



2025

POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2025

Our Popular Annual Financial Report is a summary of the Los Angeles City Employees' Retirement System's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025

Interactive presentation and publication available online at www.lacers.org/financial-reports-and-statistics

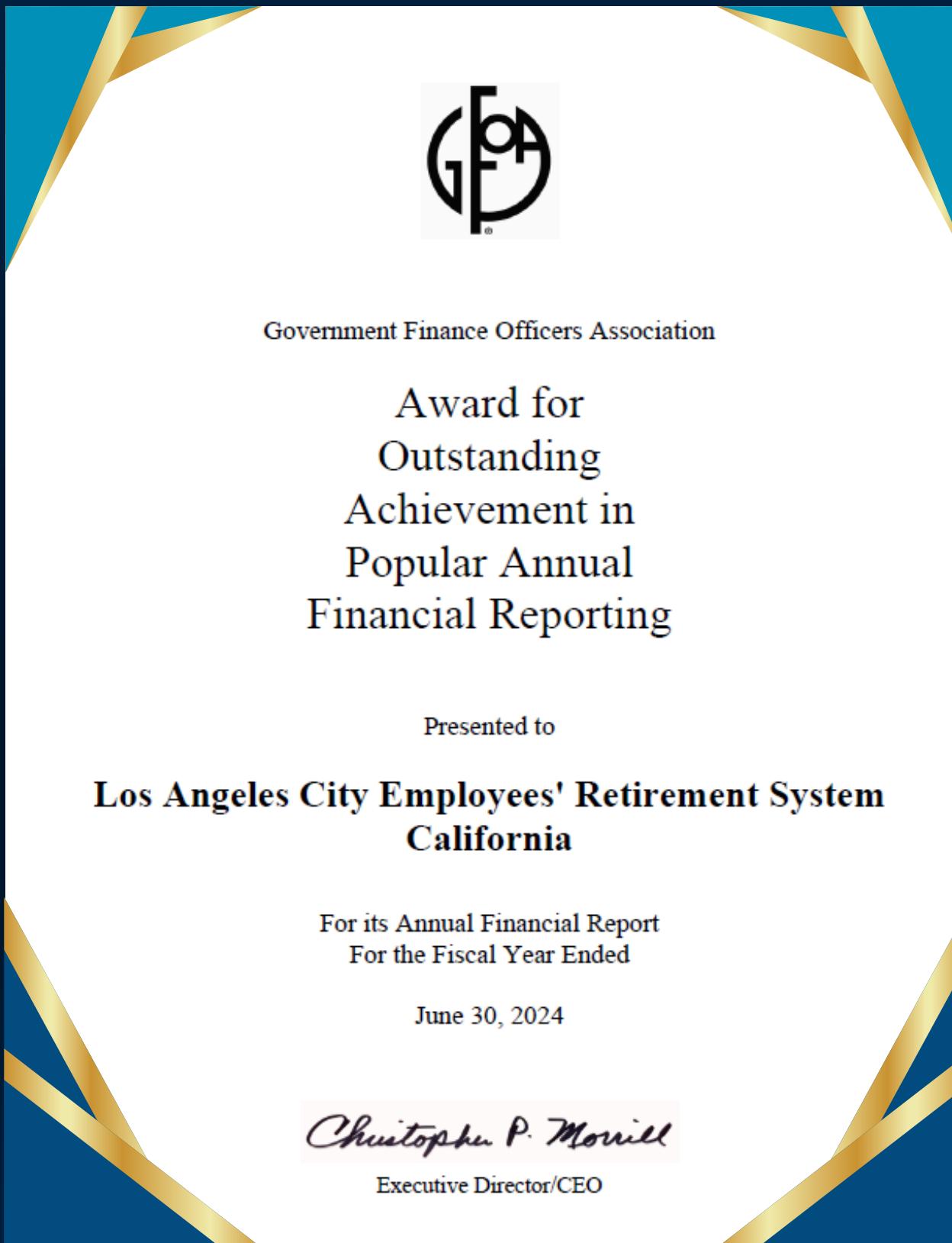
Explore LACERS' Annual Comprehensive Financial Report data since Fiscal Year Ended 1990

<https://www.lacers.org/lacerstats>



LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
A COMPONENT UNIT OF THE CITY OF LOS ANGELES

ABOUT POPULAR ANNUAL FINANCIAL REPORTING



The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Los Angeles City Employees' Retirement System for its Popular Annual Financial Report for the Fiscal Year Ended June 30, 2024. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only.

Los Angeles City Employees' Retirement System has received a Popular Award for the last six consecutive years (fiscal years ended 2019-2024). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.

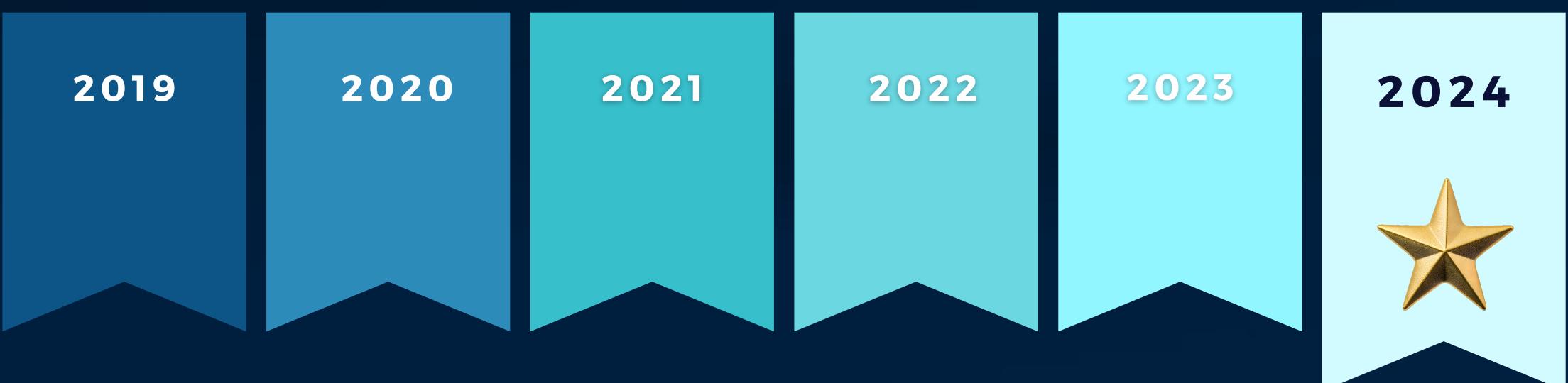


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MESSAGE FROM THE GENERAL MANAGER

It is with great gratitude that I introduce myself as the new General Manager of the Los Angeles City Employees' Retirement System. Becoming the General Manager of LACERS is a privilege and a responsibility that I carry with deep purpose – to protect and strengthen the retirement and health benefits that our Members depend on.

This year, we have accomplished so much together. We've advanced our Plan focused on improving the member experience, streamlining processes, and modernizing our systems.

Financially, LACERS remains strong. Through disciplined, diversified investments and careful stewardship, we continue to grow the fund responsibly and safeguard the financial security of every member.

Our fiduciary net position grew to \$25.4 billion, a 10.2% increase from the previous year, driven by robust investment returns through disciplined, diversified investments and careful stewardship. The Retirement Plan's funded ratio improved to 76.3% and the Postemployment Health Care Plan remains well-funded at 108.2%.

As we look ahead to 2026, I am excited to continue building on this momentum. We will focus on expanding digital tools that make our services more efficient and accessible, while ensuring that every member continues to receive the personal care and support they deserve. Our goal is to expand choice – not limit it – so whether you prefer to call, click, or come in, you will always receive the same dedicated service.

I want to thank the LACERS Board of Administration for their confidence, and Mayor Karen Bass for her support of my nomination. Most importantly, I want to thank our staff for their hard work and commitment to excellence every single day. Together, we will continue to make LACERS a trusted and forward-looking institution for generations to come.



TODD BOUEY
General Manager

ABOUT LACERS



MISSION

Provide retirement and healthcare benefits to all Members by securing and growing the trust fund



VISION

A forward-thinking organization and industry leader in financial strength and service excellence to our Members



GUIDING PRINCIPLES

- Innovation
- Kindness
- Professionalism
- Respect
- Teamwork



88 YEARS OF SECURING YOUR TOMORROWS

In 1937, the Los Angeles City Charter established the Los Angeles City Employees' Retirement System (LACERS) as a retirement trust fund for the purpose of providing the civilian employees of the City of Los Angeles, a defined benefit retirement plan inclusive of service retirements, disability retirements, and survivor benefits. In 1999, LACERS began administering the retiree health insurance program. All regular, full-time, and certified part-time City employees are eligible for LACERS membership except employees of the Department of Water and Power, and sworn personnel who are members of the Los Angeles Fire and Police Pensions. Our fiduciary duty to our Members ensures we prudently manage the pension fund portfolio to offset payment costs of the pension benefits and retiree health care premiums of our Members.

\$4,932

AVERAGE MONTHLY BENEFIT

Change from 2016: +39.6%

60.8

AVERAGE AGE AT RETIREMENT

Change from 2016: +1.0%

72.8

AVERAGE AGE OF RETIREE

Change from 2016: +1.3%

62,180

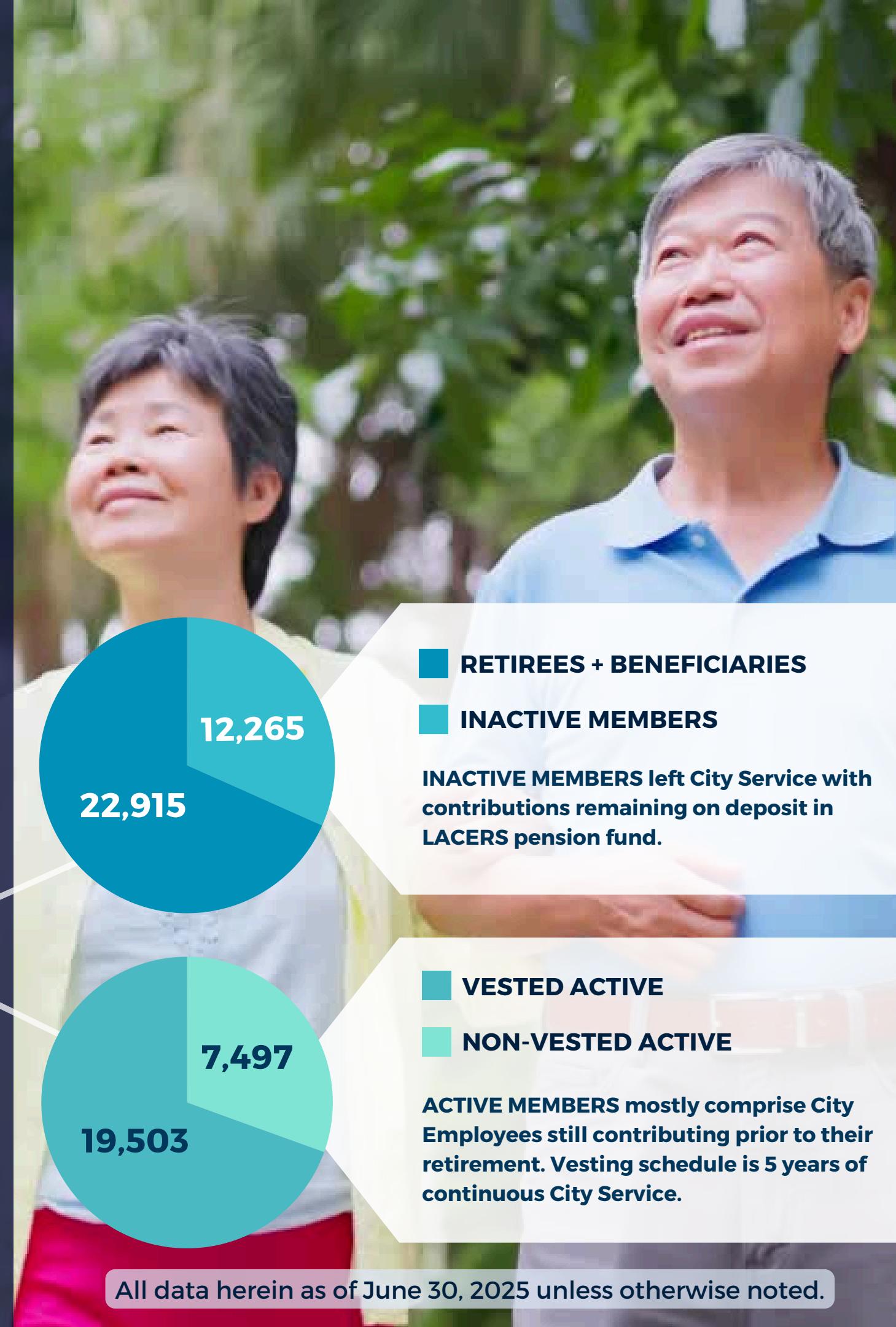
TOTAL MEMBERSHIP

Change from 2016: +25.1%

\$306.8

MILLION IN MEMBER CONTRIBUTIONS

Change from 2016: +45.2%



ABOUT OUR MEMBERSHIP **LACERS**



In FY25, LACERS advanced its Strategic Plan through the execution of several key Business Plan Initiatives aligning with LACERS' seven strategic goals.

Some highlights of LACERS' recent accomplishments include:

- The successful implementation of a virtual appointment system to improve Member service delivery
- Launched a new group counseling model for future retirees enabling better service and information access for all
- Modernization of data and reporting systems
- Facilitation of the implementation of Measure FF, the City Charter amendment allowing certain peace officers to transfer their pension plan to the Los Angeles Fire and Police Pension (LAFPP) plan
- Continued development of the business continuity plan to strengthen organizational resilience



FIDUCIARY NET POSITION

HOW WAS LACERS FUNDED IN 2025?



The Fiduciary Net Position is the financial position of the System's Retirement and Postemployment Health Care Plans at fiscal year end, documenting the difference between the System's Assets (what is owned) and Liabilities (what is owed).

\$ 25,375,318,626
FIDUCIARY NET POSITION

\$ 2,340,071,271
NET INCREASE WITHIN THE YEAR



83.5%
RETIREMENT
16.5%
HEALTH

ALLOCATION
The total Fiduciary Net Position is allocated between the Retirement Plan and the Postemployment Health Care Plan.



FIDUCIARY NET POSITION

During the fiscal year 2025, the System's fiduciary net position increased by \$2.3 billion, or 10.2%, mainly due to appreciation in the fair value of investments from higher investment returns and increased contributions to cover increased benefit payments and associated costs.

\$ 25,375,319,626

ADDITIONS AND DEDUCTIONS (Dollars in Thousands)	2025	2024	2023	% Change 2025-2024	% Change 2024-2023
BEGINNING NET POSITION , as previously reported	\$ 23,041,225	\$ 21,589,265	\$ 20,454,104	6.7%	5.5%
Implementation of GASB No. 101	(5,978)	(4,287)	-	-	-
BEGINNING NET POSITION , as restated	\$ 23,035,247	\$ 21,584,978	\$ 20,454,104	6.7%	5.5%
ADDITIONS					
City Contributions	\$ 894,188	\$ 811,483	\$ 760,019	10.2%	6.8%
Member Contributions	306,765	279,636	259,977	9.7%	7.6%
Insurance Premium & Reserve	14,210	15,059	14,232	(5.6%)	5.8%
Net Investment Income	2,689,052	1,830,454	1,533,998	46.9%	19.3%
Other Income	47	42	101	11.9%	(58.4%)
TOTAL ADDITIONS	\$ 3,904,262	\$ 2,936,674	\$ 2,568,327	32.9%	14.3%
DEDUCTIONS					
Benefit Payments	\$ 1,503,999	\$ 1,433,401	\$ 1,385,477	4.9%	3.5%
Contribution Refunds	15,767	13,602	14,397	15.9%	(5.5%)
Administrative Expenses	44,424	39,402	33,292	12.7%	18.4%
TOTAL DEDUCTIONS	\$ 1,564,190	\$ 1,486,405	\$ 1,433,166	5.2%	3.7%
NET INCREASE WITHIN YEAR	\$ 2,340,072	\$ 1,450,269	\$ 1,135,161	61.4%	27.8%
ENDING NET POSITION	\$ 25,375,319	\$ 23,035,247	\$ 21,589,265	10.2%	6.7%

ASSETS, LIABILITIES, AND DEFERRED INFLOW

2025 RETIREMENT AND HEALTH PLANS

(Dollars in Thousands)

	2025 RETIREMENT	2025 HEALTH	2025 TOTAL
ASSETS			
Cash, Short-term Investments & Receivables	\$ 667,835	\$ 131,952	\$ 799,787
Investments, at Fair Value	20,807,076	4,111,135	24,918,211
Capital Assets, Net of Depreciation & Amortization	47,104	9,306	56,410
TOTAL ASSETS	\$ 21,522,015	\$ 4,252,393	\$ 25,774,408
LIABILITIES			
Securities Lending Collateral & Other Payables	\$ 332,673	\$ 65,730	\$ 398,403
DEFERRED INFLOW	\$ 573	\$ 113	\$ 686
FIDUCIARY NET POSITION	\$ 21,188,769	\$ 4,186,550	\$ 25,375,319

ASSETS, LIABILITIES, AND DEFERRED INFLOW

THREE YEAR COMPARISON COMBINED PLANS

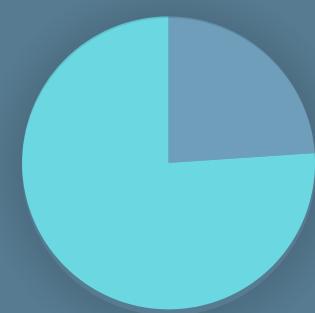
(Dollars in Thousands)

	2025	2024	2023
ASSETS			
Cash, Short-term Investments & Receivables	\$ 799,787	\$ 764,882	\$ 623,653
Investments, at Fair Value	24,918,211	22,674,039	21,363,996
Capital Assets, Net of Depreciation & Amortization	56,410	58,342	60,727
TOTAL ASSETS	\$ 25,774,408	\$ 23,497,263	\$ 22,048,376
LIABILITIES			
Securities Lending Collateral & Other Payables	\$ 398,403	\$ 455,315	\$ 458,350
DEFERRED INFLOW	\$ 686	\$ 723	\$ 761
FIDUCIARY NET POSITION	\$ 25,375,319	\$ 23,041,225	\$ 21,589,265

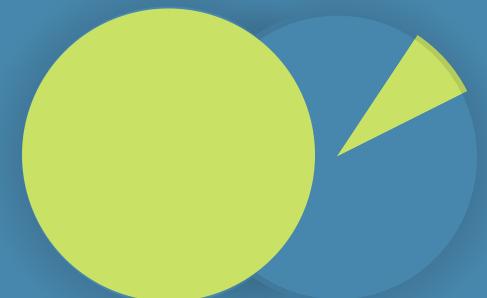
FUNDED STATUS



FIVE YEARS OF COMBINED PLAN FUNDED STATUS



76.3%
RETIREMENT PLAN
FUNDED STATUS



108.2%
HEALTH PLAN
FUNDED STATUS

ABOUT THE RETIREMENT PLAN

LACERS administers a defined benefit pension plan that provides for service and disability retirement benefits, as well as death benefits. The Retirement Plan covers all civilian and certain segments of sworn employees of the City who are not covered by other City retirement agencies. Plan Members have a vested right to their own contributions and accumulated interest posted to their accounts.

ABOUT THE HEALTH PLAN

LACERS administers, and provides single-employer postemployment healthcare benefits to eligible retirees and their eligible spouses/domestic partners who participate in the Retirement Plan regardless of their membership tiers. These benefits consist of subsidies which may also apply to the coverage of other eligible dependent(s).

WHAT IS THE COMBINED FUNDED STATUS OF THE PLAN?

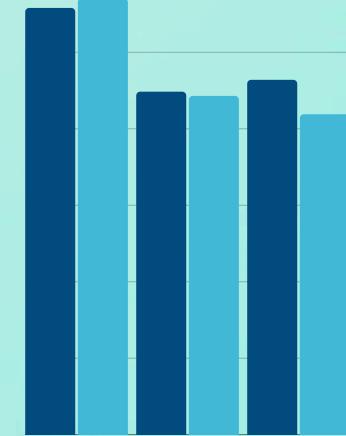
The Combined Funded Status is the ratio of the System's Fiduciary Net Position to Total Pension Liability. This funding ratio represents the percentage of Plan Assets available toward paying expected benefit obligations of LACERS Members.

INVESTMENT PORTFOLIO

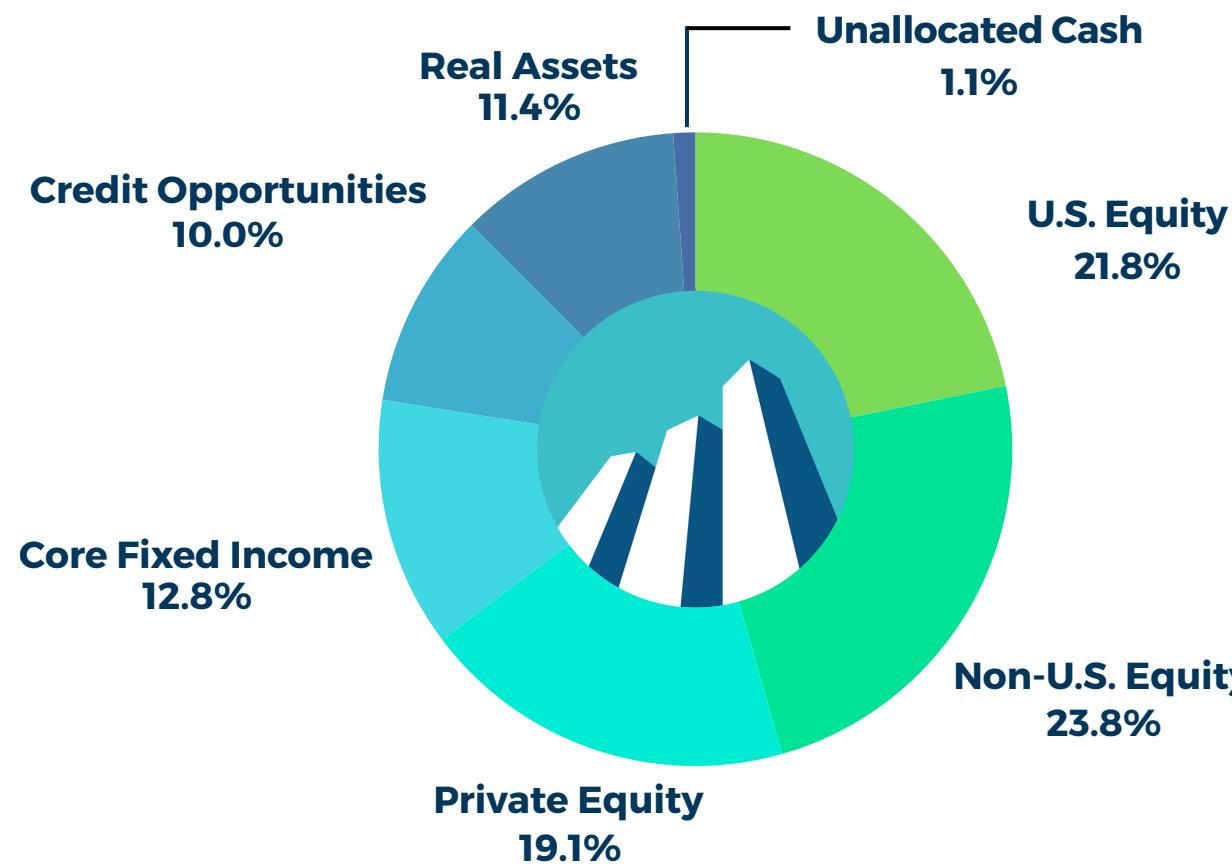
ANNUALIZED RATES OF RETURN (GROSS OF FEES)

LACERS TOTAL FUND
LACERS POLICY BENCHMARK

	1 Year (%)	3 Year (%)	5 Year (%)
LACERS TOTAL FUND	11.16	8.97	9.28
LACERS POLICY BENCHMARK	11.41	8.86	8.38



ACTUAL ASSET ALLOCATION



The percentages are on a market value basis. Due to rounding errors, the percentages may not sum to exactly 100%.



RODNEY JUNE
Chief Investment Officer

The 2025 fiscal year resulted in positive returns for the LACERS investment portfolio, with gains of 11.16% (gross of fees) for the one-year period ended June 30, 2025. However, this gain underperformed the policy benchmark return of 11.41%. The U.S. economy remains anchored by solid earning fundamentals as investors entered the second quarter of 2025 with over 79% of U.S.-based companies meeting or beating return expectations. Despite initial fears regarding several geo-political conflicts and threatening tariffs that resulted in a market selloff, consumers have expressed continued optimism towards the capital markets but with caution.

HOW DID OUR INVESTMENT PORTFOLIO DO?

The total portfolio underperformed its policy benchmark by 25 basis points (gross of fees) for the fiscal year, with U.S. equities and Real Assets underperforming relative to their respective benchmarks. Non-U.S. Equity achieved a positive return of 18.18%, reflecting an improvement from the previous year when it underperformed the benchmark.

\$ 25,171,119,890

TOTAL INVESTMENT PORTFOLIO VALUE

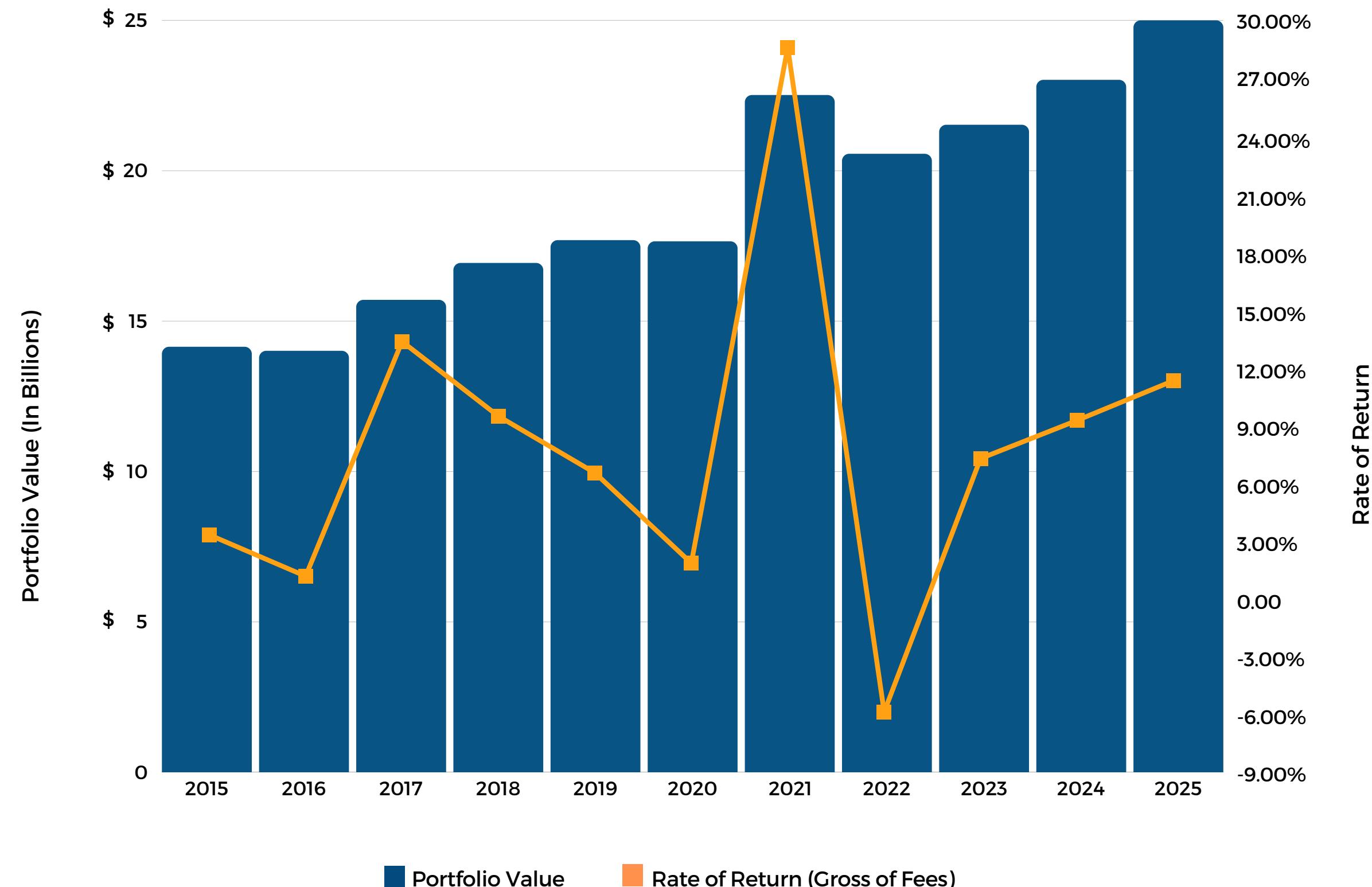


LACERS' primary investment objective is to maximize the return of the portfolio at a prudent level of risk to meet the obligations of the System. The System's investment portfolio is managed on a total return basis over a long-term investment horizon. While the System recognizes the importance of capital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

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

PORTFOLIO VALUE RATE OF RETURN

(Gross of Fees) Compared to Total Portfolio Value for ten fiscal years all ending on June 30. Dollars in Billions.





LACERS

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