

Los Angeles City Employees' Retirement System

**Actuarial Valuation and Review of
Retirement, Other Postemployment and Family
Death Benefits as of June 30, 2025**



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Segal



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October 28, 2025

Board of Administration
Los Angeles City Employees' Retirement System
977 N. Broadway
Los Angeles, CA 90012-1728

Re: June 30, 2025 Actuarial Valuations

Dear Board Members:

Enclosed please find the June 30, 2025 actuarial valuations for the retirement, health and family death benefit plans.

As requested by the System, we have attached the following supplemental schedules:

- Exhibit A – Summary of significant results for the retirement and health plans.
- Exhibit B – History of computed contribution rates for the retirement and health plans.
- Exhibit C – Schedule of funded liabilities by type for the retirement plan.¹
- Exhibit D – Schedule of retirees and beneficiaries added to and removed from the rolls for the retirement plan.²

We look forward to discussing the reports and the enclosed schedules with the Board.

Sincerely,

Segal

A handwritten signature in dark ink, appearing to read "Todd Tauzer".

Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary

A handwritten signature in dark ink, appearing to read "Andy Yeung".

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

A handwritten signature in dark ink, appearing to read "Emily Klare".

Emily Klare, ASA, MAAA, EA
Senior Actuary

A handwritten signature in dark ink, appearing to read "Mehdi Riazi".

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

DNA/jl

¹ For the health plan, a similar schedule is provided in Exhibit H of Section 3 of the health valuation report.

² For the health plan, a similar schedule is provided in Exhibit C of Section 3 of the health valuation report.

Summary of Significant Valuation Results

Category	June 30, 2025	June 30, 2024	Percent Change
1. Total membership			
a. Active members	27,000	26,782	0.8%
b. Pensioners and beneficiaries	22,915	22,763	0.7%
2. 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%
3. Benefits to current retirees and beneficiaries³			
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%
4. Total System assets⁴			
a. Actuarial value	\$24,799,377,599	\$23,404,150,020	6.0%
b. Market value	25,375,318,626	23,041,225,445	10.1%
5. 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% ⁵

³ Includes July COLA.

⁴ Includes assets for Retirement, Health, Family Death, and Larger Annuity Program Benefits.

⁵ There is a reduction in the level of overfunding from the 2024 to the 2025 valuation.

Summary of Significant Valuation Results

Budget Items ^{6, 7}	FY 2026–2027: ⁸ Beginning of Year	FY 2026–2027: ⁸ July 15	FY 2025–2026: Beginning of Year	FY 2025–2026: July 15	Difference: Beginning of Year	Difference: July 15
Retirement benefits						
a. Normal cost	7.96%	8.03%	7.53%	7.58%	0.43%	0.45%
b. Amortization of UAAL	20.31%	20.37%	20.49%	20.55%	–0.18%	–0.18%
c. Total retirement contribution	28.27%	28.40%	28.02%	28.13%	0.25%	0.27%
Health subsidy benefits						
d. Normal cost	4.00%	4.02%	3.87%	3.89%	0.13%	0.13%
e. Amortization of UAAL	–0.43%	–0.43%	–0.57%	–0.58%	0.14%	0.15%
f. Total health subsidy contribution	3.57%	3.59%	3.30%	3.31%	0.27%	0.28%
g. Total retirement and health subsidy contribution (c + f)	31.84%	31.99%	31.32%	31.44%	0.52%	0.55%

Funded Ratio	June 30, 2025	June 30, 2024	Difference
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 market value of assets			
a. Retirement benefits	76.3%	72.3%	4.0%
b. Health subsidy benefits	108.2%	106.3%	1.9%
c. Total	80.3%	76.3%	4.0%

⁶ As a percent of pay.

⁷ Tier 1 and Tier 3 combined.

⁸ Alternative contribution payment schedule for FY 2026–2027:

FY 2026–2027: End of Pay Periods Employer Contribution Rates

Schedule	Retirement	Health	Total
End of Pay Periods	29.29%	3.70%	32.99%

Computed Contribution Rates⁹ — Historical Comparison

Valuation Date	Retirement	Health	Total	Projected Valuation Payroll (\$000s)
06/30/2002	9.22%	1.85%	11.07%	\$1,334,335
06/30/2003	11.95%	4.02%	15.97%	1,405,058
06/30/2004	14.76%	4.94%	19.70%	1,575,285
06/30/2005	17.51%	7.27%	24.78%	1,589,306
06/30/2006	17.18%	6.49%	23.67%	1,733,340
06/30/2007	15.52%	5.38%	20.90%	1,896,609
06/30/2008	14.65%	5.48%	20.13%	1,977,645
06/30/2009	18.73%	6.62%	25.35%	1,816,171
06/30/2010				
Before Additional Employee Contributions	21.19%	7.45%	28.64%	1,817,662
After Additional Employee Contributions	18.67%	6.94%	25.61%	1,817,662
06/30/2011 ¹⁰				
Before Additional Employee Contributions	24.31%	4.49%	28.80%	1,833,392
After Additional Contributions	21.64%	4.49%	26.13%	1,833,392
06/30/2012 ¹¹	21.34%	5.74%	27.08%	1,819,270
06/30/2013	22.24%	5.80%	28.04%	1,846,970
06/30/2014	24.05%	5.81%	29.86%	1,898,064
06/30/2015	23.65%	4.90%	28.55%	1,907,665
06/30/2016	22.96%	5.09%	28.05%	1,968,703
06/30/2017 ¹²	23.81%	5.26%	29.07%	2,062,316
06/30/2018	25.56%	5.07%	30.63%	2,177,687
06/30/2019	25.43%	4.64%	30.07%	2,225,413
06/30/2020	28.84%	4.43%	33.27%	2,445,017
06/30/2021	30.32%	4.04%	34.36%	2,254,165
06/30/2022	30.36%	4.05%	34.41%	2,258,725
06/30/2023	30.91%	3.43%	34.34%	2,512,179
06/30/2024	29.01%	3.41%	32.42%	2,730,282
06/30/2025	29.29%	3.70%	32.99%	2,868,029

⁹ Contributions are assumed to be made at the end of the pay period. For the 6/30/2014 and 6/30/2015 valuations, the contribution rates are the combined rates for Tiers 1 and 2. Beginning with the 6/30/2016 valuation, the contribution rates are the combined rates for Tiers 1 and 3 (Tier 2 was rescinded effective February 21, 2016).

¹⁰ Beginning with the 6/30/2011 valuation date, the contribution rates are **before** adjustments to phase in over five years the impact of new actuarial assumptions (as a result of the June 30, 2011 Triennial Experience Study) on the City's contributions. Those adjustments no longer apply after the June 30, 2014 valuation.

¹¹ Beginning with the 6/30/2012 valuation date, the contribution rates are after additional employee contributions.

¹² Beginning with the 6/30/2017 valuation date, the contribution rates are after reflecting enhanced benefits for Airport Peace Officers effective January 7, 2018.

Schedule of Funded Liabilities¹³ by Type for Retirement Benefits for Years Ended June 30
(\$ in Thousands)

Valuation Date	Aggregate AAL for Member Contributions	Aggregate AAL for Retirees, Beneficiaries and Inactive/Vested	Aggregate AAL for Active Members	Valuation Value of Assets	Portion of Aggregate AAL Covered by Reported Assets for Member Contributions	Portion of Aggregate AAL Covered by Reported Assets for Retirees, Beneficiaries and Inactive/Vested	Portion of Aggregate AAL Covered by Reported Assets for Active Members
06/30/2002	\$950,002	\$3,756,935	\$2,545,181	\$7,060,188	100.0%	100.0%	92.5%
06/30/2003	1,005,888	4,021,213	2,632,745	6,999,647	100.0	100.0	74.9
06/30/2004	1,062,002	4,348,252	3,123,610	7,042,108	100.0	100.0	52.2
06/30/2005	1,128,101	4,858,932	3,334,492	7,193,142	100.0	100.0	36.2
06/30/2006	1,210,246	5,149,385	3,511,031	7,674,999	100.0	100.0	37.5
06/30/2007	1,307,008	5,365,437	3,854,429	8,599,700 ¹⁴	100.0	100.0	50.0
06/30/2008	1,408,074	5,665,130	4,113,200	9,438,318	100.0	100.0	57.5
06/30/2009	1,282,663	7,356,302	3,403,019	9,577,747	100.0	100.0	27.6
06/30/2010	1,379,098	7,507,945	3,707,982	9,554,027	100.0	100.0	18.0
06/30/2011	1,474,824	7,765,071	4,151,809	9,691,011	100.0	100.0	10.9
06/30/2012	1,625,207	7,893,684	4,875,068	9,934,959	100.0	100.0	8.5
06/30/2013	1,757,195	8,066,564	5,057,904	10,223,961	100.0	100.0	7.9
06/30/2014	1,900,068	8,700,896	5,647,889	10,944,751	100.0	100.0	6.1
06/30/2015	2,012,378	9,118,166	5,779,452	11,727,161	100.0	100.0	10.3
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	15,630,103	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

¹³ Actuarial accrued liability (AAL).

¹⁴ Excludes assets transferred for Port Police.

Retirees and Beneficiaries Added to and Removed from the Rolls for the Retirement Plan¹⁵ for Years Ended June 30

Year Ended	No. of New Retirees and Beneficiaries	Annual Allowances Added ¹⁶	No. of Retirees and Beneficiaries Removed	Annual Allowances Removed	No. of Retirees and Beneficiaries at June 30	Annual Allowances at June 30	Percent Increase in Annual Allowances	Average Annual Allowance
06/30/2002	844	\$23,740,829	620	\$11,316,344	13,589	\$336,437,038	6.4%	\$24,758
06/30/2003	827	24,729,535	611	12,008,132	13,805	359,036,215	6.7%	26,008
06/30/2004	986	53,452,133	654	13,220,316	14,137	399,268,032	11.2%	28,243
06/30/2005	934	43,454,836	749	14,769,736	14,322	427,953,132	7.2%	29,881
06/30/2006	890	42,821,079	642	15,061,287	14,570	455,712,924	6.5%	31,277
06/30/2007	821	34,131,744	555	13,210,740	14,836	476,633,928	4.6%	32,127
06/30/2008	748	40,680,279	609	14,956,623	14,975	502,357,584	5.4%	33,546
06/30/2009	632	36,887,854	616	17,386,042	14,991	521,859,396	3.9%	34,812
06/30/2010	2,893	144,594,918	620	17,604,486	17,264	648,849,828	24.3%	37,584
06/30/2011	528	24,282,965	595	16,585,589	17,197	656,547,204	1.2%	38,178
06/30/2012	620	38,314,256	594	17,986,700	17,223	676,874,760	3.1%	39,301
06/30/2013	772	40,966,952	633	18,776,770	17,362	699,064,942	3.3%	40,264
06/30/2014	831	38,666,905	661	21,175,777	17,532	716,556,070	2.5%	40,871
06/30/2015	1,083	55,849,106	683	22,013,426	17,932	750,391,750	4.7%	41,847
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

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¹⁵ Does not include Family Death Benefit Plan members. Table based on valuation data.¹⁶ Effective 06/30/2004, also includes the COLA granted in July.

Los Angeles City Employees' Retirement System

**Actuarial Valuation and Review of
Retirement Benefits as of June 30, 2025**



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October 28, 2025

Board of Administration
Los Angeles City Employees' Retirement System
977 N. Broadway
Los Angeles, CA 90012-1728

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of June 30, 2025. It summarizes the actuarial data used in the valuation, analyzes the preceding year's experience, and establishes the funding requirements for fiscal year 2026–2027.

This report has been prepared in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Board of Administration, based upon information provided by the staff of LACERS and the Plan's other service providers.

Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. To the extent we can, however, Segal does review the data for reasonableness and consistency. Based on our review of the data, we have no reason to doubt the substantial accuracy of the information on which we have based this report, and we have no reason to believe there are facts or circumstances that would affect the validity of these results.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

The actuarial calculations were directed under the supervision of Andy Yeung, ASA, MAAA, FCA, and Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Board of Administration based upon our analysis and

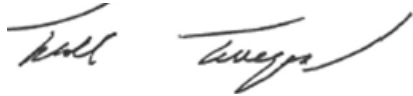
recommendations. In our opinion, the assumptions are reasonable and take into account the experience of LACERS and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

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.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

Segal



Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary



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



Emily Klare, ASA, MAAA, EA
Senior Actuary

DNA/jl

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present a valuation of the Los Angeles City Employees' Retirement System ("the System") as of June 30, 2025. The valuation was performed to determine whether the assets and contribution rates are sufficient to provide the prescribed benefits.

The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension (or Retirement) Plan, as administered by the Board of Administration;¹
- The characteristics of covered active members, inactive members and retired members and beneficiaries as of June 30, 2025, provided by the System;
- The assets of the Plan as of June 30, 2025, provided by the System;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board of Administration for the June 30, 2025 valuation;
- Other actuarial assumptions regarding employee terminations, retirement, death, etc. adopted by the Board of Administration for the June 30, 2025 valuation; and
- The funding policy adopted by the Board of Administration.

Valuation highlights

Funding measures

1. The funded ratio (the ratio of the valuation value of assets to actuarial accrued liability) is 74.60%, compared to the prior year funded ratio of 73.40%. This ratio is one measure of funding status, and its history is a measure of funding progress. The funded ratio measured on a market value basis is 76.33%, compared to 72.26% as of the prior valuation date. These measurements are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligation or the need for, or the amount of, future contributions.

¹ Please refer to page 29 for additional discussion regarding plan provisions not included in the contribution rate and liability calculations in this valuation.

Section 1: Actuarial Valuation Summary

2. The unfunded actuarial accrued liability (UAAL) as of June 30, 2024 was \$7.047 billion. In this year's valuation, the UAAL has decreased to \$7.014 billion mainly due to the expected decrease in the UAAL due to contributions required to be made under the Board's actuarial funding policy, actual contributions greater than expected due to the scheduled one-year lag in implementing the lower employer contribution rates calculated in the June 30, 2024 valuation, and other net gains on demographic experience, offset somewhat by the slight investment loss (after smoothing), higher than expected salary increases for continuing actives, and higher than expected COLAs for payees.

In addition, this valuation reflects a \$295,000 increase in the actuarial accrued liability due to the enhanced pre-retirement death and disability benefits effective July 9, 2023 for certain Sworn Public Safety Officers (PSO) who choose to remain in LACERS.

A reconciliation of the System's UAAL is provided in *Section 2, Subsection E* on page 30.

A schedule of the current UAAL amortization amounts is provided in *Section 3, Exhibit G* on page 59. Note that a graphical projection of the UAAL amortization bases and payments has been provided in *Section 3, Exhibit H* starting on page 60.

Actuarial experience

3. The net actuarial gain after accounting for the slight investment loss (after smoothing) and contribution experience is \$36.7 million, or 0.13% of actuarial accrued liability. The net experience loss from sources other than investment and contribution experience, or \$108.9 million, was 0.39% of the actuarial accrued liability. This loss was primarily due to higher than expected salary increases for continuing actives and higher than expected COLAs for payees, offset somewhat by other miscellaneous actuarial gains.
4. The rate of return on the market value of assets was 11.35% for the July 1, 2024 to June 30, 2025 plan year. The return on the valuation value of assets (Retirement only) was 6.98% for the same period after considering the recognition of current and prior years' investment gains and losses. This resulted in a slight actuarial loss when measured against the assumed rate of return of 7.00%. This actuarial investment loss increased the average employer contribution rate by 0.01% of pay.

Contributions

5. The aggregate employer rate (if received on July 15) calculated in this valuation has increased from 28.13% of payroll to 28.40% of payroll. The annual dollar employer contributions calculated in this valuation increased from about \$767.9 million to \$814.4 million. The increase in the employer rate was primarily due to higher than expected salary increases for continuing active members, higher than expected COLAs for payees, and an increase in the normal cost rate due, in part, to the cessation of the 1% Tier 1 and Tier 1 Enhanced member contributions toward the ERIP Cost Obligation. These increases were offset somewhat by a decrease in the normal cost rate, due, in part, to the enrollment of new employees in Tier 3, actual contributions greater than expected as a result of the anticipated one-year delay in implementing the lower contribution rate in the prior valuation, amortizing the prior year's UAAL over a greater than expected total payroll, and other miscellaneous actuarial gains.

Section 1: Actuarial Valuation Summary

A complete reconciliation of the Plan's aggregate employer rate is provided in *Section 2, Subsection F* on page 32.

6. As we note on page 85 of this report, out of the 7% member rate paid by Tier 1 and Tier 1 Enhanced members towards the cost of the Retirement benefit (we note that there is an additional 4% member rate paid to defray the cost of providing a Retiree Medical Plan premium subsidy, and that rate is increased to 4.5% for certain members), 1% of that rate will no longer be paid starting July 1, 2026.
7. As in prior years, the employer contribution rates provided in this report have been developed assuming they will be received by LACERS on any of the following schedules:
 - a. The beginning of the fiscal year, or
 - b. On July 15, 2026, or
 - c. Throughout the year (i.e., LACERS will receive contributions at the end of every pay period).

Future expectations

8. As indicated in *Section 2, Subsection B* of this report, the total net unrecognized investment gain as of June 30, 2025 is \$575.9 million² for the assets for Retirement, Health, Family Death, and Larger Annuity Benefits. This net investment gain will be recognized in the determination of the actuarial value of assets for funding purposes in the next several years. This implies that earning the assumed rate of investment return of 7.00% per year (net of investment and administrative expenses) on a market value basis will result in a net investment gain on the actuarial value of assets after June 30, 2025. Footnote 2 to the chart in *Subsection B of Section 2* shows how the \$575.9 million net unrecognized gain will be recognized in the next six years under the asset smoothing method.

The net deferred gain of \$575.9 million represents 2.3% of the market value of assets as of June 30, 2025. Unless offset by future investment losses or other unfavorable experience, the recognition of the net \$575.9 million market gain is expected to have an impact on the System's future funded percentage and contribution rate requirements. This potential impact may be illustrated as follows:

- a. If the retirement plan component of the net deferred gain was recognized immediately in the valuation value of assets, the funded percentage would increase from 74.60% to 76.33%.

For comparison purposes, if the net deferred loss of \$362.9 million for the retirement plan component had been recognized immediately in the June 30, 2024 valuation, the funded percentage would have decreased from 73.40% to 72.26%.

- b. If the retirement plan component of the net deferred gain was recognized immediately in the valuation value of assets, the aggregate employer rate (if received on July 15, 2026) would have decreased from 28.40% of payroll to about 27.0% of payroll.

For comparison purposes, if the net deferred loss of \$362.9 million for the retirement plan component had been recognized immediately in the June 30, 2024 valuation, the aggregate employer rate (if received on July 15, 2025) would have increased from 28.13% of payroll to about 29.1% of payroll.

² For comparison purposes, the total net unrecognized investment loss as of June 30, 2024 was \$362.9 million.

Section 1: Actuarial Valuation Summary

Risk

9. It is important to note that this actuarial valuation is based on plan assets as of June 30, 2025. The Plan's funded status does not reflect short-term fluctuations of the market but rather is based on the market values on the last day of the Plan Year. Segal is available to prepare projections of potential outcomes of market conditions and other demographic experience upon request.
10. Because the actuarial valuation results are dependent on a given set of assumptions, there is a risk that emerging results may differ significantly as actual experience proves to be different from the assumptions. We have been engaged to perform a detailed analysis of the potential range of the impact of risk relative to the Plan's future financial condition and that report will be provided at a later date. We have also included a brief discussion of some risks that may affect the Plan in *Section 2, Subsection I*, beginning on page 40.
11. The risk assessment in *Section 2, Subsection I* includes the disclosure of a "Low-Default-Risk Obligation Measure" (LDROM). This disclosure, along with commentary on the significance of the LDROM, is a requirement under Actuarial Standard of Practice No. 4 (ASOP 4) for all pension funding actuarial valuation reports and can be found on pages 42–43.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Employer Contribution Rates³ Calculated as of June 30 (% of Payroll)

Tier and Contribution Timing	2025 Contribution Rate	2024 Contribution Rate
Tier 1		
• At the beginning of the year	30.05%	29.31%
• On July 15	30.14%	29.40%
• At the end of each pay period	31.09%	30.32%
Tier 3		
• At the beginning of the year	25.70%	25.89%
• On July 15	25.77%	25.97%
• At the end of each pay period	26.59%	26.79%
All Categories Combined		
• At the beginning of the year	28.27%	28.02%
• On July 15	28.40%	28.13%
• At the end of each pay period	29.29%	29.01%

³ There is a 12-month delay until the rate is effective.

Section 1: Actuarial Valuation Summary

Valuation Results as of June 30

Line Description	2025	2024
Actuarial accrued liability		
• Total actuarial accrued liability	\$27,613,228,652	\$26,492,518,234
– Retired members and beneficiaries	16,679,536,581	16,162,258,157
– Inactive members	734,775,120	713,704,715
– Active members	10,198,916,951	9,616,555,362
• Normal cost for plan year beginning June 30	517,723,672	496,465,290
Assets		
• Market value of assets (MVA) ⁴	\$25,375,318,626	\$23,041,225,445
• Actuarial value of assets (AVA) ⁴	24,799,377,599	23,404,150,020
• AVA as a percentage of MVA	97.7%	101.6%
• Valuation value of retirement assets (VVA)	\$20,599,247,492	\$19,445,576,600
• Market value of retirement assets (MVA)	21,077,644,650	19,144,037,018
Funded status		
• Unfunded actuarial accrued liability (UAAL) on VVA basis	\$7,013,981,160	\$7,046,941,634
• Funded ratio on VVA basis for retirement (VVA/AAL)	74.60%	73.40%
• UAAL on MVA basis	\$6,535,584,002	\$7,348,481,216
• Funded ratio on MVA basis for retirement (MVA/AAL)	76.33%	72.26%

⁴ Includes assets for Retirement, Health, Family Death, and Larger Annuity Benefits.

Section 1: Actuarial Valuation Summary

Key Assumptions as of June 30

Line Description	2025		2024	
Key assumptions				
• Net investment return		7.00%		7.00%
• Inflation rate		2.50%		2.50%
• Payroll growth		3.00%		3.00%
• Cost-of-living adjustments	Tier 1:	2.75%	Tier 1:	2.75%
	Tier 3:	2.00%	Tier 3:	2.00%
• Amortization period on VVA basis ⁵		15 years		15 years

⁵ Changes in UAAL as a result of gains or losses for each valuation are amortized over separate 15-year periods. Details on the funding policy are provided in *Section 4, Exhibit 1*.

Section 1: Actuarial Valuation Summary

Demographic Data as of June 30

Demographic Data by Status	2025	2024	Change
Active members			
• Number of members	27,000	26,782	0.8%
• Average age	46.5	46.3	0.2
• Average employment service	12.4	12.3	0.1
• Total projected compensation ⁶	\$2,868,028,601	\$2,730,282,217	5.0%
• Average projected compensation	\$106,223	\$101,945	4.2%
Retired members and beneficiaries			
• Number of members	22,915	22,763	0.7%
– Service retired	17,866	17,697	1.0%
– Disability retired	767	786	–2.4%
– Beneficiaries	4,282	4,280	0.0%
• Average age	73.4	73.1	0.3
• Average monthly benefit	\$4,932	\$4,763	3.5%
Inactive members			
• Number of members ⁷	12,265	11,839	3.6%
• Average age	45.4	45.1	0.3
Total members	62,180	61,384	1.3%

⁶ Reflects annualized salaries for part-time members.

⁷ Includes inactive members due a refund of employee contributions. A breakdown of the inactive members by those who are nonvested and due a refund versus those who are vested and eligible for an annuity at retirement follows:

Non-Vested and Vested Inactive Members as of June 30

Category	2025 Tier 1	2025 Tier 3	2025 Combined	2024 Tier 1	2024 Tier 3	2024 Combined
Non-vested (refund)	4,764	3,953	8,717	4,819	3,560	8,379
Vested (annuity)	3,083	465	3,548	3,132	328	3,460
Total	7,847	4,418	12,265	7,951	3,888	11,839

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan provisions	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Member information	An actuarial valuation for a plan is based on data provided to the actuary by the System. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Financial information	Part of the cost of a plan will be paid from existing assets — the balance will need to come from future contributions and investment income. The valuation is based on the asset values as of the valuation date, typically reported by the System. A snapshot as of a single date may not be an appropriate value for determining a single year's contribution requirement, especially in volatile markets. Plan sponsors often use an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan members for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of members in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments (if applicable). The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of the System. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement at a specific date — it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted.
- If LACERS is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The System should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by LACERS upon delivery and review. LACERS should notify Segal immediately of any questions or concerns about the final content.

Section 1: Actuarial Valuation Summary

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 Liability⁸
2. Schedule of Changes in Net Pension Liability and Related Ratios⁸
3. Schedule of Contribution History⁸

⁸ Source: Segal's GASB Statement No. 67 valuation report as of June 30, 2025.

Section 1: Actuarial Valuation Summary

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 Ratios⁹
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, 2025⁹

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.



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

⁹ Source: Segal's GASB Statement No. 67 valuation report as of June 30, 2025.

Section 2: Actuarial Valuation Results

A. Member information

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, inactive members, retired members and beneficiaries.

This section presents a summary of significant statistical data on these member groups. More detailed information for this valuation year and the preceding valuation can be found in *Section 3, Exhibits A, B, and C*.

Member Population

As of June 30	Active Members	Inactive Members ¹⁰	Retired Members and Beneficiaries (Pay Status)	Total Non-Actives	Ratio of Non-Actives to Actives	Ratio of Pay Status to Actives
2016	24,446	6,895	18,357	25,252	1.03	0.75
2017	25,457	7,428	18,805	26,233	1.03	0.74
2018	26,042	8,028	19,379	27,407	1.05	0.74
2019	26,632	8,588	20,034	28,622	1.07	0.75
2020	27,490	9,207	20,423	29,630	1.08	0.74
2021	25,176	9,647	22,012	31,659	1.26	0.87
2022	24,917	10,379	22,399	32,778	1.32	0.90
2023	25,875	11,148	22,510	33,658	1.30	0.87
2024	26,782	11,839	22,763	34,602	1.29	0.85
2025	27,000	12,265	22,915	35,180	1.30	0.85

¹⁰ Includes inactive members due a refund of member contributions.

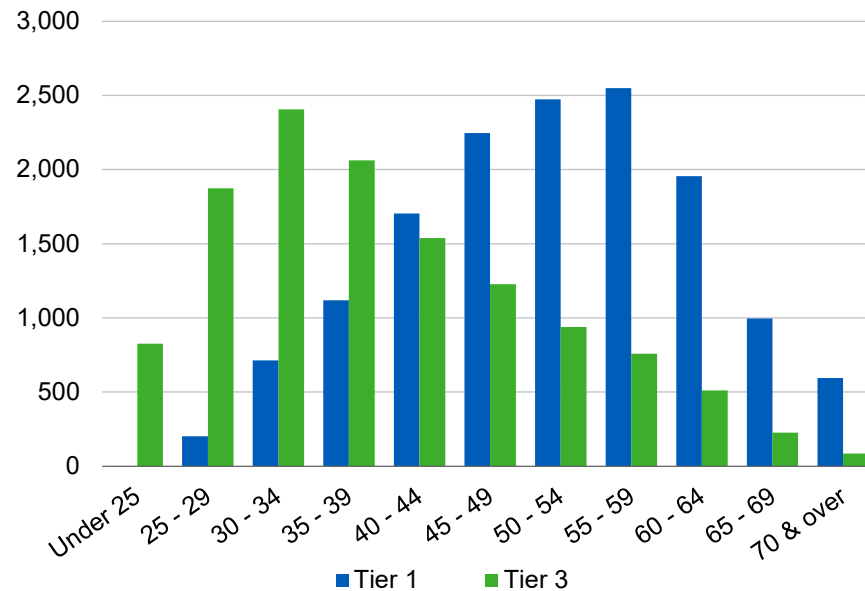
Section 2: Actuarial Valuation Results

Active members

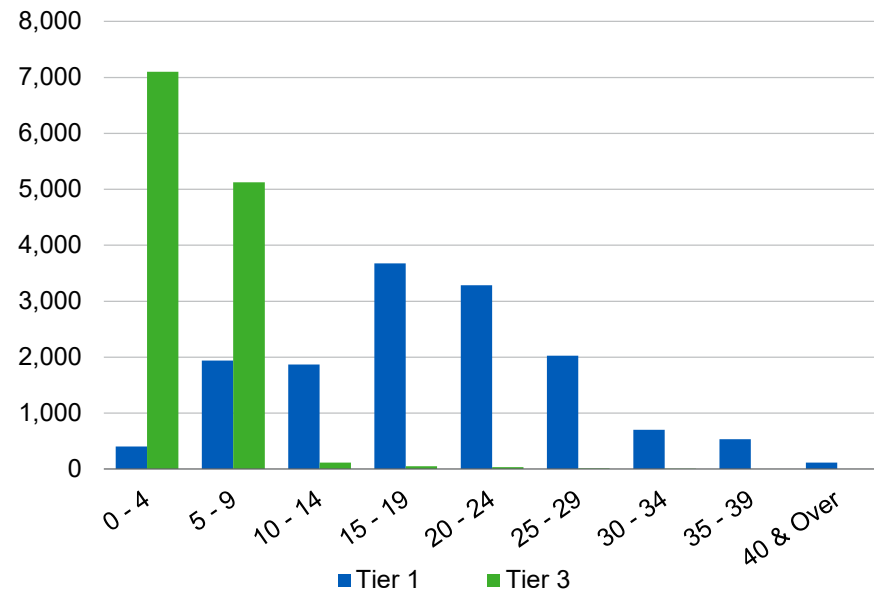
Demographic Data	As of June 30, 2025	As of June 30, 2024	Change
Active members	27,000	26,782	0.8%
Average age ¹¹	46.5	46.3	0.2
Average years of employment service	12.4	12.3	0.1
Average compensation	\$106,223	\$101,945	4.2%

Distribution of Active Members as of June 30, 2025

Actives by Age



Actives by Years of Employment Service



Inactive members

Demographic Data	As of June 30, 2025	As of June 30, 2024	Change
Inactive members ¹²	12,265	11,839	3.6%

¹¹ Among the active members, there were none with unknown age information.

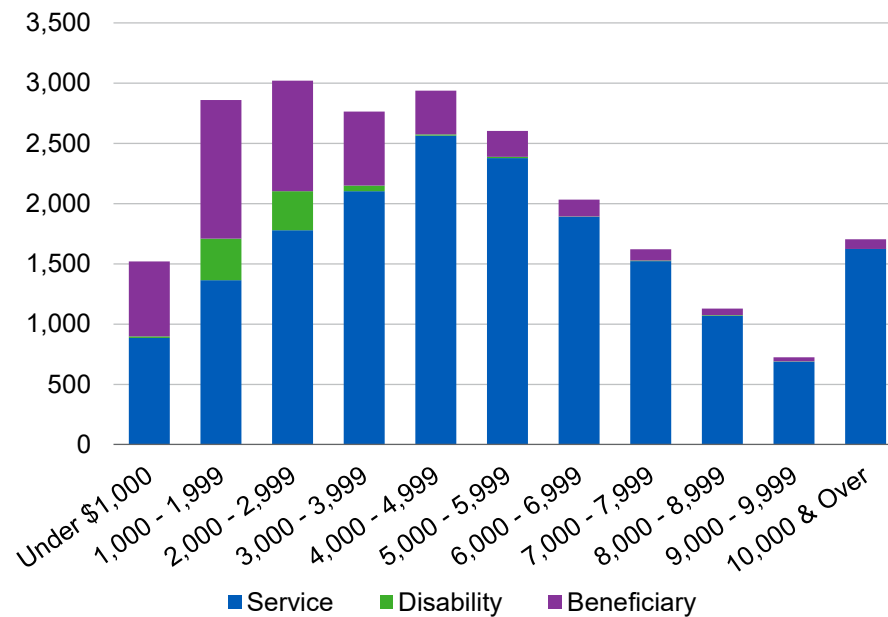
¹² Includes inactive members due a refund of member contributions.

Section 2: Actuarial Valuation Results

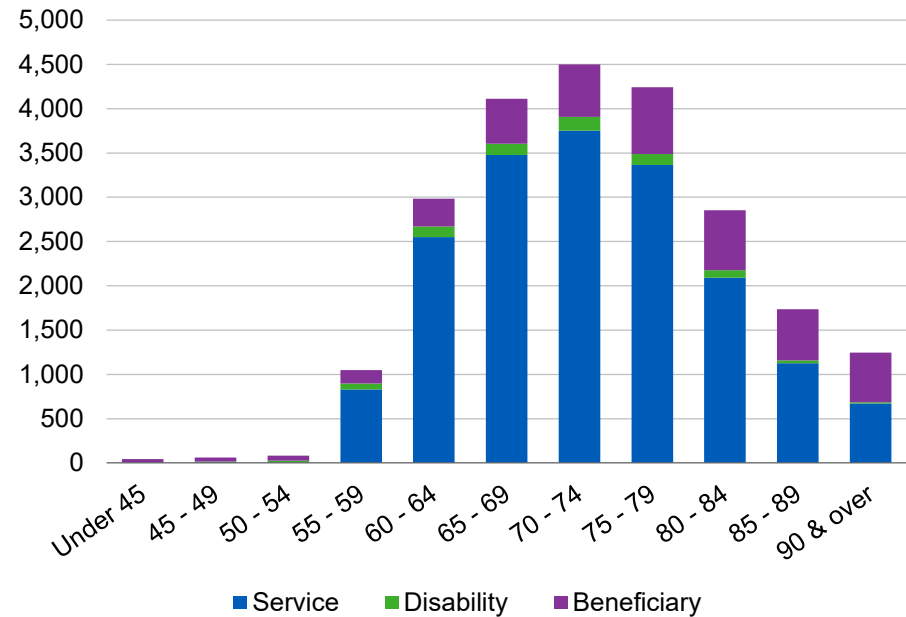
Retired members and beneficiaries

Demographic Data	As of June 30, 2025	As of June 30, 2024	Change
Retired members	18,633	18,483	0.8%
Beneficiaries	4,282	4,280	0.0%
Average age	73.4	73.1	0.3
Average monthly amount	\$4,932	\$4,763	3.5%
Total monthly amount	113,011,130	108,424,705	4.2%

Distribution of Retired Members and Beneficiaries as of June 30, 2025
By Type and Monthly Amount



By Type and Age



Section 2: Actuarial Valuation Results

Historical plan population

The chart below demonstrates the progression of the active population over the last ten years. The chart also shows the growth among the retired population over the same time period.

Historical Member Data

Active Members versus Retired Members and Beneficiaries (Pay Status)

As of June 30	Active Count	Active Average Age	Active Average Employment Service	Pay Status Count	Pay Status Average Age	Pay Status Average Monthly Amount
2016	24,446	48.6	14.7	18,357	72.5	\$3,533
2017	25,457	48.0	14.1	18,805	72.6	3,632
2018	26,042	47.4	13.7	19,379	72.5	3,784
2019	26,632	47.0	13.2	20,034	72.5	3,942
2020	27,490	46.8	12.9	20,423	72.7	4,100
2021	25,176	46.4	12.6	22,012	72.2	4,304
2022	24,917	46.7	12.8	22,399	72.5	4,450
2023	25,875	46.5	12.5	22,510	72.8	4,592
2024	26,782	46.3	12.3	22,763	73.1	4,763
2025	27,000	46.5	12.4	22,915	73.4	4,932

Section 2: Actuarial Valuation Results

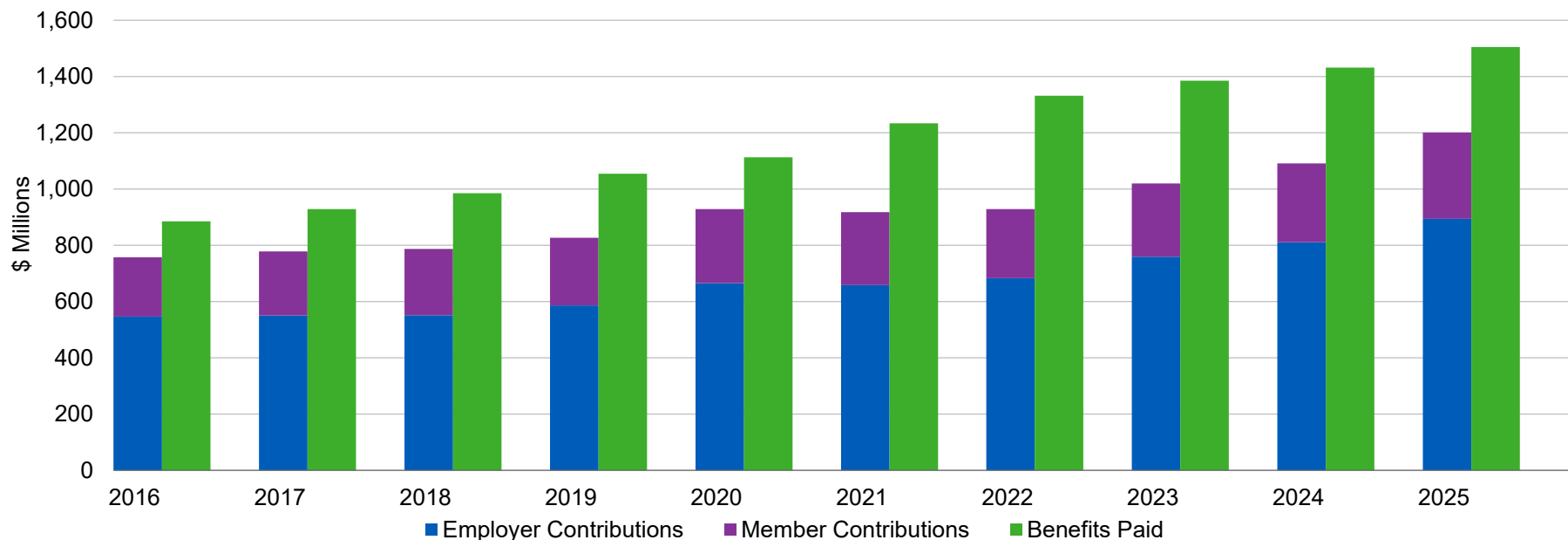
B. Financial information

Retirement plan funding anticipates that, over the long term, both contributions and investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments. Retirement plan assets change as a result of the net impact of these income and expense components.

Additional financial information, including a summary of transactions for the valuation year, is presented in *Section 3, Exhibits D, E, and F*.

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Administration has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the valuation asset value and the plan costs are more stable. The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

Comparison of Contributions Made with Benefits for Years Ended June 30



Section 2: Actuarial Valuation Results

Determination of Actuarial Value and Valuation Value of Assets for Year Ended June 30, 2025

Step	Actual Return	Expected Return	Investment Gain/(Loss)	Portion Deferred	Amount
1. Market value of assets					\$25,375,318,626
2. Calculation of unrecognized return¹³					
a. Year ended June 30, 2025	\$2,644,674,977	\$1,630,494,720	\$1,014,180,257	6/7	\$869,297,363
b. Year ended June 30, 2024	1,792,784,442	1,525,354,781	267,429,661	5/7	191,021,186
c. Year ended June 30, 2023	1,500,807,128	1,443,373,615	57,433,513	4/7	32,819,150
d. Year ended June 30, 2022	(1,947,728,626)	1,604,160,949	(3,551,889,575)	3/7	(1,522,238,389)
e. Year ended June 30, 2021	5,258,341,258	1,260,485,231	3,997,856,027	2/7	1,142,244,579
f. Year ended June 30, 2020	338,862,747	1,299,282,781	(960,420,034)	1/7	(137,202,862)
g. Total deferred return¹⁴					\$575,941,027
3. Preliminary actuarial value of assets: 1 – 2g					\$24,799,377,599
4. Adjustment to be within 40% corridor					0
5. Final actuarial value of assets: 3 + 4					\$24,799,377,599
6. Actuarial value of assets as a percentage of market value of assets: 5 ÷ 1					97.7%
7. Market value of retirement assets					\$21,077,644,650
8. Valuation value of retirement assets: 5 ÷ 1 × 7					\$20,599,247,492

¹³ Total return minus expected return on a market value basis.

¹⁴ Deferred return as of June 30, 2025 recognized in each of the next six years (for Retirement and Health Plans):

a. Amount recognized on June 30, 2026	\$117,798,551
b. Amount recognized on June 30, 2027	255,001,413
c. Amount recognized on June 30, 2028	(316,120,877)
d. Amount recognized on June 30, 2029	191,291,919
e. Amount recognized on June 30, 2030	183,087,131
f. Amount recognized on June 30, 2031	144,882,894
g. Total unrecognized return as of June 30, 2025	\$575,941,027
(may not total exactly due to rounding)	

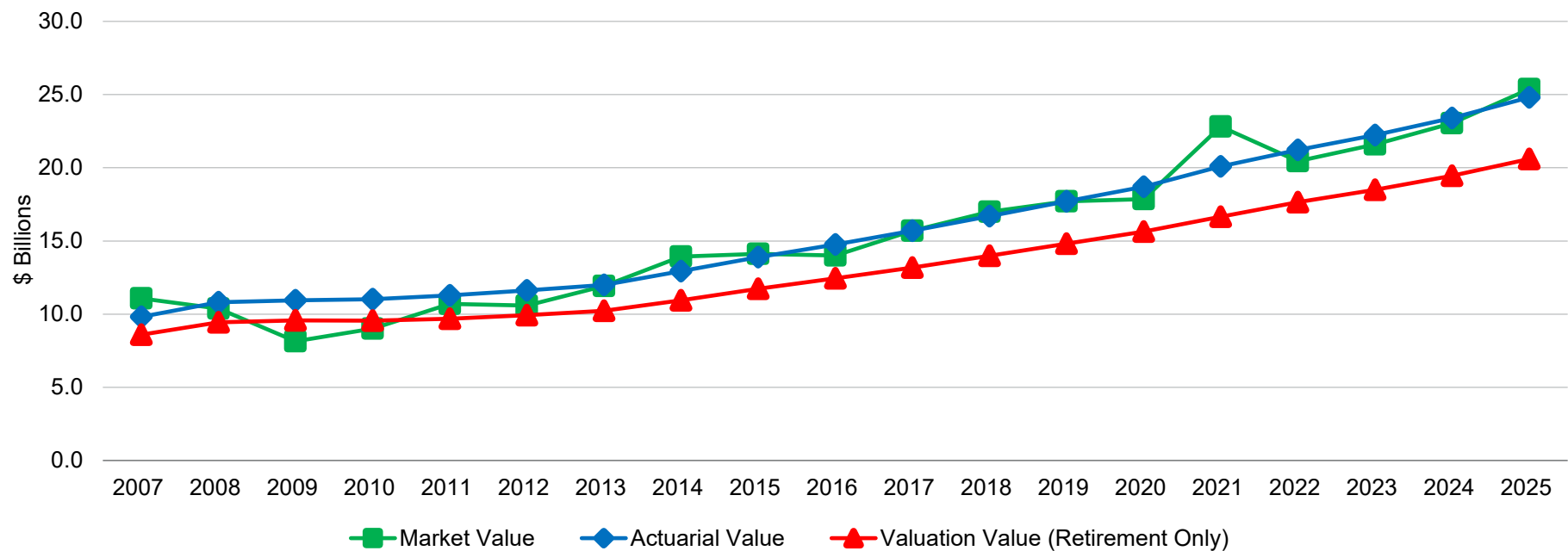
Section 2: Actuarial Valuation Results

Asset history

The market value, actuarial value and valuation value of assets are representations of the Plan's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The portion of the total actuarial value of assets allocated for retirement benefits, based on a prorated share of market value, is shown as the valuation value of assets.

The valuation value of assets is significant because the Plan's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

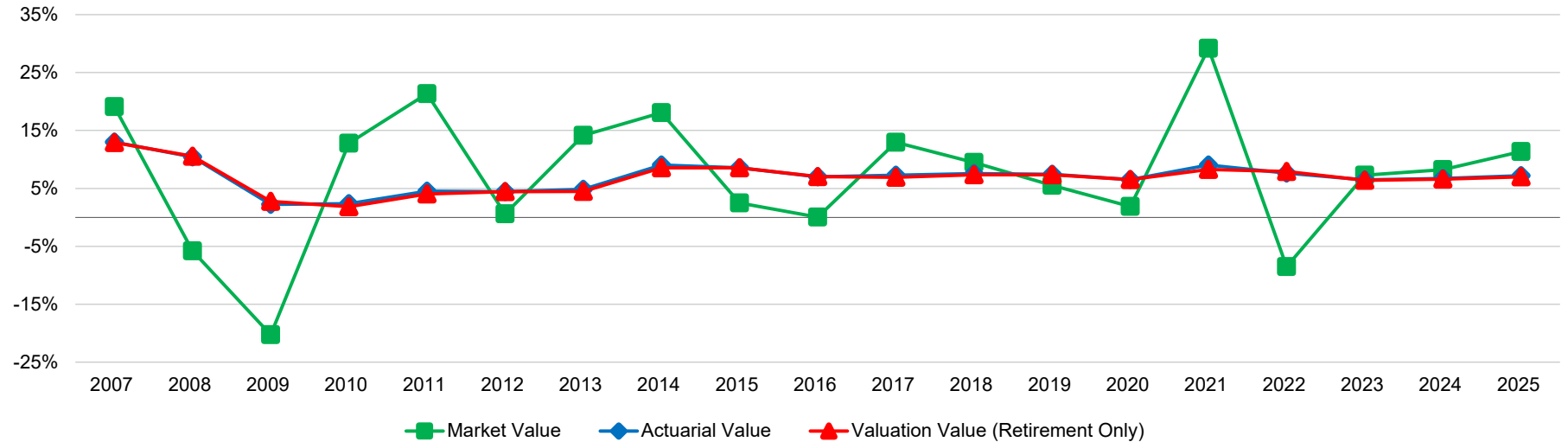
Market Value, Actuarial Value, and Valuation Value (Retirement Only) of Assets as of June 30



Section 2: Actuarial Valuation Results

Historical investment returns

Market Value, Actuarial Value and Valuation Value (Retirement Only) Rates of Return
for Years Ended June 30



Legend	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Market value rate	19.13%	(5.78)%	(20.26)%	12.79%	21.33%	0.62%	14.14%	18.09%	2.47%	0.05%	12.94%	9.46%	5.52%	1.89%	29.20%	(8.50)%	7.28%	8.23%	11.35%
Actuarial value rate	12.99%	10.44%	2.26%	2.37%	4.54%	4.43%	4.86%	9.05%	8.56%	6.99%	7.27%	7.57%	7.43%	6.53%	9.03%	7.62%	6.48%	6.71%	7.18%
Valuation value rate	12.91%	10.56%	2.76%	1.86%	4.05%	4.43%	4.48%	8.56%	8.55%	7.05%	6.90%	7.34%	7.34%	6.52%	8.26%	7.90%	6.38%	6.59%	6.98%
Assumed rate	8.00%	8.00%	8.00%	8.00%	8.00%	7.75%	7.75%	7.75%	7.50%	7.50%	7.50%	7.25%	7.25%	7.25%	7.00%	7.00%	7.00%	7.00%	7.00%

Average Rates of Return	Market Value	Actuarial Value	Valuation Value
Most recent five-year geometric average return	8.85%	7.40%	7.22%
Most recent 10-year geometric average return	7.35%	7.28%	7.12%
Most recent 15-year geometric average return	8.56%	6.94%	6.75%

Section 2: Actuarial Valuation Results

C. Actuarial experience

To calculate any actuarially determined contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year, actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the actuarially determined contribution will decrease from the previous year. On the other hand, the actuarially determined contribution will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years. There are no changes in actuarial assumptions reflected in this valuation.

The actuarial experience for the year can be found below and a discussion of the major components can be found on the following pages.

Actuarial Experience for Year Ended June 30, 2025

Source	Amount
1. Net loss from investments ¹⁵	\$3,693,560
2. Net gain from contributions ¹⁶	(40,412,053)
3. Net loss from other experience ¹⁷	108,916,785
4. Net experience loss¹⁸	\$72,198,292

¹⁵ Details on next page.

¹⁶ The actual contributions were greater than expected due to the scheduled one-year lag in implementing the lower employer contribution rates calculated in the June 30, 2024 valuation for fiscal year 2025.

¹⁷ See *Subsection E* for further details.

¹⁸ The net loss is attributed to actual liability experience from July 1, 2024 through June 30, 2025 compared to the projected experience based on the actuarial assumptions as of June 30, 2024. Does not include the effect of plan or assumption changes as of June 30, 2025, if any.

Section 2: Actuarial Valuation Results

Investment experience

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the LACERS' investment policy.

For valuation purposes, the assumed rate of return on the valuation value of assets is 7.00% based on the June 30, 2024 valuation. The actual rate of return on a valuation basis for the 2024/2025 plan year was 6.98% after recognizing a portion of this year's investment gain and a portion of prior years' investment gains and losses. Since the actual return for the year was less than the assumed return, the Plan experienced an actuarial loss during the year ended June 30, 2025 with regard to its investments.

Investment Experience for Year Ended June 30, 2025

Line Description	Market Value ¹⁹	Actuarial Value ¹⁹	Valuation Value ²⁰
1. Net investment income	\$2,644,674,977	\$1,699,831,285	\$1,375,526,380
2. Average value of assets	23,292,781,718	23,661,684,383	19,703,141,994
3. Rate of return: ²¹ 1 ÷ 2	11.35%	7.18%	6.98%
4. Assumed rate of return	7.00%	7.00%	7.00%
5. Expected investment income: 2 × 4	\$1,630,494,720	\$1,656,317,907	\$1,379,219,940
6. Investment gain/(loss): 1 – 5	\$1,014,180,257	\$43,513,378	\$(3,693,560)

¹⁹ Includes assets for Retirement, Health, Family Death, and Larger Annuity Benefits.

²⁰ Includes assets for Retirement only.

²¹ These returns have been calculated by Segal on a dollar-weighted basis taking into account the beginning of year assets, contributions, and benefit cash flows made during the year. In backing into a rate of return using actual investment income and investment expense as provided by LACERS, we sometimes could come up with a different return for the Retirement and OPEB Plans if: (a) the timing of the actual cash flows (especially the benefit payments) are different from what we assumed and/or (b) the actual income and expense allocated are different when compared to the proportion of the assets in the two Plans.

Section 2: Actuarial Valuation Results

Contributions

When adjusted for timing, contributions for the year ended June 30, 2025 totaled \$1,170.4 million compared to the projected amount of \$1,130.0 million. This resulted in a gain of \$40.4 million for the year.

Other experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- Mortality experience (more or fewer than expected deaths)
- The extent of turnover among members
- Retirement experience (earlier or later than projected)
- The number of disability retirements (more or fewer than projected)
- Salary increases (greater or smaller than projected)
- Cost-of-living adjustments (COLAs; higher or lower than anticipated)

The net loss from this other experience for the year ended June 30, 2025 amounted to \$108.9 million, which is 0.39% of the actuarial accrued liability. See *Section 2, Subsection E* for a detailed development of the unfunded actuarial accrued liability.

Section 2: Actuarial Valuation Results

D. Other changes impacting the actuarial accrued liability

Actuarial assumptions and methods

The Actuarial Accrued Liability as of June 30, 2025 is \$27.6 billion, an increase of \$1.1 billion, or 4.2%, from the liability as of the prior valuation date. The Actuarial Accrued Liability is expected to grow each year with Normal Cost and interest, and to decline due to benefit payments made. Additional fluctuations can occur due to actual experience that differs from expected (as discussed in the previous subsection).

There were no changes in actuarial assumptions and methods since the prior valuation.

Details on actuarial assumptions and methods are in *Section 4, Exhibit 1*.

Plan provisions

This valuation reflects a \$295,000 increase in the actuarial accrued liability due to the enhanced pre-retirement death and disability benefits effective July 9, 2023²² for certain Sworn Public Safety Officers (PSO) who choose to remain in LACERS.

We note that 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 are not yet available to us as of the drafting of this report, we have not reflected the financial impact of the transfers in this report.

A summary of plan provisions is in *Section 4, Exhibit 2*.

²² As noted in our June 30, 2024 valuation report, this is the first valuation that we have reflected the cost of the enhanced pre-retirement death and disability benefits for the Sworn PSO.

Section 2: Actuarial Valuation Results

E. Unfunded actuarial accrued liability

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

Line Description	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 to end of year	454,116,005
5. Expected unfunded actuarial accrued liability at end of year	\$6,941,487,512
6. Changes due to: ²³	
a. Investment return less than expected, after asset smoothing	\$3,693,560
b. Actual contributions greater than expected under funding policy ²⁴	(40,412,053)
c. Higher than expected salary increases for continuing actives	121,485,278
d. Higher than expected COLAs for payees	12,385,695
e. Other net gains on demographic experience	(24,954,188) ²⁵
f. Increase due to Sworn PSO benefit enhancement	295,356
g. Total changes	\$72,493,648
7. Unfunded actuarial accrued liability at end of year: 5 + 6g	\$7,013,981,160

²³ The "net loss from other experience" of \$108,916,785 from *Subsection C* is equal to the sum of items 6c through 6e.

²⁴ The actual contributions were greater than expected due to the scheduled one-year lag in implementing the lower employer contribution rates calculated in the June 30, 2024 valuation for fiscal year 2025.

²⁵ Instead of an actuarial gain from other demographic experience, there was a loss of \$24.7 million from other demographic experience in the June 30, 2024 valuation.

Section 2: Actuarial Valuation Results

F. Recommended contribution

The recommended contribution is equal to the employer normal cost payment and a payment on the unfunded actuarial accrued liability. As of June 30, 2025, the average recommended employer contribution is 28.40% of payroll, if received by LACERS on July 15, 2026.

The Board sets the funding policy used to calculate the recommended contribution based on layered amortization periods as a level percentage of payroll. See *Section 4, Exhibit 1* for further details on the funding policy.

The contribution requirement for the June 30, 2025 valuation is based on the data previously described, the actuarial assumptions and Plan provisions described in *Section 4*, including all changes affecting future costs adopted at the time of the actuarial valuation, actuarial gains and losses, and changes in the actuarial assumptions.

A reconciliation of the average recommended employer contribution from June 30, 2024 to June 30, 2025 is shown on the next page. A summary of the recommended contributions by tier is shown on pages 33 through 36.

The current funding policy is intended to fully fund the cost of the benefits and to allocate the cost of benefits reasonably and equitably over time while minimizing the volatility of employer contributions. The recommended contribution is expected to remain level as a percent of payroll, except when any current amortization layer is fully amortized and assuming there are no future actuarial gains or losses. Furthermore, the funded ratio is expected to increase as the UAAL is methodically funded by employer contributions. The recommended contribution under the funding policy is a “Reasonable Actuarially Determined Contribution” as required under Actuarial Standard of Practice No. 4 Measuring Pension Obligations and Determining Pension Plan Costs or Contributions.

Section 2: Actuarial Valuation Results

Reconciliation of average recommended employer contribution rate

Reconciliation from June 30, 2024 to June 30, 2025

Item	Contribution Rate ²⁶
1. Average recommended employer contribution rate as of June 30, 2024	28.13%
2. Changes due to:	
a. Decrease in employer normal cost due to payroll and demographic changes (including the enrollment of new employees in Tier 3)	(0.14)%
b. Increase in employer normal cost due to sunset of 1% Tier 1 member contribution rate toward the ERIP Cost Obligation	0.58%
c. Actual contributions greater than expected ²⁷	(0.12)%
d. Investment return less than expected after asset smoothing	0.01%
e. Individual salary increases greater than expected for continuing actives	0.36%
f. Higher-than-expected COLAs for payees	0.04%
g. Amortizing prior year's UAAL over a larger than expected total payroll	(0.40)%
h. Other net experience gains	(0.07)%
i. Increase due to Sworn PSO benefit enhancement	0.01%
j. Total change	0.27%
3. Average recommended employer contribution rate as of June 30, 2025: 1 + 2j	28.40%

²⁶ If received on July 15.

²⁷ The actual contributions were greater than expected due to the scheduled one-year lag in implementing the lower employer contribution rates calculated in the June 30, 2024 valuation for fiscal year 2025.

Section 2: Actuarial Valuation Results

Recommended employer contribution rate

Tier 1 Recommended Employer Contribution Rate (% of Payroll) Calculated as of June 30

Component	2025 Amount	2025 Contribution Rate	2024 Amount	2024 Contribution Rate
Before reflecting increase in contribution rates due to enhanced benefits for APO				
1. Total normal cost	\$333,044,165	19.32%	\$333,205,953	19.38%
2. Expected employee contributions ²⁸	166,522,083	9.66%	182,764,669	10.63%
3. Employer normal cost: 1 – 2	\$166,522,082	9.66%	\$150,441,284	8.75%
4. Actuarial accrued liability	26,699,997,377		25,796,442,291	
5. Valuation value of assets	18,600,036,710		17,950,886,863	
6. Unfunded actuarial accrued liability: 4 – 5	\$8,099,960,667		\$7,845,555,428	
7. Amortization of unfunded actuarial accrued liability	348,487,209	20.22% ^{29,30}	350,672,335	20.40% ²⁹
8. Total recommended contribution, beginning of year: 3 + 7	\$515,009,291	29.88%	\$501,113,619	29.15%
9. Total recommended contribution, July 15	516,443,264	29.97%	502,508,901	29.24%
10. Total recommended contribution, end of pay periods	532,729,754	30.92%	518,355,958	30.16%
Increase in contribution rates due to enhanced benefits for APO				
11. Employer normal cost, July 15		0.08%		0.07%
12. Unfunded actuarial accrued liability, July 15		0.09%		0.09%
13. Total recommended contribution, July 15		0.17%		0.16%
After reflecting increase in contribution rates due to enhanced benefits for APO				
14. Total recommended contribution, beginning of year	\$518,062,939	30.05%	\$504,020,521	29.31%
15. Total recommended contribution, July 15	519,505,413	30.14%	505,423,897	29.40%
16. Total recommended contribution, end of pay periods	535,888,471	31.09%	521,362,881	30.32%
17. Projected payroll	\$1,723,831,084		\$1,719,328,962	

²⁸ Discounted to beginning of year. The average employee rate for contributions made at the end of each pay period is actually 11.00% for the June 30, 2024 valuation and 10.00% for the June 30, 2025 valuation.

²⁹ In developing the UAAL contribution rate, we have combined the UAAL for Tiers 1 and 3 and amortized that total UAAL over the total payroll for Tiers 1 and 3.

³⁰ For purposes of purchasing service with the Water and Power Employees' Retirement Plan (WPERP) for Tier 1, the UAAL rate as of June 30, 2025 is 20.22% before reflecting enhanced benefits for APO, plus an additional 0.09% for the cost increase for the enhanced APO benefits for a total of 20.31%, if received at the beginning of the year. If received on July 15, the total UAAL rate of 20.31% increases to 20.37%.

Section 2: Actuarial Valuation Results

Tier 3 Recommended Employer Contribution Rate (% of Payroll) Calculated as of June 30

Component	2025 Amount	2025 Contribution Rate	2024 Amount	2024 Contribution Rate
Before reflecting increase in contribution rates due to enhanced benefits for APO				
1. Total normal cost	\$183,300,442	16.02%	\$162,055,807	16.03%
2. Expected employee contributions ³¹	121,628,196	10.63%	107,464,331	10.63%
3. Employer normal cost: 1 – 2	\$61,672,246	5.39%	\$54,591,476	5.40%
4. Actuarial accrued liability	894,707,462		676,059,026	
5. Valuation value of assets	1,999,210,782		1,494,689,737	
6. Unfunded actuarial accrued liability: 4 – 5	\$(1,104,503,320)		\$(818,630,711)	
7. Amortization of unfunded actuarial accrued liability	231,309,322	20.22% ³²	206,192,850	20.40% ³²
8. Total recommended contribution, beginning of year: 3 + 7	\$292,981,568	25.61%	\$260,784,326	25.80%
9. Total recommended contribution, July 15	293,797,335	25.68%	261,510,443	25.88%
10. Total recommended contribution, end of pay periods	303,062,490	26.50%	269,757,404	26.70%
Increase in contribution rates due to enhanced benefits for APO				
11. Employer normal cost, July 15		0.00%		0.00%
12. Unfunded actuarial accrued liability, July 15		0.09%		0.09%
13. Total recommended contribution, July 15		0.09%		0.09%
After reflecting increase in contribution rates due to enhanced benefits for APO				
14. Total recommended contribution, beginning of year	\$294,093,076	25.70%	\$261,785,896	25.89%
15. Total recommended contribution, July 15	294,911,938	25.77%	262,514,802	25.97%
16. Total recommended contribution, end of pay periods	304,212,243	26.59%	270,793,437	26.79%
17. Projected payroll	\$1,144,197,517		\$1,010,953,255	

³¹ Discounted to beginning of year. The average employee rate for contributions made at the end of each pay period is actually 11.00% for the June 30, 2024 and June 30, 2025 valuations.

³² In developing the UAAL contribution rate, we have combined the UAAL for Tiers 1 and 3 and amortized that total UAAL over the total payroll for Tiers 1 and 3.

Section 2: Actuarial Valuation Results

Combined Recommended Employer Contribution Rate (% of Payroll) Calculated as of June 30

Component	2025 Amount	2025 Contribution Rate	2024 Amount	2024 Contribution Rate
Before reflecting increase in contribution rates due to enhanced benefits for APO				
1. Total normal cost	\$516,344,607	17.97%	\$495,261,760	18.11%
2. Expected employee contributions	288,150,279	10.06%	290,229,000	10.63%
3. Employer normal cost: 1 – 2	\$228,194,328	7.91%	\$205,032,760	7.48%
4. Actuarial accrued liability	27,594,704,839		26,472,501,317	
5. Valuation value of assets	20,599,247,492		19,445,576,600	
6. Unfunded actuarial accrued liability: 4 – 5	\$6,995,457,347		\$7,026,924,717	
7. Amortization of unfunded actuarial accrued liability	579,796,531	20.22%	556,865,185	20.40%
8. Total recommended contribution, beginning of year: 3 + 7	\$807,990,859	28.13%	\$761,897,945	27.88%
9. Total recommended contribution, July 15	810,240,599	28.26%	764,019,344	27.99%
10. Total recommended contribution, end of pay periods	835,792,244	29.15%	788,113,362	28.87%
Increase in contribution rates due to enhanced benefits for APO				
11. Employer normal cost, July 15		0.05%		0.05%
12. Unfunded actuarial accrued liability, July 15		0.09%		0.09%
13. Total recommended contribution, July 15		0.14%		0.14%
After reflecting increase in contribution rates due to enhanced benefits for APO				
14. Total normal cost	\$517,723,672	18.02%	\$496,465,290	18.16%
15. Expected employee contributions	288,150,278	10.06%	290,229,000	10.63%
16. Employer normal cost: 14 – 15	\$229,573,394	7.96%	\$206,236,290	7.53%
17. Actuarial accrued liability	27,613,228,652		26,492,518,234	
18. Valuation value of assets	20,599,247,492		19,445,576,600	
19. Unfunded actuarial accrued liability: 17 – 18	\$7,013,981,160		\$7,046,941,634	
20. Amortization of unfunded actuarial accrued liability	582,582,621	20.31%	559,570,127	20.49%
21. Total recommended contribution, beginning of year	812,156,015	28.27%	\$765,806,417	28.02%
22. Total recommended contribution, July 15	814,417,351	28.40%	767,938,699	28.13%
23. Total recommended contribution, end of pay periods	840,100,714	29.29%	792,156,318	29.01%
24. Projected payroll	\$2,868,028,601		\$2,730,282,217	

Section 2: Actuarial Valuation Results

Combined Recommended Employer Contribution Calculated as of June 30, 2025

Component	Tier 1	Tier 3	Combined
Before reflecting increase in contribution rates due to enhanced benefits for APO			
1. Total normal cost	\$333,044,165	\$183,300,442	\$516,344,607
2. Expected employee contributions ³³	166,522,083	121,628,196	288,150,279
3. Employer normal cost: 1 – 2	\$166,522,082	\$61,672,246	\$228,194,328
4. Payment on unfunded actuarial accrued liability	348,487,209	231,309,322	579,796,531
5. Total recommended contribution: beginning of year: 3 + 4	\$515,009,291	\$292,981,568	\$807,990,859
6. Total recommended contribution: adjusted for July 15 timing	516,443,264	293,797,335	810,240,599
7. Total recommended contribution: adjusted for biweekly timing	532,729,754	303,062,490	835,792,244
8. Item 5 (beginning of year contribution) as a % of projected payroll: 5 ÷ 17	29.88%	25.61%	28.13%
9. Item 6 (July 15 contribution) as a % of projected payroll: 6 ÷ 17	29.97%	25.68%	28.26%
10. Item 7 (biweekly contribution) as a % of projected payroll: 7 ÷ 17	30.92%	26.50%	29.15%
After reflecting increase in contribution rates due to enhanced benefits for APO			
11. Total recommended contribution: beginning of year	\$518,062,939	\$294,093,076	\$812,156,015
12. Total recommended contribution: adjusted for July 15 timing	519,505,413	294,911,938	814,417,351
13. Total recommended contribution: adjusted for biweekly timing	535,888,471	304,212,243	840,100,714
14. Item 11 (beginning of year contribution) as a % of projected payroll: 11 ÷ 17	30.05%	25.70%	28.27%
15. Item 12 (July 15 contribution) as a % of projected payroll: 12 ÷ 17	30.14%	25.77%	28.40%
16. Item 13 (biweekly contribution) as a % of projected payroll: 13 ÷ 17	31.09%	26.59%	29.29%
17. Projected payroll	\$1,723,831,084	\$1,144,197,517	\$2,868,028,601

³³ Discounted to beginning of year.

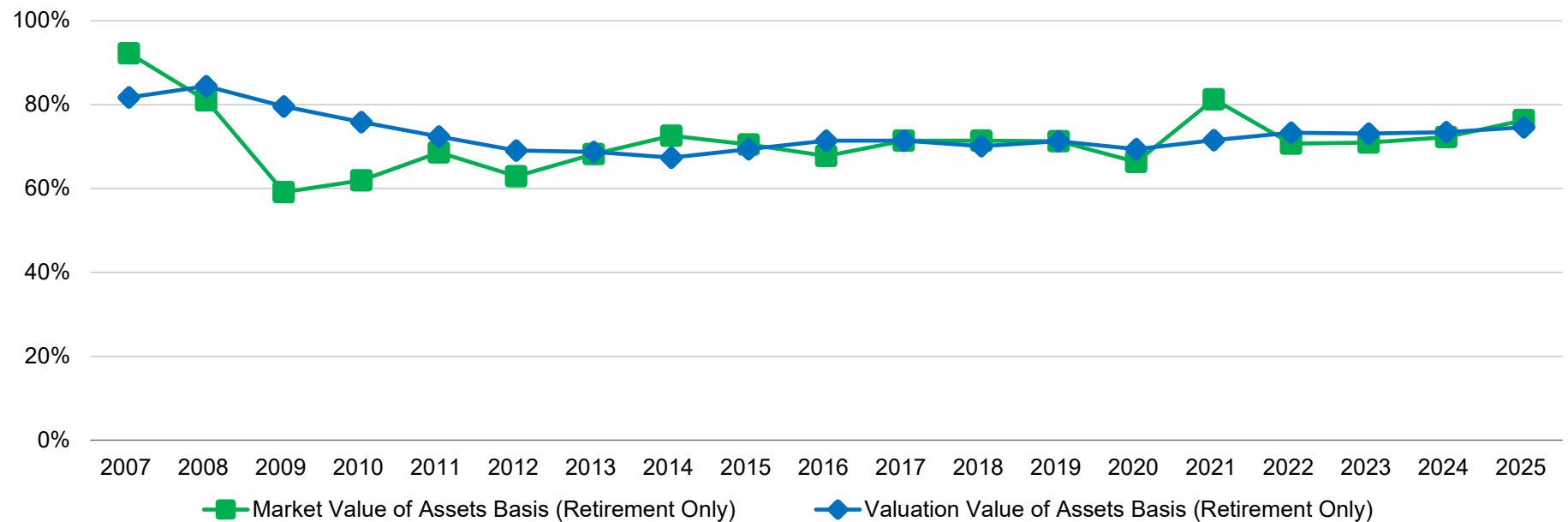
Section 2: Actuarial Valuation Results

G. Funded status

A commonly reported piece of information regarding the Plan's financial status is the funded ratio. These ratios compare the market and valuation value of assets to the actuarial accrued liability of the Plan. Higher ratios indicate a relatively well-funded plan while lower ratios may indicate recent changes to actuarial assumptions, funding of the plan below actuarial requirements, poor asset performance, or a variety of other causes.

The funded status measures shown in this valuation are appropriate for assessing the need for or amount of future contributions. However, they are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligations. As the chart below shows, the measures are different depending on whether the market or valuation value of assets is used.

Funded Ratio as of June 30



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Schedule of Funding Progress

As of June 30	Valuation Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio (a) ÷ (b)	Projected Compensation (c)	UAAL as a % of Projected Compensation [(b) – (a)] ÷ (c)
2016	\$12,439,250,206	\$17,424,996,329	\$4,985,746,123	71.39%	\$1,968,702,630	253.25%
2017	13,178,333,884	18,458,187,953	5,279,854,069	71.40%	2,062,316,129	256.02%
2018	13,982,435,465	19,944,579,058	5,962,143,593	70.11%	2,177,687,102	273.78%
2019	14,818,564,427	20,793,421,143	5,974,856,716	71.27%	2,225,412,831	268.48%
2020	15,630,102,547	22,527,195,295	6,897,092,748	69.38%	2,445,016,587	282.09%
2021	16,660,584,654	23,281,892,854	6,621,308,200	71.56%	2,254,165,029	293.74%
2022	17,649,267,571	24,078,751,303	6,429,483,732	73.30%	2,258,724,771	284.65%
2023	18,493,821,018	25,299,537,118	6,805,716,100	73.10%	2,512,179,018	270.91%
2024	19,445,576,600	26,492,518,234	7,046,941,634	73.40%	2,730,282,217	258.10%
2025	20,599,247,492	27,613,228,652	7,013,981,160	74.60%	2,868,028,601	244.56%

Section 2: Actuarial Valuation Results

H. Actuarial balance sheet

An overview of the Plan's funding is given by an actuarial balance sheet. In this approach, first the amount and timing of all future payments that will be made by the Plan for current members is determined. Then these payments are discounted at the valuation interest rate to the date of the valuation, thereby determining the present value, referred to as the "liability" of the Plan.

Second, this liability is compared to the assets. The "assets" for this purpose include the net amount of assets already accumulated by the Plan, the present value of future member contributions, the present value of future employer normal cost contributions, and the present value of future employer amortization payments for the unfunded actuarial accrued liability.

Actuarial Balance Sheet as of June 30

Line Description	2025	2024
Liabilities		
Present value of benefits for retired members and beneficiaries	\$16,679,536,581	\$16,162,258,157
Present value of benefits for inactive members	734,775,120	713,704,715
Present value of benefits for active members	14,576,850,684	13,841,583,571
Total liabilities	\$31,991,162,385	\$30,717,546,443
Current and future assets		
Total valuation value of assets	\$20,599,247,492	\$19,445,576,600
Present value of future contributions by members	2,580,336,570	2,472,241,383
Present value of future employer contributions for:		
• Entry age normal cost	1,797,597,163	1,752,786,826
• Unfunded actuarial accrued liability	7,013,981,160	7,046,941,634
Total of current and future assets	\$31,991,162,385	\$30,717,546,443

Section 2: Actuarial Valuation Results

I. Risk

Because the actuarial valuation results are dependent on a fixed set of assumptions and data as of a specific date, there is risk that emerging results may differ, perhaps significantly, as actual experience is fluid and will not exactly track current assumptions. This potential divergence may have a significant impact on the future financial condition of the Plan.

This report does not contain a detailed analysis of the potential range of future measurements, but does include a concise discussion of some of the primary risks that may affect the Plan's future financial condition. Earlier this year we prepared a stand-alone Risk Assessment report for the Retirement and Health Plans dated March 11, 2025 by using membership and financial information as provided in the actuarial valuations as of June 30, 2024. That report includes various deterministic and stochastic projections of future results under different investment return scenarios based on the assumptions adopted for the June 30, 2024 valuations. A copy of the stand-alone risk assessment report associated with this June 30, 2025 valuation, including the quantitative analyses recommended by Segal in consultation with LACERS staff, will be available in the first quarter of 2026.

This section provides descriptions and basic assessments of the primary risks that are likely to have an ongoing influence on the Plan's financial health, as well as a discussion of historical trends and maturity measures:

Risk assessments

- **Asset/Liability Mismatch Risk** (the potential that future plan experience does not affect asset and liability values in the same way, causing them to diverge)

The most significant asset/liability mismatch risk to the Plan is investment risk, as discussed below. In fact, investment risk has the potential to impact asset/liability mismatch in two ways. The first is evident in annual valuations; when asset values deviate from assumptions they are typically independent from liability changes. The second can be caused when systemic asset deviations from assumptions may signal the need for an assumption change, which causes liability values and contribution rates to move in the opposite direction from any change in the expected experience of asset growth rates.

Asset/liability mismatch can also be caused by demographic assumption risk such as longevity, which affects liabilities but has no impact on asset levels. This risk is also discussed below.

- **Investment Risk** (the risk that investment returns will be different than expected)

The investment return assumption is a long-term, static assumption for valuation purposes even though in reality market experience can be quite volatile in any given year. That volatility can cause significant changes in the financial condition of the Plan, affecting both funded status and contribution rates. The inherent year-to-year volatility is reduced by smoothing through the valuation value of assets, however investment experience can still have a sizable impact. As discussed in *Section 2, Subsection J, Volatility ratios*, on page 44, a 1% asset gain or loss (relative to the assumed investment return) translates to about 7.3% of one-year's payroll. Since actuarial gains and losses

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are amortized over 15 years, there would be a 0.6% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

The year-by-year market value rate of return over the last 10 years has ranged from a low of -8.50% to a high of 29.20%.

- **Longevity Risk** (the risk that mortality experience will be different than expected)

The actuarial valuation includes current life expectancy assumptions and an expectation of future improvement in life expectancy, which are significant assumptions given the relatively long duration of liabilities for pension plans. Emerging plan experience that does not match these expectations will result in increases or decreases in the actuarially determined contribution over time. This risk can be reduced by using tables appropriate for the Plan (public experience tables) that are weighted by benefit levels, and by using generational mortality projections. Effective with the June 30, 2020 valuation, the Board has adopted mortality tables based on public plan experience that are weighted by benefits and include generational mortality projections.

- **Other Risks**

In addition to longevity, the valuation includes a variety of other assumptions that are unlikely to match future experience exactly. One example is projected salary scales over time. As salary is central to the determination of benefits paid in retirement, deviations from the projected salary scales could have a material impact on the benefits anticipated for each member. Examples of other demographic assumptions include retirement, termination and disability assumptions, and will likely vary in significance for different pension plans.

Some plans also carry significant contribution risk, defined as the potential for actual future contributions deviating from expected future contributions. However, the employers have a proven track-record of making the actuarially determined contributions based on the Board's Actuarial Funding Policy, so contribution risk is minimal.

Evaluation of historical trends

Past experience can help demonstrate the sensitivity of key results to the Plan's actual experience. Over the past ten years:

- The funded percentage on the valuation value of assets basis has increased from 71.39% to 74.60%. This is primarily due to non-investment experience. For a more detailed history see *Section 2, Subsection G, Funded status* starting on page 37.
- The average geometric investment return on the actuarial value of assets over the last 10 years was 7.28%. This includes a high of 9.03% and a low of 6.48%. The average over the last five years is 7.40%. For more details see the *Section 2, Subsection B, Historical investment returns* on page 25.
- The primary source of new UAAL was the strengthening of assumptions through multiple assumption changes. For example, the assumption changes in:
 - 2017 changed the discount rate from 7.50% to 7.25%, adding \$341 million in unfunded liability;

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- 2018 included the use of generational mortality tables to better reflect future mortality improvement, adding \$484 million in unfunded liability;
- 2020 changed the discount rate from 7.25% to 7.00% and updated mortality tables based on public plan experience that are weighted by benefits, adding \$531 million in unfunded liability; and
- 2023 changed the inflation rate from 2.75% to 2.50%, subtracting \$113 million from the unfunded liability.

For more details on the unfunded liability changes see *Section 3, Exhibit G, Table of amortization bases* on page 59. A graphical representation of historical changes in UAAL by source prior to this valuation was included in the stand-alone risk assessment report as of June 30, 2024.

- The plan's funding policy effectively deals with these unfunded liabilities over time. This can be seen most clearly in *Section 3, Exhibit H, Projection of UAAL balances and payments* starting on page 60.

Maturity measures

In the last 10 years the ratio of members in pay status to active participants has increased from 0.75 to 0.85. An increased ratio indicates that the plan has grown in maturity over time. This is to be expected, but is also informative for understanding plan sensitivity to particular risks. For more details see *Section 2, Subsection A, Member information* on page 18.

As pension plans mature, the cash needed to fulfill benefit obligations will increase over time. Therefore, cash flow projections and analysis should be performed to assure that the Plan's asset allocation is aligned to meet emerging pension liabilities. For the prior year, benefits paid were \$222 million more than contributions received. Plans with high levels of negative cash flows may have a need for a larger allocation to income generating assets, which can create a drag on investment return. However, this plan currently has relatively low levels of negative cash flows. For more details on historical cash flows see the Comparison of Contributions Made with Benefits in *Section 2, Subsection B, Financial information* on page 22.

A further discussion of plan maturity measures and how they relate to changes in assets and liabilities is included in *Section 2, Subsection J, Volatility ratios* on page 44.

Low-Default-Risk Obligation Measure (LDROM)

In December 2021, the Actuarial Standards Board issued a revision of Actuarial Standard of Practice No. 4 (ASOP 4) *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*. One of the revisions to ASOP 4 requires the disclosure of a Low-Default-Risk Obligation Measure (LDROM) when performing a funding valuation. The LDROM presented in this report is calculated using the same methodology and assumptions used to determine the AAL used for funding, except for the discount rate. The LDROM is required to be calculated using "a discount rate...derived from low-default-risk fixed income securities whose cash flows are reasonably consistent with the pattern of benefits expected to be paid in the future."

Section 2: Actuarial Valuation Results

The LDROM is a calculation assuming a plan's assets are invested in an all-bond portfolio, generally lowering expected long-term investment returns. The discount rate selected and used for this purpose is the Bond Buyer General Obligation 20-year Municipal Bond Index Rate, published at the end of each week. The last published rate in June of the measurement period, by The Bond Buyer, is 5.20% for use effective June 30, 2025. This is the rate used to determine the discount rate for valuing reported public pension plan liabilities in accordance with Governmental Accounting Standards when plan assets are projected to be insufficient to make projected benefit payments, and the 20-year period reasonably approximates the duration of plan liabilities. The LDROM is not used to determine a plan's funded status or actuarially determined contribution rates. The plan's expected return on assets, currently 7.00%, is used for these calculations.

As of June 30, 2025, the LDROM for the Plan is \$34.65 billion.³⁴ The difference between the Plan's AAL of \$27.61 billion and the LDROM can be thought of as the increase in the AAL if the entire portfolio were invested in low-default-risk securities. Alternatively, this difference could also be viewed as representing the expected savings from investing in the Plan's diversified portfolio compared to investing only in low-default-risk securities.

ASOP 4 requires commentary to help the intended user understand the significance of the LDROM with respect to the funded status of the plan, plan contributions, and the security of member benefits. In general, if plan assets were invested exclusively in low-default-risk securities, the funded status would be lower and the actuarially determined contribution would be higher. While investing in a portfolio with low-default-risk securities may be more likely to reduce investment volatility and the volatility of employer contributions, it also may be more likely to result in higher employer contributions or lower benefits.

³⁴ For comparison purposes, as of June 30, 2024, the LDROM was \$39.80 billion based on a discount rate of 3.93%, while the Plan's actuarial accrued liability was \$26.49 billion.

Section 2: Actuarial Valuation Results

J. Volatility ratios

Retirement plans are subject to volatility in the level of required contributions. This volatility tends to increase as retirement plans become more mature.

The Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by total projected compensation, provides an indication of the potential contribution volatility for any given level of investment volatility. A higher AVR indicates that the Plan is subject to a greater level of contribution volatility. This is a current measurement since it is based on the current level of assets.

The current AVR is about 7.3. This means that a 1% asset gain or loss (relative to the assumed investment return) translates to about 7.3% of one-year's payroll. Since actuarial gains and losses are amortized over 15 years, there would be a 0.6% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

The Liability Volatility Ratio (LVR), which is equal to the actuarial accrued liability divided by total projected compensation, provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. This is because, over an extended period of time, the Plan's assets should track the Plan's liabilities. For example, if a Plan is 50% funded on a market value basis, the liability volatility ratio would be double the asset volatility ratio and the Plan sponsor should expect contribution volatility to increase over time as the Plan becomes better funded.

The LVR also indicates how volatile contributions will be in response to changes in the actuarial accrued liability due to actual experience or to changes in actuarial assumptions. The current LVR is about 9.6. The LVR is about 32% higher than the AVR. Therefore, we would expect that contribution volatility will increase over the long term.

Section 2: Actuarial Valuation Results

Volatility Ratios

As of June 30	Asset Volatility Ratio	Liability Volatility Ratio
2016	6.0	8.9
2017	6.4	9.0
2018	6.5	9.2
2019	6.7	9.3
2020	6.1	9.2
2021	8.4	10.3
2022	7.5	10.7
2023	7.1	10.1
2024	7.0	9.7
2025	7.3	9.6

Section 3: Supplemental Information

Exhibit A: Table of plan demographics

Total Plan — Demographics as of June 30

Demographic Data by Status	2025	2024	Change
Active members			
• Number	27,000	26,782	0.8%
• Average age	46.5	46.3	0.2
• Average years of employment service	12.4	12.3	0.1
• Total projected compensation ³⁵	\$2,868,028,601	\$2,730,282,217	5.0%
• Average projected compensation ³⁵	\$106,223	\$101,945	4.2%
• Account balances	\$2,930,847,071	\$2,686,847,623	9.1%
• Total active vested members	19,503	18,643	4.6%
Inactive members			
• Number	12,265	11,839	3.6%
• Average age	45.4	45.1	0.3
• Average contribution balance for those with under 5 years of service	\$10,043	\$9,852	1.9%
• Average monthly benefit at age 60 for those with 5 or more years of service	\$1,451	\$1,469	–1.2%

³⁵ Reflects annualized salaries for part-time members.

Section 3: Supplemental Information

Demographic Data by Status	2025	2024	Change
Retired members			
• Number	17,866	17,697	1.0%
• Average service at retirement	26.3	26.4	−0.1
• Average age at retirement	60.8	60.8	0.0
• Average age	72.8	72.4	0.4
• Average monthly benefit (includes July COLA)	\$5,520	\$5,345	3.3%
Disabled members			
• Number	767	786	−2.4%
• Average service at retirement	11.6	11.6	0.0
• Average age at retirement	47.8	47.7	0.1
• Average age	69.8	69.4	0.4
• Average monthly benefit (includes July COLA)	\$2,238	\$2,104	6.4%
Beneficiaries			
• Number	4,282	4,280	0.0%
• Average age	76.7	76.5	0.2
• Average monthly benefit (includes July COLA)	\$2,959	\$2,847	3.9%

Section 3: Supplemental Information

Tier 1 — Demographics as of June 30

Demographic Data by Status	2025	2024	Change
Active members			
• Number ³⁶	14,552	15,247	−4.6%
• Average age	52.2	51.7	0.5
• Average years of employment service	19.4	18.7	0.7
• Total projected compensation ³⁷	\$1,723,831,084	\$1,719,328,962	0.3%
• Average projected compensation ³⁷	\$118,460	\$112,765	5.1%
• Account balances	\$2,470,063,800	\$2,338,593,315	5.6%
• Total active vested members	14,157	14,741	−4.0%
Inactive members			
• Number ³⁸	7,847	7,951	−1.3%
• Average age	48.8	48.0	0.8
• Average contribution balance for those with under 5 years of service	\$8,072	\$7,873	2.5%
• Average monthly benefit at age 60 for those with 5 or more years of service	\$1,576	\$1,557	1.2%

³⁶ Includes 307 Airport Peace Officers eligible for enhanced benefits as of June 30, 2025 and 331 as of June 30, 2024. Includes 65 Sworn Public Safety Officers eligible for enhanced benefits as of June 30, 2025.

³⁷ Reflects annualized salaries for part-time members.

³⁸ Includes 27 Airport Peace Officers eligible for enhanced benefits as of June 30, 2025 and 18 as of June 30, 2024.

Section 3: Supplemental Information

Demographic Data by Status	2025	2024	Change
Retired members			
• Number ³⁹	17,855	17,688	0.9%
• Average service at retirement	26.3	26.4	−0.1
• Average age at retirement	60.8	60.8	0.0
• Average age	72.8	72.4	0.4
• Average monthly benefit (includes July COLA)	\$5,523	\$5,347	3.3%
Disabled members			
• Number ⁴⁰	763	786	−2.9%
• Average service at retirement	11.6	11.6	0.0
• Average age at retirement	47.7	47.7	0.0
• Average age	69.9	69.4	0.5
• Average monthly benefit (includes July COLA)	\$2,234	\$2,104	6.2%
Beneficiaries			
• Number	4,280	4,278	0.0%
• Average age	76.7	76.5	0.2
• Average monthly benefit (includes July COLA)	\$2,960	\$2,847	4.0%

³⁹ Includes 108 Airport Peace Officers eligible for enhanced benefits as of June 30, 2025 and 103 as of June 30, 2024. Includes 3 Sworn Public Safety Officers as of June 30, 2025.

⁴⁰ Includes 18 Airport Peace Officers eligible for enhanced benefits as of June 30, 2025 and 12 as of June 30, 2024. Includes 1 Sworn Public Safety Officer as of June 30, 2025.

Section 3: Supplemental Information

Tier 3 — Demographics as of June 30

Demographic Data by Status	2025	2024	Change
Active members			
• Number ⁴¹	12,448	11,535	7.9%
• Average age	39.8	39.3	0.5
• Average years of employment service	4.3	3.7	0.6
• Total projected compensation ⁴²	\$1,144,197,517	\$1,010,953,255	13.2%
• Average projected compensation ⁴²	\$91,918	\$87,642	4.9%
• Account balances	\$460,783,270	\$348,254,308	32.3%
• Total active vested members	5,346	3,902	37.0%
Inactive members			
• Number	4,418	3,888	13.6%
• Average age	39.6	39.0	0.6
• Average contribution balance for those with under 5 years of service	\$12,419	\$12,532	–0.9%
• Average monthly benefit at age 60 for those with 5 or more years of service	\$628	\$628	0.0%

⁴¹ Includes 16 Sworn Public Safety Officers eligible for enhanced benefits as of June 30, 2025.

⁴² Reflects annualized salaries for part-time members.

Section 3: Supplemental Information

Demographic Data by Status	2025	2024	Change
Retired members			
• Number	11	9	22.2%
• Average service at retirement	4.3	4.3	0.0
• Average age at retirement	64.0	63.6	0.4
• Average age	66.2	65.1	1.1
• Average monthly benefit (includes July COLA)	\$1,145	\$1,166	–1.8%
Disabled members			
• Number	4	N/A	N/A
• Average service at retirement	6.4	N/A	N/A
• Average age at retirement	57.0	N/A	N/A
• Average age	59.2	N/A	N/A
• Average monthly benefit (includes July COLA)	\$2,971	N/A	N/A
Beneficiaries			
• Number	2	2	0.0%
• Average age	54.7	53.7	1.0
• Average monthly benefit (includes July COLA)	\$2,268	\$2,224	2.0%

Section 3: Supplemental Information

Exhibit B: Distribution of active members

Total Plan

Active Counts & Average Projected Compensation⁴³ by Age and Years of Service⁴⁴ as of June 30, 2025

Age	Total	0–4 Years	5–9 Years	10–14 Years	15–19 Years	20–24 Years	25–29 Years	30–34 Years	35–39 Years	40 Years and Over
Under 25	827	822	5	—	—	—	—	—	—	—
	\$60,737	\$60,755	\$57,817	—	—	—	—	—	—	—
25–29	2,075	1,583	490	2	—	—	—	—	—	—
	\$77,609	\$75,442	\$84,515	\$101,063	—	—	—	—	—	—
30–34	3,120	1,426	1,516	174	4	—	—	—	—	—
	\$91,274	\$80,894	\$98,434	\$113,849	\$96,345	—	—	—	—	—
35–39	3,179	1,062	1,425	469	212	11	—	—	—	—
	\$100,534	\$86,248	\$103,392	\$122,997	\$103,483	\$94,821	—	—	—	—
40–44	3,240	769	1,047	427	767	215	15	—	—	—
	\$112,233	\$89,435	\$109,091	\$128,972	\$127,544	\$120,955	\$115,863	—	—	—
45–49	3,471	608	799	275	767	787	222	13	—	—
	\$117,711	\$86,697	\$108,031	\$124,743	\$128,124	\$133,770	\$135,849	\$118,101	—	—
50–54	3,412	445	642	204	626	746	596	134	19	—
	\$118,768	\$82,682	\$102,683	\$125,465	\$119,322	\$128,162	\$141,907	\$144,930	\$138,209	—
55–59	3,307	395	497	167	538	635	584	295	189	7
	\$117,792	\$81,513	\$105,058	\$109,317	\$112,731	\$117,430	\$136,287	\$153,074	\$138,508	\$104,124
60–64	2,467	241	379	130	446	490	387	162	198	34
	\$113,757	\$78,335	\$100,656	\$113,059	\$104,164	\$113,759	\$130,622	\$143,762	\$143,384	\$131,874
65–69	1,223	108	193	86	247	274	137	69	79	30
	\$110,497	\$95,020	\$99,803	\$108,391	\$102,690	\$103,832	\$125,226	\$134,415	\$147,433	\$146,686
70 and over	679	49	69	52	122	164	96	33	51	43
	\$102,540	\$85,547	\$85,607	\$96,453	\$90,812	\$102,011	\$104,769	\$119,383	\$134,846	\$135,502
Total	27,000	7,508	7,062	1,986	3,729	3,322	2,037	706	536	114
	\$106,223	\$79,932	\$101,989	\$120,825	\$117,100	\$121,440	\$134,427	\$145,349	\$141,266	\$135,436

⁴³ Limited by Internal Revenue Code Section 401(a)(17) compensation limit.

⁴⁴ Based on employment service. Average employment service is 12.4 years compared to average benefit service of 11.6 years.

Section 3: Supplemental Information

Tier 1

Active Counts & Average Projected Compensation⁴⁵ by Age and Years of Service⁴⁶ as of June 30, 2025

Age	Total	0–4 Years	5–9 Years	10–14 Years	15–19 Years	20–24 Years	25–29 Years	30–34 Years	35–39 Years	40 Years and Over
Under 25	1	1	—	—	—	—	—	—	—	—
	\$46,777	\$46,777	—	—	—	—	—	—	—	—
25–29	202	87	113	2	—	—	—	—	—	—
	\$62,050	\$56,879	\$65,340	\$101,063	—	—	—	—	—	—
30–34	714	79	463	168	4	—	—	—	—	—
	\$94,504	\$68,827	\$92,023	\$113,371	\$96,345	—	—	—	—	—
35–39	1,118	60	401	440	206	11	—	—	—	—
	\$104,630	\$64,344	\$93,103	\$121,802	\$102,648	\$94,821	—	—	—	—
40–44	1,703	57	276	394	751	210	15	—	—	—
	\$120,268	\$80,958	\$98,672	\$126,291	\$127,783	\$121,462	\$115,863	—	—	—
45–49	2,245	19	198	262	756	779	218	13	—	—
	\$127,528	\$73,724	\$102,849	\$123,380	\$128,191	\$133,560	\$136,324	\$118,101	—	—
50–54	2,474	21	172	190	611	735	594	132	19	—
	\$127,333	\$66,505	\$101,168	\$124,933	\$118,186	\$128,103	\$141,908	\$145,454	\$138,209	—
55–59	2,548	33	132	156	535	625	578	293	189	7
	\$124,053	\$73,223	\$95,623	\$108,581	\$112,783	\$117,015	\$136,315	\$153,377	\$138,508	\$104,124
60–64	1,956	26	95	124	444	487	387	161	198	34
	\$118,379	\$61,749	\$86,141	\$110,335	\$104,088	\$113,592	\$130,622	\$143,603	\$143,384	\$131,874
65–69	996	12	64	84	247	274	137	69	79	30
	\$112,066	\$56,488	\$87,487	\$107,719	\$102,690	\$103,832	\$125,226	\$134,415	\$147,433	\$146,686
70 and over	595	11	24	51	122	164	96	33	51	43
	\$103,202	\$58,404	\$62,556	\$93,162	\$90,812	\$102,011	\$104,769	\$119,383	\$134,846	\$135,502
Total	14,552	406	1,938	1,871	3,676	3,285	2,025	701	536	114
	\$118,460	\$66,619	\$92,997	\$119,232	\$116,871	\$121,273	\$134,472	\$145,519	\$141,266	\$135,436

⁴⁵ Limited by Internal Revenue Code Section 401(a)(17) compensation limit.

⁴⁶ Based on employment service. Average employment service for Tier 1 is 19.4 years compared to average benefit service of 18.2 years.

Section 3: Supplemental Information

Tier 3

Active Counts & Average Projected Compensation⁴⁷ by Age and Years of Service⁴⁸ as of June 30, 2025

Age	Total	0–4 Years	5–9 Years	10–14 Years	15–19 Years	20–24 Years	25–29 Years	30–34 Years	35–39 Years	40 Years and Over
Under 25	826	821	5	—	—	—	—	—	—	—
	\$60,754	\$60,772	\$57,817	—	—	—	—	—	—	—
25–29	1,873	1,496	377	—	—	—	—	—	—	—
	\$79,288	\$76,522	\$90,262	—	—	—	—	—	—	—
30–34	2,406	1,347	1,053	6	—	—	—	—	—	—
	\$90,316	\$81,602	\$101,252	\$127,238	—	—	—	—	—	—
35–39	2,061	1,002	1,024	29	6	—	—	—	—	—
	\$98,312	\$87,559	\$107,422	\$141,138	\$132,152	—	—	—	—	—
40–44	1,537	712	771	33	16	5	—	—	—	—
	\$103,329	\$90,113	\$112,821	\$160,979	\$116,307	\$99,649	—	—	—	—
45–49	1,226	589	601	13	11	8	4	—	—	—
	\$99,734	\$87,115	\$109,738	\$152,213	\$123,492	\$154,194	\$109,912	—	—	—
50–54	938	424	470	14	15	11	2	2	—	—
	\$96,180	\$83,484	\$103,237	\$132,682	\$165,601	\$132,063	\$141,480	\$110,363	—	—
55–59	759	362	365	11	3	10	6	2	—	—
	\$96,775	\$82,269	\$108,469	\$119,750	\$103,545	\$143,343	\$133,529	\$108,679	—	—
60–64	511	215	284	6	2	3	—	1	—	—
	\$96,065	\$80,340	\$105,512	\$169,361	\$121,182	\$140,921	—	\$169,313	—	—
65–69	227	96	129	2	—	—	—	—	—	—
	\$103,614	\$99,837	\$105,914	\$136,617	—	—	—	—	—	—
70 and over	84	38	45	1	—	—	—	—	—	—
	\$97,847	\$93,405	\$97,900	\$264,297	—	—	—	—	—	—
Total	12,448	7,102	5,124	115	53	37	12	5	—	—
	\$91,918	\$80,693	\$105,390	\$146,748	\$133,005	\$136,235	\$126,982	\$121,479	—	—

⁴⁷ Limited by Internal Revenue Code Section 401(a)(17) compensation limit.

⁴⁸ Based on employment service. Average employment service for Tier 3 is 4.3 years compared to average benefit service of 3.9 years. We understand that some Tier 3 members entered LACERS with incoming reciprocal (i.e., employment) service. Such service is only used for eligibility determination purposes.

Section 3: Supplemental Information

Exhibit C: Reconciliation of member data

Line Description	Active Members	Inactive Members	Retired Members	Disabled Members	Beneficiaries	Total
Number as of June 30, 2024	26,782	11,839	17,697	786	4,280	61,384
New members	1,673	0	0	0	250	1,923
Terminations with vested rights	-1,122	1,122	0	0	0	0
Contribution refunds	-63	-251	0	0	0	-314
Retirements	-546	-154	700	0	0	0
New disabilities	-2	-12	-2	16	0	0
Return to work	320	-320	0	0	0	0
Died with or without beneficiary	-42	-38	-529	-35	-241	-885
Data adjustments	0	79 ⁴⁹	0	0	-7	72
Number as of June 30, 2025	27,000	12,265	17,866	767	4,282	62,180

Note: For the change in the annual benefits from the retirees and beneficiaries added to and removed from the rolls, refer to Exhibit D of the supplemental schedules that accompany this report.

⁴⁹ Includes members who were both hired and terminated employment after June 30, 2024.

Section 3: Supplemental Information

Exhibit D: Summary of income and expenses on a market value basis for Retirement, Health, Family Death, and Larger Annuity Benefits

Line Description	Year Ended June 30, 2025	Year Ended June 30, 2024
Net assets at market value at the beginning of the year	\$23,041,225,445	\$21,589,265,113
Prior period adjustments ⁵⁰	(5,978,090)	0
Subtotal	\$23,035,247,355	\$21,589,265,113
Contribution income		
• Employer contributions	\$894,188,108	\$811,482,608
• Member contributions	306,764,700	279,636,124
– Net contribution income	\$1,200,952,808	\$1,091,118,732
Investment income		
• Investment, dividends and other income	\$566,619,061	\$526,769,335
• Asset appreciation	2,295,838,669	1,447,773,805
• Less investment and administrative fees	(217,782,753)	(181,758,698)
– Net investment income	\$2,644,674,977	\$1,792,784,442
Total income available for benefits	\$3,845,627,785	\$2,883,903,174
Less benefit payments		
• Benefits paid ⁵¹	\$(1,489,789,508)	\$(1,418,341,231)
• Member refunds	(15,767,006)	(13,601,611)
– Net benefit payments	\$(1,505,556,514)	\$(1,431,942,842)
Change in net assets at market value	\$2,340,071,271	\$1,451,960,332
Net assets at market value at the end of the year	\$25,375,318,626	\$23,041,225,445

Note: Results may be slightly off due to rounding.

⁵⁰ Resulting from the implementation of GASB 101 – Compensated Absences, effective fiscal year 2024/2025.

⁵¹ Includes offsets related to self-funded dental insurance premium and health insurance premium reserve.

Section 3: Supplemental Information

Exhibit E: Summary statement of Plan assets for Retirement, Health, Family Death, and Larger Annuity Benefits

Line Description	Year Ended June 30, 2025	Year Ended June 30, 2024
Cash equivalents	\$590,169,925	\$537,531,845
Accounts receivable		
• Accrued investment income	\$115,414,829	\$96,357,208
• Proceeds from sales of investments	78,651,508	117,623,362
• Other	15,552,003	13,371,173
– Total accounts receivable	\$209,618,340	\$227,351,743
Investments		
• Fixed income	\$5,466,440,748	\$5,175,513,954
• Equities	11,925,012,134	10,987,450,721
• Real estate and alternative investment	6,844,632,356	5,696,101,528
• Derivative instruments	2,141,807	(8,076,673)
• Other	679,982,764	823,049,394
– Total investments at market value	\$24,918,209,809	\$22,674,038,924
Capital assets	56,410,354	58,342,124
Total assets	\$25,774,408,428	\$23,497,264,636
Accounts payable		
• Accounts payable and accrued expenses	\$(46,267,705)	\$(91,250,478)
• Accrued compensated absences	(6,420,643)	0
• Accrued investment expenses	(26,486,454)	(10,195,804)
• Purchases of investments	(112,213,139)	(193,472,367)
• Securities lending collateral	(207,015,731)	(160,397,155)
– Total accounts payable	\$(398,403,672)	\$(455,315,804)
• Deferred inflow of resources	\$(686,130)	\$(723,387)
Net assets at market value	\$25,375,318,626	\$23,041,225,445
Net assets at actuarial value	\$24,799,377,599	\$23,404,150,020
Net assets at valuation value	\$20,599,247,492	\$19,445,576,600

Note: Results may be slightly off due to rounding.

Section 3: Supplemental Information

Exhibit F: Development of the Plan through June 30, 2025 for Retirement, Health, Family Death, and Larger Annuity Benefits

Year Ended June 30	Employer Contributions	Employee Contributions	Net Investment Return ⁵²	Benefit Payments ⁵³	Market Value of Assets at Year-End	Actuarial Value of Assets at Year-End	Actuarial Value as a Percent of Market Value
2016	\$546,687,123	\$211,344,752	\$7,190,895	\$884,923,630	\$14,005,059,515	\$14,752,102,625	105.3%
2017	550,961,514	227,531,810	1,834,657,728	928,640,257	15,689,570,310	15,686,973,131	100.0%
2018	551,247,264	236,222,166	1,498,100,177	985,523,573 ⁵⁴	16,989,616,344	16,687,907,767	98.2%
2019	586,753,902	240,357,396	945,590,839	1,054,408,548	17,707,909,933	17,711,461,636	100.0%
2020	665,358,602	263,935,650	338,862,747	1,112,742,566	17,863,324,366	18,697,966,253	104.7%
2021	658,408,020	259,284,497	5,258,341,258	1,234,018,200	22,805,339,941	20,083,918,240	88.1%
2022	682,928,074	245,878,551	(1,947,748,613) ⁵⁵	1,332,293,962	20,454,103,991	21,218,951,507	103.7%
2023	760,019,088	259,976,824	1,500,807,128	1,385,641,918	21,589,265,113	22,239,263,545	103.0%
2024	811,482,608	279,636,124	1,792,784,442	1,431,942,842	23,041,225,445	23,404,150,020	101.6%
2025	894,188,108	306,764,700	2,638,696,887 ⁵⁶	1,505,556,514	25,375,318,626	24,799,377,599	97.7%

Note: Results may be slightly off due to rounding.

⁵² On a market value basis, net of investment and administrative expenses.

⁵³ Includes offsets related to self-funded dental insurance premium and health insurance premium reserve starting with the June 30, 2019 valuation.

⁵⁴ Includes approximately \$3.0 million transferred to LAFPP on January 5, 2018 for the APO who transferred from LACERS to LAFPP on January 7, 2018.

⁵⁵ Includes prior period adjustment of \$(19,987) for Exhibit F reconciliation purposes only. Note that in the development of the June 30, 2022 actuarial value of assets, this adjustment was treated differently than the rest of the net investment return in that it was fully recognized immediately, as agreed to by LACERS.

⁵⁶ Includes prior period adjustment resulting from the implementation of GASB 101 – Compensated Absences, effective fiscal year 2024/2025, of \$(5,978,090).

Section 3: Supplemental Information

Exhibit G: Table of amortization bases

Base Type	Date Established	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment ⁵⁷
Combined base	June 30, 2012	\$4,173,548,280	30	\$4,559,121,362	17	\$357,491,702
Experience loss	June 30, 2013	116,022,989	15	43,047,456	3	14,899,191
Experience gain	June 30, 2014	(215,549,892)	15	(100,627,385)	4	(26,612,281)
Change in assumptions	June 30, 2014	785,439,114	20	615,245,489	9	79,230,577
Experience gain	June 30, 2015	(185,473,782)	15	(102,389,475)	5	(22,067,249)
Experience gain	June 30, 2016	(255,444,007)	15	(160,097,248)	6	(29,287,348)
Experience gain	June 30, 2017	(99,814,895)	15	(69,056,430)	7	(11,027,718)
Change in assumptions	June 30, 2017	340,717,846	20	301,763,739	12	30,742,710
Experience loss	June 30, 2018	147,418,362	15	110,716,665	8	15,753,693
Change in assumptions	June 30, 2018	483,717,164	20	441,077,015	13	42,213,026
Plan amendment (APO Tier 1 Enhancement)	January 7, 2018	25,170,149	15	18,523,813	7.5	2,786,090
Experience loss	June 30, 2019	394,012	15	316,248	9	40,726
Experience loss	June 30, 2020	393,785,997	15	333,649,234	10	39,368,811
Change in assumptions	June 30, 2020	530,720,225	20	504,486,938	15	43,322,809
Experience gain	June 30, 2021	(233,981,212)	15	(207,699,966)	11	(22,679,268)
Experience gain	June 30, 2022	(134,440,689)	15	(124,009,047)	12	(12,633,639)
Experience loss	June 30, 2023	564,047,478	15	536,938,738	13	51,387,418
Change in assumptions	June 30, 2023	(112,700,660)	20	(111,278,408)	18	(8,381,713)
Experience loss	June 30, 2024	359,629,715	15	351,758,774	14	31,809,693
Experience loss	June 30, 2025	72,198,292	15	72,198,292	15	6,200,027
Plan amendment (Sworn PSO Enhancement)	June 30, 2025	295,356	15	295,356	15	25,364
Total				\$7,013,981,160		\$582,582,621

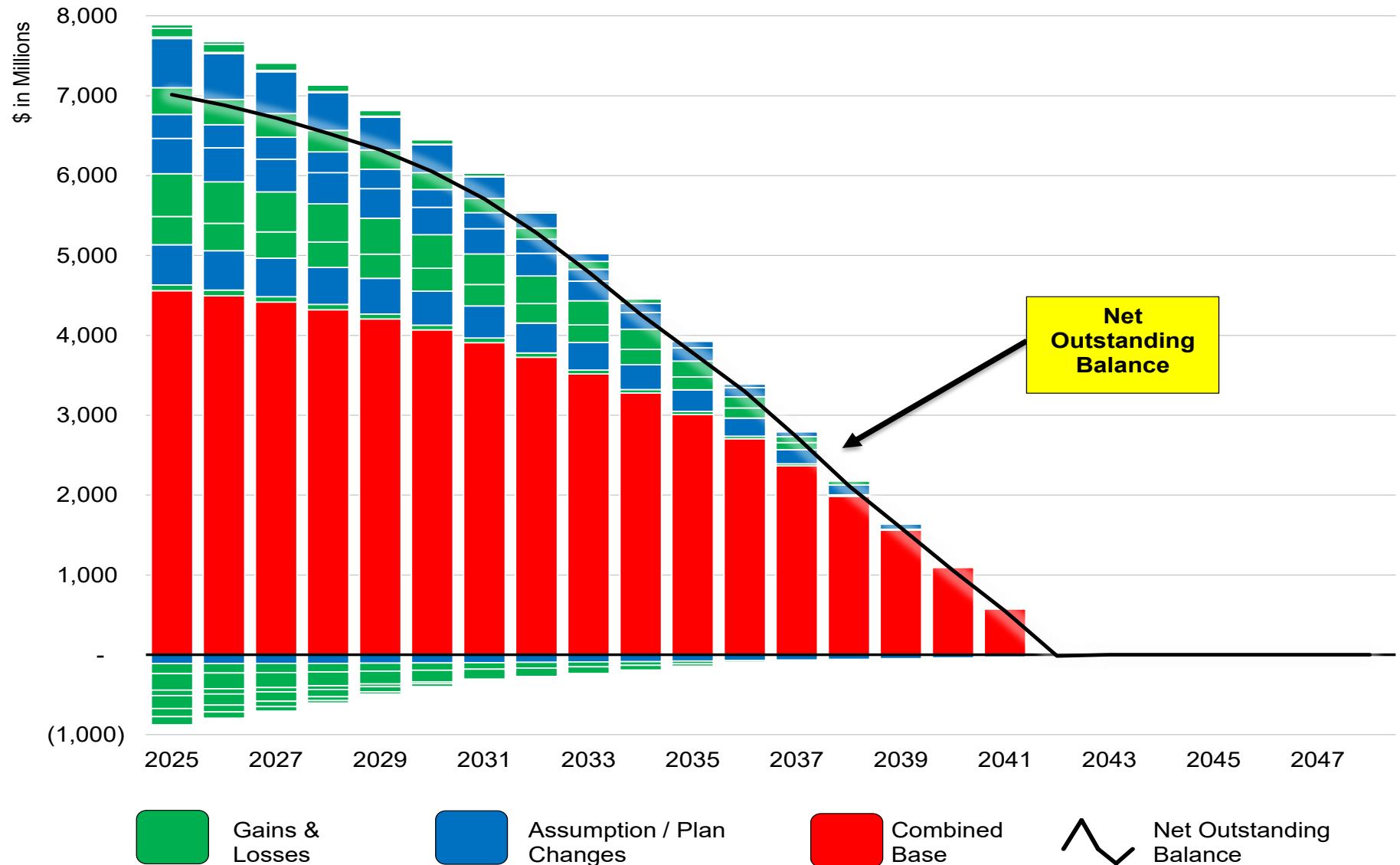
Note: The equivalent single amortization period is about 16 years.

⁵⁷ Beginning of year payments, based on level percentage of payroll.

Section 3: Supplemental Information

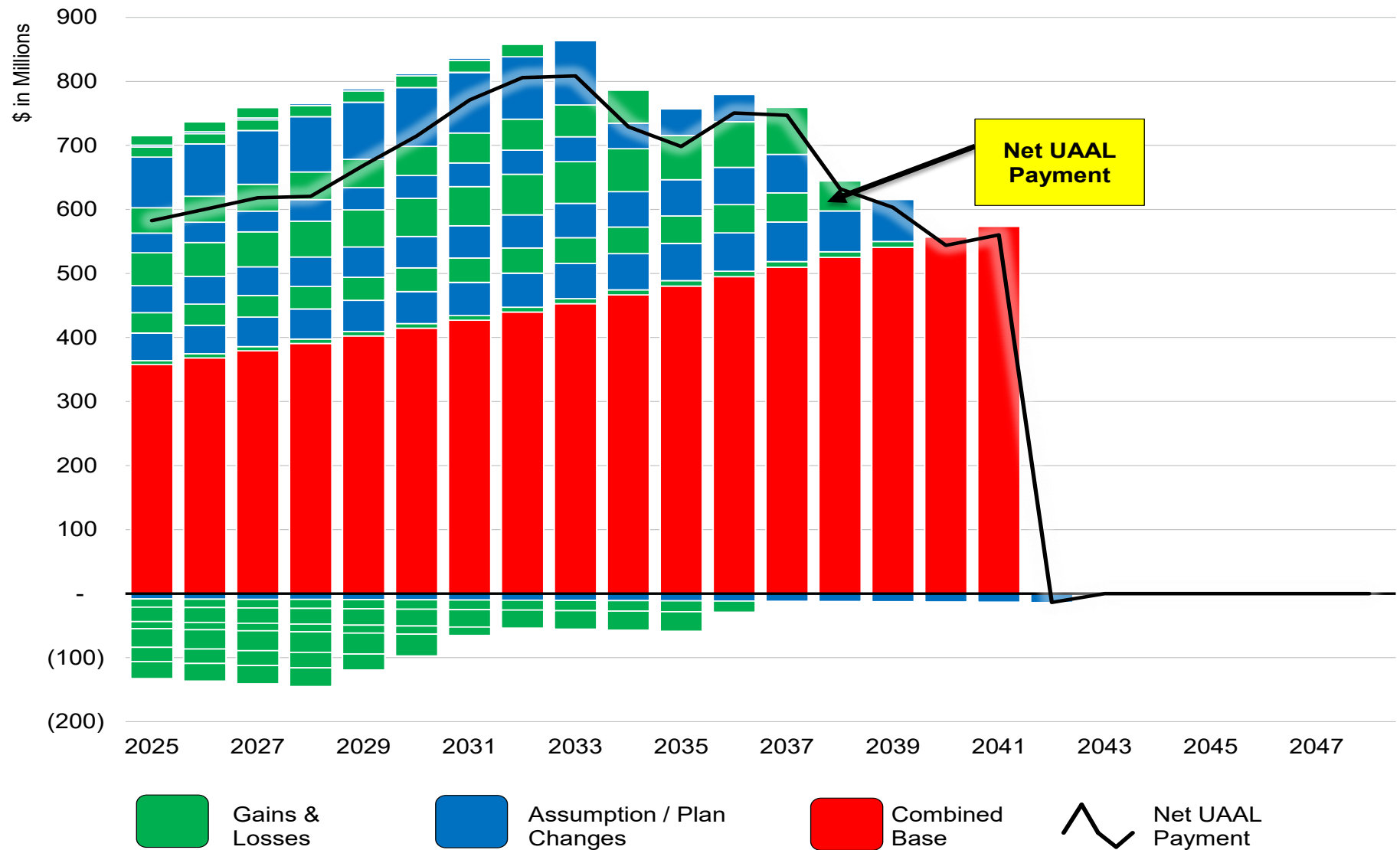
Exhibit H: Projection of UAAL balances and payments

Outstanding Balance of \$7.01 Billion in Net UAAL as of June 30, 2025



Section 3: Supplemental Information

Annual Payments Required to Amortize \$7.01 Billion in Net UAAL as of June 30, 2025



Note: Starting in 2034, the contribution rate for the UAAL would be expected to be somewhat non-level due to the pattern of recognition of the various layers of UAAL payments. We intend to bring back to LACERS in the future a proposal that might be considered by the Board to levelize such UAAL payments.

Section 4: Actuarial Valuation Basis

Exhibit 1: Actuarial assumptions, methods and models

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. These assumptions have been adopted by the Board.

Net investment return

7.00%; net of administrative and investment expenses.

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

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 up 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.

Section 4: Actuarial Valuation Basis

Increase in Internal Revenue Code Section 401(a)(17) compensation limit

Increase of 2.50% per year from the valuation date.

Salary increases

The annual rate of compensation increase includes:

- Inflation at 2.50%, plus
- “Across-the-board” salary increase of 0.50% per year, plus
- Merit and promotion increase based on years of service:

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 and over	1.00

Section 4: Actuarial Valuation Basis

Post-retirement mortality rates

The Pub-2010 mortality tables and adjustments as shown below 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.

Healthy

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

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.

Beneficiary

- **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.

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.

Section 4: Actuarial Valuation Basis

Pre-Retirement Mortality Rates (%) — Before Generational Projection from 2010

Age	Male	Female
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.

Section 4: Actuarial Valuation Basis

Disability incidence

Disability Incidence Rates (%)

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:

Service-connected Disability Benefits

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.

Section 4: Actuarial Valuation Basis

Termination

Termination Rates (%)

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 and over	2.50

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

Section 4: Actuarial Valuation Basis

Retirement rates

Retirement Rates (%)

Age	Tier 1: Non-55/30	Tier 1: 55/30	Tier 1 Enhanced: Non-55/30	Tier 1 Enhanced: 55/30	Tier 3: Non-55/30	Tier 3: 55/30
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 ⁵⁸	26.0
56	6.0	18.0	10.0	22.0	0.0 ⁵⁸	17.0
57	6.0	18.0	10.0	22.0	0.0 ⁵⁸	17.0
58	6.0	18.0	10.0	22.0	0.0 ⁵⁸	17.0
59	6.0	18.0	10.0	22.0	0.0 ⁵⁸	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 and over	100.0	100.0	100.0	100.0	100.0	100.0

⁵⁸ 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.

Section 4: Actuarial Valuation Basis

Retirement age and benefit for inactive 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 and 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. For Sworn PSO, the continuance percentage is 70% for 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.

Section 4: Actuarial Valuation Basis

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

Market value of assets (MVA) less unrecognized returns in each of the last seven years. 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. The actuarial value of assets (AVA) is limited by a 40% corridor; the AVA cannot be less than 60% of MVA, nor greater than 140% of MVA.

Valuation value of assets

The portion of the total actuarial value of assets allocated for retirement benefits, based on a prorated share of market 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, were combined and amortized over 30 years effective June 30, 2012.

Employer contributions

The recommended employer contributions are provided in *Section 2, Subsection F*.

Section 4: Actuarial Valuation Basis

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 earning rate. The contribution rate is determined 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 earning 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 on the previous page.

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).

Section 4: Actuarial Valuation Basis

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

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

Models

Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Justification for change in actuarial assumptions, methods or models

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

Section 4: Actuarial Valuation Basis

Exhibit 2: Summary of Plan provisions

This exhibit summarizes the major provisions of the Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions. If the System should find the plan summary not in accordance with the actual provisions, the System should alert the actuary so they can both be sure the proper provisions are valued.

Plan year

July 1 through June 30

Census date

June 30

Membership eligibility

Membership Tier	Plan Provision
Tier 1 (§ 4.1002(a)), (§ 4.1002.1)	All employees who became members of the System before July 1, 2013, and certain employees who became members of the System on or after July 1, 2013. In addition, pursuant to Ordinance No. 184134, all Tier 2 employees who became members of the System between July 1, 2013 and February 21, 2016 were transferred to Tier 1 effective February 21, 2016. 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 the System on or after February 21, 2016, except as provided otherwise in Section 4.1080.2(b) of the Los Angeles Administrative Code.

Section 4: Actuarial Valuation Basis

Final average monthly compensation and service for benefit determination

Final Compensation and Service	Plan Provision
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. ⁵⁹
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. ⁵⁹
Sworn PSO	(a) 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. ⁵⁹ (b) 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. ⁵⁹
Service credit	
All Tiers (§ 4.1001(a) & § 4.1080.1(a))	The time component of the formula used by LACERS for purposes of calculating benefits.

Normal retirement benefit

Provision by Tier	Normal Retirement Plan Provision
Eligibility	
Tier 1 and Tier 1 Enhanced (§ 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 3 — less than 30 years of service (§ 4.1080.5(a)(2)(i))	Age 60 with 10 years of service, including 5 years of continuous City service.
Tier 3 — 30 or more years of service (§ 4.1080.5(a)(2)(ii))	Age 60 with 30 years of service, including 5 years of continuous City service.

⁵⁹ IRC Section 401(a)(17) compensation limit would apply to all employees who began membership in LACERS after June 30, 1996.

Section 4: Actuarial Valuation Basis

Provision by Tier	Normal Retirement Plan Provision
Benefit amount	
Tier 1 (§ 4.1007(a))	2.16% per year of service credit (not greater than 100%) of the Final Average Monthly Compensation.
Tier 1 Enhanced (§ 4.1007(a))	2.30% per year of service credit (not greater than 100%) of the Final Average Monthly Compensation.
Tier 3 — less than 30 years of service (§ 4.1080.5(a)(2)(i))	1.50% per year of service credit at age 60 (not greater than 80%) ⁶⁰ of the Final Average Monthly Compensation.
Tier 3 — 30 or more years of service (§ 4.1080.5(a)(2)(ii))	2.00% per year of service credit at age 60 (not greater than 80%) ⁶⁰ of the Final Average Monthly Compensation.

Early retirement benefit

Provision by Tier	Early Retirement Plan Provision
Eligibility	
Tier 1 and Tier 1 Enhanced (§ 4.1005(b))	• Age 55 with 10 years of continuous City service; or • Any age with 30 years of City service.
Tier 3 (§ 4.1080.5(a)(1))	Prior to age 60 with 30 years of service, including 5 years of continuous City service.
Benefit amount	
Tier 1 (§ 4.1007(a))	2.16% per year of service credit (not greater than 100%) of the Final Average Monthly Compensation, reduced for retirement ages below age 60 using the Early Retirement benefit adjustment factors in the table below.
Tier 1 Enhanced (§ 4.1007(a))	2.30% per year of service credit, (not greater than 100%) of the Final Average Monthly Compensation, reduced for retirement ages below age 60 using the Early Retirement benefit adjustment factors in the table below.
Tier 3 (§ 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 Early Retirement benefit adjustment factors in the table below.

⁶⁰ Except when benefit is based solely on the annuity component funded by the member's contributions.

Section 4: Actuarial Valuation Basis

Early retirement benefit adjustment factors

Age	Tier 1 and Tier 1 Enhanced Adjustment Factor ⁶¹	Tier 3 Adjustment Factor ⁶²
45	0.6250	0.6250
46	0.6550	0.6550
47	0.6850	0.6850
48	0.7150	0.7150
49	0.7450	0.7450
50	0.7750	0.7750
51	0.8050	0.8050
52	0.8350	0.8350
53	0.8650	0.8650
54	0.8950	0.8950
55	0.9250	1.0000
56	0.9400	1.0000
57	0.9550	1.0000
58	0.9700	1.0000
59	0.9850	1.0000
60	1.0000	1.0000

⁶¹ Pursuant to (§ 4.1007(b)).

⁶² Pursuant to (§ 4.1080.5(a)(1)).

Section 4: Actuarial Valuation Basis

Enhanced retirement benefit

Provision by Tier	Enhanced Retirement Plan Provision
Eligibility	
Tier 1 and Tier 1 Enhanced	Not applicable.
Tier 3 — less than 30 years of service (§ 4.1080.5(a)(3)(i))	Age 63 with 10 years of service, including 5 years of continuous City service.
Tier 3 — 30 or more years of service (§ 4.1080.5(a)(3)(ii))	Age 63 with 30 years of service, including 5 years of continuous City service.
Benefit amount	
Tier 1 and Tier 1 Enhanced	Not applicable.
Tier 3 — less than 30 years of service (§ 4.1080.5(a)(3)(i))	2.00% per year of service credit at age 63 (not greater than 80%) ⁶³ of the Final Average Monthly Compensation.
Tier 3 — 30 or more years of service (§ 4.1080.5(a)(3)(ii))	2.10% per year of service credit at age 63 (not greater than 80%) ⁶³ of the Final Average Monthly Compensation.

Disability benefits

Tier 1 and Tier 3 disability

Provision by Tier	Disability Plan Provision
Eligibility	
Tier 1 and Tier 3 (§ 4.1008(a) & § 4.1080.8(a))	5 years of continuous service.
Benefit amount⁶⁴	
Tier 1 and Tier 3 (§ 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.

⁶³ Except when benefit is based solely on the annuity component funded by the member's contributions.

⁶⁴ 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.

Section 4: Actuarial Valuation Basis

Tier 1 Enhanced and Sworn PSO service-connected disability

Provision by Tier	Service-Connected Disability Plan Provision
Eligibility	
Tier 1 Enhanced (§ 4.1008.1) and Sworn PSO (§ 4.1008.2(a), § 4.1080.8.1(a))	None.
Benefit amount⁶⁵	
Tier 1 Enhanced (§ 4.1008.1) and Sworn PSO (§ 4.1008.2(b), § 4.1080.8.1(b))	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.

Tier 1 Enhanced and Sworn PSO nonservice-connected disability

Provision by Tier	Nonservice-Connected Disability Plan Provision
Eligibility	
Tier 1 Enhanced (§ 4.1008.1) and Sworn PSO (§ 4.1008.2(a), § 4.1080.8.1(a))	5 years of continuous service.
Benefit amount⁶⁵	
Tier 1 Enhanced (§ 4.1008.1) and Sworn PSO (§ 4.1008.2(c), § 4.1080.8.1(c))	30% to 50% of the Final Average Monthly Compensation depending on severity of disability.

⁶⁵ 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.

Section 4: Actuarial Valuation Basis

Pre-retirement death

Option #1

Provision by Tier	Pre-retirement Death Plan Provision
Eligibility	
All Tiers (§ 4.1010(a), § 4.1010.1(b), & § 4.1080.10(a)) and Sworn PSO (§ 4.1010.2(b)(5))	None.
Benefit amount	
All Tiers (§ 4.1010(a), § 4.1010.1(b), & § 4.1080.10(a)) and Sworn PSO (§ 4.1010.2(b)(5))	Refund of employee contributions plus a limited pension benefit equal to 50% of monthly salary paid. For each year of service not to exceed six years, the limited pension benefit shall be two monthly payments (not to exceed twelve monthly payments for six more more years of service). ⁶⁶

Option #2

Provision by Tier	Pre-retirement Death Plan Provision
Eligibility	
Tier 1 & Tier 3	Duty-related death or after 5 years of continuous service.
Tier 1 Enhanced and Sworn PSO service-connected death	None.
Tier 1 Enhanced and Sworn PSO nonservice-connected death — less than 5 years of service	Less than 5 years of service.
Tier 1 Enhanced and Sworn PSO nonservice-connected death — 5 or more years of service	5 years of service (unless on military leave and killed while on military duties).

⁶⁶ Refund only if less than one year of service credit.

Section 4: Actuarial Valuation Basis

Provision by Tier	Pre-retirement Death Plan Provision
Benefit amount	
Tier 1 & Tier 3	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	80% of member's Final Average Monthly Compensation.
Tier 1 Enhanced and Sworn PSO nonservice-connected death — less than 5 years of service	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.
Tier 1 Enhanced and Sworn PSO nonservice-connected death — 5 or more years of service	50% of member's Final Average Monthly Compensation.

Section 4: Actuarial Valuation Basis

Post-retirement death

Provision by Tier	Post-retirement Death Plan Provision
Benefit amount	
Tier 1 & Tier 3 (§ 4.1010(c), § 4.1080.10(c), & § 4.1012(c)) 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);⁶⁷ \$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), and § 4.1010.1(j)) and Sworn PSO (§ 4.1010.2(b)(6), § 4.1010(c)(3), and § 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)^{68, 69} \$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), and § 4.1010.1(j)) — nonservice-connected disability or service retirement and Sworn PSO (§ 4.1010.2(b)(7), § 4.1010(c)(3), and § 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)⁶⁹ \$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.

⁶⁷ 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).

⁶⁸ 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).

⁶⁹ 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 provision of Section 4.1010.1(c).

Section 4: Actuarial Valuation Basis

Deferred retirement benefit (vested)

Normal retirement

Provision by Tier	Deferred Retirement (Normal Retirement) Plan Provision
Eligibility	
Tier 1 and Tier 1 Enhanced (§ 4.1006)	• 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.
Tier 3 (§ 4.1080.6(a)(1))	• 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.
Tier 3 (§ 4.1080.6(a)(2))	• 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.
Benefit amount	
Tier 1 and Tier 1 Enhanced (§ 4.1006)	Normal retirement benefit (or refund of contributions and accumulated interest).
Tier 3 (§ 4.1080.6(a)(1))	Normal retirement benefit (benefit based on a Retirement Factor of 1.50%; or refund of contributions and accumulated interest).
Tier 3 (§ 4.1080.6(a)(2))	Normal retirement benefit (benefit based on a Retirement Factor of 2.00%; or refund of contributions and accumulated interest).

Section 4: Actuarial Valuation Basis

Early retirement

Provision by Tier	Deferred Retirement (Early Retirement) Plan Provision
Eligibility	
Tier 1 and Tier 1 Enhanced (§ 4.1006)	- 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. - Deferred employee who meets part-time eligibility: age 55 and at least 10 years elapsed from first date of membership.
Tier 3 (§ 4.1080.6(a)(4))	Age 55 (but not yet 60) with 5 years of continuous City service and at least 10 years elapsed from first date of membership.
Benefit amount	
Tier 1 and Tier 1 Enhanced (§ 4.1006)	Early retirement benefit (or refund of contributions and accumulated interest), using the Early Retirement benefit adjustment factors in the table below.
Tier 3 (§ 4.1080.6(a)(4))	Early retirement benefit (based on a Retirement Factor of 1.50% and using the Early Retirement benefit adjustment factors in the table below; or refund of contributions and accumulated interest):

Early retirement benefit adjustment factors

Age	Tier 1 and Tier 1 Enhanced Early Retirement Benefit Adjustment Factor	Tier 3 Early Retirement Benefit Adjustment Factor
55	0.9250	0.9250
56	0.9400	0.9400
57	0.9550	0.9550
58	0.9700	0.9700
59	0.9850	0.9850

Section 4: Actuarial Valuation Basis

Enhanced retirement

Provision by Tier	Deferred Retirement (Enhanced Retirement) Plan Provision
Eligibility	
Tier 1 and Tier 1 Enhanced	Not applicable.
Tier 3 (§ 4.1080.6(a)(3))	Age 63 with 30 years of continuous City service and at least 10 years elapsed from first date of membership.
Benefit amount	
Tier 1 and Tier 1 Enhanced	Not applicable.
Tier 3 (§ 4.1080.6(a)(3))	Enhanced retirement benefit (full retirement benefit based on an unreduced Retirement Factor of 2.10%; or refund of contributions and accumulated interest).

Withdrawal of contributions benefit (ordinary withdrawal)

Refund of employee contributions with interest.

Post-retirement cost-of-living benefits

Membership Tier	Post-Retirement Cost-of-Living Benefit Plan Provision
Tier 1 & Tier 1 Enhanced (§ 4.1022)	Based on changes to Los Angeles area ⁷⁰ Consumer Price Index, to a maximum of 3% per year; excess banked.
Tier 3 (§ 4.1080.17)	Based on changes to Los Angeles area ⁷⁰ Consumer Price Index, to a maximum of 2% per year; excess not banked.

⁷⁰ Currently referred to as the Los Angeles-Long Beach-Anaheim Area, by the Bureau of Labor Statistics.

Section 4: Actuarial Valuation Basis

Member contributions

Membership Tier	Member Contribution Plan Provision
Tier 1 and 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.⁷¹ 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).

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.

⁷¹ The member contribution rate will drop to 6% afterwards.

Appendix A: Definition of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Term	Definition
Actuarial accrued liability for actives	The equivalent of the accumulated normal costs allocated to the years before the valuation date.
Actuarial accrued liability for retirees and beneficiaries	Actuarial present value of lifetime benefits to existing retirees and beneficiaries. This sum takes account of life expectancies appropriate to the ages of the annuitants and the interest that the sum is expected to earn before it is entirely paid out in benefits.
Actuarial cost method	A procedure allocating the actuarial present value of future benefits to various time periods; a method used to determine the normal cost and the actuarial accrued liability that are used to determine the actuarially determined contribution.
Actuarial gain or loss	A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions, during the period between two actuarial valuation dates. To the extent that actual experience differs from that assumed, actuarial accrued liabilities emerge which may be the same as forecasted or may be larger or smaller than projected. Actuarial gains are due to favorable experience, e.g., assets earn more than projected, salary increases are less than assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, actuarial losses are the result of unfavorable experience, i.e., actual results yield actuarial liabilities that are larger than projected.
Actuarially equivalent	Of equal actuarial present value, determined as of a given date and based on a given set of actuarial assumptions.
Actuarial present value	The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of actuarial assumptions. Each such amount or series of amounts is: Adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, marital status, etc.) Multiplied by the probability of the occurrence of an event (such as survival, death, disability, withdrawal, etc.) on which the payment is conditioned, and Discounted according to an assumed rate (or rates) of return to reflect the time value of money.

Appendix A: Definition of Pension Terms

Term	Definition
Actuarial present value of future benefits	The actuarial present value of benefit amounts expected to be paid at various future times under a particular set of actuarial assumptions, taking into account such items as the effect of advancement in age, anticipated future compensation, and future service credits. The actuarial present value of future benefits includes the liabilities for active members, retired members, beneficiaries receiving benefits, and inactive members entitled to either a refund of member contributions or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
Actuarial valuation	The determination, as of a valuation date, of the Normal cost, actuarial accrued liability, actuarial value of assets, and related actuarial present values for a plan, as well as actuarially determined contributions.
Actuarial value of assets	The value of the Plan's assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets, but commonly plans use a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially determined contribution.
Actuarially determined	Values that have been determined utilizing the principles of actuarial science. An actuarially determined value is derived by application of the appropriate actuarial assumptions to specified values determined by provisions of the Plan.
Actuarially determined contribution	The employer's contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under the Plan's funding policy. The actuarially determined contribution consists of the employer normal cost and the amortization payment.
Amortization method	A method for determining the amortization payment. The most common methods used are level dollar and level percentage of payroll. Under the level dollar method, the amortization payment is one of a stream of payments, all equal, whose actuarial present value is equal to the unfunded actuarial accrued liability. Under the level percentage of pay method, the amortization payment is one of a stream of increasing payments, whose actuarial present value is equal to the unfunded actuarial accrued liability. Under the level percentage of pay method, the stream of payments increases at the assumed rate at which total covered payroll of all active members will increase.
Amortization payment	The portion of the pension plan contribution, or actuarially determined contribution, that is intended to pay off the unfunded actuarial accrued liability.

Appendix A: Definition of Pension Terms

Term	Definition
Assumptions or actuarial assumptions	The estimates upon which the cost of the Plan is calculated, including: Investment return — the rate of investment yield that the Plan will earn over the long-term future; Mortality rates — the rate or probability of death at a given age for employees and retirees; Retirement rates — the rate or probability of retirement at a given age or service; Disability rates — the rate or probability of disability retirement at a given age; Withdrawal rates — the rate or probability at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement; Salary increase rates — the rates of salary increase due to inflation, real wage growth and merit and promotion increases.
Closed amortization period	A specific number of years that is counted down by one each year, and therefore declines to zero with the passage of time. For example, if the amortization period is initially set at 20 years, it is 19 years at the end of one year, 18 years at the end of two years, etc. See “open amortization period.”
Decrements	Those causes/events due to which a member’s status (active-inactive-retiree-beneficiary) changes, that is: death, retirement, disability, or withdrawal.
Defined benefit plan	A retirement plan in which benefits are defined by a formula based on the member’s compensation, age and/or years of service.
Defined contribution plan	A retirement plan, such as a 401(k) plan, a 403(b) plan, or a 457 plan, in which the contributions to the plan are assigned to an account for each member, the plan’s earnings are allocated to each account, and each member’s benefits are a direct function of the account balance.
Employer normal cost	The portion of the normal cost to be paid by the employer. This is equal to the normal cost less expected member contributions.
Experience study	A periodic review and analysis of the actual experience of the Plan that may lead to a revision of one or more actuarial assumptions. Actual rates of decrement and salary increases are compared to the actuarially assumed values and modified based on recommendations from the Actuary.
Funded ratio	The ratio of the valuation value of assets to the actuarial accrued liability. Plans sometimes also calculate a market funded ratio, using the market value of assets, rather than the valuation value of assets.
GASB 67 and GASB 68	Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68. These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 67 sets the rules for the systems themselves.

Appendix A: Definition of Pension Terms

Term	Definition
Investment return	The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.
Negative amortization	Negative amortization is a result of an increase in the unfunded actuarial accrued liability when the amortization payment is less than the interest accrued on the unfunded actuarial accrued liability.
Net pension liability	The net pension liability is equal to the total pension liability minus the plan fiduciary net position.
Normal cost	The portion of the actuarial present value of future benefits and expenses, if applicable, allocated to a valuation year by the actuarial cost method. Any payment with respect to an unfunded actuarial accrued liability is not part of the normal cost (see “amortization payment”). For pension plan benefits that are provided in part by employee contributions, normal cost refers to the total of employee contributions and employer normal cost unless otherwise specifically stated.
Open amortization period	An open amortization period is one which is used to determine the amortization payment but which does not change over time. If the initial period is set as 30 years, the same 30-year period is used in each future year in determining the amortization period.
Plan fiduciary net position	Market value of assets.
Service costs	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Total pension liability	The actuarial accrued liability under the entry age normal cost method and based on the blended discount rate as described in GASB 67 and 68.
Unfunded actuarial accrued liability	The excess of the actuarial accrued liability over the valuation value of assets. This value may be negative, in which case it may be expressed as a negative unfunded actuarial accrued liability, also called the funding surplus or an overfunded actuarial accrued liability.
Valuation date or actuarial valuation date	The date as of which the value of assets is determined and as of which the Actuarial Present Value of Future Benefits is determined. The expected benefits to be paid in the future are discounted to this date.
Valuation value of assets	The actuarial value of assets reduced by the value of non-valuation reserves.

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Los Angeles City Employees' Retirement System

**Actuarial Valuation and Review of Other
Postemployment Benefits (OPEB)
as of June 30, 2025**



This valuation report should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plan.

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October 28, 2025

Board of Administration
Los Angeles City Employees' Retirement System
977 N. Broadway
Los Angeles, CA 90012-1728

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2025. The report summarizes the actuarial data used in the valuation, analyzes the preceding year's experience, and establishes the Actuarially Determined Contribution (ADC) for the Fiscal Year 2026/2027.

The actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Board of Administration (the Board). 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 or from vendors employed by LACERS. Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. Segal, however, does review the data for reasonableness and consistency.

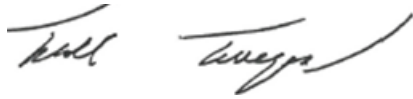
The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: retiree group benefits program experience or rates of return on assets differing from that anticipated by the assumptions; changes in assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in retiree group benefits program provisions or applicable law. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. The scope of the assignment did not include performing an analysis of the potential change of such future measurements except where noted.

The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, EA and Mehdi Riazi, FSA, MAAA, FCA, EA. We are members of the American Academy of Actuaries, and we collectively meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by LACERS based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of the Los Angeles City Employees' Retirement System and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

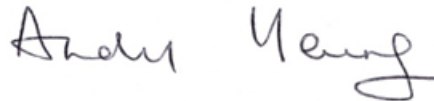
Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in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

We look forward to reviewing this report with you and answering any questions.

Sincerely,



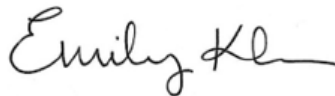
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Section 1: Actuarial Valuation Summary

Purpose

This report has been prepared by Segal to present our actuarial valuation of the Los Angeles City Employees' Retirement System ("the System") OPEB plan as of June 30, 2025 for funding purposes. The results of the valuation for financial reporting purposes consistent with GASB Statement No. 74 are provided in a separate report.

Valuation highlights

1. The ratio of the valuation value of assets to actuarial accrued liabilities decreased from 108.01% as of June 30, 2024 to 105.77% as of June 30, 2025. On a market value of assets basis, the funded ratio increased from 106.33% to 108.23%. The negative unfunded actuarial accrued liability (a surplus of assets over liability) increased from (\$285.8) million to (\$223.3) million. The primary reasons for the increase in UAAL were:

- a. Updated trend assumptions for future Medicare Part B premiums.
- b. On average, 2026 Medicare premiums and subsidies were slightly higher than expected.

The impact of the changes as described in a. and b. was partially offset by gains from favorable investment experience, and a small demographic experience gain. A complete reconciliation of the System's unfunded actuarial accrued liability is provided in Section 2, Subsection B.

2. The Actuarially Determined Contribution (ADC) rate, payable on July 15, has increased from 3.31% of payroll to 3.59% of payroll for Fiscal Year 2026/2027. In dollar terms, the recommended contribution, payable on July 15, increased from \$90.3 million to \$102.8 million. The changes to the ADC were due to the same factors that affected the UAAL. These factors can have different directional effects on the ADC due to the role of normal cost in the ADC calculation.

A complete reconciliation of the change in the recommended contribution rate is provided in Section 2, Subsection D. Rates are shown separately for Tier 1 and Tier 3 in Section 2, Subsection E.

3. Since the June 30, 2023 valuation, the valuation value of assets was more than the total actuarial accrued liability. Therefore, all prior amortization bases are deemed to have been fully amortized. Based on the amortization method described in Exhibit 1 (Summary of Supplementary Information), the actuarial surplus as of June 30, 2025 was amortized over a 30-year open (non-decreasing) period. As shown in Section 2, Subsection E, the overall contribution rate, payable on July 15, of 3.59% is based on the plan's normal cost of 4.02% and a 0.43% credit related to the funding surplus.

Section 1: Actuarial Valuation Summary

4. As noted above, the GASB 74 report with a measurement date of June 30, 2025 for financial reporting purposes for the Plan is provided as a separate report.
5. The GASB 75 report with a measurement date of June 30, 2025 for financial reporting purposes for the employer (with a reporting date of June 30, 2026) will be provided in the first or second quarter of next year.
6. The actuarial valuation report as of June 30, 2025 is based on financial information as of that date. Changes in the value of assets subsequent to that date are not reflected. Declines in asset values will increase the actuarial cost of the Plan, while increases will decrease the actuarial cost of the Plan.
7. As in prior years, the employer contribution rates provided in this report have been developed assuming they will be received by LACERS on any of the following schedules:
 - The beginning of the fiscal year, or
 - On July 15, 2026, or
 - Throughout the year (i.e., LACERS will receive contributions at the end of every pay period).

Section 1: Actuarial Valuation Summary

Summary of valuation results

Line Description	2025	2024
Actuarial Accrued Liability and Funded Status		
Actuarial Accrued Liability (AAL)	\$3,868,232,808	\$3,570,147,657
Valuation Value of Assets	4,091,528,221	3,855,958,577
Unfunded Actuarial Accrued Liability (Surplus)	(223,295,413)	(285,810,920)
Funded Ratio on Valuation Value Basis	105.77%	108.01%
Market Value of Assets	\$4,186,549,919	\$3,796,164,817
Funded Ratio on Market Value Basis	108.23%	106.33%
Actuarially Determined Contribution (ADC)		
• Normal cost (beginning of year)	\$114,802,170	\$105,747,585
• Amortization of the unfunded actuarial accrued liability	(12,255,223)	(15,686,289)
• Total Actuarially Determined Contribution (beginning of year)	102,546,947	90,061,296
• Total Actuarially Determined Contribution (July 15)	102,832,475	90,312,059
• Total Actuarially Determined Contribution (end of each pay period)	106,075,387	93,160,128
• Total projected compensation ¹	2,868,028,601	2,730,282,217
ADC as a percentage of pay (there is a 12-month delay until the rate is effective)²		
• Beginning of year	3.57%	3.30%
• July 15	3.59%	3.31%
• End of each pay period	3.70%	3.41%
Total Participants³	52,577	52,315

¹ Reflects amount calculated in the pension valuation.

² A breakdown of the ADC by tier is provided in Section 2, Subsection E.

³ Includes 108 pensioners and beneficiaries as of June 30, 2025 and 113 pensioners and beneficiaries as of June 30, 2024 entitled but not yet eligible for health benefits.

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of an OPEB plan. It is an estimated forecast — the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. For example, a plan may provide health benefits to post-65 retirees that coordinates with Medicare. If so, changes in the Medicare law or administration may change the plan's costs without any change in the terms of the plan itself. It is important for LACERS to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by LACERS. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is not necessary to have perfect data for an actuarial valuation: the valuation is an estimated forecast, not a prediction. The uncertainties in other factors are such that even perfect data does not produce a “perfect” result. Notwithstanding the above, it is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	Part of the cost of a plan will be paid from existing assets — the balance will need to come from future contributions and investment income. The valuation is based on the asset values as of the valuation date, typically reported by the System. A snapshot as of a single date may not be an appropriate value for determining a single year's contribution requirement, especially in volatile markets. Plan sponsors often use an “actuarial value of assets” that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.

Section 1: Actuarial Valuation Summary

Input Item	Description
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. To determine the future costs of benefits, Segal collects claims, premiums, and enrollment data in order to establish a baseline cost for the valuation measurement, and then develops short- and long-term health care cost trend rates to project increases in costs in future years. This forecast also requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year, as well as forecasts of the plan's benefits for each of those events. The forecasted benefits are then discount to a present value based on an estimate of the rate of return that will be achieved on the plan's assets or, if there are no assets, a rate of return based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions the actuary selects within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model necessarily uses approximations and estimates that may lead to significant changes in our results but will have no impact on the actual cost of the plan. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.
Models	Segal results are based on proprietary actuarial modeling software. The valuation models generate a comprehensive set of liability and cost calculations that are presented to meet actuarial standards and client requirements. Our Actuarial Technology and Systems unit, comprising both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary. Our claims costs assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate per capita claims cost calculations that are used in our valuation software. Our Health Technical Services Unit, comprised of actuaries and programmers, is responsible for the initial development and maintenance of our health models. They are also responsible for testing models that we purchase from other vendors for reasonableness. The client team inputs the paid claims, enrollments, plan provisions and assumptions into these models and reviews the results for reasonableness, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of LACERS. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement at a specific date — it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- If LACERS is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Sections of this report include actuarial results that are not rounded, but that does not imply precision.
- Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, health care trend, and investment losses, not just the current valuation results.
- Segal does not provide investment, legal, accounting or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. LACERS should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by LACERS upon delivery and review. LACERS should notify Segal immediately of any questions or concerns about the final content.

Section 1: Actuarial Valuation Summary

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 Statements No. 74 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 Liability⁴
2. Schedule of Changes in Net OPEB Liability and Related Ratios⁴
3. Schedule of Contribution History⁴

⁴ Source: Segal's GASB Statement No. 74 valuation report as of June 30, 2025.

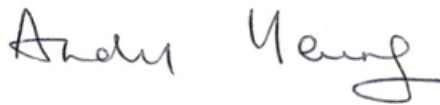
Section 1: Actuarial Valuation Summary

Actuarial section

1. Summary of Significant Valuation Results
2. Active Member Valuation Data
3. Retirees and Beneficiaries Added to and Removed from Retiree Payroll
4. Schedule of Funded Liabilities by Type
5. Schedule of Funding Progress
6. Actuarial Analysis of Financial Experience
7. Actuarial Balance Sheet
8. Schedule of Changes in Net OPEB Liability and Related Ratios⁵

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 meet their "General Qualification Standards for Statements of Actuarial Opinions" to render the actuarial opinion contained herein.



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



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

⁵ Source: Segal's GASB Statement No. 74 valuation report as of June 30, 2025.

Section 2: Actuarial Valuation Results

A. Actuarial present value of total projected benefits and actuarial balance sheet

The actuarial present value of total projected benefits uses the actuarial assumptions disclosed in Section 4 to calculate the value today of all benefits expected to be paid to current actives and retired plan members. The actuarial balance sheet shows the expected breakdown of how these benefits will be financed.

Actuarial Present Value of Total Projected Benefits (APB)

Participant Category	June 30, 2025	June 30, 2024
Current retirees, beneficiaries, and dependents	\$1,966,688,547	\$1,824,658,592
Current active members	2,839,774,096	2,610,894,265
Terminated members entitled but not yet eligible and retirees and beneficiaries with deferred health benefits	90,734,412	86,360,851
Actuarial present value of total projected benefits	\$4,897,197,055	\$4,521,913,708

Actuarial Balance Sheet

Type	June 30, 2025	June 30, 2024
Assets:		
1. Valuation value of assets	\$4,091,528,221	\$3,855,958,577
2. Present value of future normal costs	1,028,964,247	951,766,051
3. Unfunded actuarial accrued liability	(223,295,413)	(285,810,920)
4. Present value of current and future assets	\$4,897,197,055	\$4,521,913,708
Liabilities:		
5. Actuarial present value of total projected benefits	\$4,897,197,055	\$4,521,913,708

Section 2: Actuarial Valuation Results

B. Actuarial Accrued Liability (AAL) and Unfunded AAL (UAAL)

The actuarial accrued liability shows that portion of the actuarial present value of total projected benefits allocated to periods prior to the valuation date by the actuarial cost method. The chart below shows the portion of the liability for active and inactive members, and reconciles the unfunded actuarial accrued liability from last year to this year.

Unfunded Actuarial Accrued Liability

Line Description	June 30, 2025	June 30, 2024
Participant Category		
Current retirees, beneficiaries, and dependents	\$1,966,688,547	\$1,824,658,592
Current active members	1,810,809,849	1,659,128,214
Terminated members entitled but not yet eligible	90,734,412	86,360,851
Total actuarial accrued liability	\$3,868,232,808	\$3,570,147,657
Unfunded Actuarial Accrued Liability		
Total actuarial accrued liability	\$3,868,232,808	\$3,570,147,657
Valuation value of assets	4,091,528,221	3,855,958,577
Unfunded actuarial accrued liability (surplus)	(\$223,295,413)	(\$285,810,920)
Development of Unfunded Actuarial Accrued Liability for the Year Ended June 30, 2025		
1. Unfunded actuarial accrued liability at beginning of year		(\$285,810,920)
2. Normal cost as of June 30, 2024		105,747,585
3. Expected employer contributions during 2024/2025 fiscal year		(90,061,296)
4. Interest on prior year UAAL, normal cost, and contributions		(18,807,451)
5. Expected unfunded actuarial accrued liability (1 + 2 + 3 + 4)		(\$288,932,082)
6. Change due to updated trend assumption to project future medical premiums after 2025/2026		72,445,950
7. Change due to updated 2025/2026 premium, underlying claims estimates and subsidy levels		44,996,783
8. Change due to actual contributions more than expected		148,733
9. Change due to investment experience (after smoothing)		(46,506,411)
10. Change due to demographic gains and losses		(5,488,386)
11. Unfunded actuarial accrued liability as of June 30, 2025 (5 + 6 + 7 + 8 + 9 + 10)		(\$223,295,413)

Section 2: Actuarial Valuation Results

C. Table of amortization bases

Amortization payments may be calculated as level dollar amounts or as amounts designed to remain level as a percent of a growing payroll base. Los Angeles City Employees' Retirement System has elected to amortize the unfunded actuarial accrued liability using the following rules: The amortization periods for all unfunded actuarial accrued liability layers as of June 30, 2020 were reset to fixed periods of 21 years beginning with the June 30, 2021 valuation date. Thereafter, 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. An overall actuarial surplus will be amortized over 30 years on an open (non-decreasing) basis.

Since the June 30, 2023 valuation, the valuation value of assets exceeded the total actuarial accrued liability. Therefore, all prior amortization bases are deemed to have been fully amortized and the actuarial surplus as of June 30, 2025 has been amortized over a 30-year period.

Type	Date Established	Initial Balance	Initial Period	Outstanding Balance	Years Remaining	Annual Payment ⁶
Actuarial Surplus	06/30/2025	(\$223,295,413)	30	(\$223,295,413)	30	(\$12,255,223)
Total				(\$223,295,413)		(\$12,255,223)

⁶ Level percentage of payroll.

Section 2: Actuarial Valuation Results

D. Reconciliation of Recommended Contribution Rate

The chart below details the changes in the Actuarially Determined Contribution (ADC) from the prior valuation to the current year's valuation.

Adjustments From June 30, 2024 to June 30, 2025		Percentage
1.	Recommended Contribution Rate as of June 30, 2024 ⁷	3.31%
2.	Changes due to:	
a.	Change due to updated trend assumption to project future Medicare Part B premiums	0.22%
b.	Change due to updated 2025/2026 premiums, underlying claims estimates and subsidy levels	0.12%
c.	Change due to investment gain (after smoothing)	-0.09%
d.	Change due to miscellaneous demographic and contribution gains and losses	0.03%
e.	Total change	0.28%
3.	Recommended Contribution Rate as of June 30, 2025 ⁷	3.59%

⁷ If received on July 15.

Section 2: Actuarial Valuation Results

E. Development of Actuarially Determined Contribution (ADC)

Actuarially Determined Contribution (ADC) is the amount calculated to determine the annual cost of the OPEB plan for funding purposes on an accrual basis. The calculation consists of adding the Normal Cost of the plan to an amortization payment and a payment for administrative expenses separately for each Tier. They are determined as of the start of the period and adjusted as if the annual cost were to be contributed throughout the fiscal year or on July 15th.

Tier 1

Line Description	Amount June 30, 2025	Percentage of Compensation June 30, 2025	Amount June 30, 2024	Percentage of Compensation June 30, 2024
1. Normal Cost	\$67,325,627	3.90%	\$65,623,364	3.81%
2. Amortization of the unfunded actuarial accrued liability ⁸	(7,366,012)	-0.43%	(9,878,060)	-0.57%
3. Total Actuarially Determined Contribution (beginning of year)	\$59,959,615	3.47%	\$55,745,304	3.24%
4. Total Projected Compensation ⁹	\$1,723,831,084		\$1,719,328,962	
5. Adjustment for timing (July 15)	\$166,950	0.02%	\$155,215	0.01%
6. Total Actuarially Determined Contribution (July 15)	\$60,126,565	3.49%	\$55,900,519	3.25%
7. Adjustment for timing (end of pay period)	\$2,063,093	0.13%	\$1,918,087	0.11%
8. Total Actuarially Determined Contribution (end of pay period)	\$62,022,708	3.60%	\$57,663,391	3.35%

⁸ In developing the UAAL contribution rate, we have combined the UAAL for Tier 1 and Tier 3 and amortized that total UAAL over the total payroll for Tier 1 and Tier 3.

⁹ Reflects amount calculated in the pension valuation.

Section 2: Actuarial Valuation Results

Tier 3

Line Description	Amount June 30, 2025	Percentage of Compensation June 30, 2025	Amount June 30, 2024	Percentage of Compensation June 30, 2024
1. Normal Cost	\$47,476,543	4.14%	\$40,124,220	3.96%
2. Amortization of the unfunded actuarial accrued liability ¹⁰	(4,889,211)	-0.43%	(5,808,229)	-0.57%
3. Total Actuarially Determined Contribution (beginning of year)	\$42,587,332	3.71%	\$34,315,991	3.39%
4. Total Projected Compensation ¹¹	\$1,144,197,517		\$1,010,953,255	
5. Adjustment for timing (July 15)	\$118,578	0.02%	\$95,549	0.01%
6. Total Actuarially Determined Contribution (July 15)	\$42,705,910	3.73%	\$34,411,540	3.40%
7. Adjustment for timing (end of pay period)	\$1,465,347	0.14%	\$1,180,746	0.12%
8. Total Actuarially Determined Contribution (end of pay period)	\$44,052,679	3.85%	\$35,496,737	3.51%

¹⁰ In developing the UAAL contribution rate, we have combined the UAAL for Tier 1 and Tier 3 and amortized that total UAAL over the total payroll for Tier 1 and Tier 3.

¹¹ Reflects amount calculated in the pension valuation.

Section 2: Actuarial Valuation Results

Total Plan

Line Description	Amount June 30, 2025	Percentage of Compensation June 30, 2025	Amount June 30, 2024	Percentage of Compensation June 30, 2024
1. Normal Cost	\$114,802,170	4.00%	\$105,747,585	3.87%
2. Amortization of the unfunded actuarial accrued liability	(12,255,223)	-0.43%	(15,686,289)	-0.57%
3. Total Actuarially Determined Contribution (beginning of year)	\$102,546,947	3.57%	\$90,061,296	3.30%
4. Total Projected Compensation ¹²	\$2,868,028,601		\$2,730,282,217	
5. Adjustment for timing (July 15)	\$285,528	0.02%	\$250,763	0.01%
6. Total Actuarially Determined Contribution (July 15)	\$102,832,475	3.59%	\$90,312,059	3.31%
7. Adjustment for timing (end of pay period)	\$3,528,440	0.13%	\$3,098,832	0.11%
8. Total Actuarially Determined Contribution (end of pay period)	\$106,075,387	3.70%	\$93,160,128	3.41%

¹² Reflects amount calculated in the pension valuation.

Section 2: Actuarial Valuation Results

F. Schedule of employer contributions

The schedule of employer contributions compares actual contributions to the Actuarially Determined Contributions.

Fiscal Year Ended June 30	Actuarially Determined Contributions¹³	Actual Contributions¹³	Percentage Contributed
2016	\$105,983,112	\$105,983,112	100.00%
2017	97,457,455	97,457,455	100.00%
2018	100,909,010	100,909,010	100.00%
2019	107,926,949	107,926,949	100.00%
2020	112,136,429	112,136,429	100.00%
2021	103,454,114	103,454,114	100.00%
2022	91,622,720	91,622,720	100.00%
2023	90,580,892	90,580,892	100.00%
2024	97,093,393	97,093,393	100.00%
2025	90,168,079	90,168,079	100.00%

¹³ Prior to plan year ending June 30, 2018, this amount was the Annual Required Contribution (ARC).

Section 2: Actuarial Valuation Results

G. Schedule of funding progress

This schedule of funding progress presents multi-year trend information about whether the valuation value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio (a) ÷ (b)	Covered Payroll ¹⁴ (c)	UAAL as a Percentage of Covered Payroll [(b) – (a) ÷ (c)]
06/30/2016	\$2,248,753,480	\$2,793,688,955	\$544,935,475	80.49%	\$1,968,702,630	27.68%
06/30/2017	2,438,458,132	3,005,806,234	567,348,102	81.12%	2,062,316,129	27.51%
06/30/2018	2,628,843,511	3,256,827,847	627,984,336	80.72%	2,177,687,102	28.84%
06/30/2019	2,812,661,894	3,334,298,549	521,636,655	84.36%	2,225,412,831	23.44%
06/30/2020	2,984,423,687	3,486,530,510	502,106,823	85.60%	2,445,016,587	20.54%
06/30/2021	3,330,377,493	3,520,078,454	189,700,961	94.61%	2,254,165,029	8.42%
06/30/2022	3,472,955,743	3,580,696,288	107,740,545	96.99%	2,258,724,771	4.77%
06/30/2023	3,646,978,226	3,405,088,528	(241,889,698)	107.10%	2,512,179,018	-9.63%
06/30/2024	3,855,958,577	3,570,147,657	(285,810,920)	108.01%	2,730,282,217	-10.47%
06/30/2025	4,091,528,221	3,868,232,808	(223,295,413)	105.77%	2,868,028,601	-7.79%

¹⁴ Reflects amount calculated in the pension valuation.

Section 2: Actuarial Valuation Results

H. Volatility Ratios

The Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by total payroll, provides an indication of the potential contribution volatility for any given level of investment volatility. A higher AVR indicates that the plan is subject to a greater level of contribution volatility. This is a current measure since it is based on the current level of assets.

For LACERS, the current AVR is about 1.46. This means that a 1% asset gain/(loss) (relative to the assumed investment return) translates to about 1.46% of one-year's payroll. Since LACERS amortizes actuarial gains and losses over a period of 15 years, there would be a 0.1%¹⁵ of payroll decrease/(increase) in the determined contribution for each 1% asset gain/(loss).

The Liability Volatility Ratio (LVR), which is equal to the Actuarial Accrued Liability divided by payroll, provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. This is because, over an extended period of time, the plan's assets should track the plan's liabilities. For example, if a plan is 50% funded on a market value basis, the liability volatility ratio would be double the asset volatility ratio and the plan sponsor should expect contribution volatility to increase over time as the plan becomes better funded.

The LVR also indicates how volatile contributions will be in response to changes in the Actuarial Accrued Liability due to actual experience or to changes in actuarial assumptions. For LACERS, the current LVR is about 1.35. This is about 8% lower than the AVR. Therefore, we would expect that contribution volatility will decrease over the long-term.

Year	Asset Volatility Ratio	Liability Volatility Ratio
2016	1.08	1.42
2017	1.18	1.46
2018	1.23	1.50
2019	1.26	1.50
2020	1.17	1.43
2021	1.68	1.56
2022	1.48	1.59
2023	1.41	1.36
2024	1.39	1.31
2025	1.46	1.35

¹⁵ Before taking into account LACERS' Surplus Position as of June 30, 2025. When the System is in surplus, actuarial gains and losses are amortized over a period of 30 years.

Section 2: Actuarial Valuation Results

I. Member population

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, inactive non-vested members (entitled to a refund of member contributions), inactive vested members, retired members and beneficiaries.

This section presents a summary of significant statistical data on these member groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibit A, B, and C.

Year Ended June 30	Active Members	Inactive Vested Members	Retired Members and Beneficiaries ¹⁶	Total Non-Actives	Ratio of Non-Actives to Actives	Ratio of Retired Members and Beneficiaries to Actives
2016	24,446	1,119	14,313	15,432	0.63	0.59
2017	25,457	1,280	14,652	15,932	0.63	0.58
2018	26,042	1,401	15,144	16,545	0.64	0.58
2019	26,632	1,474	15,791	17,265	0.65	0.59
2020	27,490	1,526	16,107	17,633	0.64	0.59
2021	25,176	1,554	17,500	19,054	0.76	0.70
2022	24,917	1,537	17,753	19,290	0.77	0.71
2023	25,875	1,617	17,759	19,376	0.75	0.69
2024	26,782	1,651	17,909	19,560	0.73	0.67
2025	27,000	1,623	18,004	19,627	0.73	0.67

¹⁶ Excludes retirees and surviving spouses not yet enrolled in retiree health benefits.

Section 3: Supplemental Information

Exhibit A: Summary of participant data

Total Plan — Demographics as of June 30

Demographic Data by Status	2025	2024	Change
Active members:			
• Number	27,000	26,782	0.8%
• Average age	46.5	46.3	0.2
• Average service	12.4	12.3	0.1
• Total projected compensation	\$2,868,028,601	\$2,730,282,217	5.0%
Inactive members:			
• Number	1,623	1,651	-1.7%
• Average age	52.2	51.7	0.5
Retirees:¹⁷			
• Number of non-disabled	15,902	15,798	0.7%
• Number of disabled	293	299	-2.0%
• Total number of retirees	16,195	16,097	0.6%
• Average age of retirees	72.8	72.5	0.3
• Number of spouses	5,842	5,860	-0.3%
• Average age of spouses	72.0	71.6	0.4
Surviving Spouses:¹⁷			
• Number in pay status	1,809	1,812	-0.2%
• Average age	79.9	79.8	0.1

¹⁷ Excludes retirees and surviving spouses not receiving health benefits.

Section 3: Supplemental Information

Tier 1 — Demographics as of June 30

Demographic Data by Status	2025	2024	Change
Active members:			
• Number	14,568	15,247	-4.5%
• Average age	52.2	51.7	0.5
• Average service	19.4	18.7	0.7
• Total projected compensation	\$1,723,831,084	\$1,719,328,962	0.3%
Inactive members:			
• Number	1,583	1,615	-2.0%
• Average age	52.3	51.8	0.5
Retirees:¹⁸			
• Number of non-disabled	15,902	15,798	0.7%
• Number of disabled	293	299	-2.0%
• Total number of retirees	16,195	16,097	0.6%
• Average age of retirees	72.8	72.5	0.3
• Number of spouses	5,842	5,860	-0.3%
• Average age of spouses	72.0	71.6	0.4
Surviving Spouses:¹⁸			
• Number in pay status	1,809	1,812	-0.2%
• Average age	79.9	79.8	0.1

Includes the following number of Airport Peace Officers (APO) eligible for enhanced retirement benefits:

Participants	June 30, 2025	June 30, 2024
Active Members	307	340
Inactive Members	28	27
Retired Members	127	116

¹⁸ Excludes retirees and surviving spouses not receiving health benefits.

Section 3: Supplemental Information

Tier 3 — Demographics as of June 30

Participants	2025	2024	Change from Prior Year
Active members in valuation:			
• Number	12,432	11,535	7.8%
• Average age	39.8	39.3	0.5
• Average service	4.3	3.7	0.6
• Total projected compensation	\$1,144,197,517	\$1,010,953,255	13.2%
Inactive members:			
• Number	40	36	11.1%
• Average age	47.8	47.6	0.2
Retirees:¹⁹			
• Number of non-disabled	N/A	N/A	N/A
• Number of disabled	N/A	N/A	N/A
• Total number of retirees	N/A	N/A	N/A
• Average age of retirees	N/A	N/A	N/A
• Number of spouses	N/A	N/A	N/A
• Average age of spouses	N/A	N/A	N/A
Surviving Spouses:¹⁹			
• Number in pay status	N/A	N/A	N/A
• Average age	N/A	N/A	N/A

¹⁹ Excludes retirees and surviving spouses not receiving health benefits.

Section 3: Supplemental Information

Exhibit B: Reconciliation of retiree health participant data with pension participant data

Participants	June 30, 2025	June 30, 2024
Active		
• Pension valuation	27,000	26,782
• Health valuation	27,000	26,782
Retirees		
• Pension valuation	17,866	17,697
• Retirees with no subsidy due to service or decision not to enroll	-1,959	-1,894
• Deferred retirees eligible for future health benefits	-5	-5
• Health valuation	15,902	15,798
Disableds		
• Pension valuation	767	786
• Disabled with no subsidy due to service or decision not to enroll	-444	-455
• Deferred disableds eligible for future health benefits	-30	-32
• Health valuation	293	299
Surviving Spouses		
• Pension valuation	4,282	4,280
• Surviving spouses with no subsidy due to service or decision not to enroll	-2,400	-2,392
• Deferred surviving spouses eligible for future health benefits	-73	-76
• Health valuation	1,809	1,812
Inactive Vested		
• Pension valuation	12,265	11,839
• Inactive vesteds with less than 10 years of service	-10,642	-10,188
• Health valuation	1,623	1,651

Section 3: Supplemental Information

Exhibit C: Retirees and beneficiaries added to and removed from health benefits

Year Ended June 30	No. of New Retirees/ Beneficiaries	Annual Subsidies Added ²⁰	No. of Retirees/ Beneficiaries Removed	Annual Subsidies Removed	No. of Retirees/ Beneficiaries at June 30	Annual Subsidies	Percent Increase in Annual Subsidies	Average Annual Subsidies
2016	837	\$2,185,058	536	\$3,102,492	14,313	\$111,712,086	-0.8	\$7,805
2017	913	13,706,185	574	3,316,380	14,652	122,101,891	9.3	8,333
2018	1,104	17,413,241	612	3,649,382	15,144	135,865,750	11.3	8,972
2019	1,195	12,323,187	548	3,780,696	15,791	144,408,241	6.3	9,145
2020	967	7,878,817	651	3,979,061	16,107	148,307,997	2.7	9,208
2021	2,135	25,826,129	742	5,162,633	17,500	168,971,493	13.9	9,656
2022	893	5,631,315	640	4,809,300	17,753	169,793,508	0.5	9,564
2023	699	1,517,839	693	568,742	17,759	170,742,605	0.6	9,614
2024	784	5,382,994	628	555,229	17,909	175,570,370	2.8	9,803
2025	769	11,069,872	674	4,752,005	18,004	181,888,237	3.6	10,103

²⁰ Also reflects changes in subsidies for continuing retirees and beneficiaries.

Section 3: Supplemental Information

Exhibit D: Cash flow projections

The ADC generally exceeds the current pay-as-you-go (“paygo”) cost of an OPEB plan. Over time the paygo cost will tend to grow and may even eventually exceed the ADC in a well-funded plan. Due to the plan's funding position, the current ADC is well below the benefit payments being made by the plan. The following table projects the paygo cost as the projected payment over the next ten years.

Projected Number of Retirees²¹ and Benefit Payments

Year Ending June 30	Current Retirees	Future Retirees	Total Retirees	Current Benefit Payments	Future Benefit Payments	Total Benefit Payments
2026	23,846	1,808	25,654	\$167,203,430	\$15,016,262	\$182,219,692
2027	23,366	2,769	26,135	165,681,388	26,332,695	192,014,083
2028	22,641	3,746	26,387	164,650,723	38,773,796	203,424,519
2029	21,904	4,710	26,614	163,460,588	51,655,520	215,116,108
2030	21,158	5,683	26,841	161,845,246	65,571,737	227,416,983
2031	20,399	6,658	27,057	160,057,913	80,723,745	240,781,658
2032	19,635	7,621	27,256	158,830,832	96,571,749	255,402,581
2033	18,865	8,577	27,442	157,754,571	112,426,834	270,181,405
2034	18,089	9,554	27,643	156,798,335	129,039,431	285,837,766
2035	17,303	10,466	27,769	156,158,735	145,403,479	301,562,214

²¹ Includes spouses of retirees, but excludes those not receiving a subsidy from LACERS.

Section 3: Supplemental Information

Exhibit E: Summary statement of income and expenses on a market value basis for retirement, health, family death, and larger annuity benefits

Line Description	Year Ended June 30, 2025	Year Ended June 30, 2024
Net assets at market value at the beginning of the year	\$23,041,225,445	\$21,589,265,113
Prior period adjustments	(5,978,090)	0
Subtotal	\$23,035,247,355	\$21,589,265,113
Contribution income		
• Employer contributions	\$894,188,108	\$811,482,608
• Member contributions	306,764,700	279,636,124
– Net contribution income	\$1,200,952,808	\$1,091,118,732
Investment income		
• Investment, dividends and other income	\$566,619,061	\$526,769,335
• Asset appreciation	2,295,838,669	1,447,773,805
• Less investment and administrative fees	(217,782,753)	(181,758,698)
– Net investment income	\$2,644,674,977	\$1,792,784,442
Total income available for benefits	\$3,845,627,785	\$2,883,903,174
Less benefit payments		
• Benefits paid ²²	\$(1,489,789,508)	\$(1,418,341,231)
• Member refunds	(15,767,006)	(13,601,611)
– Net benefit payments	\$(1,505,556,514)	\$(1,431,942,842)
Change in net assets at market value	\$2,340,071,271	\$1,451,960,332
Net assets at market value at the end of the year	\$25,375,318,626	\$23,041,225,445

Note: Results may not total due to rounding.

²² Includes offsets related to self-funded dental insurance premium and health insurance premium reserve.

Section 3: Supplemental Information

Exhibit F: Summary statement of plan assets for retirement, health, family death, and larger annuity benefits

Line Description	Year Ended June 30, 2025	Year Ended June 30, 2024
Cash equivalents	\$590,169,925	\$537,531,845
Accounts receivable		
• Accrued interest income	\$115,414,829	\$96,357,208
• Proceeds from sales of investments	78,651,508	117,623,362
• Other	15,552,003	13,371,173
– Total accounts receivable	\$209,618,340	\$227,351,743
Investments		
• Fixed income	\$5,466,440,748	\$5,175,513,954
• Equities	11,925,012,134	10,987,450,721
• Real estate and alternative investment	6,844,632,356	5,696,101,528
• Derivative instruments	2,141,807	(8,076,673)
• Other	679,982,764	823,049,394
– Total investments at market value	\$24,918,209,809	\$22,674,038,924
Capital assets	56,410,354	58,342,124
Total assets	\$25,774,408,428	\$23,497,264,636
Accounts payable		
• Accounts payable and accrued expenses	\$(46,267,705)	\$(91,250,478)
• Accrued compensated absences	(6,420,643)	0
• Accrued investment expenses	(26,486,454)	(10,195,804)
• Purchases of investments	(112,213,139)	(193,472,367)
• Securities lending collateral	(207,015,731)	(160,397,155)
– Total accounts payable	\$(398,403,672)	\$(455,315,804)
Deferred inflow of resources	\$(686,130)	\$(723,387)
Net assets at market value	\$25,375,318,626	\$23,041,225,445
Net assets at actuarial value	\$24,799,377,599	\$23,404,150,020
Net assets at valuation value (health benefits)	\$4,091,528,221	\$3,855,958,577

Note: Results may be slightly off due to rounding.

Section 3: Supplemental Information

Exhibit G: Determination of Actuarial Value of Assets as of June 30, 2025

Step	Actual Return	Expected Return	Investment Gain/(Loss)	Portion Deferred	Amount
1. Market Value of Assets (for Retirement and Health Subsidy Benefits)					\$25,375,318,626
2. Calculation of unrecognized return²³					
Year ended June 30, 2025	\$2,644,674,977	\$1,630,494,720	\$1,014,180,257	6/7	\$869,297,363
Year ended June 30, 2024	1,792,784,442	1,525,354,781	267,429,661	5/7	191,021,186
Year ended June 30, 2023	1,500,807,128	1,443,373,615	57,433,513	4/7	32,819,150
Year ended June 30, 2022	(1,947,728,626)	1,604,160,949	(3,551,889,575)	3/7	(1,522,238,389)
Year ended June 30, 2021	5,258,341,258	1,260,485,231	3,997,856,027	2/7	1,142,244,579
Year ended June 30, 2020	338,862,747	1,299,282,781	(960,420,034)	1/7	(137,202,862)
Total unrecognized return ²⁴					\$575,941,027
3. Preliminary Actuarial Value of Assets: 1 – 2g					\$24,799,377,599
4. Adjustment to be within 40% corridor					0
5. Final Actuarial Value of Assets: 3 + 4					\$24,799,377,599
6. Actuarial Value of Assets as a percentage of Market Value of Assets					97.7%
7. Market Value of Health Assets					\$4,186,549,919
8. Valuation Value of Health Assets: (5 ÷ 1) × 7					\$4,091,528,221

²³ Total return minus expected return on a market value basis.

²⁴ Deferred return as of June 30, 2025 recognized in each of the next six years (for Retirement and Health Plans):

a. Amount recognized on June 30, 2026	\$117,798,551
b. Amount recognized on June 30, 2027	255,001,413
c. Amount recognized on June 30, 2028	(316,120,877)
d. Amount recognized on June 30, 2029	191,291,919
e. Amount recognized on June 30, 2030	183,087,131
f. Amount recognized on June 30, 2031	144,882,894
g. Total unrecognized return as of June 30, 2025	\$575,941,027
(may not total exactly due to rounding)	

Section 3: Supplemental Information

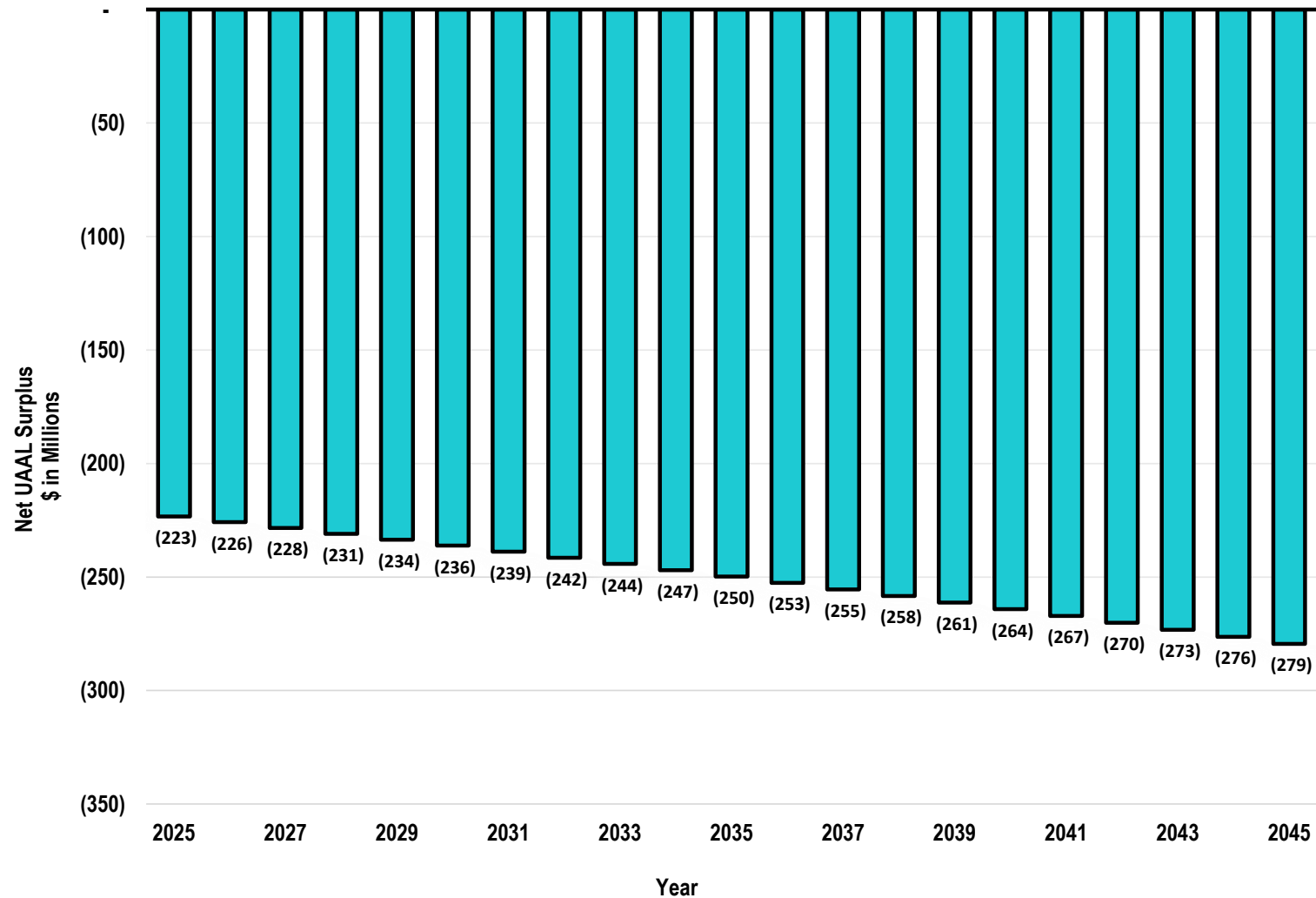
Exhibit H: Member benefit coverage information for OPEB

Valuation Date	Aggregate Actuarial Accrued Liabilities for Terminated Members	Aggregate Actuarial Accrued Liabilities for Retirees, Beneficiaries, & Dependents	Aggregate Actuarial Accrued Liabilities for Active Members	Valuation Value of Retiree Health Assets	Portion of Accrued Liabilities Covered by Reported Assets Terminated Members	Portion of Accrued Liabilities Covered by Reported Assets Retirees, Beneficiaries, & Dependents	Portion of Accrued Liabilities Covered by Reported Assets Active Members
06/30/2016	\$50,413,399	\$1,275,604,225	\$1,467,671,331	\$2,248,753,480	100%	100%	63%
06/30/2017	62,252,306	1,379,356,850	1,564,197,078	2,438,458,132	100	100	64
06/30/2018	67,137,848	1,479,370,105	1,692,319,894	2,628,843,511	100	100	63
06/30/2019	65,887,248	1,600,130,890	1,668,280,411	2,812,661,894	100	100	69
06/30/2020	70,327,305	1,677,722,536	1,738,480,669	2,984,423,687	100	100	71
06/30/2021	74,599,941	1,869,444,779	1,576,033,734	3,330,377,493	100	100	88
06/30/2022	74,631,785	1,900,861,299	1,605,203,204	3,472,955,743	100	100	93
06/30/2023	76,591,793	1,784,281,066	1,544,215,669	3,646,978,226	100	100	100
06/30/2024	86,360,851	1,824,658,592	1,659,128,214	3,855,958,577	100	100	100
06/30/2025	90,734,412	1,966,688,547	1,810,809,849	4,091,528,221	100	100	100

Section 3: Supplemental Information

Exhibit I: Projection of UAAL balances and payments

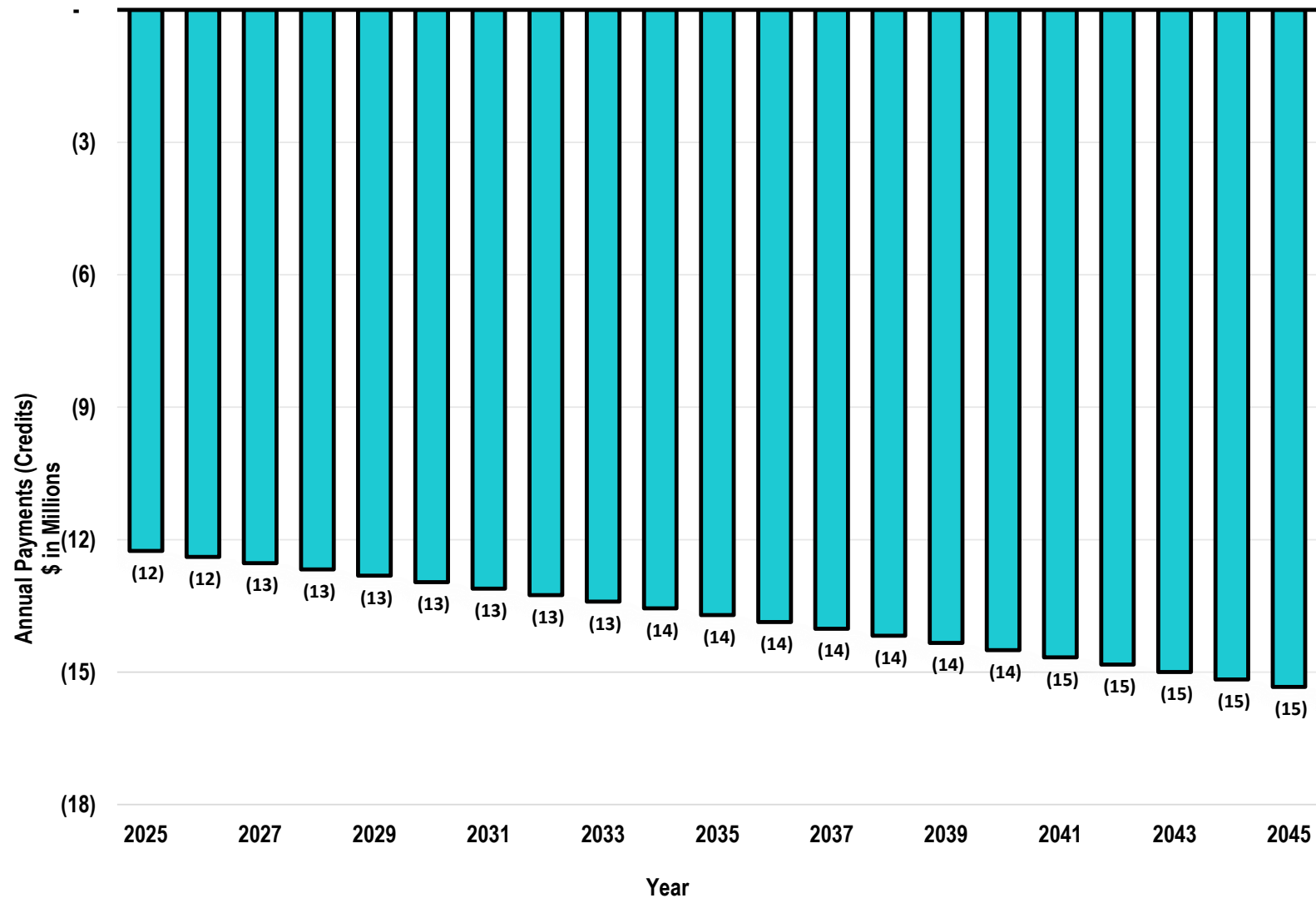
Outstanding Balance of (\$223.3) Million in Net UAAL / (Surplus) as of June 30, 2025



Note: The funding surplus is expected to slightly increase each year due to the 30-year, open amortization period.

Section 3: Supplemental Information

Annual Payments/(Credits) Resulting from (\$223.3) Million in Net UAAL/(Surplus) as of June 30, 2025



Note: The Plan's recommended contribution rate includes an offset or credit related to the plan's funding surplus.

Section 4: Actuarial Valuation Basis

Exhibit 1: Summary of supplementary information

Valuation date

June 30, 2025

Actuarial cost method

Entry age normal, level percent of salary

Amortization method

Level percent of payroll — assuming a 3.00% increase in total covered payroll.

Amortization period

Category	Years
Actuarial Experience	15 years
Change in non-health related assumptions	20 years
Change in health related assumptions	15 years
Future ERIP	5 years
Valuation Value of Assets in excess of Actuarial Accrued Liability	30 years
Plan Amendment	15 years

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.

Section 4: Actuarial Valuation Basis

Asset valuation method

Market value of assets less unrecognized returns in each of the last seven years. 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. The actuarial value of assets cannot be less than 60% or greater than 140% of the market value of assets.

Actuarial assumptions:

- Investment rate of return: 7.00%
- Inflation rate: 2.50%
- Across-the-board pay increase: 0.50%
- Projected salary increases: Ranges from 9.00% to 4.00% based on years of service, including inflation
- **Medical, dental, Medicare Part B trend rates:** See table on page 49.

Plan membership

Member Type	June 30, 2025	June 30, 2024
Current retirees, beneficiaries, and dependents receiving benefits	23,846	23,769
Current active participants	27,000	26,782
Terminated participants entitled but not yet eligible	1,623	1,651
Pensioners and beneficiaries entitled but not yet eligible for health benefits	108	113
Total	52,577	52,315

Section 4: Actuarial Valuation Basis

Exhibit 2: Actuarial assumptions

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 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.

Economic assumptions

Net investment return

7.00%, net of OPEB Plan investment expense, including inflation.

Payroll growth

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

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

Section 4: Actuarial Valuation Basis

- 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 and over	1.00

Section 4: Actuarial Valuation Basis

Demographic assumptions

Mortality rates — Post-retirement

Healthy

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.

Disabled

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.

Beneficiary

Not in Pay Status as of Valuation: 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.

In Pay Status as of Valuation: Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Table (separate tables for males and females), with rates increased by 5% for males and increased by 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Note: 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.

Section 4: Actuarial Valuation Basis

Mortality Rates — Pre-Retirement

Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Table (separate tables for males and females), 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	0.02
25	0.04	0.02
30	0.05	0.03
35	0.08	0.04
40	0.10	0.05
45	0.11	0.06
50	0.14	0.08
55	0.21	0.13
60	0.33	0.20
65	0.46	0.29

Generational projections to the valuation date for each age 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

Section 4: Actuarial Valuation Basis

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 and over	2.50%

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

Section 4: Actuarial Valuation Basis

Retirement rates (%)

Age	Tier 1: Non-55/30	Tier 1: 55/30	Tier 1 Enhanced: Non-55/30	Tier 1 Enhanced: 55/30	Tier 3: Non-55/30	Tier 3: 55/30
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 ²⁵	26.0
56	6.0	18.0	10.0	22.0	0.0 ²⁵	17.0
57	6.0	18.0	10.0	22.0	0.0 ²⁵	17.0
58	6.0	18.0	10.0	22.0	0.0 ²⁵	17.0
59	6.0	18.0	10.0	22.0	0.0 ²⁵	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 and over	100.0	100.0	100.0	100.0	100.0	100.0

²⁵ 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.

Section 4: Actuarial Valuation Basis

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.

Future benefit accruals

1.0 year of service credit per year.

Service

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

Unknown data for members

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

Retiree health assumptions

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.

Per capita cost development — Maximum dental subsidy

Carrier	Election Percent (%)	Monthly 2025/2026 Fiscal Year Subsidy
Delta Dental PPO	83.0	\$42.93
DeltaCare USA	17.0	15.70

Section 4: Actuarial Valuation Basis

Per capita cost development — Medicare Part B premium subsidy

Category	Single Monthly Premium
Actual monthly premium for calendar year 2025	\$185.00
Projected monthly premium for calendar year 2026 ²⁶	206.50
Projected average monthly premium for plan year 2025/2026	195.75

LACERS will not reimburse Medicare Part B premiums for Spouse/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) spouse/domestic partners enrolled in Medicare Parts A and B.

For retirees age 65 and over on the valuation date, we valued the Medicare Part B premium subsidy 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.

²⁶ Based on calendar year 2025 premium adjusted to 2026 by assumed trend rate of 11.60%.

Section 4: Actuarial Valuation Basis

Per capita cost development — 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

2025–2026 Fiscal Year Carrier	Observed & Assumed Election Rate (%) ²⁷	Single Party Monthly Premium	Single Party Maximum Subsidy	Single Party Subsidy	Married/With Domestic Partner Monthly Premium	Married/With Domestic Partner Maximum Subsidy	Married/With Domestic Partner Subsidy	Eligible Survivor Monthly Premium	Eligible Survivor Maximum Subsidy	Eligible Survivor Subsidy
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

Participant Eligible for Medicare A&B

2025–2026 Fiscal Year Carrier	Observed & Assumed Election Rate (%) ²⁷	Single Party Monthly Premium	Single Party Maximum Subsidy	Single Party Subsidy	Married/With Domestic Partner Monthly Premium	Married/With Domestic Partner Maximum Subsidy	Married/With Domestic Partner Subsidy	Eligible Survivor Monthly Premium	Eligible Survivor Maximum Subsidy	Eligible Survivor Subsidy
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%	364.61	364.61	364.61	724.19	724.19	724.19	364.61	364.61	364.61
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

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.

²⁷ The observed election percentages are based on raw census data as of June 30, 2025.

Section 4: Actuarial Valuation Basis

Per capita cost development — Medical subsidy

Tier 1 Subject to Retiree Medical Subsidy Cap.

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. 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	\$203.27	\$253.68	\$203.27
• Anthem Medicare Preferred (PPO) ²⁸	478.43	478.43 ²⁹	478.43
• UHC California Medicare Adv. HMO	219.09	433.93	219.09
• SCAN Medicare Advantage Plan ³⁰	223.88	447.76	223.88

Per capita cost development — Medical subsidy

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.

Health care cost subsidy trend rates

Trend rates are applied to average premiums for the respective fiscal year to calculate the following fiscal year's projected premiums. The first fiscal year is July 1, 2025 through June 30, 2026 and reflects actual 2026 calendar year premiums.

²⁸ We have assumed the same \$478.43 maximum subsidy for retirees who elect the Anthem Medicare Supplement.

²⁹ The reason the subsidy is only at the single-party amount is that there is no excess subsidy to cover a dependent.

³⁰ We have assumed the two-party maximum for SCAN to be twice the single party SCAN maximum.

Section 4: Actuarial Valuation Basis

Fiscal Year	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
2025–2026	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 Applied to Calculate Following Year Premium Rate (%) Non-Medicare	Trend Applied to Calculate Following Year Premium Rate (%) Medicare	Trend Applied to Calculate Following Year Premium Rate (%) Medicare Part B
2026–2027	7.12	6.87	2026	7.25 ³¹	7.00	6.75
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

³¹ 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.

Section 4: Actuarial Valuation Basis

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

Deltacare Premium Trend: 1.50%, then 3.00% thereafter

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 if the retiree predeceases the spouse/domestic partner.

Male retirees are assumed to be 4 years older than their female spouses/domestic partners. Female retirees are assumed to be 2 years younger than their male spouses/domestic partners.

Participation

Retiree Medical and Dental Coverage Participation:

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

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

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.

Plan design

Development of plan liabilities was based on the substantive plan of benefits in effect as described in Exhibit 3.

Section 4: Actuarial Valuation Basis

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.

Section 4: Actuarial Valuation Basis

Exhibit 3: Summary of plan

This exhibit summarizes the major benefit provisions as included in the valuation. To the best of our knowledge, the summary represents the substantive plans as of the measurement date. 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 the System before July 1, 2013, and certain employees who became members of the System on or after July 1, 2013. In addition, pursuant to Ordinance No. 184134, all Tier 2 employees who became members of the System between July 1, 2013 and February 21, 2016 were transferred to Tier 1 effective February 21, 2016.

Tier 3 (§4.1080.2(a))

All employees who became members of the System 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. Please note that the health subsidy is not payable to a service or disabled retiree before the member reaches age 55.

Section 4: Actuarial Valuation Basis

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))

The System will pay 4% of the maximum health subsidy (limited to actual premium) for each year of Service Credit, up to 100% of the maximum health subsidy. As of July 1, 2025, the maximum health subsidy is \$2,318.58 per month 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	Vested Percentage
10–14	75%
15–19	90%
20+	100%

Subsidy cap for 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 4.00% or 4.50% of employee contributions to the Pension Plan.

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.

Section 4: Actuarial Valuation Basis

Dental subsidy for members

Tier 1 (§4.1111(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.

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.

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.

Surviving spouse medical subsidy

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 and the surviving dependent's eligibility for Medicare.

Section 4: Actuarial Valuation Basis

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 as of July 1, 2025 and will be \$1,161.91 per month as of January 1, 2026).

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	Vested Percentage
10–14	75%
15–19	90%
20+	100%

Changes in plan provisions

None.

We understand that there is a ballot measure which when approved by the voters would allow certain LACERS active members to be transferred to the Los Angeles Fire and Police Pension Plan so that those members would receive Safety benefits available under that Plan. However, as that measure has not been approved, we have not reflected the financial impact of the transfer in this report.

Note

The summary of major Plan provisions is designed to outline principal plan benefits as interpreted for purposes of the actuarial valuation. If the System should find the plan summary not in accordance with the actual provisions, the System should alert the actuary so that both parties can be sure the proper provisions are valued.

Section 4: Actuarial Valuation Basis

Exhibit 4: Definitions of terms

The following list defines certain technical terms for the convenience of the reader:

Term	Definition
Assumptions or Actuarial Assumptions	The estimates on which the cost of the Plan is calculated including: • Investment return — the rate of investment yield that the Plan will earn over the long-term future; • Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates; • Retirement rates — the rate or probability of retirement at a given age; • Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.
Actuarial Present Value of Total Projected Benefits (APB)	Present value of all future benefit payments for current retirees and active employees taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions.
Normal Cost	The amount of contributions required to fund the benefit allocated to the current year of service.
Actuarial Accrued Liability for Actives	The equivalent of the accumulated normal costs allocated to the years before the valuation date.
Actuarial Accrued Liability for Retirees	The single sum value of lifetime benefits to existing retirees. This sum takes account of life expectancies appropriate to the ages of the retirees and of the interest which the sum is expected to earn before it is entirely paid out in benefits.
Valuation Value of Assets (VVA)	The value of assets used by the actuary in the valuation. These may be at market value or some other method used to smooth variations in market value from one valuation to the next.
Funded Ratio	The ratio AVA/AAL.
Unfunded Actuarial Accrued Liability (UAAL):	The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.
Amortization of the Unfunded Actuarial Accrued Liability	Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.
Investment Return (discount rate)	The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next. If the plan is funded on a pay-as-you-go basis, the discount rate is tied to the expected rate of return on day-to-day employer funds.
Covered Payroll	Annual reported salaries for all active participants on the valuation date.

Section 4: Actuarial Valuation Basis

Term	Definition
ADC as a Percentage of Covered Payroll	The ratio of the actuarially determined contribution to covered payroll.
Health Care Cost Trend Rates	The annual rate of increase in net claims costs per individual benefiting from the Plan.
Actuarially Determined Contribution (ADC)	The ADC is equal to the sum of the normal cost and the amortization of the unfunded actuarial accrued liability.
Employer Contributions	An employer has contributed to an OPEB plan if the employer has (a) provided benefits directly to retired plan members or their beneficiaries, (b) paid insurance premiums to insure the payment of benefits, or (c) irrevocably transferred assets to a qualifying trust, or equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer(s) or plan administrator.

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Los Angeles City Employees' Retirement System

**Family Death Benefit Plan (FDBP) Costs
as of June 30, 2025**



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October 28, 2025

Board of Administration
Los Angeles City Employees' Retirement System
977 N. Broadway
Los Angeles, CA 90012-1728

Dear Board Members:

We have developed our recommended contribution rates for the voluntary Family Death Benefit Plan ("Plan") as of June 30, 2025. If adopted by the Board, these rates will be effective for the two plan years beginning July 1, 2026 and ending June 30, 2028. The last review of the Plan was conducted as part of the June 30, 2023 actuarial valuation. That study yielded the current employee monthly contribution rate of \$1.50. The City matches the employees' cost at the same level.

Recommendations

Based on the census data and the actuarial assumptions used for the June 30, 2025 actuarial valuation, our observations and recommendations are as follows:

- The current employee monthly rate is \$1.50 through June 30, 2026. Based on this rate, the estimated total annual contributions would be about \$72,500 (about \$36,250 each for the members and the City) for plan year 2025/2026. The current monthly rate of \$1.50 previously adopted by the Board was a result of a reduction by 20% from the prior monthly rate of \$1.90 previously recommended by Segal as a result of the June 30, 2023 valuation. That recommendation was made after considering the surplus position of the Plan as of the date of that valuation.
- It is our understanding that the earnings credited to the Family Death Benefits Reserve include realized and unrealized gains or losses. Therefore, the crediting procedure for the Family Death Benefits Reserve is in line with the procedure utilized for the Retirement Plan reserves (with the exceptions of the Reserve for Member Contributions and the Annuity Reserve). Since the future

payment liability for this program has been discounted at the valuation assumed earnings rate of 7.00% per year for this valuation, we believe the crediting procedure is consistent with the valuation discount rate assumption.

- For several years, Plan assets have exceeded the Plan's liability reserve. The Plan does not currently have a formal policy on how the monthly premium rate should be adjusted to reflect any such funding surplus. However, after discussions with LACERS in 2017, we recommended two action items for reducing surplus in the FDBP liability reserve for the June 30, 2017 FDBP valuation, and those action items were adopted by the Board and implemented by LACERS. We have continued presenting similar action items for the Board to consider for the June 30, 2025 FDBP valuation and those two items are provided as an Appendix to this report.
- We recommend that the current employee monthly rate of \$1.50 be decreased by 20% to \$1.20 for the two plan years beginning July 1, 2026 and ending June 30, 2028. This is developed using Action Item 2 in the Appendix to this report, where the surplus is amortized over 30 years.

Analysis and assumptions

It is our understanding that the Plan is funded on a term cost basis and the premium charged for the current year is only supposed to be sufficient to pay for the present value of the projected death benefits for those expected to die in the same period. However, there is an adjustment in the monthly premium based on the Plan's funded status to reflect the relative value of the actual plan reserve compared to the actual present value of death benefits in pay status for those who previously died.

In the last valuation as of June 30, 2023, the Plan's annual term cost was \$148,679 for the 2,075 active members participating at June 30, 2023. That translated to a monthly rate of \$2.99 for both the employee and the City. However, the Plan was in a surplus position as of June 30, 2023, with the Plan's valuation value of assets of \$19,072,418 exceeding the liability reserve of \$6,080,474 by \$12,991,944.¹

In the current valuation as of June 30, 2025, the Plan's annual term cost is \$147,184 for the 2,015 active members participating at June 30, 2025. This translates to a monthly rate of \$3.04 for both the employee and the City. However, the Plan is in a surplus position as of June 30, 2025, with the Plan's valuation value of assets of \$20,549,470 exceeding the liability reserve of \$4,877,206 by \$15,672,264.² This surplus is about \$2.7 million higher than the surplus as of the last review as of June 30, 2023.

¹ If the Plan's June 30, 2023 market value of assets of \$18,514,979 had been used in the June 30, 2023 analysis, the Plan would have had a surplus of \$12,434,505 instead of \$12,991,944.

² If the Plan's June 30, 2025 market value of assets of \$21,026,711 were to be used in the June 30, 2025 analysis, the Plan would have a surplus of \$16,149,505 instead of \$15,672,264.

We anticipate that the surplus reserve of \$15,672,264 will be more than sufficient to sustain the recommended monthly premium rates of \$1.20 for the employee and the City for the two plan years beginning July 1, 2026. As the surplus would be depleted at the rate of about \$89,000 per year, which is substantially less than the 7.00% expected investment return (about \$1.1 million) on the surplus assets of \$15,672,264, we expect that at June 30, 2028, there would be an even larger surplus remaining from the June 30, 2025 surplus balance of \$15,672,264 if all actuarial assumptions were to come true. The surplus continues to grow, in part, because some active FDBP members are paying premiums even though their survivors may not receive benefits from the Plan. This is discussed in item 5 below and under Action Item 1 in the Appendix.

As noted, all of the calculations are based on the June 30, 2025 actuarial valuation participant data and actuarial assumptions shown in the Retirement Plan valuation report. In addition, this Plan requires further assumptions in the valuation as shown below:

1. Each participating active member is assumed to have two children with an average age of about 13.
2. The children are assumed to be eligible for a monthly benefit of about \$938 each until they reach age 18.
3. A surviving spouse is assumed to be eligible for a monthly benefit of about \$312 until the children reach age 16.
4. A surviving spouse of a member who has paid FDBP premiums for 10 or more years is assumed to be eligible for an additional monthly benefit of about \$613 starting at age 60.³
5. As previously discussed with LACERS and included in our 2023 valuation report, we understood that survivors may not receive benefits from the FDBP if they receive a service retirement survivorship benefit from the Retirement Plan. Therefore, those FDBP participants who are currently eligible to retire under the Retirement Plan do not have an FDBP liability in our valuation even though it is assumed that they would continue to pay premiums to the FDBP. We believe this is one of the contributors to the increase in the surplus balance of \$15,672,264 as of June 30, 2025, because 851⁴ of the 2,015 active participants in the Plan as of June 30, 2025 will not be eligible for a benefit from the FDBP based on this criterion. Additionally, based on a prior conversation with LACERS, we understood that for the active members who are enrolled in the FDBP and who have no surviving spouse/domestic partner upon death, FDBP payments may be made to the members' eligible children and/or dependent parents, if any. However, LACERS' staff noted in August 2021 that this information was not available while the member is active. Segal anticipates that having this information would not have a material effect on the valuation results anyway.

Note that the higher than expected returns on the valuation value of FDBP assets for the years ended June 30, 2025 and June 30, 2024 of 8.2% and 7.3%, respectively, also served to increase the surplus balance as of June 30, 2025.

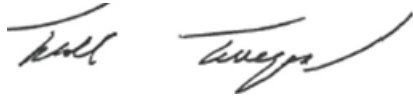
³ Larger amounts are available if the surviving spouse begins receiving payments after age 60.

⁴ This is slightly reduced from 882 observed at the time of the June 30, 2023 valuation.

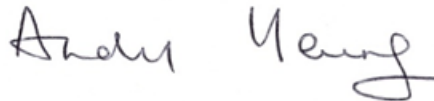
Board of Administration
October 28, 2025

The above costs were certified by Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary. The undersigned are members of the American Academy of Actuaries, and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Sincerely,



Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary



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



Emily Klare, ASA, MAAA, EA
Senior Actuary

DNA/jl

cc: Edwin Avanesian
Todd Bouey
Dale Wong-Nguyen

Appendix: Los Angeles City Employees' Retirement System

FDBP Costs as of June 30, 2025

Possible action items on how to adjust the monthly premium rate in years where there is a surplus

Surplus history

Below we provide the historical progression of the surplus in the Family Death Benefit Reserve, based on the valuation (smoothed) value of assets, for the last seven biennial valuations:

Valuation Date	Valuation Value of FDBP Assets	FDBP Liability Reserve	Excess FDBP Reserve
June 30, 2013	\$14,456,893	\$8,453,914	\$6,002,979
June 30, 2015	15,402,402	8,378,370	7,024,032
June 30, 2017	15,858,684	7,576,611	8,282,073
June 30, 2019	16,686,626	7,209,746	9,476,880
June 30, 2021	18,186,116	6,530,272	11,655,844
June 30, 2023	19,072,418	6,080,474	12,991,944
June 30, 2025	20,549,470	4,877,206 ⁵	15,672,264 ⁶

⁵ Historically, actual FDBP benefit recipients have been coded as retirees rather than beneficiaries in our valuation programs. We have revised our coding in this June 30, 2025 valuation to reflect the beneficiary status of the actual FDBP benefit recipients. This coding change means the mortality table applied to these FDBP benefit recipients is now the Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table with adjustments, which is consistent with the mortality table used for beneficiaries currently in pay status in the Retirement Plan funding valuation as of June 30, 2025. This coding change has the effect of lowering the FDBP liability reserve by about \$173K as of June 30, 2025 and increasing the excess FDBP reserve by the same amount at that date.

⁶ Besides the growth in the \$12,991K at the assumed rate of 7.00% per year, there were additional increases in the excess FDBP reserve due to the higher than expected return on the valuation value of FDBP assets for the years ended June 30, 2024 and 2025. The actual rates of return were 7.3% for the year ended June 30, 2024 and 8.2% for the year ended June 30, 2025, compared to the assumed annual rate of return of 7.00%. This resulted in an actuarial gain of about \$279,000 for the two years.

Appendix: Los Angeles City Employees' Retirement System FDBP Costs as of June 30, 2025

Action items for reducing surplus in FDBP

Following are two possible action items on how to reduce the FDBP surplus and to adjust the monthly premium rate for the FDBP when there is a surplus:

Action item 1: permanent cessation of contributions to FDBP for certain members

As previously discussed with LACERS and included in our 2019 valuation report, we understood that current or future survivors may not receive any benefits from the FDBP if they are currently receiving a service retirement survivorship benefit from the Retirement Plan because the member has already passed away, or will become entitled to a future service retirement survivorship benefit because the active member has already satisfied the requirements under the Retirement Plan to receive a benefit. Following up on the action item we recommended in the June 30, 2017 FDBP valuation, we were informed that LACERS sent letters to members who were contributing to the FDBP, but who were retirement eligible, to consider de-selecting the voluntary FDBP contributions. However, there are still FDBP active participants who are currently eligible to retire under the Retirement Plan (and whose potential survivors may not receive any benefits from the FDBP) and who are continuing to pay employee premiums. We have estimated the number of such members for the last two valuations to be as follows:

Category	Active FDBP Members in the June 30, 2023 Valuation	No Longer Active FDBP Members	New Active FDBP Members	Active FDBP Members in the June 30, 2025 Valuation
Eligible to Retire ⁷	882			851
Not Eligible to Retire	1,193			1,164
Total	2,075	-344	+284	2,015

We have observed that approximately 226 of the 882 members who were participating in the FDBP as of June 30, 2023 and whose current or future survivors may not receive any benefits from the FDBP were no longer participating in the FDBP as of June 30, 2025.

Note that, based on a prior conversation with LACERS, we understood that for active members enrolled in the FDBP who have no surviving spouse/domestic partner upon death, FDBP payments may be made to the members' eligible children and/or dependent parents, if any. Accordingly, for this action item, Segal proposes that if LACERS can determine exactly which remaining FDBP participants are currently eligible for service retirement and are married or with domestic partners or have no eligible children and/or

⁷ Whose potential survivors may not receive any benefits from the FDBP.

Appendix: Los Angeles City Employees' Retirement System FDBP Costs as of June 30, 2025

dependent parents that LACERS continues to consider an annual program to inform these participants to consider de-selecting the voluntary FDBP contributions. (This would have the added effect of allowing the City to suspend matching contributions to the FDBP for these participants.) As noted on page 3 in the body of this report, the Plan's annual term cost of \$147,184 as of June 30, 2025 for the 2,015 active members participating in the Plan as of that date translates to an employee and City monthly rate of \$3.04 each. This term cost reflects no liabilities for the 851 members who are eligible to retire under the Retirement Plan. Should these 851 members terminate their participation in the FDBP, the term cost as of June 30, 2025 for the remaining 1,164 members would translate to an employee and City monthly rate of \$5.27 each. In this case, maintaining the current monthly premium at \$1.50 would mean that the surplus is depleted at a rate of about \$105,000 per year, which is less than the expected investment return on the surplus of about \$1.1 million.

While this action item may be considered to be more of a communication issue than a funding policy issue, it would help to prevent the Plan from accumulating even more surplus going forward.

Action item 2: reduction in contributions

Under the Retirement Plan's funding policy, actuarial surplus is amortized over a 30-year open (non-decreasing) period. For the FDBP, the Board may want to consider amortizing actuarial surplus over the same 30-year open period. In addition, since the benefits and the associated employer and employee contributions for FDBP are not dependent on salary, we would suggest amortizing the surplus as a level dollar amount, rather than a level percentage of salary. The amortization of the surplus would serve as a reduction in the current \$1.50 per month charge to the FDBP. An annual amortization credit of about \$1,180,000 would be available at the beginning of the year by amortizing over 30 years the surplus of \$15,672,264 available as of June 30, 2025. We note this credit would be more than the \$1.50 monthly charge. This credit would be approximately \$24.41 per month each (for the employee and for the City), assuming for this calculation that the same 2,015 active employees as of June 30, 2025 would continue to participate in the Plan (i.e., **before** considering Action Item 1).

For the June 30, 2023 FDBP valuation, we recommended a decrease in the monthly charge from \$1.90 to \$1.50, or by about 20%, and that recommendation was adopted by the Board. Under this action item for the June 30, 2025 valuation, we propose that the monthly charge be reduced below the current \$1.50 by another 20%, or to \$1.20 for the two plan years beginning July 1, 2026 and ending June 30, 2028. However, before the Board considers this action item, the following ramification should be considered. As of the June 30, 2025 valuation date, there were 27,000 active members. Of those, we have roughly estimated that about 6,200 members were eligible to retire as of the valuation date, leaving about 20,800 not yet eligible. Of those not yet eligible to retire, about 1,200 members are currently contributing FDBP premiums. This leaves approximately 19,600 (i.e., 20,800 - 1,200) additional active employees who may want to participate in the FDBP if contributions are temporarily reduced, which is about a sixteen-fold increase over the number of retirement ineligible members currently contributing.

Appendix: Los Angeles City Employees' Retirement System FDBP Costs as of June 30, 2025

For an extreme illustration, if all of the 19,600 active employees referenced above were to enroll in the FDBP in the next two years and there is no change to the current \$1.50 employee monthly rate, there would be a reduction in the excess FDBP reserve by about \$1.77 million. This represents between one and two years of the annual surplus amortization credits of \$1,180,000.

Alternatively, we have reviewed the sensitivity of enrolling new members for purposes of applying the annual surplus amortization credit of \$1,180,000 to reduce the excess FDBP reserve. For instance, if we were to recommend no change in the current \$1.50 employee monthly rate, we have estimated that approximately 11,900 new FDBP participants out of the remaining 19,600 eligible participants mentioned above would need to enroll in the FDBP in order to reduce the excess FDBP reserve by the entire annual credit of \$1,180,000. These hypothetical 11,900 new FDBP participants would represent about 60% of all remaining eligible participants. Considering that there were only 284 new members who elected to participate in the FDBP between the June 30, 2023 and June 30, 2025 valuations (when the employee monthly rate was reduced from \$1.90 to \$1.50), enrolling about another 11,900 new participants in the short term may not be realistic. The 284 new members represented about 1.5% of those not yet in the plan and not yet eligible to retire as of June 30, 2023.

If, instead, we were to recommend a large change in the current \$1.50 employee monthly rate, such as a 50% reduction to \$0.75, we have estimated that approximately 9,700 new FDBP participants would need to enroll in the FDBP in order for the surplus to be reduced by the annual credit of \$1,180,000. These hypothetical 9,700 new FDBP participants would represent about 50% of all remaining eligible participants.

These scenario results reflect the assumption that the current participants who will not have a survivor eligible for FDBP benefits (i.e., the 851 participants mentioned above in Action Item 1) will opt out of the Plan.

Based on the information discussed above, we recommend that the current employee monthly rate of \$1.50 be decreased to \$1.20 per month. This 20% reduction in the monthly rate is in line with the recommended decrease in the monthly rate for the last June 30, 2023 FDBP valuation and it would mean that about 10,900 new participants would need to enroll in the FDBP in order for the surplus reserve to be reduced by the annual credit of \$1,180,000.⁸

It should be noted that in preparing the above premium reduction amounts, we have assumed the term cost of the new FDBP participants to be the same as the \$5.27 calculated above based on 1,164 members covered under the Plan as of June 30, 2025.

⁸ The 10,900 count assumes that **none** of the 851 FDBP active members who are currently eligible to retire under the Retirement Plan are single or without a domestic partner and have eligible children and/or dependent parents and will remain in the plan.

Appendix: Los Angeles City Employees' Retirement System FDBP Costs as of June 30, 2025

Recommendation

As noted above, we recommend a reduction to the current monthly premiums, from the current \$1.50 to \$1.20, for 2026/2027 and 2027/2028 (Action Item 2). In addition, we recommend that, if possible, it continue to be communicated to the remaining members who are currently contributing to the FDBP but who are currently retirement eligible and are married or with domestic partners or have no eligible children and/or dependent parents to cease contributing to the Plan (Action Item 1).

Additional considerations

Based on preliminary discussions with LACERS, the Board, in consultation with the City Attorney, may want to consider additional future actions items on how to reduce the funding surplus, in addition to developing a formal policy on how the monthly premium rate should be adjusted to reflect any such surplus.

One such item the Board may want to consider would be to increase the benefits offered under the Family Death Benefit Plan, recognizing that the current levels of benefit provided by the Plan are fixed amounts. The Board may compare the death benefits currently provided by the FDBP with those offered by Social Security benefits or some other public retirement system peers.

In addition, since participation in the FDBP is voluntary, the Board may consider allowing the System to charge the FDBP for any direct expenses.

Note that we are available to discuss these possible additional future action items with the Board, along with any other possible action items, at a subsequent meeting, if desired.

5950689v4/05806.007

Los Angeles City Employees' Retirement System

**Governmental Accounting Standards Board
Statement No. 67 (GASB 67) Actuarial Valuation of
Retirement Benefits as of June 30, 2025**



This valuation report should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plan.

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Segal



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October 28, 2025

Board of Administration
Los Angeles City Employees' Retirement System
977 N. Broadway
Los Angeles, CA 90012-1728

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards Board Statement No. 67 (GASB 67) Actuarial Valuation as of June 30, 2025 for the Los Angeles City Employees' Retirement System ("LACERS" or "the Plan"). It contains various information that will need to be disclosed in order to comply with GASB 67. Please refer to LACERS' Actuarial Valuation and Review of Retirement Benefits as of June 30, 2025, dated October 28, 2025, for the data, assumptions, and plan of benefits underlying these calculations.

This report has been prepared in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Board of Administration (the Board), based upon information provided by the staff of the Plan and the Plan's other service providers.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

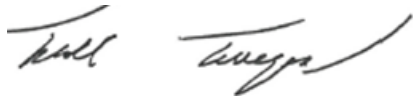
The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Board based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of LACERS and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

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.

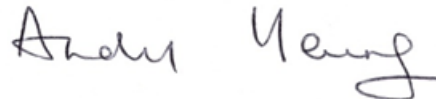
We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal



Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary



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



Emily Klare, ASA, MAAA, EA
Senior Actuary

DNA/jl

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards Board Statement No. 67 (GASB 67) as of June 30, 2025. This report is based on:

- The benefit provisions of the Pension (or Retirement) Plan, as administered by the Board of Administration;¹
- The characteristics of covered active, inactive, and retired members and beneficiaries as of June 30, 2025, provided by LACERS;
- The assets of the Plan as of June 30, 2025, provided by LACERS;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the June 30, 2025 funding valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board for the June 30, 2025 funding valuation.

General observations on a GASB 67 actuarial valuation

1. The Governmental Accounting Standards Board (GASB) rules only define pension liability and expense for financial reporting purposes, they do not apply to contribution amounts for pension funding purposes. Employers and plans should continue to develop and adopt funding policies under current practices.
2. When measuring pension liability, GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as LACERS uses for funding. This means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is determined on the same basis as LACERS' Actuarial Accrued Liability (AAL) measure for funding. We note that the same is true for the service cost for financial reporting shown in this report and the normal cost component of the annual plan cost for funding.
3. The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan Fiduciary Net Position (FNP). The Plan FNP is equal to the fair value of assets and therefore, the NPL measure is very similar to an Unfunded Actuarial Accrued Liability (UAAL) on a market value basis.

¹ Please refer to page 15 of this report for additional discussion regarding plan provisions not included in the TPL calculations in this valuation.

Section 1: Actuarial Valuation Summary

Highlights of the valuation

1. The reporting date for the Plan is June 30, 2025 and the NPL was measured as of the same date. The TPL was determined based upon the actuarial valuation as of June 30, 2025 and the Plan FNP was also valued as of the measurement date.
2. The NPL decreased from \$7.348 billion as of June 30, 2024 to \$6.536 billion as of June 30, 2025 primarily due to the return on the market value of retirement plan assets of 11.35%² during fiscal year 2024-2025 that was more than the assumption of 7.00% used in the June 30, 2024 valuation (a gain of about \$842.2 million). Changes in these values during the last two fiscal years can be found in *Section 2, Exhibit 3: Schedule of changes in Net Pension Liability* on page 20.
3. The discount rate used to measure the TPL and NPL as of June 30, 2025 was 7.00%, following the same assumption used by LACERS in the actuarial funding valuation as of June 30, 2025. The detailed calculations used in the derivation of the 7.00% discount rate can be found in *Appendix A*. Various other information that is required to be disclosed can be found throughout *Section 2*.

² For the June 30, 2025 valuation, the investment return calculated for the Retirement Plan was 11.35% (net of investment expenses only) which is lower than the 12.73% investment return calculated for the OPEB Plan. (We note that for the June 30, 2024 valuation, the investment return calculated for the Retirement Plan was 8.29% while the investment return for the OPEB Plan was 9.09%.) Both of these returns have been calculated by Segal on a dollar-weighted basis taking into account the beginning of year assets, contributions, and benefit cash flows made during the year. In backing into a rate of return using actual investment income and investment expense as provided by LACERS, we sometimes could come up with a different return for the two Plans if: (a) the timing of the actual cash flows (especially the benefit payments) are different from what we assumed and/or (b) the actual income and expense allocated are different when compared to the proportion of the assets in the two Plans.

Section 1: Actuarial Valuation Summary

Summary of key valuation results³

Line Description	Current Year	Prior Year
Reporting and Measurement Date	June 30, 2025	June 30, 2024
Disclosure elements		
Service cost ⁴	\$496,465,290	\$461,843,826
Total Pension Liability	27,613,228,652	26,492,518,234
Plan Fiduciary Net Position	21,077,644,650	19,144,037,018
Net Pension Liability	6,535,584,002	7,348,481,216
Schedule of contributions		
Actuarially determined contributions	\$803,985,029	\$714,338,215
Actual contributions	803,985,029	714,338,215
Contribution deficiency / (excess)	0	0
Demographic data		
Number of retired members and beneficiaries	22,915	22,763
Number of inactive members ⁵	12,265	11,839
Number of active members	27,000	26,782
Key assumptions		
Investment rate of return	7.00%	7.00%
Inflation rate	2.50%	2.50%
"Across-the-board" salary increase	0.50%	0.50%
Projected salary increases ⁶	9.00% to 4.00%	9.00% to 4.00%
Cost-of-living adjustments	Tier 1: 2.75% Tier 3: 2.00%	Tier 1: 2.75% Tier 3: 2.00%

³ The assets and liabilities throughout this report are for the Retirement Plan only, and exclude amounts for the Health, Family Death Benefit and Larger Annuity Plans.

⁴ The service cost is based on the previous year's valuation, meaning the service cost as of the June 30, 2025 and June 30, 2024 measurement dates are based on the valuations as of June 30, 2024 and June 30, 2023, respectively. Both service costs have been calculated using the assumptions shown in the Prior Year column, as there had been no changes in the actuarial assumptions between the June 30, 2023 and the June 30, 2024 valuations.

⁵ Includes inactive members due a refund of member contributions.

⁶ Includes inflation at 2.50% plus "across-the-board" salary increase of 0.50% plus merit and promotion increases that vary by service.

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan provisions	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
Member information	An actuarial valuation for a plan is based on data provided to the actuary by LACERS. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Financial information	The valuation is based on the fair value of assets as of the measurement date, as provided by LACERS.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan members for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of members in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments (if any). The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.
Actuarial models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of the Board. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement at a specific date — it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted.
- If LACERS is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by LACERS upon delivery and review. LACERS should notify Segal immediately of any questions or concerns about the final content.

Section 2: GASB 67 Information

General information about the pension plan

Plan administration

The Los Angeles City Employees' Retirement System (LACERS) was established by City Charter in 1937. LACERS is a single employer public employee retirement system whose main function is to provide retirement benefits to the civilian employees of the City of Los Angeles.

Under the provisions of the City Charter, the Board of Administration (the "Board") has the responsibility and authority to administer the Plan and to invest its assets. The Board members serve as trustees and must act in the exclusive interest of the Plan's members and beneficiaries. 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 Council;
- Two members shall be active employee members of the System elected by the active employee members; and
- One shall be a retired member of the System elected by the retired members of the System.

Plan membership

At June 30, 2025, pension plan membership consisted of the following:

Membership	Count
Retired members and beneficiaries	22,915
Inactive members ⁷	12,265
Active members	27,000
Total	62,180

⁷ Includes inactive members due a refund of member contributions.

Section 2: GASB 67 Information

Benefits provided

LACERS provides service retirement, disability, death and survivor benefits to eligible retirees and beneficiaries. Employees of the City become members of LACERS on the first day of employment in a position with the City in which the employee is not excluded from membership.

Members employed prior to July 1, 2013 are designated as Tier 1. All Tier 2 employees who became members between July 1, 2013 and February 21, 2016 were transferred to Tier 1 effective February 21, 2016. 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, are designated as Tier 1 Enhanced. A member of Tier 1 of the Retirement System who while a City employee and on their retirement date, which shall occur on or after March 25, 2022, was employed by the Police Department, Harbor Department, or Recreation and Parks Department as a peace officer as defined in California Penal Code Section 830.1 or Section 830.31 is designated as a Sworn Public Safety Officer (PSO) member. Sworn PSO members shall also include those who elected not to make a one-time lump sum payment of \$5,700 on or before January 8, 2019 in exchange for the enhanced benefits provided by Section 4.1007(a), 4.1008.1 and 4.1010.1 as set forth in Section 4.1002(e)(2). Those employed on or after February 21, 2016 are designated as Tier 3 (unless a specific exception applies to the employee, providing a right to Tier 1 status).

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit, and tier.

Pension benefits are calculated based on the highest average salary earned during a 12-month period (including base salary plus regularly assigned pensionable bonuses or premium pay) for Tier 1 and Tier 1 Enhanced and on the highest average salary earned during a 36-month period (limited to base salary and any items of compensation that are designated as pension based) for Tier 3. For purposes of calculating the pre-retirement death and disability benefits for Sworn PSO members, except for the service retirement component of such benefits for current Tier 3 members, final average compensation is the equivalent of monthly average salary of the highest continuous 12 months (one year) and includes base salary plus regularly assigned pensionable bonuses or premium pay. For purposes of calculating the service retirement component of the disability benefits for current Tier 3 Sworn PSO members, final average compensation is the equivalent of monthly average salary of the highest continuous 36 months (three years) and is limited to base salary and any items of compensation that are designated as pension based. The IRC Section 401(a)(17) compensation limit applies to all employees who began membership in LACERS after June 30, 1996.

The maximum monthly retirement allowance is 100% of the final average monthly compensation for Tier 1 and Tier 1 Enhanced and is 80% of the final average monthly compensation for Tier 3 (except when the benefit is based solely on the annuity component funded by the member's contributions).

Section 2: GASB 67 Information

The member may elect an unmodified retirement allowance or choose an optional retirement allowance (the unmodified option provides the highest monthly benefit). For Tier 1 and Tier 3, the unmodified option provides a 50% continuance to an eligible surviving spouse or domestic partner. For Tier 1 Enhanced and PSO members, the unmodified option provides an 80% continuance to an eligible surviving spouse or domestic partner for members who retired for a service-connected disability. For Tier 1 Enhanced members, the unmodified option provides a 70% continuance for members who retired for service or for a nonservice-connected disability. For PSO members, the unmodified option provides a 70% continuance for members who retired for a nonservice-connected disability. The optional retirement allowances require a reduction in the unmodified option amount in order to allow the member the ability to provide various benefits to a surviving spouse, domestic partner, or named beneficiary.

LACERS provides annual cost-of-living adjustments (COLAs) to all retirees. The cost-of-living adjustments are made each July 1 based on the percentage change in the annual average Consumer Price Index for the Los Angeles-Long Beach-Anaheim Area - All Items for All Urban Consumers. It is capped at 3.0% for Tier 1 and Tier 1 Enhanced, and at 2.0% for Tier 3.

Tier 1 and Tier 1 Enhanced member benefits

Tier 1 and Tier 1 Enhanced members are eligible to retire for service with a normal retirement benefit once they attain the age of 70, or the age of 60 with 10 or more years of continuous City service, or the age of 55 with 30 or more years of City service. Under the Tier 1 formula, the monthly service retirement allowance at normal retirement age is 2.16% of final average monthly compensation per year of service credit. Under the Tier 1 Enhanced formula, the monthly service retirement allowance at normal retirement age is 2.30% of final average monthly compensation per year of service credit.

Reduced retirement allowances are available for early retirement for Tier 1 and Tier 1 Enhanced members reaching age 55 with 10 or more years of continuous City service, or with 30 or more years of City service at any age. The Tier 1 and Tier 1 Enhanced early retirement reduction factors, for retirement below age 60, are as follows:

Age	Factor	Age	Factor
45	0.6250	53	0.8650
46	0.6550	54	0.8950
47	0.6850	55	0.9250
48	0.7150	56	0.9400
49	0.7450	57	0.9550
50	0.7750	58	0.9700
51	0.8050	59	0.9850
52	0.8350	60	1.0000

Section 2: GASB 67 Information

Tier 1 members are eligible to retire for disability once they have 5 or more years of continuous service. Tier 1 Enhanced members and PSO members are eligible to retire for service-connected disability without a service requirement, and once they have 5 or more years of continuous service for a nonservice-connected disability.

Tier 3 member benefits

Tier 3 members are eligible to retire for service with a normal retirement benefit at 1.50% of final average monthly compensation per year of service credit once they attain the age of 60 with 10 years of service (but with less than 30 years of service), including 5 years of continuous City service, or at 2.00% of final average monthly compensation per year of service credit once they attain the age of 60 with 30 years of service, including 5 years of continuous City service.

Tier 3 members are eligible to retire with an enhanced retirement benefit at 2.00% of final average monthly compensation per year of service credit once they attain the age of 63 with 10 years of service (but with less than 30 years of service), including 5 years of continuous City service, or at 2.10% of final average monthly compensation per year of service credit once they attain the age of 63 with 30 years of service, including 5 years of continuous City service.

Reduced retirement allowances are available for early retirement for Tier 3 members prior to reaching age 60 with 30 years of service, including 5 years of continuous City service. The Tier 3 early retirement reduction factors, for retirement below age 60, are as follows:

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

Tier 3 members are eligible to retire for disability once they have 5 or more years of continuous service.

Contributions

The City of Los Angeles contributes to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Administration. Employer contribution rates are adopted annually based upon recommendations received from LACERS' actuary

Section 2: GASB 67 Information

after the completion of the annual actuarial valuation. The combined employer contribution rate as of June 30, 2025 was 29.92% of compensation.⁸

All members are required to make contributions to LACERS regardless of the tier in which they are included. Currently, all Tier 1 members contribute at 11.0% or 11.5% of compensation, and all Tier 1 Enhanced and Tier 3 members contribute at 11.0% of compensation.

⁸ Based on the June 30, 2023 funding valuation which established funding requirements for fiscal year 2024/2025. The schedule of contributions in Section 2 of this report provides details on how this rate was calculated.

Section 2: GASB 67 Information

Exhibit 1: Net Pension Liability

Line Description	Current Year	Prior Year
Reporting and Measurement Date	June 30, 2025	June 30, 2024
Components of the Net Pension Liability		
Total Pension Liability	\$27,613,228,652	\$26,492,518,234
Plan Fiduciary Net Position	(21,077,644,650)	(19,144,037,018)
Net Pension Liability	\$6,535,584,002	\$7,348,481,216
Plan Fiduciary Net Position as a percentage of the Total Pension Liability ⁹	76.33%	72.26%

The NPL for the Plan in this valuation was measured as of June 30, 2025. The Plan FNP was valued as of the measurement date and the TPL was determined based upon the results of the actuarial valuation as of June 30, 2025.

Plan provisions

The plan provisions used in the measurement of the NPL as of June 30, 2025 are the same as those used in LACERS' actuarial funding valuation as of June 30, 2025. This includes enhanced pre-retirement death and disability benefits for certain Sworn Public Safety Officers (PSO) who choose to remain in LACERS.

We note that 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 are not yet available to us as of the drafting of this report, we have not reflected the financial impact of the transfers in this report.

Actuarial assumptions

The TPL as of June 30, 2025 uses the same actuarial assumptions as the actuarial funding valuation as of June 30, 2025. The actuarial assumptions used in that funding valuation were based on the results of an experience study for the period July 1, 2019 through June 30, 2022. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

⁹ These funded percentages are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligation or the need for or the amount of future contributions.

Section 2: GASB 67 Information

Assumption Type	Assumption
Investment rate of return	7.00%, net of pension plan investment expense and including inflation
Inflation rate	2.50%
“Across-the-board” salary increase	0.50%
Projected salary increases	9.00% to 4.00% The above salary increases vary by service and include inflation and “across-the-board” salary increase.
Cost-of-living adjustments	Tier 1: 2.75% Tier 3: 2.00% For Tier 1 members who have COLA banks, we assume they receive up to 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter.
Other assumptions	See analysis of actuarial experience during the period July 1, 2019 through June 30, 2022.

Detailed information regarding all actuarial assumptions can be found in the June 30, 2025 Actuarial Valuation and Review of Retirement Benefits.

Section 2: GASB 67 Information

Exhibit 2: Discount rate

Determination of discount rate and investment rates of return

The long-term expected rate of return on pension plan investments¹⁰ 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 weighting 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 with June 30, 2023, this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio.

The target allocation (approved by the Board) 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 be subject to change every three years based on the results of an actuarial experience study.

¹⁰ Note that the investment return assumption for funding purposes was developed net of both investment and administrative expenses; however, the same investment return assumption was used for financial reporting purposes, where it is considered gross of administrative expenses. This results in an increase in the margin for adverse deviation when using that investment return assumption for financial reporting.

Section 2: GASB 67 Information

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return ¹¹
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%
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 and 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%	6.27%

¹¹ Arithmetic real rates of return are net of inflation.

Section 2: GASB 67 Information

Discount rate

The discount rate used to measure the TPL 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.¹² 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 Plan FNP 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 TPL as of June 30, 2025.

Discount rate sensitivity

The following presents the NPL of LACERS as of June 30, 2025 calculated using the current discount rate of 7.00%, as well as what LACERS' NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Line Description	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Net Pension Liability	\$10,136,541,721	\$6,535,584,002	\$3,556,723,696

¹² For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included.

Section 2: GASB 67 Information

Exhibit 3: Schedule of changes in Net Pension Liability

Line Description	Current Year	Prior Year
Reporting and Measurement Date	June 30, 2025	June 30, 2024
Total Pension Liability		
Service cost	\$496,465,290	\$461,843,826
Interest	1,842,758,455	1,758,841,808
Change of benefit terms ¹³	295,356	0
Differences between expected and actual experience	108,916,785	242,434,296
Changes of assumptions	0	0
Benefit payments, including refunds of member contributions	(1,327,725,468)	(1,270,138,814)
Net change in Total Pension Liability	\$1,120,710,418	\$1,192,981,116
Total Pension Liability — beginning	26,492,518,234	25,299,537,118
Total Pension Liability — ending	\$27,613,228,652	\$26,492,518,234
Plan Fiduciary Net Position		
Contributions — employer	\$803,985,029	\$714,338,215
Contributions — member	301,884,951	275,717,240
Net investment income ¹⁴	2,198,638,920	1,503,281,316
Benefit payments, including refunds of member contributions	(1,327,725,468)	(1,270,138,814)
Administrative expense	(38,349,252)	(32,453,506)
Other ¹⁵	(4,826,548)	0
Net change in Plan Fiduciary Net Position	\$1,933,607,632	\$1,190,744,451
Plan Fiduciary Net Position — beginning	19,144,037,018	17,953,292,567
Plan Fiduciary Net Position — ending	\$21,077,644,650	\$19,144,037,018
Net Pension Liability — ending	\$6,535,584,002	\$7,348,481,216
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	76.33%	72.26%
Covered payroll ¹⁶	\$2,687,403,814	\$2,460,394,012
Net Pension Liability as percentage of covered payroll	243.19%	298.67%

¹³ Enhanced pre-retirement death and disability benefits for certain Sworn Public Safety Officers (PSO).

¹⁴ Includes building lease and other income.

¹⁵ Prior period adjustment resulting from the implementation of GASB 101 – Compensated Absences, effective fiscal year 2024/2025 (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 67 valuation report).

¹⁶ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GASB 67 Information

Exhibit 4: Schedule of employer contributions

Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll ¹⁷	Contributions as a Percentage of Covered Payroll
2016	\$440,546,011	\$440,546,011	\$0	\$1,876,946,179	23.47%
2017	453,356,059	453,356,059	0	1,973,048,633	22.98%
2018	450,195,254	450,195,254	0	2,057,565,478	21.88%
2019	478,716,953	478,716,953	0	2,108,171,088	22.71%
2020	553,118,173	553,118,173	0	2,271,038,575	24.36%
2021	554,855,906	554,855,906	0	2,276,768,292	24.37%
2022	591,234,354	591,234,354	0	2,155,005,471	27.44%
2023	669,391,196	669,391,196	0	2,307,335,751	29.01%
2024	714,338,215	714,338,215	0	2,460,394,012	29.03%
2025	803,985,029	803,985,029	0	2,687,403,814	29.92%

See accompanying notes to this schedule on next page.

¹⁷ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GASB 67 Information

Methods and assumptions used to establish the actuarially determined contribution for the year ended June 30, 2025

Valuation date

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

Actuarial cost method

Entry Age Cost Method (individual basis)

Amortization method

Level percent of payroll

Remaining 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 ERIP, are amortized over 15 years. Future ERIPs will be amortized over 5 years. Actuarial surplus is amortized over 30 years. The existing layers on 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 years.

Asset valuation method

The actuarial value of assets is equal to the market value (or 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 market value of assets, recognized over a seven-year period. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.

Section 2: GASB 67 Information

Actuarial assumptions

The actuarially determined contribution for the year ended June 30, 2025 is based on the results of LACERS' June 30, 2023 Actuarial Valuation and Review of Retirement Benefits. The actuarial assumptions used in that valuation are as follows:

Assumption Type	Assumptions Used in the June 30, 2023 Valuation
Investment rate of return	7.00%, net of administrative and investment expense, including inflation
Inflation rate	2.50%
"Across-the-board" salary increase	0.50%
Salary increases	9.00% to 4.00% The above salary increases vary by service and include inflation and "across-the-board" salary increase.
Cost-of-living adjustments	Tier 1: 2.75% Tier 3: 2.00% For Tier 1 members who have COLA banks, we assume they receive up to 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter.
Mortality:	Healthy: 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. Disabled: 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.
Other assumptions	Same as those used in the funding actuarial valuation as of June 30, 2023.

Appendix A: Projection of Plan Fiduciary Net Position

Projection of Plan Fiduciary Net Position for use in the Calculation of Discount Rate
as of June 30, 2025 (\$ in millions)

Year Beginning July 1	Beginning Plan Fiduciary Net Position (a)	Total Contributions (b)	Benefit Payments (c)	Administrative Expenses (d)	Investment Earnings (e)	Ending Plan Fiduciary Net Position (a) + (b) – (c) – (d) + (e)
2024	\$19,144	\$1,106	\$1,328	\$38	\$2,194 ¹⁸	\$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 ¹⁹	3,003	71	2,368	35,033
2052	35,033	219 ¹⁹	3,029	70	2,333	34,486
2053	34,486	207 ¹⁹	3,052	69	2,294	33,866
2054	33,866	194 ¹⁹	3,072	68	2,249	33,169
2117	1	0 ^{19,20}	1	0	0	1
2118	1	0 ^{19,20}	0 ²⁰	0	0	0
2119	0	0 ^{19,20}	0 ²⁰	0	0	0
2120	0	0 ^{19,20}	0 ²⁰	0	0	0
2121	0	0 ^{19,20}	0 ²⁰	0	0	0
2122	0	0 ^{19,20}	0 ²⁰	0	0	0
2123	0	0 ^{19,20}	0 ²⁰	0	0	0

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.

¹⁸ Includes prior period adjustment resulting from the implementation of GASB 101 – Compensated Absences, effective fiscal year 2024/2025, of \$(4.8) M.

¹⁹ Mainly attributable to employer contributions to fund each year's annual administrative expenses.

²⁰ Less than \$1 million, when rounded.

Appendix A: Projection of Plan Fiduciary Net Position

Notes

1. Amounts may not total exactly due to rounding.
2. Amounts shown in 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 FNP 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 UAAL, 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 and 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 FNP. The 0.20% was based on the actual fiscal year 2024-2025 administrative expenses as a percentage of the beginning Plan FNP 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 appendix, the Plan FNP 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 TPL as of June 30, 2025 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

Appendix B: Definition of Terms

Definitions of certain terms as they are used in GASB Statement No. 67. The terms may have different meanings in other contexts.

Term	Definition
Active employees	Individuals employed at the end of the reporting or measurement period, as applicable.
Actual contributions	Cash contributions recognized as additions to the Plan Fiduciary Net Position.
Actuarial present value of projected benefit payments	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial valuation	The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarial valuation date	The date as of which an actuarial valuation is performed.
Actuarially determined contribution	A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
Ad hoc cost-of-living adjustments (Ad Hoc COLAs)	Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.
Ad hoc postemployment benefit changes	Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.
Agent employer	An employer whose employees are provided with pensions through an agent multiple-employer defined benefit pension plan.
Agent multiple-employer defined benefit pension plan (agent pension plan)	A multiple-employer defined benefit pension plan in which pension plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
Automatic cost-of-living adjustments (Automatic COLAs)	Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Automatic postemployment benefit changes	Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).

Appendix B: Definition of Terms

Closed period	A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.
Contributions	Additions to the Plan Fiduciary Net Position for amounts from employers, non-employer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources.
Cost-of-living adjustments	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-sharing employer	An employer whose employees are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan.
Cost-sharing multiple employer defined benefit pension plan (Cost-sharing pension plan)	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
Covered payroll	Payroll on which contributions to a pension plan are based.
Deferred retirement option program (DROP)	A program that permits an employee to elect a calculation of benefit payments based on service credits and salary, as applicable, as of the DROP entry date. The employee continues to provide service to the employer and is paid for that service by the employer after the DROP entry date; however, the pensions that would have been paid to the employee (if the employee had retired and not entered the DROP) are credited to an individual employee account within the defined benefit pension plan until the end of the DROP period.
Defined benefit pension plans	Pension plans that are used to provide defined benefit pensions.
Defined benefit pensions	Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of GASB Statement No. 67.)
Defined contribution pension plans	Pension plans that are used to provide defined contribution pensions.
Defined contribution pensions	Pensions having terms that: 1. Provide an individual account for each employee; 2. Define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and 3. Provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.

Appendix B: Definition of Terms

Discount rate	The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following: 1. The actuarial present value of benefit payments projected to be made in future periods in which: a. The amount of the Plan Fiduciary Net Position is projected (under the requirements of GASB Statement No. 67) to be greater than the benefit payments that are projected to be made in that period, and b. Pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments. 2. The actuarial present value of projected benefit payments not included in 1., calculated using the municipal bond rate.
Entry age actuarial cost method	A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.
Inactive employees	Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.
Measurement period	The period between the prior and the current measurement dates.
Multiple-employer defined benefit pension plan	A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
Net Pension Liability (NPL)	The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit pension plan.
Non-employer contributing entities	Entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities.
Other postemployment benefits	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
Pension plans	Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed and benefits are paid as they come due.
Pensions	Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.

Appendix B: Definition of Terms

Plan members	Individuals that are covered under the terms of a pension plan. Plan members generally include: 1. Employees in active service (active plan members), and 2. Terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).
Postemployment	The period after employment.
Postemployment benefit changes	Adjustments to the pension of an inactive employee.
Postemployment healthcare benefits	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.
Projected benefit payments	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.
Public employee retirement system	A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.
Real rate of return	The rate of return on an investment after adjustment to eliminate inflation.
Service costs	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single employer	An employer whose employees are provided with pensions through a single-employer defined benefit pension plan.
Single-employer defined benefit pension plan (Single-employer pension plan)	A defined benefit pension plan that is used to provide pensions to employees of only one employer.
Special funding situations	Circumstances in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either of the following conditions exists: 1. The amount of contributions for which the non-employer entity legally is responsible is not dependent upon one or more events or circumstances unrelated to the pensions. 2. The non-employer entity is the only entity with a legal obligation to make contributions directly to a pension plan.
Termination benefits	Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.
Total Pension Liability (TPL)	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB Statement No. 67.

Los Angeles City Employees' Retirement System

**Governmental Accounting Standards Board
Statement No. 74 (GASB 74) Actuarial Valuation of
Other Postemployment Benefits (OPEB) Measured as of
June 30, 2025**



This valuation report should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plan.

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October 28, 2025

Board of Administration
Los Angeles City Employees' Retirement System
977 N. Broadway
Los Angeles, CA 90012-1728

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards Board Statement No. 74 (GASB 74) Actuarial Valuation of Other Postemployment Benefits (OPEB) Measured as of June 30, 2025 for the Los Angeles City Employees' Retirement System ("LACERS" or "the Plan"). The report summarizes the actuarial data used in the valuation, discloses the Net OPEB Liability (NOL), and analyzes the preceding year's experience.

The actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Board of Administration (the Board). 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 or from vendors employed by LACERS. Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. Segal, however, does review the data for reasonableness and consistency.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: retiree group benefits program experience or rates of return on assets differing from that anticipated by the assumptions; changes in assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in retiree group benefits program provisions or applicable law. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. The scope of the assignment did not include performing an analysis of the potential change of such future measurements except where noted.

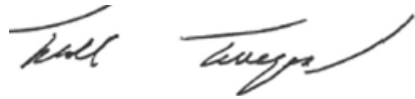
The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, EA and Mehdi Riazi, FSA, MAAA, FCA, EA. We are members of the American Academy of Actuaries, and we collectively meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by LACERS based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of the Los Angeles City Employees' Retirement System and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

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.

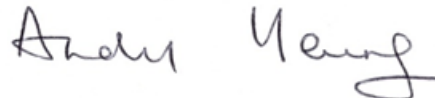
We look forward to reviewing this report with you and answering any questions.

Sincerely,

Segal



Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary



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



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



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Senior Actuary

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report presents the results of our actuarial valuation of the LACERS Other Postemployment Benefits (OPEB) plan as of June 30, 2025, required by Governmental Accounting Standards Board (GASB) Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. This valuation is based on:

- The benefit provisions of the OPEB Plan, as administered by the Board of Administration;
- The characteristics of covered active members, inactive vested members, and retired members and surviving spouses as of June 30, 2025, provided by LACERS;
- The assets of the Plan as of June 30, 2025, provided by LACERS;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other (health and non-health) actuarial assumptions regarding employee terminations, retirement, death, health care trend and enrollment, etc. that the Board has adopted for the June 30, 2025 valuation.

General observations on GASB 74 Actuarial Valuation

1. The Governmental Accounting Standards Board (GASB) rules only define OPEB liability and expense for financial reporting purposes, and do not apply to contribution amounts for OPEB funding purposes. Employers and plans should continue to develop and adopt funding policies under current practices.
2. When measuring OPEB liability, GASB uses the same actuarial cost method (Entry Age) and, for benefits that are being fully funded on an actuarial basis, the same expected return on Plan assets as used for funding. This means that the Total OPEB Liability (TOL) measure for financial reporting shown in this report is determined on the same basis as the Actuarial Accrued Liability (AAL) measure for funding. We note that the same is true for the Normal Cost component of the annual plan cost for funding and financial reporting.
3. The Net OPEB Liability (NOL) is equal to the difference between the TOL and the Plan Fiduciary Net Position. The Plan Fiduciary Net Position is equal to the market value of assets and therefore, the NOL measure is the same as the Unfunded Actuarial Accrued Liability (UAAL) calculated on a market value basis. The NOL reflects all investment gains and losses as of the measurement date. This is different from the UAAL calculated on an actuarial value of assets basis in the funding valuation that reflects investment gains and losses over a seven-year period.

Section 1: Actuarial Valuation Summary

Highlights of the valuation

1. The NOLs measured as of June 30, 2025 and 2024 have been determined from the actuarial valuations as of June 30, 2025 and June 30, 2024, respectively.
2. The NOL decreased from a surplus of (\$226.0) million as of June 30, 2024 to a surplus of (\$318.3) million as of June 30, 2025. The improved surplus position was mainly due to the investment gain from actual returns of 12.73%, which exceeded the 7.00% assumed rate by 5.73% or \$217.4 million. These reductions in NOL were partially offset by the impact of the new Part B Medicare premium trend assumptions and updated initial year healthcare costs, which combined to increase the TOL by 3.13% or \$117.4 million.
3. The investment return calculated for the OPEB Plan was 12.73% (net of investment expenses only). This is higher than the 11.35% investment return calculated for the Retirement Plan.¹ Both of these returns have been calculated by Segal on a dollar-weighted basis taking into account the beginning of year assets, contributions, and benefit cash flows made during the year. In backing into a rate of return using actual investment income and investment expense as provided by LACERS, we sometimes could come up with a different return for the two Plans if: (a) the timing of the actual cash flows (especially the benefit payments) are different from what we assumed and/or (b) the actual income and expense allocated are different when compared to the proportion of the assets in the two Plans.
4. The discount rates used in the valuations for financial disclosure purposes as of June 30, 2025 and 2024 are the assumed investment returns on Plan assets (i.e. 7.00% for the funding valuations as of the same dates). As contributions that are required to be made by the City to amortize the Unfunded Actuarial Accrued Liability in the funding valuation are determined on an actuarial basis, the future Actuarially Determined Contributions and current Plan assets, when projected in accordance with the method prescribed by GASB 74, are expected to be sufficient to make all benefit payments to current members.

¹ We note that for the June 30, 2024 valuation, the investment return calculated for the OPEB Plan was 9.09% while the investment return calculated for the Retirement Plan was 8.29%.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Valuation Result	Current	Prior
Measurement date	June 30, 2025	June 30, 2024
Disclosure elements for fiscal year ending June 30:		
• Service cost at beginning of year ²	\$105,747,585	\$96,467,041
• Total OPEB Liability	3,868,232,808	3,570,147,657
• Plan Fiduciary Net Position (Assets)	4,186,549,919	3,796,164,817
• Net OPEB Liability	(318,317,111)	(226,017,160)
• Plan Fiduciary Net Position as a percentage of Total OPEB Liability	108.23%	106.33%
Schedule of contributions for fiscal year ending June 30:		
• Actuarially Determined Contributions	\$90,168,079	\$97,093,393
• Actual contributions	90,168,079	97,093,393
• Contribution deficiency/(excess)	0	0
• Benefit payments	171,082,823	155,101,696
Demographic data		
• Retired members or beneficiaries currently receiving benefits ³	18,004	17,909
• Vested terminated members entitled to but not yet receiving benefits	1,623	1,651
• Retired members and surviving spouses entitled but not yet eligible for health benefits	108	113
• Active members	27,000	26,782
Key assumptions		
• Discount rate	7.00%	7.00%
• Health care premium trend rates		

² The service cost is based on the previous year's valuation, meaning the June 30, 2025 and 2024 values are based on the valuations as of June 30, 2024 and June 30, 2023, respectively.

³ The total number of participants, including married dependents, receiving benefits is 23,846 as of June 30, 2025 and 23,769 as of June 30, 2024.

Section 1: Actuarial Valuation Summary

Valuation Result	Current	Prior
• Non-Medicare medical plan	Actual premium increase in first year, then graded from 7.12% to ultimate 4.50% over 11 years	Actual premium increase in first year, then graded from 7.37% to ultimate 4.50% over 12 years
• Medicare medical plan	Actual premium increase in first year, then graded from 6.87% to ultimate 4.50% over 10 years	Actual premium increase in first year, then 3.76% and then graded from 6.87% to ultimate 4.50% over 10 years
• Dental/Vision	Actual premium increase in first year, then 3.00%	Actual premium increase in first year, then 3.00%
• Medicare Part B	Actual premium increase in the first year then 6.75% for the following 8 years, then graded down to ultimate 4.50%	Actual premium increase in the first year then 6.20% for the following 9 years, then graded down to ultimate 4.50%

Note to footnote 2 from prior page

The June 30, 2024 service cost has been calculated using the following assumptions as of June 30, 2023:

- Discount Rate: 7.00%
- Health care premium trend rates
 - Non-Medicare medical plan Actual premium increase in first year, then graded from 7.12% to ultimate 4.50% over 11 years
 - Medicare medical plan Actual premium increase in first year, then graded from 6.37% to ultimate 4.50% over 8 years
 - Dental/Vision Actual premium increase in first year, then 3.00%
 - Medicare Part B Actual premium increase in first year, then 4.50%

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a tool to measure future uncertain obligations of a postretirement health plan. As such, it will never forecast the precise future stream of benefit payments. It is an estimated forecast – the actual cost of the plan will be determined by the benefits and expenses paid, not by the actuarial valuation.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. For example, a plan may provide health benefits to post-65 retirees that coordinates with Medicare. If so, changes in the Medicare law or administration may change the plan's costs without any change in the terms of the plan itself. It is important for LACERS to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by LACERS. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is not necessary to have perfect data for an actuarial valuation: the valuation is an estimated forecast, not a prediction. The uncertainties in other factors are such that even perfect data does not produce a "perfect" result. Notwithstanding the above, it is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	This valuation is based on the market value of assets as of the measurement date, as provided by LACERS.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. To determine the future costs of benefits, Segal collects claims, premiums, and enrollment data in order to establish a baseline cost for the valuation measurement, and then develops short- and long-term health care cost trend rates to project increases in costs in future years. This forecast also requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year, as well as forecasts of the plan's benefits for each of those events. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets or, if there are no assets, a rate of return based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions the actuary selects within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model necessarily uses approximations and estimates that may lead to significant changes in our results but will have no impact on the actual cost of the plan. In addition, the actuarial assumptions may change over time, and while this can have a

Section 1: Actuarial Valuation Summary

Input Item	Description
	significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.
Models	Segal valuation results are based on proprietary actuarial modeling software. The valuation models generate a comprehensive set of liability and cost calculations that are presented to meet accounting standards and client requirements. Our Actuarial Technology and Systems unit, comprising both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary. The blended discount rate used for calculating Total OPEB Liability is based on a model developed by our Actuarial Technology and Systems unit. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The projection of Fiduciary Net Position and the discounting of benefits is part of the model. Our claims costs assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate per capita claims cost calculations that are used in our valuation software. Our Health Technical Services Unit, comprised of actuaries and programmers, is responsible for the initial development and maintenance of our health models. They are also responsible for testing models that we purchase from other vendors for reasonableness. The client team inputs the paid claims, enrollments, plan provisions and assumptions into these models and reviews the results for reasonableness, under the supervision of the responsible actuary.

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared for use by LACERS. It includes information for compliance with accounting standards and for the plan's auditor. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- If LACERS is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- An actuarial valuation is a measurement at a specific date – it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- Sections of this report include actuarial results that are not rounded, but that does not imply precision.

Section 1: Actuarial Valuation Summary

- Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, health care trend, and investment losses, not just the current valuation results.
- Segal does not provide investment, legal, accounting, or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by LACERS upon delivery and review. LACERS should notify Segal immediately of any questions or concerns about the final content.

Section 2: GASB 74 Information

General information about the OPEB plan

Plan administration. The Los Angeles City Employees' Retirement System (LACERS) was established by City Charter in 1937. LACERS is a single employer public employee retirement system whose main function is to provide retirement benefits to the civilian employees of the City of Los Angeles.

Under the provisions of the City Charter, the Board of Administration (the "Board") has the responsibility and authority to administer the Plan and to invest its assets. The Board members serve as trustees and must act in the exclusive interest of the Plan's members and surviving spouses. 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 Council;
- Two members shall be active employee members of the System elected by the active employee members;
- One shall be a retired member of the System elected by the retired members of the System.

Plan membership. At June 30, 2025, Plan membership consisted of the following:

Membership	Count
Retired members or beneficiaries currently receiving benefits ⁴	18,004
Vested terminated members entitled to but not yet receiving benefits	1,623
Retired members and surviving spouses entitled but not yet eligible for health benefits	108
Active members	27,000
Total	46,735

Benefits provided. LACERS provides benefits to eligible employees under the following terms and conditions.

⁴ The total number of participants, including married dependents, receiving benefits is 23,846.

Section 2: GASB 74 Information

Membership Eligibility:

Tier 1 (§4.1002(a))

All employees who became members of the System before July 1, 2013, and certain employees who became members of the System on or after July 1, 2013. In addition, pursuant to Ordinance No. 184134, all Tier 2 employees who became members of the System between July 1, 2013 and February 21, 2016 were transferred to Tier 1 effective February 21, 2016.

Tier 3 (§4.1080.2(a))

All employees who became members of the System 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. Please note that 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))

The System will pay 4% of the maximum health subsidy (limited to actual premium) for each year of Service Credit, up to 100% of the maximum health subsidy. As of July 1, 2025, the maximum health subsidy is \$2,318.58 per month 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))

Section 2: GASB 74 Information

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	Vested Percentage
10 – 14	75%
15 – 19	90%
20+	100%

Subsidy Cap for 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 4.00% or 4.50% of employee contributions to the Pension Plan.

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.

Dental Subsidy for Members:

Tier 1 (§4.1111(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.

Dependents:

Tier 1 (§4.1111(e)(4)) and Tier 3 (§4.1126(d)(4))

Section 2: GASB 74 Information

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.

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.

Surviving Spouse Medical Subsidy:

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 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 as of July 1, 2025 and will be \$1,161.91 per month as of January 1, 2026).

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	Vested Percentage
10 – 14	75%
15 – 19	90%
20+	100%

Section 2: GASB 74 Information

Note that a new Tier 1 Enhanced Plan providing a higher retirement benefit was adopted pursuant to Ordinance No. 184853. However, other than Segal applying higher retirement rate assumptions to anticipate somewhat earlier retirement, there are no differences between the retiree health benefits paid by LACERS to those members.

Section 2: GASB 74 Information

Exhibit A: Net OPEB Liability

Components of the Net OPEB Liability	Current	Prior
Measurement date	June 30, 2025	June 30, 2024
Total OPEB Liability	\$3,868,232,808	\$3,570,147,657
Plan Fiduciary Net Position	4,186,549,919	3,796,164,817
Net OPEB Liability	(318,317,111)	(226,017,160)
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	108.23%	106.33%

The NOL was measured as of June 30, 2025 and 2024. The Plan Fiduciary Net Position (plan assets) was valued as of the measurement dates, and the TOL was determined from actuarial valuations using data as of June 30, 2025 and 2024, respectively.

Actuarial assumptions. The TOL was measured by an actuarial valuation as of June 30, 2025. The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an experience study for the period from July 1, 2019 through June 30, 2022, dated June 21, 2023, and retiree health assumptions letter dated September 16, 2025. They are the same as the assumptions used in the June 30, 2025 funding actuarial valuation for LACERS. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Assumption Type	Assumption
Inflation	2.50%
Salary increases	Ranges from 9.00% to 4.00% based on years of service, including inflation
Investment rate of return	7.00%, net of OPEB plan investment expense and including inflation
Health care cost trend rates	
• Non-Medicare medical plan	Actual premium increase in first year, then graded from 7.12% to ultimate 4.50% over 11 years
• Medicare medical plan	Actual premium increase in first year, then graded from 6.87% to ultimate 4.50% over 10 years
• Dental, administrative costs	Actual premium increase in first year, then 3.00%
• Medicare Part B	Actual premium increase in the first year then 6.75% for the following 8 years, then graded down to ultimate 4.50%
Other assumptions	Same as those used in the June 30, 2025 funding valuation

Section 2: GASB 74 Information

Exhibit B: Determination of discount rate and investment rates of return

The long-term expected rate of return on 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 weighting 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 with 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.

Section 2: GASB 74 Information

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return ⁵
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%
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 and 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%	6.27%

Discount rate. The discount rates used to measure the TOL was 7.00% as of June 30, 2025 and June 30, 2024. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that 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, as well as projected contributions from future plan members, are not included. Based on those assumptions, the OPEB Plan Fiduciary Net Position (FNP) 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 TOL as of both June 30, 2025 and June 30, 2024.

⁵ Arithmetic real rates of return are net of inflation.

Section 2: GASB 74 Information

Exhibit C: Discount rate and trend sensitivity

The following presents the NOL of LACERS as well as what LACERS' NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate. Also, shown is the NOL as if it were calculated using health care cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current health care trend rates.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability (Asset) as of June 30, 2025	\$208,185,880	\$(318,317,111)	\$(752,663,080)

Item	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates ⁶	1% Increase in Health Care Cost Trend Rates
Net OPEB Liability (Asset) as of June 30, 2025	\$(794,534,155)	\$(318,317,111)	\$271,750,855

⁶ Current trend rates: Actual premium increase in first year, then graded from 7.12% to ultimate 4.50% over 11 years for Non-Medicare medical plan costs and actual premium increase in first year, then graded from 6.87% to ultimate 4.50% over 10 years for Medicare medical plan costs. Actual premium increase in 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 ultimate 4.50% for Medicare Part B subsidy cost.

Section 2: GASB 74 Information

Exhibit D: Schedule of changes in Net OPEB Liability – last two fiscal years

Components of the Net OPEB Liability	Current June 30, 2025	Prior June 30, 2024
Measurement date		
Total OPEB Liability		
Service cost ⁷	\$105,747,585	\$96,467,041
Interest	251,426,042	239,772,144
Change of benefit terms	0	0
Differences between expected and actual experience	(5,448,386)	(38,374,265)
Changes of assumptions	117,442,733	22,295,905
Benefit payments, including refunds of member contributions	(171,082,823)	(155,101,696)
Net change in Total OPEB Liability	\$298,085,151	\$165,059,129
Total OPEB Liability – beginning	3,570,147,657	3,405,088,528
Total OPEB Liability – ending	\$3,868,232,808	\$3,570,147,657
Plan Fiduciary Net Position		
Contributions – employer	\$90,168,079	\$97,093,393
Contributions – employee	0	0
Net investment income ⁸	482,746,505	322,657,796
Benefit payments, including refunds of member contributions	(171,082,823)	(155,101,696)
Administrative expense	(10,321,965)	(8,870,788)
Other ⁹	(1,124,694)	0
Net change in Plan Fiduciary Net Position	\$390,385,102	\$255,778,705
Plan Fiduciary Net Position – beginning	3,796,164,817	3,540,386,112
Plan Fiduciary Net Position – ending	\$4,186,549,919	\$3,796,164,817
Net OPEB Liability		
Net OPEB Liability – ending	\$(318,317,111)	\$(226,017,160)
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	108.23%	106.33%
Covered payroll ¹⁰	\$2,687,403,814	\$2,460,394,012
Plan Net OPEB Liability as percentage of covered payroll	-11.84%	-9.19%

⁷ The service cost is based on the previous year's valuation, meaning the June 30, 2025 and 2024 values are based on the valuations as of June 30, 2024 and June 30, 2023, respectively.

⁸ Includes building lease and other income.

⁹ Adjustment to beginning of year assets.

¹⁰ Covered payroll is the payroll on which contributions to an OPEB plan are based.

Section 2: GASB 74 Information

Notes to Schedule:

Benefit changes:

- None

Assumptions changes:

- The trend assumptions applicable to future Medicare Part B premiums were updated. This change increased the TOL.
- The initial year healthcare costs and maximum subsidies were updated. This change increased the TOL.

Section 2: GASB 74 Information

Exhibit E: Schedule of employer contributions – last ten fiscal years

Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$105,983,112	\$105,983,112	\$0	\$1,876,946,179	5.65%
2017	97,457,455	97,457,455	0	1,973,048,633	4.94%
2018	100,909,010	100,909,010	0	2,057,565,478	4.90%
2019	107,926,949	107,926,949	0	2,108,171,088	5.12%
2020	112,136,429	112,136,429	0	2,271,038,575	4.94%
2021	103,454,114	103,454,114	0	2,276,768,292	4.54%
2022	91,622,720	91,622,720	0	2,155,005,471	4.25%
2023	90,580,892	90,580,892	0	2,307,335,751	3.93%
2024	97,093,393	97,093,393	0	2,460,394,012	3.95%
2025	90,168,079	90,168,079	0	2,687,403,814	3.36%

See accompanying notes to this schedule on next page.

Section 2: GASB 74 Information

Methods and assumptions used to establish the actuarially determined contribution for year ended June 30, 2025

Valuation date

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

Actuarial cost method

Entry Age Cost Method (individual basis)

Amortization method

Level percent of payroll

Remaining 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

Market value of assets less unrecognized returns in each of the last seven years. 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. The actuarial value of assets cannot be less than 60% or greater than 140% of the market value of assets.

Section 2: GASB 74 Information

Actuarial assumptions

The actuarially determined contribution for the year ended June 30, 2025 is based on the results of LACERS' June 30, 2023 Actuarial Valuation of Other Postemployment Benefits.

Assumption Type	Assumptions Used in the June 30, 2023 Valuation
Investment rate of return	7.00%, net of administrative and investment expenses, including inflation
Inflation rate	2.50%
Real across-the-board salary increase	0.50%
Projected salary increases ¹¹	Ranges from 9.00% to 4.00% based on years of service, including inflation
Healthcare cost trend rates	
Non-Medicare medical plan	Actual premium increase in first year and then 7.12% graded to ultimate 4.50% over 11 years
Medicare medical plan	Actual premium increase in first year and then 6.37% graded to ultimate 4.50% over 8 years
Dental/Vision	Actual premium increase in first year, then 3.00%
Medicare Part B	Actual premium increase in first year, then 4.50%
Other assumptions	Same as those used in the June 30, 2023 funding valuation

¹¹ Includes inflation at 2.50% plus across the board salary increases of 0.50% plus merit and promotional increases.

Appendix A: Projection of Plan Fiduciary Net Position

Projection of OPEB Plan Fiduciary Net Position for use in the Calculation of Discount Rate
as of June 30, 2025 (\$ in millions)

Year Beginning July 1	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Beginning Plan Fiduciary Net Position (f) = (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 ¹²	217	32	826	12,493
2089	12,493	0 ¹²	198	34	866	13,128
2090	13,128	0 ¹²	179	36	911	13,825

¹² Mainly attributable to employer contributions to fund each year's annual administrative expenses.

Appendix A: Projection of Plan Fiduciary Net Position

Year Beginning July 1	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Beginning Plan Fiduciary Net Position (f) = (a) + (b) – (c) – (d) + (e)
2091	13,825	0 ¹³	160	38	961	14,588
2092	14,588	0 ¹³	142	40	1,015	15,421
2108	39,418	0 ¹³	4	107	2,755	42,062
2109	42,062	0 ¹³	3	114	2,940	44,886
2110	44,886	0 ¹³	2	122	3,138	47,899
2111	47,899	0 ¹³	1	130	3,348	51,116
2112	51,116	0 ¹³	1	139	3,573	54,550
2113	54,550	0 ¹³	0	148	3,813	58,214
2114	58,214	0 ¹³	0	158	4,069	62,125
2115	62,125	0 ¹³	0	169	4,343	66,299
2116	66,299	0 ¹³	0	180	4,635	70,753
2117	70,753	0 ¹³	0	192	4,946	75,507
2118	75,507	0 ¹³	0	205	5,278	80,580
2119	80,580	0 ¹³	0	219	5,633	85,994
2120	85,994	0 ¹³	0	234	6,011	91,771
2121	91,771	0 ¹³	0	250	6,415	97,937
2122	97,937	0 ¹³	0	266	6,846	104,517
2123	104,517	0 ¹³	0	284	7,306	111,539
2124	\$111,539 ¹⁴					
2124	Discounted: \$138					

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.

¹³ Mainly attributable to employer contributions to fund each year's annual administrative expenses.

¹⁴ \$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.

Appendix A: Projection of Plan Fiduciary Net Position

Notes

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 Plan's Fiduciary Net Position amounts shown have been adjusted for the time value of money.
5. **Column (b):** Projected total contributions include employee 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 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 Plan's Fiduciary Net Position amount. The 0.25% portion was based on the actual fiscal year 2024 - 2025 administrative expenses as a percentage of the beginning Plan's 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 Exhibit, the Plan's 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 49 of GASB Statement No. 74.

Appendix B: Definition of Terms

Definitions of certain terms as they are used in Statement No. 75. The terms may have different meanings in other contexts.

Term	Definition
Actuarially Determined Contribution:	A target or recommended contribution to an OPEB plan for the reporting period based on the most recent measurement available.
Assumptions or actuarial assumptions:	The estimates on which the cost of the Plan is calculated including: a. Investment return — the rate of investment yield that the Plan will earn over the long-term future; b. Mortality rates — the death rates of employees and retirees; life expectancy is based on these rates; c. Retirement rates — the rate or probability of retirement at a given age; d. Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.
Covered payroll:	The payroll of the employees that are provided OPEB benefits.
Discount rate:	The single rate of return, that when applied to all projected benefit payments results in an actuarial present value that is the sum of the following: a. the actuarial present value of projected benefit payments projected to be funded by plan assets using a long term rate of return, and b. the actuarial present value of projected benefit payments that are not included in (a) using a yield or index rate for 20 year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
Entry age actuarial cost method:	An actuarial cost method where the present value of the projected benefits for an individual is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age.
Health care cost trend rates:	The rate of change in per capita health costs over time.
Net OPEB Liability:	The Total OPEB Liability less the Plan Fiduciary Net Position.
Plan Fiduciary Net Position:	Fair Value of Assets
Real rate of return:	The rate of return on an investment after removing inflation.
Service cost:	The amount of contributions required to fund the benefit allocated to the current year of service.
Total OPEB Liability:	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement No. 75.
Valuation date:	The date at which the actuarial valuation is performed.

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