

**Section 3.0 FINANCIAL AND ADMINISTRATIVE OVERSIGHT****3.5 COMPENSATION POLICY***Adopted: January 27, 2026***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

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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

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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.