LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

Board of Administration Agenda
REGULAR MEETING
TUESDAY, SEPTEMBER 22, 2026
10:00 A.M.
LACERS BOARDROOM
977 N. Broadway
Los Angeles, CA 90012

Commissioner Thomas Moutes will participate virtually from:

Thrive Coworking – "The Vibe" Conference Room – Suite 280

1 Page Avenue, Asheville, NC 28801

President:

Janna Sidley

Vice President:

Sung Won Sohn

Commissioners:

Thuy Huynh

Susan Liem

Gaylord "Rusty" Roten

Vacant

Manager-Secretary:

Todd Bouey

Executive Assistant:

Ani Ghoukassian

Legal Counsel:

City Attorney's Office Public Pensions General Counsel Division

ACCESS TO LACERS BOARD AND COMMITTEE MEETING REPORTS

IMPORTANT MESSAGES 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 YouTube Livestream Link for Board/Committee meeting audio – only accessible during meetings**.

The Board may take action on any item appearing on this agenda, regardless of whether it is listed as an action item. Cal. Gov. Code § 54954.2.

DISCLAIMER TO PARTICIPANTS

Please be advised that all open session LACERS Board/Committee 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 email at **ethics.commission@lacity.org.**

REQUEST FOR SERVICES

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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.**

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

III. RECEIVE AND FILE ITEMS

   A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR AUGUST 2026

   B. COMMISSIONER GAYLORD "RUSTY" ROTEN EDUCATION EVALUATION ON CALIFORNIA ASSOCIATION OF PUBLIC RETIREMENT SYSTEMS (CALAPRS) PRINCIPLES OF PENSION GOVERNANCE – A COURSE FOR TRUSTEES; SANTA BARBARA, CA; AUGUST 24-27, 2026

IV. COMMITTEE REPORT(S)

   A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON SEPTEMBER 8, 2026

   B. GOVERNANCE COMMITTEE VERBAL REPORT FOR THE MEETING ON SEPTEMBER 22, 2026

V. CONSENT ITEMS

   A. APPROVAL OF MINUTES FOR THE MEETING ON AUGUST 25, 2026 AND POSSIBLE BOARD ACTION

   B. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF JOSE GARCIA AND POSSIBLE BOARD ACTION

C. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF EDWARD ROBINSON AND POSSIBLE BOARD ACTION

D. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF CARMEN VAZQUEZ AND POSSIBLE BOARD ACTION

VI. BOARD/DEPARTMENT ADMINISTRATION

A. ASSUMPTIONS FOR THE JUNE 30, 2026 RETIREE HEALTH ACTUARIAL VALUATION AND POSSIBLE BOARD ACTION

VII. INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT

B. PRESENTATION BY J.P. MORGAN ASSET MANAGEMENT REGARDING ARTIFICIAL INTELLIGENCE

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: INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 18 v. CITY OF LOS ANGELES ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCP02171)

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: THOMAS CRAWLEY v. LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCV14282)

IX. OTHER BUSINESS

X. NEXT MEETING: The next Regular meeting of the Board is scheduled for October 13, 2026, at 10:00 A.M., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, CA 90012.

XI. ADJOURNMENT

Agenda of: September 22, 2026
Item No: III-A

MONTHLY REPORT ON SEMINARS AND CONFERENCES ATTENDED BY BOARD MEMBERS ON BEHALF OF LACERS FOR THE MONTH OF AUGUST 2026

In accordance with Section V.H.2 of the approved Board Education and Travel Policy, Board Members are required to report to the Board, on a monthly basis at the last Board meeting of each month, seminars and conferences they attended as a LACERS representative or in the capacity of a LACERS Board Member which are either complimentary (no cost involved) or with expenses fully covered by the Board Member. This monthly report shall include all seminars and conferences attended during the 4-week period preceding the Board meeting wherein the report is to be presented.

BOARD MEMBERS:

President Annie Chao
Vice President Sung Won Sohn

Commissioner Thuy Huynh
Commissioner Susan Liem
Commissioner Thomas Moutes
Commissioner Gaylord “Rusty” Roten
Commissioner Janna Sidley

DATE(S) OF EVENT	SEMINAR / CONFERENCE TITLE	EVENT SPONSOR (ORGANIZATION)	LOCATION (CITY, STATE)
	NOTHING TO REPORT		

Board Meeting: 09/22/26
Item: III-B

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)
TRAVEL/CONFERENCE EVALUATION REPORT

Name of Attendee: Gaylord R. Roten

Title of Conference/Seminar: Principles of Pension Governance

Location: Santa Barbara No. of Education Hours: 19.5

Trustee Rating:
(A-Excellent, B-Very Good, C-Good, D-Not Beneficial) B

Level: Introductory, Intermediate, or Advanced) Intermediate

Event Sponsor: CALAPRS

Date(s) Held: 8/24/26 – 8/27/26

Report for:

☒Travel

☐Conference/Seminar Attendance Only

I. Nature/Purpose of Travel (if applicable):

Continuing Education for Public Pension Plan

II. Significant Information Gained:

Better understanding of Public Pension Plans and their operation.

III. Benefits to LACERS:

I now have a better understanding of how other California P.E.R.S. plans function.

IV. Additional Comments:

SUBMIT TO THE LACERS COMMISSION EXECUTIVE ASSISTANT, 977 N. BROADWAY, LOS ANGELES, CA
WITHIN 30 DAYS AFTER ATTENDING THE CONFERENCE/SEMINAR

Board Agenda of: September 22, 2026
Item No.: V-A

MINUTES OF THE REGULAR MEETING
BOARD OF ADMINISTRATION
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

August 25, 2026
10:00 A.M.

Present:

Janna Sidley, President

Sung Won Sohn, Vice President

Thuy Huynh, Commissioner

Susan Liem, Commissioner

Thomas Moutes, Commissioner

Virtually

Gaylord "Rusty" Roten, Commissioner

Legal Counselor:

Miguel Bahamon

Manager-Secretary:

Todd Bouey

Executive Assistant:

Ani Ghoukassian

The Items in the Minutes are numbered to correspond with the Agenda.

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – Vice President Sohn asked if any persons wanted to make a general public comment, to which there were no public comment cards received.

II

GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS – Todd Bouey, General Manager, advised the Board of the following items:

- On Tuesday, August 18, 2026, Commissioner Annie Chao notified LACERS that she would be stepping down from the LACERS Board effective immediately. Commissioner Chao has served on the Board for ten years, having been elected three times by active City employees to represent them as the Employee Member. She also served four terms as Board President. On behalf of LACERS staff and Members, we extend our sincere appreciation to Commissioner Chao for her decade of dedicated service and leadership. We thank Commissioner Chao for her many contributions to LACERS and wish her the very best in her future endeavors.
- Benefit Operations Update: Retirement Services Division: Letters to Deferred Vested Members: Notifications of eligibility to retire will soon be sent to inactive Members who have reached age 55 and have had their funds on deposit for at least 10 years. Approximately 700 of these "Deferred Vested" Members may begin taking a retirement benefit or elect to receive a lump-sum payout of their contributions on deposit. This is expected to increase the volume of retirement applicants in the coming months. These letters are scheduled to be sent on an annual basis.
- Health, Wellness, & Buyback Division: LACERS Well Health Expo at the Quiet Cannon in Montebello: The first LACERS Well Health Expo held on August 13th successfully engaged 253 Retirees in interacting with our health carrier partners in activities that encourage healthy lifestyles.
- 2027 Dental Subsidy: At the last Board meeting, the Board approved aligning the maximum dental subsidy for retired Members with the active employees' subsidy, the exact amount of which had not yet been finalized. The Los Angeles City Council has since approved increasing the monthly dental subsidy for active employees to $52.02 for 2027.

- Anthem Formulary Change: Effective August 1, the single-dose auto-injector for Zepbound (a GLP-1 medication) is no longer covered under Anthem's prescription formulary. The Zepbound Multi-Dose KwikPen remains available. Members currently using the single-dose version must obtain a new prescription and transition to the multi-dose pen by October 1.
- Open Enrollment Update: The schedule for four in-person Open Enrollment meetings with our health carriers has been confirmed:
    - October 28: Hyatt Regency Westlake, Westlake Village
    - October 29: DoubleTree, Ontario
    - November 3: The Centre, Lakewood
    - November 5: Almansor Court, Alhambra

Members may register for in-person or virtual meetings starting September 8 through their MyLACERS account or by calling LACERS at (800) 779-8328.

B. UPCOMING AGENDA ITEMS – Todd Bouey, General Manager, advised the Board of the following items:

Board Meeting on September 8, 2026:

- Audit Entrance Conference for Fiscal Year ended June 30, 2026 by External Auditor, Baker Tilly US
- Adoption of 2026 Employee-Member of the Board Special Election Date

III

ELECTION OF BOARD OFFICERS FOR FISCAL YEAR 2026-27 AND POSSIBLE BOARD ACTION – Todd Bouey, General Manager, advised the nominations for Board President were being considered. Commissioner Huynh nominated Commissioner Sidley as President. Mr. Bouey called for the vote on the nomination of Commissioner Sidley as President: Ayes, Commissioners Huynh, Liem, Moutes, Roten, Sidley, and Sohn; -6; Nays, None. Commissioner Sidley received the majority vote and was elected Board President for Fiscal Year 2026-27.

IV

RECEIVE AND FILE ITEMS

A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JULY 2026 – This report was received by the Board and filed.

V

COMMITTEE REPORT(S)

A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON AUGUST 11, 2026 – Commissioner Huynh stated the Committee approved the Investment

Manager Contract with PGIM, Inc. regarding the Management of an active emerging market debt portfolio.

B. GOVERNANCE COMMITTEE VERBAL REPORT FOR THE MEETING ON AUGUST 25, 2026 – Commissioner Sidley stated the Committee approved the Board Policy Review: Operational Risk Management Policy.

VI

Commissioner Huynh moved approval of Consent Agenda Item VI-A, and seconded by Commissioner Roten, and adopted by the following vote: Ayes, Commissioners Huynh, Liem, Moutes, Roten, Vice President Sohn, and President Sidley -6; Nays, None.

CONSENT ITEMS

A. APPROVAL OF MINUTES FOR THE MEETING ON JULY 28, 2026 AND POSSIBLE BOARD ACTION

VII

BOARD/DEPARTMENT ADMINISTRATION

A. CHIEF INVESTMENT OFFICER RECRUITMENT PROCESS AND POSSIBLE BOARD ACTION – Kevin Hirose, Senior Personnel Analyst II, presented and discussed this item with the Board for two minutes. Commissioner Moutes moved approval of the following Resolution:

FISCAL YEAR 2026-27 SUPPLEMENTAL BUDGET APPROPRIATION

RESOLUTION 260825-A

WHEREAS, on May 26, 2025, the Board adopted LACERS departmental budget for the Fiscal Year 2026-27, which did not include funds for executive recruitment; and

WHEREAS, Rodney June, LACERS Chief Investment Officer, retired from City service effective July 11, 2026; and

WHEREAS, on May 12, 2026, LACERS Human Resources informed the Board that it would begin preliminary steps to issue an expedited solicitation for an executive search consultant to assist with the LACERS Chief Investment Officer recruitment; and

WHEREAS, a three-member LACERS panel evaluated and scored the proposals using the established criteria and identified Korn Ferry International as the executive search consultant to facilitate the recruitment for the LACERS Chief Investment Officer, subject to Board approval; and

WHEREAS, LACERS requests a supplemental budget appropriation in an amount not-to-exceed $100,000, to cover the costs associated with professional service fees and

search expenses, as there are insufficient funds available to transfer and cover this expense.

NOW THEREFORE, BE IT RESOLVED, that the Board:

1. Award Korn Ferry International (Korn Ferry) the contract to provide executive search consultant services;
2. Approve a Supplemental Appropriation of $100,000 to Fund 800, LACERS Administrative Budget, Contractual Services (APPR 163040) for Fiscal Year 2026-27;
3. Authorize LACERS General Manager to negotiate and execute the contract beginning September 2026, to March 2027, or upon hire of the LACERS Chief Investment Officer, subject to City Attorney approval as to form; and,
4. Authorize the General Manager to correct any typographical or technical errors in this document.

Which motion was seconded by Commissioner Roten and adopted by the following vote: Ayes, Commissioners Huynh, Liem, Moutes, Roten, Vice President Sohn, and President Sidley -6; Nays, None.

VIII

INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Wilkin Ly, Acting Chief Investment Officer, reported on the portfolio value of $29.49 billion as of August 24, 2026; and the Volatility Index at 15.8. Wilkin Ly discussed the following items:

   INDUSTRY NEWS:
   a. Discussion of U.S. stock market events
      - Trade dispute with Canada
      - Impact on tariffs
      - Legal implications and considerations
      - Increase of long-term interest rates
      - Intent of treasury buybacks
      - Impact of higher interest rates on LACERS portfolio

   FUTURE AGENDA ITEMS:
   a. Q2 2026 portfolio performance review
   b. U.S. small cap review
   c. Public market contract renewals

B. APPROVAL OF 3-YEAR CONTRACT WITH PGIM, INC. REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKET DEBT PORTFOLIO AND POSSIBLE BOARD ACTION – Jeremiah Paras, Investment Officer II, presented and discussed this item with the Board for two minutes. Commissioner Huynh moved approval of the following Resolution:

CONTRACT RENEWAL PGIM, INC.
ACTIVE EMERGING MARKET DEBT PORTFOLIO MANAGEMENT

RESOLUTION 260825-B

WHEREAS, LACERS' current three-year contract term with PGIM, Inc. (PGIM) for management of an active emerging market debt portfolio expires on December 31, 2026; and,

WHEREAS, PGIM is in compliance with the LACERS Manager Monitoring Policy; and,

WHEREAS, a contract renewal with PGIM will allow the LACERS total portfolio to maintain a diversified exposure to emerging market debt; and,

WHEREAS, on August 25, 2026, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with PGIM.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager or designee is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following services and terms:

Company Name:	PGIM, Inc.
Service Provided:	Active Emerging Market Debt Portfolio Management
Effective Dates:	January 1, 2027 through December 31, 2029
Duration:	Three years
Benchmark:	50% to the J.P. Morgan Emerging Market Bond Index (JPM EMBI) Global Diversified Index and 50% to the J.P. Morgan Government Bond Index-Emerging Markets (JPM GBI-EM) Global Diversified Index
Allocation as of June 30, 2026:	$602 million

Which motion was seconded by President Sidley and adopted by the following vote: Ayes, Commissioners Huynh, Liem, Moutes, Roten, Vice President Sohn, and President Sidley -6; Nays, None.

The Board did not discuss any Legal/Litigation items.

IX

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: INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 18 v. CITY OF LOS ANGELES ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCP02171)

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: THOMAS CRAWLEY v. LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCV14282)

X

OTHER BUSINESS – President Sidley extended her sincere appreciation to former President Annie Chao for her dedicated service and exceptional leadership on the Board.

XI

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, September 8, 2026, at 10:00 A.M., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, CA 90012.

XII

ADJOURNMENT – There being no further business before the Board, President Sidley adjourned the meeting at 10:23 A.M.

Janna Sidley, President
Todd Bouey, Manager-Secretary

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION
MEETING: SEPTEMBER 22, 2026
FROM: ISAIAS CANTÚ, CHIEF BENEFITS ANALYST
ITEM: V-B

SUBJECT: APPROVAL OF DISABILITY RETIREMENT APPLICATION OF JOSE GARCIA AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board, pursuant to Los Angeles Administrative Code Section 4.1008(b), approve the disability retirement benefit for Jose Garcia 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

Jose Garcia (Applicant), age 52, is a Light Equipment Operator at the Department of Public Works – Resurfacing and Reconstruction Division with 11.23655 years of City Service. The Applicant applied for Disability Retirement on May 17, 2024, 109 months outside the normal one-year filing period. The application was accepted due to the Applicant's open Workers' Compensation claim.

The Applicant's last day on active payroll was May 1, 2014. If approved, the Applicant's retirement effective date will be May 2, 2014.

Accommodation

Because all physicians opined that the Applicant is disabled with no form of accommodation that would allow a return to work, LACERS made no inquiries with the employing department.

Fiscal Impact

Upon approval, the Applicant will receive a disability allowance of approximately $1,624 per month, and an approximate retroactive payment of $241,976 covering 149 months.

Prepared By:

Carol Jackson, Benefits Analyst
Claudia Batres-Flores, Sr. Benefits Analyst I

TB:DWN:IC:CBF:cj

ATTACHMENT(S): 1. Proposed Resolution: Approval of Disability Retirement Benefit for Jose Garcia

BOARD MEETING: SEPTEMBER 22, 2026
ITEM: V-B
ATTACHMENT: 1

APPROVAL OF DISABILITY RETIREMENT BENEFIT FOR JOSE GARCIA
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 Jose Garcia is unable to perform their usual and customary duties as a Light Equipment Operator with the City of Los Angeles;

WHEREAS, after consideration of the evidence received, the Board determined that Jose Garcia is incapacitated pursuant to the definition in Los Angeles Administrative Code Section 4.1008(b) and is not capable of performing the duties of a Light Equipment Operator;

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; and,

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the disability retirement benefit for Jose Garcia based upon their claimed disabling conditions.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION
MEETING: SEPTEMBER 22, 2026
FROM: ISAIAS CANTÚ, CHIEF BENEFITS ANALYST
ITEM: V-C

SUBJECT: APPROVAL OF DISABILITY RETIREMENT APPLICATION OF EDWARD ROBINSON AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board, pursuant to Los Angeles Administrative Code Section 4.1080.8(b), approve the disability retirement benefit for Edward Robinson based on their claimed disabling condition and the supporting medical evidence contained in the administrative record, which includes reports by three licensed, practicing physicians.

Background

Edward Robinson (Applicant), age 44, is a Background Investigator at the Personnel Department with 5.94425 years of City Service. The Applicant applied for disability retirement on April 25, 2025, within the normal one-year filing period, in compliance with Los Angeles Administrative Code Section 4.1080.8(a).

The Applicant's last day on active payroll was April 24, 2025. If approved, the Applicant's retirement effective date will be April 25, 2025.

Accommodation

Because Physicians 1 and 2 opined that the Applicant is disabled with no form of accommodation that would allow them to return to work, LACERS made no inquiries with the employing department.

Fiscal Impact

Upon approval, the Applicant would receive a disability allowance of approximately $2,663 per month, and an approximate retroactive payment of $47,934 covering approximately 18 months.

Prepared By:

Rachelle Ramiento, Benefits Specialist
Carol Jackson, Benefits Analyst
Claudia Batres-Flores, Sr. Benefits Analyst I

TB:DWN:IC:CBF:cj:rr

ATTACHMENT(S)**:** 1. Proposed Resolution: Approval of Disability Retirement Benefit for Edward Robinson

BOARD MEETING: SEPTEMBER 22, 2026
ITEM: V-C
ATTACHMENT: 1

APPROVAL OF DISABILITY RETIREMENT BENEFIT FOR EDWARD ROBINSON

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 Edward Robinson and concluded that they are unable to perform their usual and customary duties as a Background Investigator III with the City of Los Angeles;

NOTWITHSTANDING, Physician 3 examined and concluded Edward Robinson is able to perform the usual and customary duties as a Background Investigator III with the City of Los Angeles;

WHEREAS, after consideration of the evidence received, the Board determined that Edward Robinson is incapacitated pursuant to the definition in Los Angeles Administrative Code Section 4.1080.8(b) and is not capable of performing the duties of a Background Investigator III;

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; and,

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the disability retirement benefit for Edward Robinson based upon their claimed disabling conditions.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION
MEETING: SEPTEMBER 22, 2026
FROM: ISAIAS CANTÚ, CHIEF BENEFITS ANALYST
ITEM: V-D

SUBJECT: APPROVAL OF DISABILITY RETIREMENT APPLICATION OF CARMEN VAZQUEZ AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board, pursuant to Los Angeles Administrative Code Section 4.1008(b), approve the disability retirement benefit for Carmen Vazquez 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

Carmen Vazquez (Applicant), age 55, is an Administrative Clerk at the City Planning Department with 11.92685 years of City Service. The Applicant applied for Disability Retirement on April 18, 2025, within the normal one-year filing period, in compliance with Los Angeles Administrative Code Section 4.1008(a).

The Applicant's last day on active payroll was January 27, 2025. If approved, the Applicant's retirement effective date will be January 28, 2025.

Accommodation

Because Physician 1 opined that the Applicant is disabled with no form of accommodation that would allow them to return to work, LACERS made no inquiries with the employing department.

Fiscal Impact

Upon approval, the Applicant will receive a disability allowance of approximately $1,579 per month, and an approximate retroactive payment of $33,159 covering 21 months.

Prepared By:

Carol Jackson, Benefits Analyst
Claudia Batres-Flores, Sr. Benefits Analyst I

TB:DWN:IC:CBF:cj

ATTACHMENT(S): 1. Proposed Resolution: Approval of Disability Retirement Benefit for Carmen Vazquez

BOARD MEETING: SEPTEMBER 22, 2026
ITEM: V-D
ATTACHMENT: 1

APPROVAL OF DISABILITY RETIREMENT BENEFIT FOR CARMEN VAZQUEZ

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 Carmen Vazquez is unable to perform their usual and customary duties as an Administrative Clerk with the City of Los Angeles;

WHEREAS, after consideration of the evidence received, the Board determined that Carmen Vazquez is incapacitated pursuant to the definition in Los Angeles Administrative Code Section 4.1008(b) and is not capable of performing the duties of an Administrative Clerk;

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; and,

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the disability retirement benefit for Carmen Vazquez based upon their claimed disabling conditions.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION
MEETING: SEPTEMBER 22, 2026
FROM: Todd Bouey, General Manager
ITEM: VI-A

SUBJECT: ASSUMPTIONS FOR THE JUNE 30, 2026 RETIREE HEALTH ACTUARIAL VALUATION AND POSSIBLE BOARD ACTION

☒ ACTION ☐ CLOSED ☐ CONSENT ☐ RECEIVE & FILE

Recommendation

That the Board adopt the attached actuarial assumptions for the June 30, 2026 Retiree Health Actuarial Valuation as recommended by LACERS' consulting actuary, Segal.

Executive Summary

LACERS' consulting actuary, Segal, annually reviews the health-specific assumptions, including health care cost trends and per capita premium costs to be used in the Retiree Health Actuarial Valuations to ensure they accurately align with current healthcare market conditions. This annual health review differs from the economic and demographic assumptions used in the Retirement Plan Valuation, which are generally evaluated every three years as part of the Triennial Experience Study.

For the June 30, 2026 valuation, the recommended health care trend assumptions reflect higher expected short-term and long-term cost growth across medical and pharmacy offerings. Additionally, this valuation will incorporate updated economic and demographic assumptions adopted from the July 1, 2022 through June 30, 2025 Actuarial Experience Study, most notably the reduction in the long-term investment rate of return from 7.00% to 6.75%.

Discussion

The proposed LACERS health actuarial assumptions for plan year 2026-2027 include the following:

- The recommended per capita costs for plan year 2026-2027 combine the calendar year 2027 medical and dental premium rates approved by the Board with the 2026 calendar year rates.
- Medical rates (but not dental or Medicare Part B) will then be adjusted by factors specific to age, gender, and spousal status.
- The medical trend is applied to the per capita costs to project future healthcare costs.

Segal's recommended health actuarial assumptions for the June 30, 2026 valuation (below) establish the baseline framework for projecting future retiree medical and dental benefit costs. Selecting first-year trend assumptions and appropriate grade-down periods enables the actuary to project near-term premium renewals toward a sustainable long-term ultimate rate.

- For non-Medicare plans: the recommended first-year trend rate is 9.50%, compared to 7.00% under the prior assumptions. The rate will grade down by 0.50% each year until reaching 7.00%, then by 0.25% annually until reaching the ultimate rate of 4.50%. This yields a 20-year annualized average trend of 6.18% compared to 5.32% under last year's assumption, reflecting a meaningful increase in expected health care cost growth.
- For Medicare plans: the recommended first-year trend rate is 7.25%, grading down by 0.25% each year until reaching an ultimate rate of 4.50%. This results in a 20-year annualized average trend of 5.32%, up from 5.18% in last year's valuation.
- For the Medicare Part B plan: the recommended first-year trend rate is 5.15%, followed by 7.00% increases for fiscal years 2027-2028 through 2035-2036, then grading down by 0.25% for 10 years until reaching the ultimate rate of 4.50%. Based on the new assumptions, the Medicare Part B premiums are expected to increase by an average of 6.22% over the next 20 years, up from 5.94% in last year's valuation.
- For dental plans: the dental trend assumption remains unchanged at 3.00%.

Health Care Cost Drivers

According to the 2027 Segal Health Plan Cost Trend Survey, health plan cost growth across the industry is approaching 9.9% for medical plans, a 15-year high. These macro-level adjustments reflect elevated hospital price inflation, expanding physician service utilization, accelerated prescription drug spending (GLP-1 and specialty therapies), and structural cost pressures such as AI-driven billing coding intensity.

The recommended LACERS health care trend assumptions reflect updated national health care trend data, recent and historical LACERS premium increases, and carrier feedback regarding future increases. The recommended assumptions, along with the economic and demographic assumptions previously adopted by the Board in the Triennial Experience Study, will be used in preparing the June 30, 2026, Retiree Health Actuarial Valuation.

Segal will present the recommended health assumptions.

Prepared By: Alejandra Zuniga, Benefits Analyst

TB:DWN:KF:JK:GM:AZ

Attachment(s):

1. Assumptions Recommended for the June 30, 2026 Retiree Health Actuarial Valuations

BOARD MEETING: SEPTEMBER 22, 2026
ITEM: VI-A
ATTACHMENT: 1

Segal

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September 14, 2026

Todd Bouey
General Manager
Los Angeles City Employees' Retirement System
977 North Broadway
Los Angeles, CA 90012

Re: Los Angeles City Employees' Retirement System
Assumptions Recommended for the June 30, 2026
Retiree Health Actuarial Valuations

Dear Todd:

This letter provides the Board with the health trend and other actuarial assumptions we recommend for the June 30, 2026 retiree health valuations for funding and financial reporting. The most notable changes are the following:

1. The recommended trend rates are higher than those used for the June 30, 2025 valuations and are expected to increase projected retiree health costs relative to the prior valuation assumptions.
2. In addition to the updated trend assumptions, the June 30, 2026 health valuations will incorporate assumption changes adopted as a result of the July 1, 2022 through June 30, 2025 Actuarial Experience Study, including the decrease to the long-term rate of return assumption from 7.00% to 6.75%.

The health care trend assumptions used in the health valuations are reviewed annually. Every year Segal publishes a set of health care trend assumptions based on the latest research and information available to our health actuaries. The health care trend assumptions consider factors such as recent and expected premium increases, changes in utilization of health care, and cost shifting from Medicare.

Other assumptions such as the proportion of members expected to be covered by each health benefit provider (e.g. Kaiser, etc.) can be volatile due to the dynamic nature of the health care marketplace. Health provider election assumptions are based on enrollment experience among current retirees during the most recent annual open enrollment period. A plan sponsor's costs/premiums can be significantly different from projected claims cost trends due to diverse factors ranging from group demographics, plan design, claim volatility and underwriting cycles. Carrier actions to gain market share, health care marketplace events/trends and conditions affecting access and cost of care (including provider consolidations, mandated benefits, pent-up demand and severity due to prior lack of access) may materially influence short-term premiums, while the trend assumptions are intended to reflect expected long-term cost growth. For

example, a cycle of favorable experience used in the rate setting basis can reduce the claim portion of the premium but does not indicate that future costs will follow that same pattern.

The following table summarizes our recommended trend assumptions for the June 30, 2026 valuation along with the trend assumptions from the June 30, 2025 valuation for comparison. Detailed methodology, per capita costs, participation assumptions and supporting information are included in the attachment.

Recommended trend assumptions for June 30, 2026 valuation

First Calendar Year (January 1, 2027 through December 31, 2027).

Calendar Year	Non-Medicare Premiums Prior	Non-Medicare Premiums Current[1]	Medicare Premiums Prior	Medicare Premiums Current[1]	Medicare Part B Premium Prior	Medicare Part B Premium Current
2027	7.00%	**9.50%**	6.75%	**7.25%**	6.75%	**7.00%[2]**
2028	6.75	**9.00**	6.50	**7.00**	6.75	**7.00**
2029	6.50	**8.50**	6.25	**6.75**	6.75	**7.00**
2030	6.25	**8.00**	6.00	**6.50**	6.75	**7.00**
2031	6.00	**7.50**	5.75	**6.25**	6.75	**7.00**
2032	5.75	**7.00**	5.50	**6.00**	6.75	**7.00**
2033	5.50	**6.75**	5.25	**5.75**	6.75	**7.00**
2034	5.25	**6.50**	5.00	**5.50**	6.25	**7.00**
2035	5.00	**6.25**	4.75	**5.25**	5.75	**7.00**
2036	4.75	**6.00**	4.50	**5.00**	5.25	**6.75**
2037	4.50	**5.75**	4.50	**4.75**	4.75	**6.50**
2038	4.50	**5.50**	4.50	**4.50**	4.50	**6.25**
2039	4.50	**5.25**	4.50	**4.50**	4.50	**6.00**
2040	4.50	**5.00**	4.50	**4.50**	4.50	**5.75**
2041	4.50	**4.75**	4.50	**4.50**	4.50	**5.50**
2042	4.50	**4.50**	4.50	**4.50**	4.50	**5.25**
2043	4.50	**4.50**	4.50	**4.50**	4.50	**5.00**
2044	4.50	**4.50**	4.50	**4.50**	4.50	**4.75**
2045	4.50	**4.50**	4.50	**4.50**	4.50	**4.50**
2046 and later	4.50	**4.50**	4.50	**4.50**	4.50	**4.50**
20-year average	**5.32%**	**6.18%**	**5.18%**	**5.32%**	**5.94%**	**6.22%**

Dental Premium Trend: 3.00% for all years

[1] The first-year trend will be used to project 2027 calendar year premiums to calendar year 2028.
[2] The proposed 7.00% trend represents the average increase of the Part B premiums shown in Table V.E2 of the Medicare Trustees report for years 2028 through 2035.

The health care trend and other related medical assumptions have been reviewed by Mehdi Riazi, FSA, MAAA, FCA, EA. We are members of the American Academy of Actuaries and we collectively meet the Qualifications Standards of the American Academy of Actuaries to render the actuarial opinion herein.

We look forward to discussing this with you. Please let us know if you have any questions.

Sincerely,

Daniel Siblik, ASA, MAAA, FCA, EA
Vice President & Actuary

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

WS/bbf/jl
Attachments

Segal

Current and recommended actuarial assumptions for the June 30, 2026 Retiree Health valuations

1. Trend recommendations and methodology

The following information offers explanation, rationale and other detail regarding the recommended assumptions for the June 30, 2026 Retiree Health valuations.

1. **Health care trend assumptions**[3]

   a. For non-Medicare plans, we are recommending the first-year trend[4] rate be set to 9.50%, grading down by 0.50% each year until reaching 7.00%, then grading down by 0.25% each year until reaching an ultimate rate of 4.50%. The increase from a corresponding rate of 7.00% in last year's assumption to 9.50% was based on a combination of (1) updated national data from Segal's 2027 trend survey, (2) recent and historical premium increases for the LACERS health plans, and (3) feedback from carriers regarding expected future premium increases. On average, the non-Medicare member premiums increased by about 9.90% for Kaiser, 5.80% for Anthem Blue Cross PPO and 10.57% for Anthem Blue Cross HMO from calendar year 2026 to 2027. Based on the new assumptions, the non-Medicare plan premiums are expected to increase by an average of 6.18% per year over the next twenty years, compared to 5.32% under last year's assumption, reflecting a meaningful increase in expected health care cost growth.

   b. For Medicare plans, we are recommending the first-year trend rate be set to 7.25%, grading down by 0.25% each year until reaching an ultimate rate of 4.50%. While the 2027 Kaiser and Anthem Medicare PPO premiums increased by only 1.8% and 3.4%, respectively, annual premium changes can vary significantly from year to year. The increase in the Medicare trend assumptions was mainly due to national data from Segal's 2027 trend survey. The proposed Medicare trend assumption results in a 20-year average annual increase of 5.32%, up from 5.18% in last year's valuation.

   c. We recommend the dental trend assumption be maintained at 3.0%.

   d. For the Medicare Part B trend assumptions, we recommend a first-year trend of 5.15%, followed by 7.00% increases for fiscal years 2027-2028 through 2035-2036, then grading down by 0.25% for 10 years until reaching an ultimate rate of 4.50%. The updated Medicare Part B trend assumptions were based on the intermediate Part B premium estimates in Table V.E2. of the 2026 Medicare Trustees report. The proposed initial trend assumption of 5.15% is the fiscal year premium increase corresponding to a 3.25% calendar year increase for 2027 premiums. The proposed 7.00% trend represents the average increase of the Part B premiums shown in Table V.E2 of the Trustees report for years 2028 through 2035. Based on the new assumptions, the Medicare Part B premiums are expected to increase by an average of 6.22% over the

[3] The health care trend assumptions discussed here are primarily provided for use in projecting the level of increase in medical **premiums** required to obtain health services in retiree health valuations for our clients. Those assumptions may not correspond to the level of increase in medical subsidies that may be provided by those clients' systems. Trend assumptions used by Segal in annual actuarial valuations may vary between health plans in the Los Angeles area due to factors such as recent claims experience and plan design.

[4] The first-year trend will be used to project 2027 calendar year premiums to calendar year 2028.

next twenty years. The 20-year average trend for Part B premiums was 5.94% in the June 30, 2025 valuation.

e. The above trend assumptions have been developed using a nationwide viewpoint, with consideration given to recent and historical LACERS health premium changes.

2. Trend assumptions methodology

a. Setting the medical trends begins with selecting the first-year increase and then selecting a step for grading down the trends over several years to an ultimate long-term trend. We select first-year trends to project the first-year premiums and subsidies to the following year. In developing first-year health care trend assumptions, a mix of health industry expectations and plan specific information is used as follows.

1) Segal's National Health Care Practice develops trend standards each year. The methodology utilizes data from our annual Segal Health Plan Cost Trend Survey of insurers, pharmacy benefit managers (PBMs), and managed care organizations. An analysis of historic trend was performed to evaluate the differences in projected trend vs. actual. The methodology looked at variations of actual results and fitted them to the differences between actual and projected trend.

2) Segal's National Health Care Practice then publishes its internal standards for use by its health actuaries and consultants. These internal standards cover a variety of benefits (e.g. medical, dental, vision) and plan design types (e.g. PPO, HMO). Unlike Segal's annual trend survey, which displays averages of the survey results, the trend standards provide ranges of acceptable assumptions.

3) For retiree health valuations, without additional information, we would choose a first-year trend in the middle of the range provided in the Segal trend standards. If any additional information from the client or its health consultant is available, Segal may consider that information when setting the first-year trend.

4) For LACERS, our recommended trend rates incorporate the plan's premium changes over the past five years.

5) Retiree health care valuations typically project benefit payments far into the future (as far as 80 years). Segal's Office of the Chief Actuary has provided standards on trends in the years following the first year of projection. Consistent with guidance in Actuarial Standard of Practice No. 6, we develop an appropriate select period to transition from the initial trend assumptions to the long-term trend assumptions. The long-term trend assumptions reflect economic factors such as projected growth in per capita gross domestic product (GDP), projected long-term wage inflation, and projected health expenditures as a percentage of GDP.

Medical trends used for June 30, 2025 valuation

Trend is to be applied in the following fiscal years to all health plans. Trend is to be applied to premium for shown fiscal year to calculate next fiscal year's projected premium.

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

Plan	Kaiser HMO, Under Age 65	Anthem PPO, Under Age 65	Anthem HMO, Under Age 65	Kaiser Senior Advantage	Anthem Preferred PPO Medicare Advantage	UHC CA Medicare Advantage	SCAN	Anthem Medicare Supplement
Trend to be applied to 2025–2026 Fiscal Year premium	5.65%	8.06%	8.06%	3.80%	4.08%	21.24%	3.50%	7.89%

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

Fiscal Year	Approximate Trend Rate (%) Non-Medicare	Approximate Trend Rate (%) Medicare	Calendar Year	Trend Rate Applied to Calculate Following Year Premium (%) Non-Medicare	Trend Rate Applied to Calculate Following Year Premium (%) Medicare	Trend Rate Applied to Calculate Following Year Premium (%) Medicare Part B
2026–2027	7.12%	6.87%	2026	7.25%[5]	7.00%[6]	6.75%[7]
2027–2028	6.87	6.62	2027	7.00	6.75	6.75
2028–2029	6.62	6.37	2028	6.75	6.50	6.75
2029–2030	6.37	6.12	2029	6.50	6.25	6.75
2030–2031	6.12	5.87	2030	6.25	6.00	6.75
2031–2032	5.87	5.62	2031	6.00	5.75	6.75
2032–2033	5.62	5.37	2032	5.75	5.50	6.75
2033–2034	5.37	5.12	2033	5.50	5.25	6.75
2034–2035	5.12	4.87	2034	5.25	5.00	6.25
2035–2036	4.87	4.62	2035	5.00	4.75	5.75
2036–2037	4.62	4.50	2036	4.75	4.50	5.25
2037–2038	4.50	4.50	2037	4.50	4.50	4.75
2038–2039	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

Dental Premium Trend: 3.00% for all years.

[5] 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.

[6] On average, the carrier rates for the Medicare plans are generally the same as the member rates. Because member premium rates are used for valuation purposes, the trend assumption anticipates the change in the member rate.

[7] An estimated increase of 11.60% was applied to 2025 calendar year premium to estimate 2026 calendar year Part B premium.

Medical trends recommended for June 30, 2026 valuation

Trend is to be applied in following fiscal years, to all health plans. Trend is to be applied to premium for shown fiscal year to calculate next fiscal year's projected premium.

First Fiscal Year (July 1, 2026 through June 30, 2027)

Plan	Kaiser HMO, Under Age 65	Anthem PPO, Under Age 65	Anthem HMO, Under Age 65	Kaiser Senior Advantage	Anthem Preferred PPO Medicare Advantage	UHC CA Medicare Advantage	SCAN	Anthem Medicare Supplement
Trend to be applied to 2026–2027 Fiscal Year premium	9.69%	7.69%	9.98%	4.53%	5.36%	5.06%	3.62%	22.46%

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

Fiscal Year	Approximate Trend Rate (%) Non-Medicare	Approximate Trend Rate (%) Medicare	Calendar Year	Trend Rate Applied to Calculate Following Year Premium (%) Non-Medicare	Trend Rate Applied to Calculate Following Year Premium (%) Medicare	Trend Rate Applied to Calculate Following Year Premium (%) Medicare Part B
2027–2028	9.25%	7.12%	2027	9.50%[8]	7.25%[9]	7.00%[10]
2028–2029	8.75	6.87	2028	9.00	7.00	7.00
2029–2030	8.25	6.62	2029	8.50	6.75	7.00
2030–2031	7.75	6.37	2030	8.00	6.50	7.00
2031–2032	7.25	6.12	2031	7.50	6.25	7.00
2032–2033	6.87	5.87	2032	7.00	6.00	7.00
2033–2034	6.62	5.62	2033	6.75	5.75	7.00
2034–2035	6.37	5.37	2034	6.50	5.50	7.00
2035–2036	6.12	5.12	2035	6.25	5.25	7.00
2036–2037	5.87	4.87	2036	6.00	5.00	6.75
2037–2038	5.62	4.62	2037	5.75	4.75	6.50
2038–2039	5.37	4.50	2038	5.50	4.50	6.25
2039–2040	5.12	4.50	2039	5.25	4.50	6.00
2040–2041	4.87	4.50	2040	5.00	4.50	5.75
2041–2042	4.62	4.50	2041	4.75	4.50	5.50
2042–2043	4.50	4.50	2042	4.50	4.50	5.25
2043–2044	4.50	4.50	2043	4.50	4.50	5.00
2044–2045	4.50	4.50	2044	4.50	4.50	4.75
2045 and later	4.50	4.50	2045	4.50	4.50	4.50

[8] For example, the 9.50% assumption, when applied to the 2027 non-Medicare medical premiums would provide the projected 2028 non-Medicare medical premiums. This trend would also be applied to the maximum medical subsidy, based on the non-Medicare Kaiser premium. The 2027 carrier rates for the non-Medicare plans were the same as the member rates.

[9] Except for small differences for one Medicare plan, the carrier rates for the Medicare plans are the same as the member rates. Because member premium rates are used for valuation purposes, the trend assumption anticipates the change in the member rate.

[10] An initial increase of 5.15% is the estimated increase applied to the fiscal year 2026-2027 premium, which may be adjusted to reflect actual 2027 calendar year premium if available at time of valuation.

Dental Premium Trend: 3.00% for all years.

3. **Per capita costs** — These costs are used to project the premiums for current active members when they retire. Based on the percentage of retired members, spouses and beneficiaries electing health coverage, and the proportion of members enrolled in each available medical plan, we have developed the per capita health premium costs to cover a member in the 2026–2027 fiscal year as provided in Items 2.b. and 2.d. herein. Note, there are two plans (UHC Medicare Advantage HMO for Arizona and UHC Medicare Advantage HMO for Nevada) offered by LACERS that are not included in Item 2.d. because of their low enrollment. These two plans combined represent 1.0% of the current Medicare population. For valuation purposes, the UHC Arizona and Nevada retirees are valued as having the UHC California Medicare Advantage Plan. These grouping simplifications have a de-minimis impact on the valuation results.

   Based on the June 30, 2026 membership data, we have provided the observed and assumed election rates among the different medical plans in Items 2.b. and 2.d. herein.

   In accordance with Actuarial Standard of Practice (ASOP) No. 6, Measuring Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions, we will continue to value health care costs by adjusting premiums using age-specific factors. The age-adjusted claims costs will be provided in our June 30, 2026 valuation report once the membership data provided for use in the June 30, 2026 valuation is finalized. It should be noted though that when those age-specific factors are presented in our June 30, 2026 valuation report, we will continue to display them separately from the per capita health premium costs provided in Items 2.b. and 2.d. herein.

   The per capita costs for members subject to the retiree medical subsidy cap are provided in Item 2.e. herein. The per capita costs for the dental plan that we will use for the June 30, 2026 valuation are provided in Item 2.f. herein. The per capita costs for Medicare Part B that we will use for the June 30, 2026 valuation are provided in Item 2.g. herein.

   Medical Premium Reimbursement Program (MPRP) — Certain eligible participants may elect to receive a medical subsidy towards the premium of a chosen plan.

   Due to the low number of current retirees actually electing the MPRP subsidy (1.5% of current retirees), we have assumed that no future retirees will elect this subsidy. For current retirees, we will value the reimbursement reported in the data, assumed to increase with medical trend.

4. **Increase in future health subsidy maximums** — Consistent with our previous valuation practice, we will continue to assume that the Board's health subsidy will increase at the same rate as the long-term health trend, for retired members and their qualified survivors, who retired before July 1, 2011. (Although subject to slightly different provisions, members who retired on or after July 1, 2011 will have the same subsidy increase assumption applied to them.)

2. Per capita costs and election rates

a. Per capita costs for the June 30, 2025 valuation — Participant under age 65 or not eligible for Medicare A & B

Year & Carrier	Observed and Assumed Election Rate[11]	Single Party Monthly Premium[12]	Single Party Maximum Subsidy[13]	Single Party Subsidy	Married/with Domestic Partner Monthly Premium[12]	Married/with Domestic Partner Maximum Subsidy[13]	Married/With Domestic Partner Subsidy	Eligible Survivor Monthly Premium[12]	Eligible Survivor Maximum Subsidy[13]	Eligible Survivor Subsidy
2025 Calendar Year:										
Kaiser HMO		$1,117.28	$2,318.58	$1,117.28	$2,234.56	$2,318.58	$2,234.56	$1,117.28	$1,117.28	$1,117.28
Anthem Blue Cross PPO		1,720.50	2,318.58	1,720.50	3,435.96	2,318.58	2,318.58	1,720.50	1,117.28	1,117.28
Anthem Blue Cross HMO		1,374.14	2,318.58	1,374.14	2,743.25	2,318.58	2,318.58	1,374.14	1,117.28	1,117.28
2026 Calendar Year:										
Kaiser HMO		$1,161.91	$2,407.84	$1,161.91	$2,323.82	$2,407.84	$2,323.82	$1,161.91	$1,161.91	$1,161.91
Anthem Blue Cross PPO		1,874.52	2,407.84	1,874.52	3,744.01	2,407.84	2,407.84	1,874.52	1,161.91	1,161.91
Anthem Blue Cross HMO		1,496.99	2,407.84	1,496.99	2,988.95	2,407.84	2,407.84	1,496.99	1,161.91	1,161.91
2025–2026 Fiscal Year:										
Kaiser HMO	59.8%	$1,139.60	$2,363.21	$1,139.60	$2,279.19	$2,363.21	$2,279.19	$1,139.60	$1,139.60	$1,139.60
Anthem Blue Cross PPO	23.2%	1,797.51	2,363.21	1,797.51	3,589.99	2,363.21	2,363.21	1,797.51	1,139.60	1,139.60
Anthem Blue Cross HMO	17.0%	1,435.57	2,363.21	1,435.57	2,866.10	2,363.21	2,363.21	1,435.57	1,139.60	1,139.60

[11] The observed election percentages are based on raw census data as of June 30, 2025.

[12] On average, the non-Medicare member premiums increased by about 3.99% for Kaiser and about 8.95% for Anthem Blue Cross from calendar year 2025 to 2026. Please refer to the Keenan report that was presented to the Board during its meeting on August 12, 2025 for a breakdown of rate changes. Note, the monthly premiums provided above include vision premiums and are the plan's member rates.

[13] Members who are subject to the retiree medical subsidy cap have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, as shown in item 2.e.

b. Per capita costs for the June 30, 2026 valuation — Participant under age 65 or not eligible for Medicare A & B

Year & Carrier	Observed and Assumed Election Rate[14]	Single Party Monthly Premium[15]	Single Party Maximum Subsidy[16]	Single Party Subsidy	Married/with Domestic Partner Monthly Premium[15]	Married/with Domestic Partner Maximum Subsidy[16]	Married/With Domestic Partner Subsidy	Eligible Survivor Monthly Premium[15]	Eligible Survivor Maximum Subsidy[16]	Eligible Survivor Subsidy
2026 Calendar Year:										
Kaiser HMO		$1,161.91	$2,407.84	$1,161.91	$2,323.82	$2,407.84	$2,323.82	$1,161.91	$1,161.91	$1,161.91
Anthem Blue Cross PPO		1,874.52	2,407.84	1,874.52	3,744.01	2,407.84	2,407.84	1,874.52	1,161.91	1,161.91
Anthem Blue Cross HMO		1,496.99	2,407.84	1,496.99	2,988.95	2,407.84	2,407.84	1,496.99	1,161.91	1,161.91
2027 Calendar Year:										
Kaiser HMO		$1,276.94	$2,637.90	$1,276.94	$2,553.88	$2,637.90	$2,553.88	$1,276.94	$1,276.94	$1,276.94
Anthem Blue Cross PPO		1,982.71	2,637.90	1,982.71	3,960.39	2,637.90	2,637.90	1,982.71	1,276.94	1,276.94
Anthem Blue Cross HMO		1,654.26	2,637.90	1,654.26	3,303.48	2,637.90	2,637.90	1,654.26	1,276.94	1,276.94
2026–2027 Fiscal Year:										
Kaiser HMO	59.6%	$1,219.43	$2,522.87	$1,219.43	$2,438.85	$2,522.87	$2,438.85	$1,219.43	$1,219.43	$1,219.43
Anthem Blue Cross PPO	23.4%	1,928.62	2,522.87	1,928.62	3,852.20	2,522.87	2,522.87	1,928.62	1,219.43	1,219.43
Anthem Blue Cross HMO	17.0%	1,575.63	2,522.87	1,575.63	3,146.22	2,522.87	2,522.87	1,575.63	1,219.43	1,219.43

[14] The observed election percentages are based on raw census data as of June 30, 2026.

[15] On average, the non-Medicare member premiums increased by about 9.90% for Kaiser, 5.80% for Anthem Blue Cross PPO and 10.57% for Anthem Blue Cross HMO from calendar year 2026 to 2027. Please refer to the Keenan report that was presented to the Board during its meeting on August 11, 2026 for a breakdown of rate changes. Note, the monthly premiums provided above include vision premiums and are the plan's member rates.

[16] Members who are subject to the retiree medical subsidy cap have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, as shown in item 2.e.

c. Per capita costs for the June 30, 2025 valuation — Participant eligible for Medicare A & B

Year & Carrier	Observed and Assumed Election Rate[17]	Single Party Monthly Premium[18]	Single Party Maximum Subsidy[19]	Single Party Subsidy	Married/with Domestic Partner Monthly Premium[21]	Married/with Domestic Partner Maximum Subsidy[22]	Married/with Domestic Partner Subsidy	Eligible Survivor Monthly Premium[21]	Eligible Survivor Maximum Subsidy[22]	Eligible Survivor Subsidy
2025 Calendar Year:										
Kaiser Senior Advantage HMO		$262.47	$262.47	$262.47	$524.94	$524.94	$524.94	$262.47	$262.47	$262.47
Anthem Blue Cross Medicare Preferred (PPO)		435.26	435.26	435.26	865.49	865.49	865.49	435.26	435.26	435.26
UHC California Medicare Advantage Plan		274.84	274.84	274.84	544.65	544.65	544.65	274.84	274.84	274.84
SCAN Medicare Advantage Plan		226.93	226.93	226.93	448.83	448.83	448.83	226.93	226.93	226.93
Anthem Medicare Supplemental		581.56	581.56	581.56	1,158.09	1,158.09	1,158.09	581.56	581.56	581.56
2026 Calendar Year:										
Kaiser Senior Advantage HMO		$263.98	$263.98	$263.98	$527.96	$527.96	$527.96	$263.98	$263.98	$263.98
Anthem Blue Cross Medicare Preferred (PPO)		440.13	440.13	440.13	875.23	875.23	875.23	440.13	440.13	440.13
UHC California Medicare Advantage Plan		364.61	364.61	364.61	724.19	724.19	724.19	364.61	364.61	364.61
SCAN Medicare Advantage Plan		226.93	226.93	226.93	448.83	448.83	448.83	226.93	226.93	226.93
Anthem Medicare Supplemental		633.08	633.08	633.08	1,261.13	1,166.40	1,166.40	633.08	633.08	633.08
2025–2026 Fiscal Year:										
Kaiser Senior Advantage HMO	55.3%	$263.23	$263.23	$263.23	$526.45	$526.45	$526.45	$263.23	$263.23	$263.23
Anthem Blue Cross Medicare Preferred (PPO)	33.2%	437.70	437.70	437.70	870.36	870.36	870.36	437.70	437.70	437.70
UHC California Medicare Advantage Plan	5.3%	319.73	319.73	319.73	634.42	634.42	634.42	319.73	319.73	319.73
SCAN Medicare Advantage Plan	4.1%	226.93	226.93	226.93	448.83	448.83	448.83	226.93	226.93	226.93
Anthem Medicare Supplemental	2.1%	607.32	607.32	607.32	1,209.61	1,162.25	1,162.25	607.32	607.32	607.32

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.

[17] The observed election percentages are based on raw census data as of June 30, 2025.

[18] On average, the Medicare member premiums increased slightly or remained level for Kaiser, Anthem Preferred PPO, and SCAN but increased by about 33% for UHC from calendar year 2025 to 2026. Please refer to the Keenan report that was presented to the Board during its meeting on August 12, 2025 for a breakdown of rate changes. Note, 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.

[19] Members who are subject to the retiree medical subsidy cap have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, as shown in item 2.e.

d. Per capita costs for the June 30, 2026 valuation — Participant eligible for Medicare A & B

Year & Carrier	Observed and Assumed Election Rate[20]	Single Party Monthly Premium[21]	Single Party Maximum Subsidy[22]	Single Party Subsidy	Married/with Domestic Partner Monthly Premium[21]	Married/with Domestic Partner Maximum Subsidy[22]	Married/with Domestic Partner Subsidy	Eligible Survivor Monthly Premium[21]	Eligible Survivor Maximum Subsidy[22]	Eligible Survivor Subsidy
2026 Calendar Year:										
Kaiser Senior Advantage HMO		$263.98	$263.98	$263.98	$527.96	$527.96	$527.96	$263.98	$263.98	$263.98
Anthem Blue Cross Medicare Preferred (PPO)		440.13	440.13	440.13	875.23	875.23	875.23	440.13	440.13	440.13
UHC California Medicare Advantage Plan		364.61	364.61	364.61	724.19	724.19	724.19	364.61	364.61	364.61
SCAN Medicare Advantage Plan		226.93	226.93	226.93	448.83	448.83	448.83	226.93	226.93	226.93
Anthem Medicare Supplemental		633.08	633.08	633.08	1,261.13	1,166.40	1,166.40	633.08	633.08	633.08
2027 Calendar Year:										
Kaiser Senior Advantage HMO		$272.04	$272.04	$272.04	$544.08	$544.08	$544.08	$272.04	$272.04	$272.04
Anthem Blue Cross Medicare Preferred (PPO)		455.13	455.13	455.13	905.23	905.23	905.23	455.13	455.13	455.13
UHC California Medicare Advantage Plan		439.11	439.11	439.11	873.19	873.19	873.19	439.11	439.11	439.11
SCAN Medicare Advantage Plan		226.93	226.93	226.93	448.83	448.83	448.83	226.93	226.93	226.93
Anthem Medicare Supplemental		914.41	914.41	914.41	1,823.79	1,569.60	1,569.60	914.41	914.41	914.41
2026–2027 Fiscal Year:										
Kaiser Senior Advantage HMO	54.9%	$268.01	$268.01	$268.01	$536.02	$536.02	$536.02	$268.01	$268.01	$268.01
Anthem Blue Cross Medicare Preferred (PPO)	33.1%	447.63	447.63	447.63	890.23	890.23	890.23	447.63	447.63	447.63
UHC California Medicare Advantage Plan	4.7%	401.86	401.86	401.86	798.69	798.69	798.69	401.86	401.86	401.86
SCAN Medicare Advantage Plan	4.4%	226.93	226.93	226.93	448.83	448.83	448.83	226.93	226.93	226.93
Anthem Medicare Supplemental	2.9%	773.75	773.75	773.75	1,542.46	1,368.00	1,368.00	773.75	773.75	773.75

For valuation purposes, the retirees with UHC Medicare Advantage HMO for Arizona and Nevada (1.0% 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.

[20] The observed election percentages are based on raw census data as of June 30, 2026.

[21] On average, the Medicare member premiums increased by 2-3% or remained level for Kaiser, Anthem Preferred PPO, and SCAN but increased by 44% for Anthem Medicare Supplemental and 20% for UHC from calendar year 2026 to 2027. Please refer to the Keenan report that was presented to the Board during its meeting on August 11, 2026 for a breakdown of rate changes. Note, 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.

[22] Members who are subject to the retiree medical subsidy cap have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, as shown in item 2.e.

e. Proposed per capita costs — Subject to retiree medical subsidy cap for the 2026–2027 fiscal year

Tier 1 members who were subject to the retiree medical subsidy cap would have monthly health insurance subsidy maximums capped at the levels in effect at July 1, 2011, as shown in the table below. We understand that no active members are subject to the cap but that some inactive members may be subject to the cap.

Retiree Plan	Single Party	Married/with Domestic Partner	Eligible Survivor
Under 65 — All Plans	$1,190.00	$1,190.00	$593.62
Over 65			
• Kaiser Senior Advantage HMO	$203.27	$217.32	$203.27
• Anthem Blue Cross Medicare Preferred (PPO)[23]	478.43	478.43[24]	478.43
• UHC California Medicare Advantage Plan	219.09	433.93	219.09
• SCAN Medicare Advantage Plan[25]	223.88	447.76	223.88

f. Proposed per capita costs used in June 30, 2026 valuation — Dental

Retiree Plan	Actual / Assumed Participation Percent (%)	Monthly 2026 Calendar Year Subsidy	Monthly 2027 Calendar Year Subsidy	Monthly 2026–2027 Fiscal Year Subsidy
Delta Dental PPO	83.4	$42.93	$52.02	$47.48
DeltaCare USA	16.6	15.70	15.70	15.70

g. Proposed per capita costs used in June 30, 2026 valuation — Medicare Part B premium reimbursement

The Plan will reimburse (only available to Member, not dependent or survivor) monthly Medicare Part B premiums before means testing:

Monthly Premium	Single
Actual premium for calendar year 2026	$202.90
Projected premium for calendar year 2027[26]	209.50
Projected average monthly premium for plan year 2026–2027	206.20

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

[23] We have assumed the same $478.43 maximum subsidy for retirees who elect the Anthem Medicare Supplement.
[24] The reason the subsidy is only at the single-party amount is that there is no excess subsidy to cover a dependent.
[25] We have assumed the two-party maximum for SCAN to be twice the single party SCAN maximum.
[26] Based on calendar year 2026 premium adjusted to 2027 by assumed trend rate of 3.25%.

3. Other assumptions and methods

In the June 30, 2026 valuation, we will also apply the following demographic and economic assumptions and methodologies that the Board approved as a result of the triennial experience study covering July 1, 2022 to June 30, 2025.

1. **Economic assumptions:** We will apply the 6.75% investment return and 2.50% inflation assumption that the Board approved as a result of the triennial experience study covering July 1, 2022 to June 30, 2025.
2. **Demographic assumptions:** These include the incidence of service retirement, disability retirement, withdrawal, deferred vested retirement and death. We will apply the assumptions adopted in our July 1, 2022 to June 30, 2025 triennial experience study.
3. **Funding methodologies:** The Entry Age Cost Method will continue to be used in this valuation. As discussed in the triennial experience study covering July 1, 2022 to June 30, 2025, the attribution period for employees with reciprocal service will be consistent with their participation at LACERS.
4. **Expected annual rate of increase in the Board's health subsidy amount:** We have made an assumption that the Board's health subsidy amount will increase at the same rate as the anticipated increase in benefit costs. We recommend leaving this assumption unchanged for the June 30, 2026 valuation. (Please also see discussions under Increase in future health subsidy maximums section above regarding how subsidy increases are to be projected in the valuation.)
5. **Percentage of retirees over age 65 covered by Medicare Parts A and B:** In the prior valuation, we assumed that 100% of retirees will enroll in Medicare Parts A and B upon reaching age 65. We recommend maintaining this assumption for the June 30, 2026 valuation.
6. Market value of assets will be used for the June 30, 2026 GASB 74 and 75 valuations.

   Market value of assets less unrecognized returns will be used for the June 30, 2026 funding valuation.

   Unrecognized return is equal to the difference between the actual market return and the expected return on the market value and is recognized over a seven-year period. In addition, the actuarial value of assets is further adjusted, if necessary, to stay within 40% of the market value of assets.
7. **Implicit Subsidy:** It is our understanding that retiree premium rates are not pooled with the active rates and no implicit subsidy exists, and LACERS has confirmed this understanding.
8. **Spouse/Domestic Partner Age Difference in Years for Retirees with Medical Coverage:** For all non-retired members, male members are assumed to have female spouses/domestic partners 3 years younger (down from 4 years younger) than the member and female members are assumed to have male spouses/domestic partners 2 years older than the member. We evaluate these assumptions during each triennial experience study.

9. **Spouse/Domestic Partner Coverage:** For all active and inactive members, 57% (down from 60%) of male participants and 30% (down from 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 if the retiree predeceases the spouse/domestic partner. We evaluate these assumptions during each triennial experience study.

10. **Retiree Medical and Dental Coverage Election:** The table below summarizes the participation assumptions for future retirees. We evaluate these assumptions during each triennial experience study.

Service Range	Percent (%) Covered[27]
10–14	60
15–19	80
20–24	90
25 and over	95

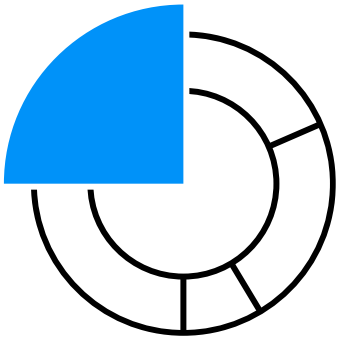
11. **Reconciliation of Total OPEB Liability (TOL) for GASB 74 and 75:** When reconciling the TOL for the GASB 74 and 75 valuations, changes in TOL attributable to a health care trend, discount rate, medical election, health care premium and subsidy rates and changes adopted from the triennial experience study will be treated as assumption changes.

12. **Amortization Policy:** LACERS has elected to amortize the unfunded actuarial accrued liability using the following rules:
    a. Assumption changes resulting from the triennial experience study will be amortized over 20 years.
    b. Health trend and premium assumption changes, plan changes, and gains and losses will be amortized over 15 years.
    c. An overall surplus will be amortized over 30 years using an open (non-decreasing) basis.

    As of June 30, 2023, the valuation value of assets was in excess of the total actuarial accrued liability. Therefore, all prior amortization bases were deemed to have been fully amortized and the actuarial surplus was amortized over a 30-year period.

    Depending on the actuarial experience, the Health Plan could have a negative UAAL contribution rate (a credit) even though the UAAL is positive. If this situation occurs, as it did during the June 30, 2022 valuation, the amortization period for experience gains and losses will be harmonized with the remaining UAAL amortization bases to avoid a contribution credit.

[27] For deferred vested members, we assume an election percent of 50% of these rates.



Artificial Intelligence

J.P. Morgan Asset Management

Presenters

Dillon Edwards
Executive Director

AI Strategist at J.P. Morgan Asset Management. Based in New York, Dillon focuses on working closely with Data Scientists, Engineers and key practitioners across the organization to identify, design and deliver AI solutions that will enhance the client experience. Additionally, he serves on the Technical Advisory Board for Pegasi AI, ensuring transparent and trustworthy deployment of GenAI. Prior to joining JP Morgan, Dillon was the Vice President of Analytics at Bizfi, a small business lending FinTech company, where he started and grew their business intelligence group. During this time, he implemented data visualization tools throughout the firm and oversaw statistical modeling efforts to automate the underwriting process and optimize marketing campaigns. He also led the due diligence process for a Series C equity raise and $100+mm debt restructuring. Dillon holds a BS from the University of Virginia in Systems Engineering and Economics.

Yonas Shiferaw, CAIA
Vice President

Client Advisor in the North America Institutional team at J.P. Morgan Asset Management, based in New York. Yonas has 7 years of experience in the industry, having started their career in May 2019 at J.P. Morgan. In this role, Yonas is responsible for overseeing client and business development efforts, providing tailored investment solutions for U.S. institutional investors. Yonas marshals the firm's extensive resources across a spectrum of alternative (real assets, private equity, hedge funds), and traditional (equities, fixed income) asset classes aiming to exceed the strategic and tactical investment objectives of his clients. Yonas obtained a BA in Economics from Amherst College and they hold a professional certification, Chartered Alternative Investment Analyst (CAIA).

AI is everywhere

Spotify

How to discover new music?

Delivers personalized music content

TESLA

How to make driving more enjoyable?

Improves the overall driving experience

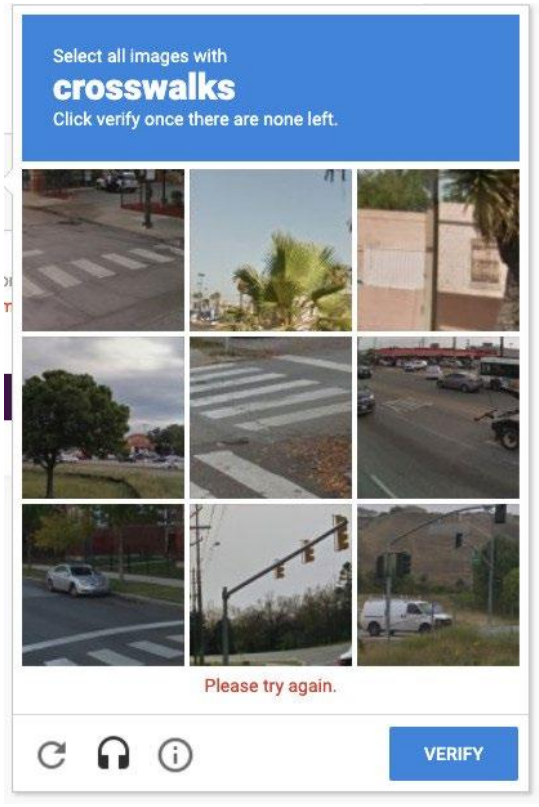
OpenAI

How to advance artificial intelligence?

Enables the innovation of artificial intelligence

These examples are included solely for its aesthetic appeal. However, you should not assume that these types of investments will be available to or, if available, will be selected for investment by the Fund in the future. The above examples do not constitute investment advice or recommendations. It is not a solicitation or an offer to purchase or sell any investment. The use of the above company logo is in no way an endorsement for JPMIM investment management services.

AI is nothing without data



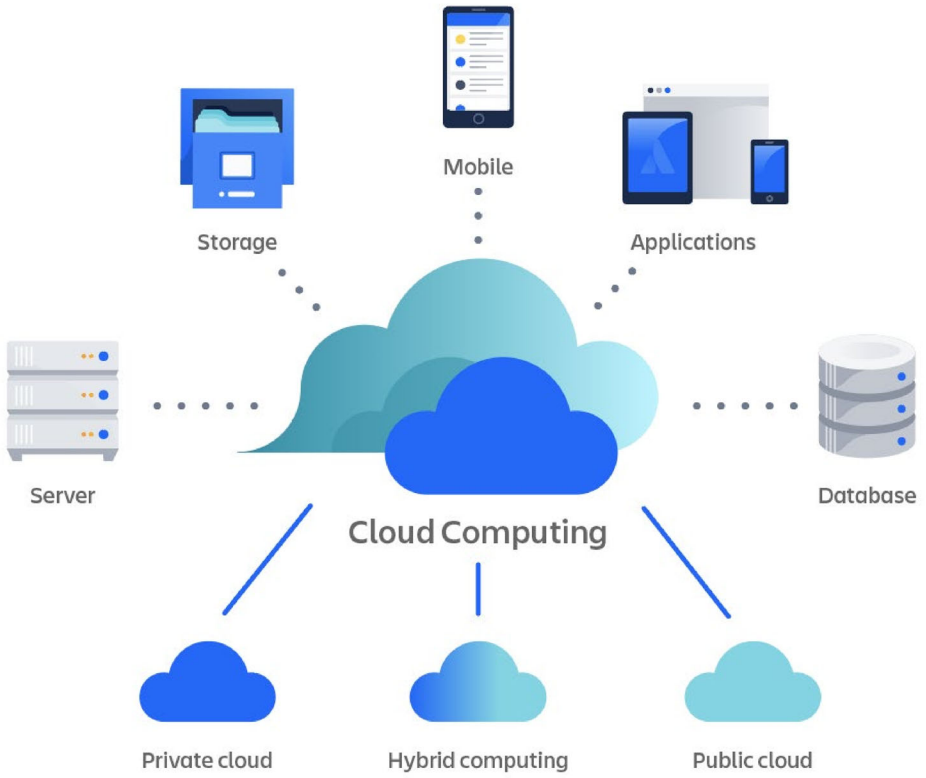
Storing and **analyzing** massive amounts of data…
Cloud Computing

Scalability

Cost efficiency

Security

Accessibility



“The hottest new programming language is English”

The large language model (LLM) revolution removed the technical barrier to entry for interacting with AI.

ChatGPT

G

Generative
Creates Text Like a Pro

Think of it as a smart writer that can whip up text on any topic.

P

Pre-trained
Learns from the Best

It’s trained on the entire internet, through the end of October 2023.

T

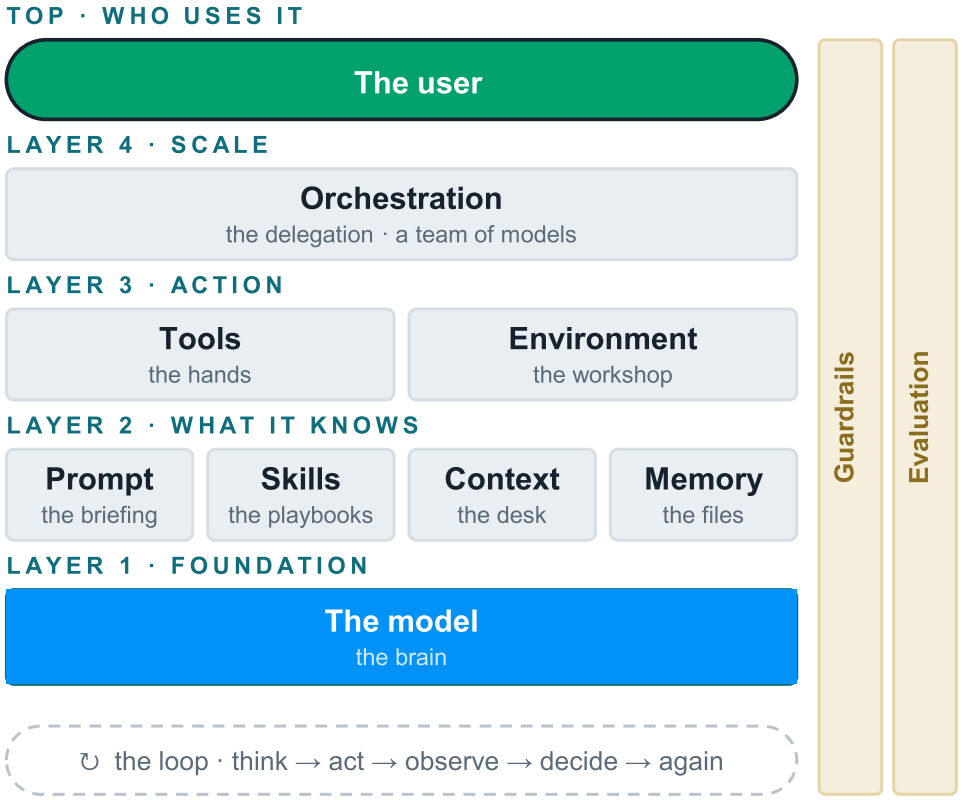
Transformer
Brainy Architecture

Understands context like a human brain, making it efficient and smart.

How to structure a prompt: The PICO framework

P	I	C	O
PERSONA	**INSTRUCTIONS**	**CONTEXT**	**OUTPUT**
Define the type of expertise or role the assistant should embody.	Clearly outline the tasks or instructions that the assistant needs to follow.	Provide any necessary context or data that the assistant needs to complete the task.	Specify the desired output or format that will meet your needs.

What are all of these new agentic buzzwords and how do they fit together?



The model

Sets the ceiling on intelligence — but not on usefulness.

Prompt & skills

The job description, plus the firm's own playbooks.

Context & memory

What it can see right now; what it keeps between sessions.

Tools & environment

What it can touch, and a safe workshop to work in.

Orchestration

Splitting big jobs across a team of models.

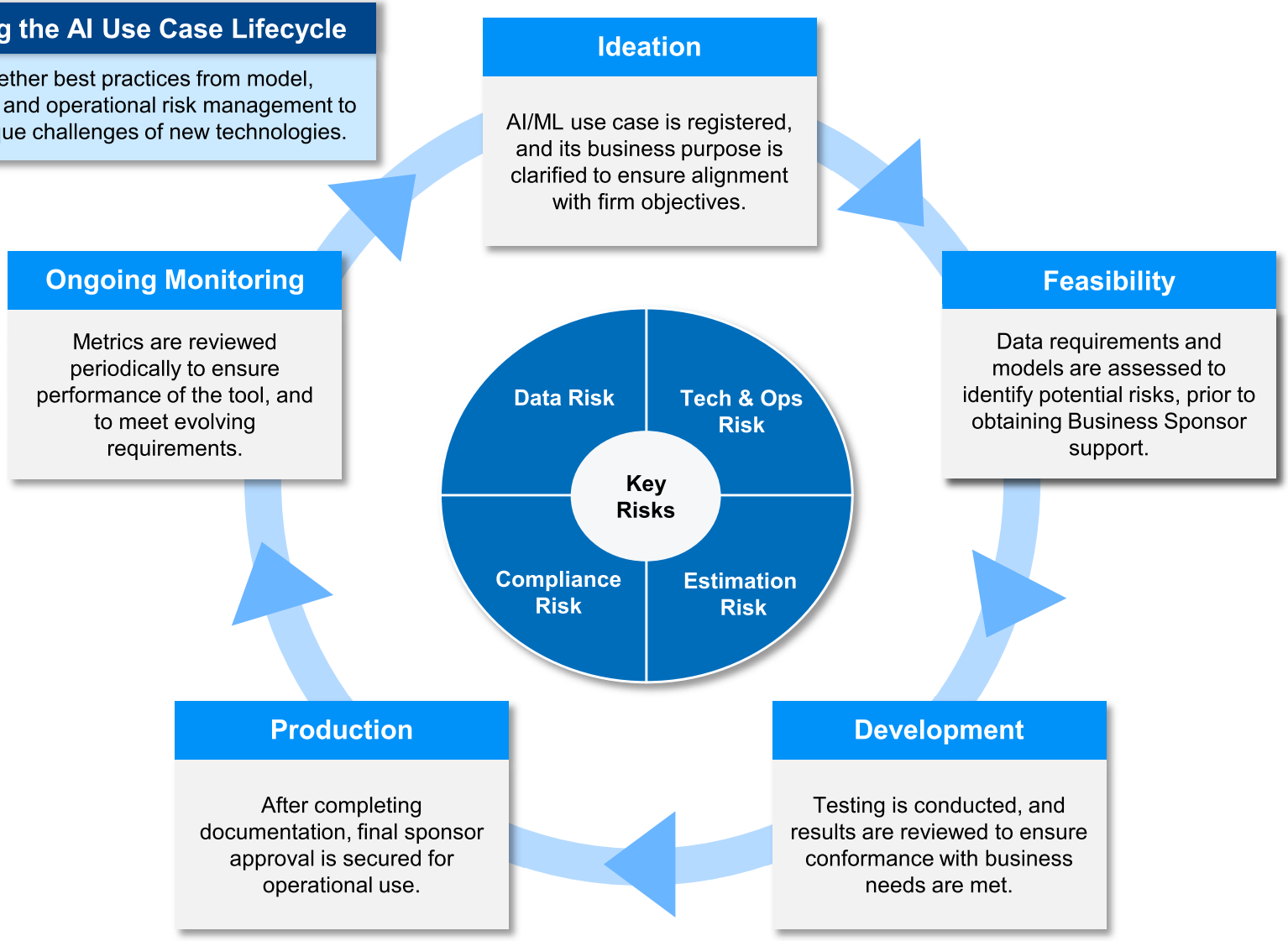
Guardrails & evaluation

What it may do without asking; proof of what it did.

Artificial Intelligence: Governance & Oversight

Safeguarding the AI Use Case Lifecycle

We bring together best practices from model, technology, data, and operational risk management to address the unique challenges of new technologies.



How and where AI creates value

Six functions where AI consistently creates value.

01 Idea generation & macro research

Synthesis of reports, earnings calls and news into daily briefs; thematic screening across filings for emerging risks; sentiment analysis on manager commentary and market data.

02 Manager due diligence & selection

Extraction of key terms from DDQs and PPMs; red-flag detection in fund documents, side letters and fee structures; performance and attribution benchmarking.

03 Portfolio construction & risk

Scenario and stress-test copilots; factor exposure and liquidity modelling; rebalancing optimisation.

04 Ongoing manager monitoring

Parsing quarterly letters and capital-call notices into structured data; anomaly detection in NAV and performance reporting; LP portal data aggregation across managers.

05 Reporting & investor relations

Drafted quarterly performance commentary; meeting summarisation; stakeholder Q&A preparation.

06 Internal knowledge management

Retrieval over memos, correspondence and prior decisions; linking accumulated experience to current work — the fabric's compounding edge.

The tools are increasingly the same across the industry. **The investment process built around them is where AI winners emerge.**

Five practical principles to keep in mind

Data quality is foundational

If data, calculations and ontologies are incomplete or poorly governed, output will be unreliable.

Evaluation is a discipline, not an event

Outputs must stay correct as models and data change; responsibility sits with the institution.

Know where human judgement is non-negotiable

Every AI-assisted decision needs someone accountable, with authority to override.

Leadership engagement is decisive

When leaders use AI and iterate publicly, new habits become the operating model.

Progress requires experimentation

Maturity comes through repeated cycles of use, feedback, adaptation and scale.

J.P Morgan Asset Management Use of Large Language Models

JPMAM utilizes Large Language Models (LLMs) internally in an effort to produce a greater level of operational scalability and efficiency across multiple lines of business. LLMs are not relied on to make business/investment decisions. The final business/investment decisions are the responsibility of designated persons within JPMAM. While the intent of LLM is to provide accurate and comprehensive content to internal users, LLM technology may occasionally generate inaccurate, incorrect, incomplete, misleading, or irrelevant information. As a result, LLM output is treated with the highest level of caution and scrutiny by JPMAM. LLM generated content is for informational purposes only and is not relied on for final business/investment decisions.

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