian of Agent or a central bank, depository, or a third party custodian, and which is fully collateralized by investments described in paragraph (a) above and having a market value, including accrued interest, equal to or greater than the amount invested in the repurchase agreement. Initial collateralization will be at 102%, except cash collateral shall be collateralized at 100%.

(g) In the case of each investment (a) through (f) above: (i) All investments shall be denominated in U.S. dollars, and (ii) investments may include variable and floating rate instruments. Variable and floating rate instruments will be limited to those securities with reference indexes of Federal Funds Effective, Federal Funds Open, SOFR, OBFR, and other relevant money market indices and which are structured such that the spread relationship between the security coupon rate and index reference rate is constant.

2. Credit Quality:

(a) Investments and reinvestments in commercial paper and other short-term obligations shall be limited to obligations (or issuers) with a rating of A1/P1/F1 or higher (or the equivalent) at the time of purchase by any two of the Nationally Recognized Statistical Rating Organizations ("NRSROs") that have assigned a rating to such security (or issuer).

(b) With respect to bonds and other long-term obligations, investments and reinvestments shall be limited to obligations rated at the time of purchase in one of the two highest rating categories (within which there may be sub-categories or gradations indicating relative standing) by the NRSROs that have assigned a rating to such security.

(c) Notwithstanding (a) and (b) above, Agent may invest assets of the Fund in the Northern Institutional Liquid Assets Portfolio.

3. Diversification:

(a) Except for repurchase agreements and obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities, a maximum of 3% of the value of the total assets of the Fund may be invested in securities of any one issuer. With respect to the Northern Institutional Liquid Assets Portfolio, holdings in excess of 3% of the value oftotal assets of the Fund are permitted, but should not exceed 50% without written permission from the client.

(b) A maximum of 25% of the value of the total assets of the Fund may be invested in repurchase agreements with one counterparty.

(c) A maximum of 15% of the value of the total assets of the Fund may be exposed to the risks of any one foreign country and a maximum of 25% of the value of the total assets of the Fund may be exposed to the risks of non-U.S. entities.. For the avoidance of doubt, non-U.S. entities that issue out of U.S. branches (also known as Yankee Bank issuance are not considered as exposure to non-U.S. entities).

(d) Except for the banking industry, a maximum of 25% of the value of the total assets of the Fund may be invested in obligations of issuers having their principal business in the same industry. For such purposes, personal and business finance companies are considered to be in separate industries. Finance companies which are wholly-owned will be considered to be in the industries of their parents if there activities are primarily related to financing the operations of their parents.

(e) Compliance with the credit quality and diversification requirements of these guidelines shall be determined on the basis of values or ratings at the time of acquisition of any security.

4. Liquidity/Maturity:

(a) A minimum of 20% of the value of the assets of the Fund should mature daily. Holdings of the Northern Institutional Liquid Assets Portfolio will be included in this calculation.

(b) A minimum of 35% of the value of the assets of the Fund will mature within one month.

(c) The interest rate sensitivity (as defined in section h below) of the Fund will be limited to a maximum of 60 days.

(d) The maximum final maturity (as defined in section g below) of any variable or floating rate security will be limited to two years; the maximum final maturity of a fixed rate security will be limited to 13 months; and the maximum weighted average maturity of the Fund will be limited to 120 days.

(e) A maximum of 25% of the value of the assets of the Fund may be invested in securities or instruments which have a maturity (as herein defined) exceeding 97 days.

(f) Compliance with the liquidity and maturity requirements of these guidelines shall be determined on the basis of values or ratings at the time of acquisition of any security.

(g) For the purposes of this Exhibit II, the "maturity" of a security or instrument shall be defined as the date when final payment is due, with these exceptions: (a) instruments issued or guaranteed by the U.S. Government or any agency or instrumentality thereof which have a variable rate of interest shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate, (b) variable rate instruments (other than those described in (a) above) shall be deemed to have a maturity equal to the longer of the period of time remaining until either, (i) the next readjustment of the interest rate or (ii) the principal amount can be recovered through demand or maturity, (c) floating rate instruments which incorporate a demand feature shall be deemed to have a maturity equal to the period of time remaining until the principal amount can be recovered through demand, (d) a repurchase agreement shall be deemed to have a maturity equal to the period of time remaining until the date on which the repurchase is scheduled to occur, or, if no date is specified but the agreement is subject to demand, the notice period applicable to a demand for the repurchase of the securities.

(h) For the purposes of this Exhibit II, the "interest rate sensitivity" of a security or instrument shall mean (a) in the case of a fixed rate security or instrument (i) the date on which final payment is due or (ii) the principal amount can be recovered through demand (if applicable) or (b) in the case of a floating or variable rate security or instrument, the shorter of the period of time remaining until either (i) the next readjustment of the interest rate or (ii) the principal amount can be recovered through demand (if applicable).

5. Trading Policy

Although the Fund will generally not engage in short-term trading, the Agent may dispose of any portfolio security prior to its maturity if, on the basis of a revised credit evaluation of the issuer or other considerations, Agent believes such disposition is in the best interest of the fund. Subsequent to its purchase, a portfolio security or issuer thereof may be assigned a lower rating or cease to be rated. Such an event would not necessarily require the disposition of the security, if the continued holding of the security is determined to be in the best interest of the Fund. In any event, Lender will be notified within five business days when any security is downgraded below the minimum requirements set forth in these investment guidelines

**ATTACHMENT 1 TO SCHEUDLE B
SECURITIES LENDING AUTHORIZATION AGREEMENT
(the "Agreement")
BETWEEN THE BOARD OF ADMINISTRATION OF THE CITY EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF LOS ANGELES ("System")
AND THE NORTHERN TRUST COMPANY ("Agent")**

***INVESTMENT MANAGER OBJECTIVES AND GUIDELINES
FOR CUSTOM CASH COLLATERAL ACCOUNT / COLLATERAL ACCOUNT
('THE SHORT TERM INVESTMENT ACCOUNT')***

INVESTMENT OBJECTIVE

To seek to maximize current income to the extent consistent with safety of principal, maintenance of liquidity and the investment standards set forth below. The Short Term Investment Account (the "Fund") is intended as a separate account for the investment of U.S.-dollar based cash Collateral received by Agent..

Upon the effective date of these guidelines, the Lender and Agent hereby acknowledge that there may be certain assets in the Fund that would not meet these guidelines if newly purchased at this time ("Transition Assets"), though these assets were in compliance with the relevant guidelines at the time of purchase. The Lender and Agent hereby agree that Agent may, at its sole discretion, hold Transition Assets until maturity, unless otherwise directed by Lender.

Cash Collateral Guidelines

Listed below are the cash Collateral guidelines specifying eligible investments, credit quality standards, and diversification, maturity and liquidity requirements. Subject to the above, all requirements, including diversification, listed in these guidelines are effective at the time of purchase of any security or instrument as a cash Collateral investment. Agent will make use of market standard settlement methods for cash investments including the use of a tri-party custodian as approved by Agent's appropriate risk committee. Settlement through a tri-party custodian may result in cash collateral.

INVESTMENT GUIDELINES

1. **Eligible Investments**:

   (a) Obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities and custodial receipts with respect thereto.

(b) Obligations of domestic or foreign commercial banks, including Agent, (or branches thereof where deposits with branches are general obligations of the parent bank) and bank holding companies, including, but not limited to, commercial paper, bankers' acceptances, certificates of deposit, time deposits, notes and bonds. Certificates of deposit and time deposits shall not be acceptable from issuers domiciled in Portugal, Italy, Ireland, Greece or Spain.

(c) Obligations of U.S. and foreign corporations, including, but not limited to, commercial paper, asset backed commercial paper, notes, bonds and debentures. Asset backed commercial paper must carry 100% liquidity support.

(d) Obligations issued by foreign governments or political subdivisions thereof, and their agencies or instrumentalities.

(e) Units of the NTGI Collective Short Term Investment Fund.

(f) Repurchase agreements with counterparties approved by the Agent's appropriate credit committee at the time of purchase where the Collateral is held by Agent or for the account of Agent by an agent or subcustodian of Agent or a central bank, depository, or a third party custodian, and which is fully collateralized by investments described in paragraph (a) above and having a market value, including accrued interest, equal to or greater than the amount invested in the repurchase agreement. Initial collateralization will be at 102%, except cash collateral shall be collateralized at 100%.

(g) In the case of each investment (a) through (f) above: (i) All investments shall be denominated in U.S. dollars, and (ii) investments may include variable and floating rate instruments. Variable and floating rate instruments will be limited to those securities with reference indexes of Federal Funds Effective, Federal Funds Open, 1 Month LIBOR and 3 Month LIBOR and which are structured such that the spread relationship between the security coupon rate and index reference rate is constant.

2. Credit Quality:

(a) With respect to commercial paper and other short-term obligations, investments and reinvestments shall be limited to obligations rated (or issued by an issuer that has been rated) at the time of purchase in the highest rating category (within which there may be sub-categories or gradations indicating relative standing) by any two of the Nationally Recognized Statistical Rating Organizations ("NRSROs") that have assigned a rating to such security (or issuer).

(b) With respect to bonds and other long-term obligations, investments and reinvestments shall be limited to obligations rated at the time of purchase in one of the two highest rating categories (within which there may be sub-categories or gradations indicating relative standing) by the NRSROs that have assigned a rating to such security.

(c) Notwithstanding (a) and (b) above, Agent may invest assets of the Fund in the NTGI Collective Short Term Investment Fund which is deemed to be of equal or superior credit quality.

3. Diversification:

(a) Except for repurchase agreements and obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities, a maximum of 3% of the value of the total assets of the Fund may be invested in securities of any one issuer. With respect to the NTGI Collective Short Term Investment Fund, holdings in excess of 3% of the value of total assets of the Fund are permitted, but should not exceed 50% without written permission from the client.

(b) A maximum of 15% of the value of the total assets of the Fund may be invested in repurchase agreements with one counterparty.

(c) A maximum of 15% of the value of the total assets of the Fund may be exposed to the risks of any one foreign country and a maximum of 25% of the value of the total assets of the Fund may be exposed to the risks of non-U.S. entities. This limitation is applicable to the obligations of all foreign issuers. Only entities domiciled in large industrialized and politically stable countries which have been assigned a sovereign long-term rating of AA- or higher by each NRSRO monitored by Lender may be used, subject to that restriction outlined in 1 (b) above.

(d) Except for the banking industry, a maximum of 25% of the value of the total assets of the Fund may be invested in obligations of issuers having their principal business in the same industry. For such purposes, personal and business finance companies are considered to be in separate industries. Finance companies which are wholly-owned will be considered to be in the industries of their parents if there activities are primarily related to financing the operations of their parents.

(e) Compliance with the credit quality and diversification requirements of these guidelines shall be determined on the basis of values or ratings at the time of acquisition of any security.

4. Liquidity/Maturity:

(a) A minimum of 20% of the value of the assets of the Fund should mature daily. Holdings of the NTGI Collective Short Term Investment Fund will be included in this calculation.

(b) A minimum of 35% of the value of the assets of the Fund will mature within one month.

(c) The interest rate sensitivity of the Fund will be limited to a maximum of 60 days.

(d) The maximum final or average maturity of any variable or floating rate security will be two years. The maximum final or average maturity of a fixed rate security will be 13 months. The maximum weighted average maturity (as herein defined) of the Fund will be limited to 180 days.

(e) A maximum of 25% of the value of the assets of the Fund may be invested in securities or instruments which have a maturity (as herein defined) exceeding 97 days.

(f) Compliance with the liquidity and maturity requirements of these guidelines shall be determined on the basis of values or ratings at the time of acquisition of any security.

(g) For the purposes of this Annex 1, the "maturity" of a security or instrument shall be defined as the date when final payment is due, with these exceptions: (a) instruments issued or guaranteed by the U.S. Government or any agency or instrumentality thereof which have a variable rate of interest shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate, (b) variable rate instruments (other than those described in (a) above) shall be deemed to have a maturity equal to the longer of the period of time remaining until either, (i) the next readjustment of the interest rate or (ii) the principal amount can be recovered through demand or maturity, (c) floating rate instruments which incorporate a demand feature shall be deemed to have a maturity equal to the period of time remaining until the principal amount can be recovered through demand, (d) a repurchase agreement shall be deemed to have a maturity equal to the period of time remaining until the date on which the repurchase is scheduled to occur, or, if no date is specified but the agreement is subject to demand, the notice period applicable to a demand for the repurchase of the securities.

(h) For the purposes of this Annex 1, the "interest rate sensitivity" of a security or instrument shall mean (a), in the case of a fixed rate security or instrument (i) the date on which final payment is due or (ii) the principal amount can be recovered through demand (if applicable) or

(b) in the case of a floating or variable rate security or instrument, the shorter of the period of time remaining until either (i) the next readjustment of the interest rate or (ii) the principal amount can be recovered through demand (if applicable).

5. Trading Policy

Although the Fund will generally not engage in short-term trading, the Agent may dispose of any portfolio security prior to its maturity if, on the basis of a revised credit evaluation of the issuer or other considerations, Agent believes such disposition is advisable. Subsequent to its purchase, a portfolio security or issuer thereof may be assigned a lower rating or cease to be rated. Such an event would not necessarily require the disposition of the security, if the continued holding of the security is determined to be in the best interest of the Fund. In any event, Lacers will be notified within 5 business days when any security is downgraded below the minimum requirements set forth in these investment guidelines.

Dated: 8/24/15

THE BOARD OF ADMINISTRATION OF THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

By: [signature]
Name: Thomas Moutes
Title: General Manager

AM

ACCEPTED:

THE NORTHERN TRUST COMPANY

By:______________________________
Name:____________________________
Title:_____________________________

To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: January 13, 2026

Subject: Securities Lending Guidelines

In April of 2020, LACERS elected to reduce the risk within their securities lending program due to increased market volatility as the result of the COVID-19 health crisis and its impact on the economy and capital markets. Risk was reduced by instituting a temporary reduction in the volume of loans and a revision of the investment guidelines for the cash collateral portfolio. The investment guidelines were modified to shorten the duration, increase credit quality, and restrict certain security types. It was recognized that with the reduced loan volume, increased credit quality and liquidity, the overall program would not be able to generate the same level of income as it had in the past.

At this point in time, we are supportive of LACERS reverting the maturity and liquidity portion of the guidelines back to the pre-2020 language. In addition, we are comfortable with LACERS adopting Northern Trust's proposed guideline changes.

LACERS' guidelines are generally more detailed in nature compared to other NEPC clients, but the criteria specified in the cash collateral guidelines are not an outlier compared to peers. Our research team does check in periodically with clients and their securities lending agents to keep apprised of recent activity and trends. In 2025 we saw increased securities lending activity, which is common post-election year. With that said, we have not seen clients make material changes to their securities lending programs recently.

The following table provides a comparison of LACERS' maturity and liquidity provisions with other Plans.

	LACERS Pre-2020	LACERS Current	Others
Minimum amount invested in daily maturity	20%	20%	20%, but some also allow US Treasury securities to count toward the minimum amount
Percentage of portfolio that will mature within 30 days	35%	35%	Typically 35-40%
Interest rate sensitivity of the Fund	60 days	60 days	Up to 90 days

Maximum average maturity of variable rate securities	2 years	60 days	2 years
Maximum average maturity of fixed rate securities	13 months	60 days	13 months
Maximum average maturity of the Fund	180 days	60 days	120 days

CONTRACT AMENDMENT
CONTRACT NO. 4293 – THE NORTHERN TRUST COMPANY
EXHIBIT II TO APPENDIX B
INVESTMENT MANAGER OBJECTIVES AND GUIDELINES FOR CUSTOM CASH COLLATERAL ACCOUNT

PROPOSED RESOLUTION

WHEREAS, the Board authorized temporary modifications to the Securities Lending Program (SLP) Cash Collateral Guidelines on April 28, 2020; and,

WHEREAS, on June 22, 2021, the Board affirmed staff's recommendation to have the temporary revisions to the Cash Collateral Guidelines to remain in effect for an indefinite period of time; and,

WHEREAS, staff revisited the guidelines and reviewed their suitability against the current market environment and LACERS' SLP return objectives and risk constraints; and,

WHEREAS, staff believes that its proposed revisions to the Cash Collateral Guidelines will align the cash reinvestment portfolio's risk parameters with current industry standards to expand earnings potential and optimize the risk-adjusted return profile of the SLP cash reinvestment program; and,

WHEREAS, at the Investment Committee meeting of January 13, 2026, staff recommended modifications to the Cash Collateral Guidelines which largely restore the guidelines to a pre-2020 risk-return profile, to which the Investment Committee provided concurrence; and,

WHEREAS, on January 27, 2026, the Board approved the Investment Committee's recommendation to approve staff's proposed revisions to the Cash Collateral Guidelines.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager or their designee is hereby authorized to approve and execute the necessary documents, subject to satisfactory business and legal terms.

January 27, 2026