LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

Board of Administration Agenda

SPECIAL MEETING

TUESDAY, NOVEMBER 4, 2025

TIME: 10:00 A.M.

MEETING LOCATION:

LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

Important Message to the Public

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

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

Disclaimer to Participants

Please be advised that all LACERS Board meetings are recorded.

LACERS Website Address/link:
www.LACERS.org

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

President:	Annie Chao
Vice President:	Janna Sidley
Commissioners:	Thuy Huynh Susan Liem Thomas Moutes Gaylord "Rusty" Roten Sung Won Sohn
Manager-Secretary:	Todd Bouey
Executive Assistant:	Ani Ghoukassian
Legal Counsel:	City Attorney's Office Public Pensions General Counsel Division

Notice to Paid Representatives

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

Request for Services

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

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

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

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

CLICK HERE TO ACCESS BOARD REPORTS

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

II. GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS

B. UPCOMING AGENDA ITEMS

C. RECOGNITION OF SERVICE FOR ANDY YEUNG OF SEGAL

III. RECEIVE AND FILE ITEMS

A. ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD

B. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER

C. REPORT ON MEASURE FF ORDINANCE AND SWORN PEACE OFFICER TRANSFER FROM LACERS TO LAFPP

IV. CONSENT ITEM(S)

A. APPROVAL OF MINUTES FOR THE MEETING OF OCTOBER 14, 2025 AND POSSIBLE BOARD ACTION

B. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF OMAR VASQUEZ FOR SERVICE-CONNECTED DISABILITY RETIREMENT OF 60% AND POSSIBLE BOARD ACTION

V. BOARD/DEPARTMENT ADMINISTRATION

A. PRESENTATION BY SEGAL OF THE ACTUARIAL VALUATIONS AS OF JUNE 30, 2025, AND PROPOSED CITY CONTRIBUTION RATES FOR FISCAL YEAR 2026-27 AND POSSIBLE BOARD ACTION

B. LACERS HUMAN RESOURCES VERBAL REPORT ON GENERAL MANAGER PERMANENT APPOINTMENT

VI. INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT

B. PRESENTATION BY TOWNSEND HOLDINGS LLC OF THE PRIVATE REAL ESTATE PORTFOLIO PERFORMANCE REVIEW FOR THE PERIOD ENDING JUNE 30, 2025

C. INVESTMENT MANAGER CONTRACT WITH AXIOM INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE GROWTH NON-U.S. EMERGING MARKETS EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION

VII. LEGAL/LITIGATION

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

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

VIII. OTHER BUSINESS

IX. NEXT MEETING: The November 11, 2025 and November 25, 2025, LACERS Regular Board of Administration meetings have been canceled. The next Regular meeting of the Board is scheduled for Tuesday, December 9, 2025, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, CA 90012.

X. ADJOURNMENT

LACERS' ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD

RESTRICTED SOURCES

The Board's Ethical Contract Compliance Policy was adopted in order to prevent and avoid the appearance of undue influence on the Board or any of its Members in the award of investment-related and other service contracts. Pursuant to this Policy, this notification procedure has been developed to ensure that Board Members and staff are regularly apprised of firms for which there shall be no direct marketing discussions about the contract or the process to award it; or for contracts in consideration of renewal, no discussions regarding the renewal of the existing contract.

Name	Description	Inception	Expiration	Division
CEM Benchmarking	Investment Benchmarking Services	N/A	N/A	Investments
Baker Tilly (fka Moss Adams LLP)	External Auditing Consulting Services	N/A	N/A	Internal Audit
Cheiron, Inc.	Actuarial Audit Services	N/A	N/A	Internal Audit
AP Keenan	Health and Welfare Consulting Services / Ancillary Health Consulting Services	September 1, 2022	August 31, 2025	Health, Wellness, + Buybacks
TruView BSI, LLC	Investigative Services	October 1, 2021	September 30, 2025	Retirement Services
Frasco, Inc.	Investigative Services	October 1, 2021	September 30, 2025	Retirement Services
Agility Recovery	Business Continuity Services	September 20, 2021	September 19, 2025	Administration

LACERS' ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD

ACTIVE RFPs

Description	Respondents	Inception	Expiration	Division
Property Management Services	Bell Properties, Inc., Cushman & Wakefield, Dow Property Group, Inc., EBS Asset Management Inc, Simon Shamoulia, SoCal Premier Property Management	July 28, 2025	September 5, 2025	Administration

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BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM III-B

Benefit payments have been approved by the General Manager under the authority delegated by the Board of Administration (Board Rule GMA 1 adopted June 14, 2016):

SERVICE RETIREMENTS

Member Name	Service	Department	Classification
King, Kayley Nikkel	36	Dept. of Airports	Senior Management Analyst
Gomez, Javier R	36	Dept. of Airports	Sr. Mgmt Analyst
Olguin, Carol V	36	City Attorney's Office	Legal Clerk
Mazin, Henry J	35	GSD - Fleet Services	Equipment Mechanic
Espindola, George	35	PW - Contract	Chief Construction Inspector
Slaton, Buddy M	34	Dept. of Rec. & Parks	Tree Surgeon
Bitar, Eva	33	PW - General Office	Motion Picture And Tv Mgr
Cudiamat, Crisel	32	GSD - Finance/Spl Proj	Senior Management Analyst
Campero, Miguel	31	Zoo Dept.	Light Equipment Operator
Payba, George Motus	30	PW - Sanitation	Enviromental Supvr
Price, Maricela	29	Police Dept. - Civilian	Police Service Representative
Park, Hopyung	29	Police Dept. - Civilian	Photographer
Kim, Iksoo Steve	28	Police Dept. - Civilian	Principal Property Officer
Cervera, P Angelo	27	PW - Contract Admin	Construction Inspector
Racho, Clarencio Enriquez	27	Police Dept. - Civilian	Administrative Clerk
Krempasky, Ingrid Talman	26	Harbor Dept.	Info Syst Ops Mgr
Matsumura, Dale	26	Dept. of Rec. & Parks	Maint & Constr Helper
Yeung, Ronald Lok Wah	25	Dept. of Airports	Systems Administrator
Kades, Kelly N	25	City Attorney's Office	Deputy City Attorney
Verdugo, Adam Louis	25	Police Dept. - Civilian	Senior Administrative Clerk
Ong, Nathaniel L	25	Police Dept. - Civilian	Crime & Intelligence Analyst
Seals, Mark	25	PW - Sanitation	Gardener Caretaker
Stuhaan, Richard M	25	Dept. of Airports	Equipment Operator
Spurgeon, Anne M	25	Personnel Dept.	Pers Records Supv
Nelson, David L	25	Dept. of Airports	Custodian - Airport
Galarza, Eliseo J	24	Dept. of Airports	Park Maint Supervisor
Barrios, Maricela	24	Library Dept.	Administrative Clerk
Deloach, Vincent R	24	Dept. of Airports	Bus Operator
Harrell, Cindy L	23	Dept. of Airports	Personnel Records Supv
Espinoza, Edwin H	23	Police Dept. - Civilian	Principal Clerk Police
Savage, Deborah A	22	Library Dept.	Librarian

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Member Name	Service	Department	Classification
Garcia, Ambrocio	22	Dept. of Rec. & Parks	Gardener Caretaker
Sanchez, Alex Ernst	21	Dept. of Rec. & Parks	Irrigation Specialist
Hermosura, Harold G	21	Dept. of Airports	Build Operating Engr
Berger, Catherine L	21	Dept. of Airports	Superintendent Of Operations
Booker, Hurshal D	21	Dept. of Transportation	Senior Traffic Supervisor
Meza Perez, Vicente	20	Dept. of Airports	Custodian - Airport
Witkowski, Michael James	20	PW - Sanitation	Mechanical Helper
Williams, James	20	Harbor Dept.	Gardener Caretaker
Cho, Young Lae	20	Police Dept. - Civilian	Senior Accountant
Blood, Lawrence A	20	Library Dept.	Library Assistant
Esparza, Lorna Lee	19	City Attorney's Office	Hearing Officer City Attorney
Yip, Putthachar Jitkreesor	19	Dept. of Rec. & Parks	Pr Accountant
Smith, Stephen	19	GSD - Fleet Services	Equipment Mechanic
So, Evan L	18	Dept. of Airports	Systems Administrator
Fischer, Ronald J	16	PW - Spl Proj Constr	Equipment Operator
Samsing, John Daniel	15	Harbor Dept.	Heavy Duty Equip Mechanic
Avalos, Robert	13	PW - Resurf & Reconstr	Truck Operator/ One Man
Franco, Jose A	10	Dept. of Airports	Tile Setter
Padron, Maria G	9	Dept. of Rec. & Parks	Special Program Assistant
Perez, Felipe	9	Library Dept.	Security Officer
Posada, Mario L	7	Dept. of Rec. & Parks	Special Prog Asst
Ryan Williams, Carl M	6	Dept. of Airports	Electrician

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Approved Death Benefit Payments

Tier	Deceased	Benefit Type	Beneficiary/Payee	AA	BA	CONT	AC	UC	OTHER
Tier 1	ALEJO, CRIS R	Service Retirement	CHERRY A PUNDAMIERA	✓	✓				
	ALLEN, THOMAS CHARLES	Disability Retirement	MICHELLE ALLEN		✓				
	ANDERSON, DOUGLAS J	Service Retirement	SANDRA L ANDERSON	✓	✓	✓			
	ANGULO, BLANCA A	Service Retirement	ROBERTO E ANGULO	✓	✓	✓			
	ANZAI, HIDEKO	Continuance	DAVID ANZAI	✓					
			JUDITH ANZAI	✓					
			MARY R ANZAI-KAWASAKI	✓					
	BAKER, EDDIE	Continuance	LORETTA DREW	✓					
	BATES, ROBERTA	Continuance	LAURA LOVE BARNES	✓					
			VICKIE BOBO	✓					
	BATISTE, JEANETTE C	Continuance	VICTORIA J GIBSON	✓					
	BECK, INGE	Continuance	ROBERT G BECK	✓					
	BINGLEY, RUSSELL C	Service Retirement	MARY A BINGLEY	✓	✓	✓			
	BLAIR, HERMAN B	Service Retirement	ANGELA M BLAIR	✓	✓				
			TAMMY D BLAIR	✓	✓				
	BRANDON, WANDA L	Continuance	EDDIE R GRANT	✓					
	BRITTON, TONY MARTIN	Disability Retirement	TONY M BRITTON	✓	✓				
	BROWN, ARTHUR T	Service Retirement	SALLY D HALEY	✓	✓				
	BRUTON, LAVELLE	Continuance	RHODA BRUTON	✓					

LEGEND

AA - Accrued but Unpaid Allowance
CONT - Continuance Allowance
DRAA - DRO Accrued but Unpaid Allowance
FDBP - Family Death Benefit Plan Child
FDBP3 - Family Death Benefit Plan Disabled
LP - Limited Pension
UC - Unused Contributions
AC - Accumulated Contributions
DB - Death Benefit
DRSA - Survivorship (Disability) Allowance
FDBP1 - Family Death Benefit Plan Student
LAC - Larger Annuity Continuance Allowance
SCDR - Survivor Contributions Death Refund
VRSA - Survivorship (Vested) Allowance
BA - Burial Allowance
DCNT - Disability Continuance Allowance
DSC - Death Subsidy Credit
FDBP2 - Family Death Benefit Plan Survivor
LADR - Larger Annuity Death Refund
SRSA - Survivorship (Retirement) Allowance

Tier	Deceased	Benefit Type	Beneficiary/Payee	AA	BA	CONT	AC	UC	OTHER
Tier 1	BURENS, JOEL TIMOTHY	Service Retirement	JOEL TIMOTHY BURENS REVOCABLE TRUST	✓	✓				
	BURTON, SCHUYLER	Service Retirement	PATRICIA BOWEN	✓	✓				
	CALDWELL, MARY D.	Continuance	BARBARA A HOLMES	✓					
	CASTRO, DANIEL F	Continuance	DANIEL CASTRO LIVING TRUST						DSC
	CEBALLOS, JOE	Service Retirement	CRYSTAL M MAGINNES	✓	✓				
	CONTRERAS, VIRGINIA	Vested Retirement	DALLINDA MIRANDA	✓	✓				
	COOPER, LILA L	Continuance	JUDI C SMITH	✓					
			ROCHELLE D ELLIOTT	✓					
	CRAMER, NICOLE MARIE	Continuance	NICHOLAS H CRAMER	✓					
	CRUZ, CESAR U	Service Retirement	CHRISTOPHER A CRUZ	✓					
	DANIELS, HERBERT S.	Continuance	GREGORY DANIELS	✓					
	DE FRIES, JON J	Service Retirement	SHIRLEY DE FRIES	✓	✓	✓			
	DELGADILLO, ROBERT	Service Retirement	CHRISTOPHER DELGADILLO	✓					
	DELIANEDIS, DAGMAR	Continuance	GORDON DELIANEDIS	✓					
	DOUGLAS, WILBERT	Service Retirement	STACY DOUGLAS		✓				
	EVANS, PATRICIA A	Service Retirement	ERNESTINE FRAZIER	✓	✓				
			SUNDAY TURNER	✓					
	FERNANDEZ, ISABEL Z	Service Retirement	GEORGE G FERNANDEZ	✓					
	FLOYD, RICHARD L	Service Retirement	DELLENA C FLOYD	✓	✓	✓			
	FLUSTY, NED E	Service Retirement	CAROLYN L FLUSTY	✓		✓			
	FUNAKOSHI, MITSUKO	Service Retirement	DEBRA L FUNAKOSHI	✓	✓				
			GARY K FUNAKOSHI	✓	✓				

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LADR - Larger Annuity Death Refund
LP - Limited Pension
SCDR - Survivor Contributions Death Refund
SRSA - Survivorship (Retirement) Allowance
UC - Unused Contributions
VRSA - Survivorship (Vested) Allowance

Tier	Deceased	Benefit Type	Beneficiary/Payee	AA	BA	CONT	AC	UC	OTHER
Tier 1	GARCIA, CHARLES M	Service Retirement	ESTHER GARCIA		✓				
			JACKELYN GARCIA		✓				
	GARCIA, KEITH FELIX	Deceased Active	JUDY L TRUJILLO				✓		
			KAY L GONZALES				✓		
			PATRICIA A VARESIO				✓		
	GAUDET, CECIL M	Continuance	ROBERT J GAUDET	✓					
	HAMILTON, MADELINE D	Continuance	ERIC G HAMILTON	✓					
	HAYDEN, CHARLES H	Service Retirement	SCOTT A HAYDEN	✓	✓				
			STUART L HAYDEN	✓	✓				
	HENDERSON, BURTCHER	Service Retirement	KENNETH HENDERSON	✓					
			ROBIN WRIGHT	✓	✓				
	HINKLE, VIRGINIA LEE	Continuance	HINKLE FAMILY TRUST	✓					
	HORNSBY, NELLO F	Service Retirement	JUANITA M HORNSBY	✓	✓	✓			
	IGE, KATHLEEN J	Continuance	LILEILA K IGE	✓					
		Larger Annuity Continuance	LILEILA K IGE	✓					
	ISRAEL, RAYE	Service Retirement	NICO ISRAEL	✓					
	JOHNSON, MICHAEL LAWRENCE	Deceased Active	ESTATE OF MICHAEL L JOHNSON				✓		
	JORDAN, VIRGIL T	Service Retirement	ANTONIA V JORDAN		✓				
	JUAREZ, RUDY	Service Retirement	MARY H JUAREZ	✓	✓	✓			
	KENNEDY, IRENE K	Service Retirement	DARLENE SIMONE	✓	✓				
			DONALD R KENNEDY	✓	✓				

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Tier 1	KIM, SYLVIA C	Service Retirement	SANDRA S SNOW	✓	✓				
	LEATHERMAN, DOUGLAS	Service Retirement	CHAD LEATHERMAN	✓	✓				
	LISTAVICH, THOMAS J	Vested Retirement	LARA J FERRATO	✓					
			SCOT LISTAVICH	✓	✓				
	LOVELACE, JUARINE D	Service Retirement	KENNETH LOVELACE	✓	✓				
			KIMBERLY LOVELACE	✓	✓				
			TRACY LOVELACE	✓	✓				
	LUCERO, CHARLES D	Vested Retirement	CANDICE M CASTILLO	✓	✓	✓			
	MASUI, AMY K	Continuance	AMY K MASUI TRUST DATED 4/26/2005	✓					
	MC CLENDON, ROLAND G	Disability Retirement	DAVONNA E MC CLENDON						DSC
			ROLAND G MC CLENDON JR						DSC
	MC COMB, DEANE CAROL	Continuance	GREGORY MCCOMB	✓					
			MICHELE WISCHNACK	✓					
	MCCOWAN, BEVERLY D	Service Retirement	STANLEY B MCCOWAN		✓				
	MCPHERSON, JAMES E	Service Retirement	MONICA MCPHERSON	✓	✓				
	MEUNIER, ANNA M	Continuance	RITA MEUNIER REED	✓					
	MILLER, DENNIS J	Service Retirement	KARLEEN R MILLER	✓	✓	✓			
	MIYAMURA, CHIEKO	Service Retirement	HILDA MIYAMURA	✓	✓				
	MULLIGAN, CAROL V	Deceased Active	PAUL A MULLIGAN				✓		
			ROBERT A NORTON				✓		
	NAJAR, CAMILO	Service Retirement	LYDIA DEMAIWAT-NAJAR	✓	✓				
	NISHIDA, KIYOSHI PAUL	Service Retirement	JEAN S NISHIDA	✓	✓	✓			

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Tier 1	PEREZ, LEONCIO DELROSARIO	Service Retirement	LEONARDO PEREZ	✓					
	PHETTEPLACE, GEORGE WILLIAM	Service Retirement	TRACEY CHAPMAN		✓				
	PINCHUK, JUDITH G	Continuance	ESTATE OF JUDITH PINCHUK						DSC
	PINCHUK, LESLIE R	Service Retirement	ESTATE OF JUDITH PINCHUK	✓	✓				
	PLATA, RAMON	Service Retirement	ROSANA PLATA-DURAN	✓	✓				
	PLATTE, JOYCE A	Vested Retirement	BARBARA R BUCHER	✓	✓				
	PURCELL, JOYCE A	Service Retirement	BRENDAN T PURCELL	✓	✓				
			SHEILA PURCELL	✓	✓				
	RICHARDS, LEROY A	Service Retirement	DEBRA R SMITH	✓	✓				
	ROTH, LIDIA I	Service Retirement	MARIAELENA JACKSON		✓				
	SAKAMOTO, MICHAEL MASATO	Service Retirement	SHARON C JUZON-SAKAMOTO	✓	✓	✓			
	SANDERS, ANGELINE	Service Retirement	GEORGE KENNEDY JR						DSC
	SCOTT, EVELYN P	Continuance	KENYA D SCOTT	✓					
	SCOTT, PAUL FREDERICK	Service Retirement	AARON M SCOTT		✓				
	SHONO, MICHI J	Continuance	AKIMI KING	✓					
			SHONO FAMILY TRUST						DSC
	SHONO, TADAAKI T	Service Retirement	AKIMI KING	✓					
	SIBLEY, SABRINA	Continuance	DAVID R SIBLEY	✓					
			WYNTER R SIBLEY	✓					
	SMITH, DUANE R	Service Retirement	ALAN R SMITH	✓	✓				
	SMITH, JAMES H	Continuance	WILLARD G BOSLEY	✓					
	STEVENSON, JOSEPH K	Service Retirement	ERIN A INGOLDSBY-STEVENSON	✓	✓			✓	

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Tier	Deceased	Benefit Type	Beneficiary/Payee	AA	BA	CONT	AC	UC	OTHER
Tier 1	SUTTON, STERLING	Service Retirement	ROBIN D SUTTON		✓				
	THROOP, HILDEGARD IDA	Service Retirement	EVELYN A PEARMAN	✓	✓				
	TRAYLOR, JIMMY D	Service Retirement	JASMINE A TRAYLOR	✓	✓				
	UYENO, MIRIAM E	Deceased Active	ESTATE OF MIRIAM E UYENO				✓		
	VALDEZ, OTILIA R	Vested Retirement	JUAN VALDEZ	✓				✓	
			TONY VALDEZ		✓				
	VO, TUAN T	Service Retirement	LIEN K VO	✓	✓	✓			
	WALTERS, EUGENE CHESTER	Service Retirement	BRIAN E WALTERS	✓	✓				
	WATANABE, NORMAN	Service Retirement	CRISTINA R TADEO	✓	✓				
	WEIS, STEVE F	Larger Annuity	LAWRENCE A STRID	✓					
		Service Retirement	LAWRENCE A STRID	✓	✓				
	WICHMANN, KENNETH	Service Retirement	JULIE W HUERTA	✓	✓				
	WIDRIG, PAUL	Service Retirement	DOUGLAS WIDRIG	✓					
	WILKINS, ROBERT S	Disability Retirement	BRITTANY KEENER	✓	✓				
	WILLIAMS, CORETTA	Service Retirement	KHAUTRUNDA T SMITH	✓	✓				
	YOUNG, YOLANA C	Service Retirement	KAYENTA YOUNG		✓				
Tier 3	MAGALLON TREJO, WENDOLINE	Deceased Active	RITA TREJO				✓		

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DCNT - Disability Continuance Allowance
DRAA - DRO Accrued but Unpaid Allowance
DRSA - Survivorship (Disability) Allowance
DSC - Death Subsidy Credit
FDBP - Family Death Benefit Plan Child
FDBP1 - Family Death Benefit Plan Student
FDBP2 - Family Death Benefit Plan Survivor
FDBP3 - Family Death Benefit Plan Disabled
LAC - Larger Annuity Continuance Allowance
LADR - Larger Annuity Death Refund
LP - Limited Pension
SCDR - Survivor Contributions Death Refund
SRSA - Survivorship (Retirement) Allowance
UC - Unused Contributions
VRSA - Survivorship (Vested) Allowance

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: NOVEMBER 4, 2025**
From: Todd Bouey, Interim General Manager **ITEM: III - C**

SUBJECT: **REPORT ON MEASURE FF ORDINANCE AND SWORN PEACE OFFICER TRANSFER FROM LACERS TO LAFPP**

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

Recommendation

This report is provided to the Board for informational purposes. No Board action is required.

Executive Summary

On November 5, 2024, Los Angeles City voters approved Measure FF, which amended the Los Angeles City Charter to allow for the voluntary transfer of certain sworn peace officers from LACERS to Tier 6 of the Los Angeles and Fire Police Pensions (LAFPP). Eligible LACERS Members were employed on and as of January 12, 2025, by the Harbor, Airports, Police, and Recreation and Parks Departments (LACERS Peace Officer Members), or previously transferred under a different Charter Amendment and have remaining service credit at LACERS (LACERS Peace Officer Former Members). Additionally, certain LACERS Peace Officer Members, who elect to transfer to LAFPP Tier 6, will receive an interest-free refund of personal funds paid to access Tier 1 Enhanced benefits. The eligibility criteria for the LACERS Peace Officer Transfer Program (Program) are established via an implementing ordinance.

Following the ordinance's second reading and formal adoption on October 31, 2025, LACERS and LAFPP will be prepared to provide weekly counseling sessions. Since the passage of Measure FF, LACERS staff has worked closely with staff from LAFPP, the CAO's office, and the General Counsel division on an implementation plan, including designing a counseling presentation, drafting transfer agreements, and scheduling counseling sessions. The election deadline is January 9, 2026, and the transfer will be effective on January 11, 2026.

Discussion

Background

Following the passage of Measure FF on November 5, 2024, the City Charter was amended to enable City Council to authorize the voluntary transfer of membership and service credit for certain sworn peace officers from LACERS to LAFPP Tier 6 through the Program. The City Council agreed to put Measure FF on the

ballot as a part of Letters of Agreement (LOAs) between the City and affected Employee Labor Organizations that were approved on March 22, 2024. These LOAs outlined the eligibility criteria and process, which is codified in the implementing ordinance, including participation requirements, tax compliance measures, and payment responsibilities to ensure cost-neutrality for LACERS and LAFPP.

Transfer of Membership and Service from LACERS to LAFPP Tier 6

This Program authorizes LACERS Peace Officer Members to make a one-time irrevocable election to transfer their membership and service credit from LACERS to Tier 6 of LAFPP. This is the first time sworn peace officers from the Department of Recreation and Parks can transfer to LAFPP; however, anyone hired after the January 12, 2025 date will be a LACERS Member. Additionally, the Program allows LACERS Peace Officer Former Members, which comprise a small number of sworn peace officers who previously transferred to Tier 6 pursuant to Charter Section 1703, to make a one-time irrevocable election to transfer remaining LACERS service credit to Tier 6. The election deadline for participants is January 9, 2026. The transfer will be effective, and the Program will conclude on January 11, 2026.

To participate in the Program, LACERS Peace Officer Members and LACERS Peace Officer Former Members must attend a counseling session and submit an election form that confirms their irrevocable decision to transfer membership and/or service credit to LAFPP Tier 6. LACERS and LAFPP will host counseling sessions via Zoom. The current plan includes:

- **Schedule:** At least one counseling session per week during the weeks of November 10, November 17, December 1, December 8, December 15, and January 6.
- **Shift Accommodation:** Counseling times that alternate between morning and late afternoon slots to accommodate the various work schedules.
- **On-Demand Access:** A recorded counseling session that will be posted on the LACERS website for members who cannot attend a live event.
- **Outreach:** LACERS and LAFPP are coordinating with union representatives and Department leadership to outreach eligible Members.
- **Participation:** Failure to participate in the Program and to submit an election form will be deemed as an irrevocable decision to remain in LACERS. For those who elect to transfer to LAFPP Tier 6 through the Program, LACERS will transfer all prior City service and corresponding member and employer contributions to LAFPP.

Refunds for Certain Tier 6 Members

Certain LACERS Peace Officer Members who elect to transfer to LAFPP Tier 6 will receive an interest-free refund of personal funds used to pay for LACERS enhanced benefits, which will be paid in a tax-compliant manner. Tier 1 Enhanced Members previously paid $5,700.00 via a cashier's check. The Airport Revenue Fund will provide LACERS with the required money to provide refunds to eligible Tier 6 Members.

Omnibus Cleanup

The implementing ordinance also makes technical amendments to the LACERS Plan provisions to clarify definitions, certain eligibility requirements, and certain pension and survivorship benefits and

codify long-standing administrative processes. The ordinance also made amendments to the LACERS plan provisions to ensure compliance with Internal Revenue Code Sections 401(a)(9) and 414(d), regarding required minimum distributions. Finally, the implementing ordinance corrects typographical errors in the LAAC and updates language to be consistent with federal law.

Prepared By: Isaias Cantú, Chief Benefits Analyst I, Retirement Services Division

TB/DWN:ic

Attachments: Attachment 1. Draft Measure FF Transfer Election Form
Attachment 2. Measure FF Implementing Ordinance
Attachment 3. City Attorney Measure FF Implementing Report to City Council

Board Meeting: 11/4/25
Item: III-C
Attachment: 1

ELECTION FORM AND AGREEMENT TO: REMAIN IN LACERS OR TRANSFER TO LAFPP TIER 6

Full Name			
	Last Name	First Name	M.I.
Email			
Phone #		**Employee ID**	
Department		**Classification**	

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General Acknowledgements

By initialing next to each statement, I acknowledge and affirm that:
(1) I understand and agree with each statement;
(2) I understand that my decision is irrevocable;
(3) I am giving informed consent to each statement, having consulted with an attorney, financial, and/or tax advisor on this matter, or having elected not to consult with an attorney, financial, and/or tax advisor after having had ample opportunity to do so; and,
(4) I am not relying on LACERS and/or LAFPP for any legal, financial, and/or tax advice, and they are precluded from providing this advice.

1 Counseling and Materials

Initial Below

I attended the group counseling presentation on the election to transfer my service and retirement contributions from LACERS to LAFPP Tier 6 → _____

Select the group counseling presentation you attended from the list of dates below. If you watched the recorded presentation, select "Watched Recorded Presentation" and enter the code displayed at the end of the video.

☐ Date 1 ☐ Date 2 ☐ Date 3 ☐ Date 4 ☐ Date 5

☐ Date 6 ☐ Park Ranger Date 1 ☐ Park Ranger Date 2

☐ Watched Recorded Presentation

By initialing next to this statement I acknowledge having received or having access to all of the following materials: → _____

- LACERS Summary Plan Description (Specific to Your Tier)
- LACERS PSO Summary Plan Description
- LAFPP Summary Plan Description for Tier 6
- Copy of the LACERS and LAFPP benefit comparison chart
- Copy of Proposed Ordinance

2 Transfer Election

I understand that my election to remain a Member of LACERS OR transfer my membership, service credit, and retirement contributions from LACERS to LAFPP Tier 6 is **irrevocable** once I file this form with LACERS.

I understand that if I fail to submit this form to LACERS before January 9, 2026, the Election Deadline, then I will remain a Member of LACERS. I understand that the transfer effective date will be January 11, 2026, unless an earlier date is agreed upon by both the LACERS and LAFPP Boards.

ELECT BY INITIALING NEXT TO YOUR CHOICE

Initial Below

REMAIN A LACERS MEMBER →

I elect to remain a LACERS Member. I understand that this election is irrevocable and I will not have another opportunity to transfer to Tier 6 from LACERS through this Program. _____

If you elect "REMAIN A LACERS MEMBER," skip to item #17.

TRANSFER TO LAFPP TIER 6 →

I elect to transfer my membership, service credit, and retirement contributions from LACERS to LAFPP Tier 6. I understand this decision is irrevocable, and I cannot elect to revert my membership back to LACERS under any circumstances. _____

If you elect "TRANSFER TO LAFPP TIER 6," please complete the rest of the form.

3 Retirement Tier

☐ Tier 1 ☐ Tier 1 Enhanced ☐ Tier 3

Read the following statement that reflects your **TIER** Status and initial the statement to acknowledge having read and understanding the statement. If you need more information on what Tier you are in, visit lacers.org/eligibility or contact LACERS at (800) 779-8328.

For TIER 1 Members Only

Initial Below

I understand that after transferring to LAFPP Tier 6, I will continue making pre-tax member contributions to LAFPP at a rate of 11%. After the 1% ERIP contribution obligation is satisfied for LACERS, I will contribute 10% pre-tax and 1% post-tax to LAFPP. If I spend more than 25 years as an active LAFPP Tier 6 member, excluding transferred time, then I will contribute 10% pre-tax until I retire. → _____

For TIER 1 - Enhanced Members Only

I understand that after transferring to LAFPP Tier 6, I will continue making pre-tax member contributions to LAFPP at a rate of 11%. After the 1% ERIP contribution obligation is satisfied for LACERS, I will contribute 10% pre-tax and 1% post-tax to LAFPP. If I spend more than 25 years as an active LAFPP Tier 6 member, excluding transferred time, then I will contribute 10% pre-tax until I retire. → _____

I understand that if I have paid $5700 to become a Tier 1 Enhanced Member, I am entitled to receive a post-tax refund from LACERS, excluding interest, if I elect to transfer to LAFPP. The LACERS Board will determine the date and procedures governing the refund.

For TIER 3 Members Only

I understand that after transferring to LAFPP Tier 6, I will continue making pre-tax Member contributions to LAFPP at a rate of 11% until I retire, even if I spend more than 25 years as an active LAFPP Tier 6 Member. → _____

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ELECTION FORM AND AGREEMENT TO:
REMAIN IN LACERS OR TRANSFER TO LAFPP TIER 6

Full Name			
	Last Name	First Name	M.I.
Classification		**Employee ID**	

4 Marital Status

☐ Single ☐ Married ☐ State-Registered Domestic Partner ☐ Divorced

Read the following statement that reflects your **MARITAL STATUS** and initial the statement to acknowledge having read and understood the statement.

Single Status (LACERS SURVIVOR CONTRIBUTIONS):	**Initial Below**
I understand that upon transferring to LAFPP Tier 6, I will no longer have the option to receive a refund of my .5% Survivor Contributions if I retire single (unmarried or not in a registered domestic partnership). I understand LACERS Members who are single at the time of their retirement may elect to receive a refund of their .5% Survivor Contributions and that LAFPP does not have a comparable plan provision.	→ _____

Married, State-Registered Domestic Partner, Divorced Status:	**Initial Below**
I understand that my retirement benefits are subject to applicable community property laws and that I should consult with an attorney if my retirement benefits are currently the subject of a court order, or I am a party to a marital/domestic partnership dissolution proceeding. Any existing court order requiring LACERS to pay retirement benefits to a former spouse will be unenforceable due to my transfer to LAFPP Tier 6. I may be required to return to court to modify court documents concerning the division of my retirement benefits. Further, LAFPP must be joined to the dissolution proceeding before my LAFPP Tier 6 retirement benefits may be paid to a former spouse. I agree that LACERS will not be liable for any claims that may arise from changes to a division of community property following my transfer to LAFPP Tier 6.	→ _____

5 Larger Annuity

Do you have a Larger Annuity account with LACERS?	☐ Yes ☐ No

If you answered "**Yes**," read the following statement and initial the statement to acknowledge having read and understood the statement.
If you answered, "No," skip to **item** #6.

	Initial Below
I understand that LAFPP does not have a Larger Annuity program comparable to LACERS' Larger Annuity Program. Therefore, I must authorize the transfer of the Larger Annuity funds I have on deposit with LACERS to a qualified retirement account, or accept a refund.	→ _____

6	I have been provided with a copy of my Member Statement showing my total LACERS contributions and service.	→ _____
7	I understand that I am electing to join LAFPP as a Tier 6 Member and that this election is irrevocable once LACERS accepts this form.	→ _____
8	I understand that by transferring my contributions and service to LAFPP Tier 6, I will no longer be a Member of LACERS and will not be entitled to any rights or benefits from LACERS.	→ _____
9	I understand that by submitting this form, I am requesting that LACERS transfer all of my contributions and service credit to LAFPP Tier 6.	→ _____

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10	If I have one or more incomplete LACERS Service Purchase contracts, I will only receive credit for the periods paid up to the day before my service and contributions are transferred to LAFPP.	→ _____
11	I understand that LAFPP does not have any reciprocal agreements with other agencies. By transferring to LAFPP Tier 6 and relinquishing my status as a LACERS Member, any reciprocity I have established between LACERS and another reciprocal agency will be broken. I understand that LAFPP has a longer vesting period, requiring 20 years of service before I would be eligible for any Tier 6 retirement benefits.	→ _____
12	I understand that LAFPP Tier 6 does not have an Excess Benefit Plan (EBP). Without an EBP, Internal Revenue Code Section 415(b) limits the annual pension benefit that may be paid by LAFPP. For 2025, the limit is $280,000 and the limit is generally adjusted annually by the Internal Revenue Service based on inflation in increments of $5,000.	→ _____
13	If I received Workers' Compensation benefits during my employment with the City, I understand that I may only receive service credit for qualifying periods if I also made LACERS Member contributions for those periods.	→ _____
14	I understand that if I retire prior to age 62 pursuant to LAFPP's plan provisions, that I may be subject to an age-based reduction factor that could result in lower monthly pension benefits, unless I satisfy certain Internal Revenue Code requirements that make me a "qualified participant." To be a "qualified participant," I must have worked for 15 years: (1) as a sworn peace officer at a police or fire department, or subunit thereof, such as the Department of Airports or Harbor Department (but not the Department of Recreation and Parks); or (2) as a member of the Armed Forces. Working for the Department of Recreation and Parks as a sworn peace officer will not count towards the 15-year requirement to avoid an age-based reduction factor.	→ _____
15	I understand that LACERS cannot and has not provided me with legal, tax, or financial advice, and that if I need such advice I should consult with a professional. LAFPP and LACERS are not responsible for any personal legal, tax, or financial consequences I may incur as a result of transferring to LAFPP Tier 6.	→ _____
16	I hereby authorize LAFPP and LACERS to obtain any information concerning my employment with the City of Los Angeles and my retirement benefits that may be required in connection with my agreement to transfer my membership, service credit, and retirement contributions to LAFPP Tier 6.	→ _____

ELECTION FORM AND AGREEMENT TO:
REMAIN IN LACERS OR TRANSFER TO LAFPP TIER 6

Full Name	Last Name	First Name	M.I.
Classification		**Employee ID**	

I understand that my election to stay in LACERS or transfer to LAFPP Tier 6 is irrevocable once LACERS accepts this form. I understand that if I fail to submit this form to LACERS before January 9, 2026, the Election Deadline, then I will remain a Member of LACERS in my current Tier. I understand that the transfer effective date will be January 11, 2026, unless an earlier date is agreed upon by both the LACERS and LAFPP Boards.

17 Signature _____ (Sign Above) **Date** _____ (Date)

The Election Deadline is January 9, 2026.

Sign & Finish: By clicking the "Sign & Finish" you will be submitting your form to LACERS and your election will be irrevocable; OR

Secure Upload: You may submit this form through the **Secure Upload** link provided on LACERS website at lacers.org; OR

In person: You may submit this form to a LACERS representative at the LACERS reception desk, located at: 977 N Broadway, Los Angeles, CA 90012. LACERS is open from 7:00 a.m. to 4:00 p.m., Monday through Friday, excluding City of Los Angeles Holidays. Parking is not provided. Forms will not be accepted by postal mail.

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COMPLETED BY LACERS STAFF IF HARDCOPY IS SUBMITTED IN PERSON

This Transfer Election Form was filed with the LACERS staff at the time and date below:

LACERS Staff _____ (Sign Above) _____ (Print Name Clearly)

Filed with LACERS on Date _____ Time _____ AM / PM (Circle One)

ORDINANCE NO. _____

An ordinance amending Chapters 10, 11, 11.5, 18.5, 20, 21, and 22 of Division 4 of the Los Angeles Administrative Code to authorize the transfer of membership and service credit for sworn peace officers currently employed by the City's Police, Airports, Harbor, and Recreation and Parks Departments from the Los Angeles City Employees' Retirement System (LACERS) to Tier 6 of the Los Angeles Fire and Police Pension Plan (LAFPP); to provide for the issuance of refunds to certain Tier 6 Members; and make amendments to plan provisions for LACERS, LAFPP, and the Limited Term Retirement Plan (LTRP), and the retiree health programs.

THE PEOPLE OF THE CITY OF LOS ANGELES DO ORDAIN AS FOLLOWS:

Section 1. Subsection (a) of Section 4.1001 of the Los Angeles Administrative Code is amended to read as follows:

(a) For the purposes of Article 1 of Chapter 10 and Article 2 of Chapter 11 of Division 4 of the Los Angeles Administrative Code, the following words and phrases shall have the meaning ascribed to them in this section unless elsewhere defined:

Accumulated Contributions. The total of the amounts paid into the Retirement Fund by the Member and any regular interest credited to the Member's account, as provided in Charter Section 1162(b).

Active Employee. A person who currently is employed by any City department. This definition does not include a person who has terminated employment with the City for any reason.

Airport Peace Officer Member. A Member of Tier 1 of the Retirement System who: (i) while a City employee and on their retirement date was employed by the Department of Airports as a peace officer as defined in California Penal Code Section 830.1 and was appointed to that position before January 7, 2018; or (ii) on their retirement date was employed by the Fire Department as a firefighter, was appointed to that position before January 7, 2018, directly following employment by the Department of Airports as a peace officer as defined by California Section 830.1, and served as a firefighter for the Fire Department from the date of appointment until the date of retirement. An Airport Peace Officer Member shall include an individual who became a Member of Tier 1 of the Retirement System pursuant to Section 4.1080.2(b)(8). Notwithstanding anything in this subsection or elsewhere in this Code to the contrary, an Airport Peace Officer Member shall be ineligible for any enhanced benefits under Sections 4.1007(a), 4.1008.1, and 4.1010.1, and shall revert to status as a Tier 1 Member, if LACERS did not receive a lump sum payment of $5,700, by cashier's check, on a post-tax basis, before January 8, 2019, or prior to the Member's retirement date, whichever was earlier.

Airport Peace Officer Former Member. A former Member of Tier 1 of the Retirement System who was eligible for, and elected to, remain in LACERS rather than transfer to LAFPP under Charter Section 1704 and Section 4.1002(e) and who: (i) while a City employee and on the date that they separated from City service or ceased to be a Member of the Retirement System was employed by the Department of Airports as a peace officer as defined in California Penal Code Section 830.1 and was appointed to that position before January 7, 2018; or (ii) on the date they separated from City service or ceased to be a Member of the Retirement System was employed by the Fire Department as a firefighter, was appointed to that position before January 7, 2018, directly following employment by the Department of Airports as a peace officer as defined by California Section 830.1, and served as a firefighter for the Fire Department from the date of appointment until the date of separation. Notwithstanding anything in this subsection or elsewhere in this Code to the contrary, an Airport Peace Officer Former Member shall be ineligible for any enhanced benefits under Sections 4.1007(a), 4.1008.1, and 4.1010.1, and shall revert to status as a former Tier 1 Member or Tier 1 Member, as applicable, if LACERS did not receive a lump sum payment of $5,700, by cashier's check, on a post-tax basis, before January 8, 2019, or prior to the Member's retirement date, whichever was earlier.

Airport Peace Officer Retired Member. A Member of Tier 1 of the Retirement System who, on their retirement date: (i) was employed by the Department of Airports as a peace officer as defined in California Penal Code Section 830.1, and was appointed to that position before January 7, 2018; or (ii) was employed by the Fire Department as a firefighter, and was appointed to that position before January 7, 2018, directly following employment by the Department of Airports as a peace officer as defined by California Section 830.1; and (iii) had paid to LACERS the $5,700 mandatory additional contribution payment required by Section 4.1002(e)(2). An Airport Peace Officer Retired Member shall include an individual who became a Member of Tier 1 of the Retirement System pursuant to Section 4.1080.2(b)(8).

Annuity. Payments for life derived from the Accumulated Contributions of a Member as provided in this Article.

Base Amount. That portion of a Retirement Allowance resulting if cost of living amount is deducted therefrom.

Beneficiary. A person entitled to receive a benefit from the Retirement System.

Board of Administration or Board. The Board of Administration for the Los Angeles City Employees' Retirement System established in Charter Section 1104(b).

City Service or Service. Only those periods during which a Member received compensation from the City as an employee or during which the Member not only received Workers' Compensation benefits (Div. IV, California Labor Code) for temporary disability on account of any injury or illness arising out of and in the course of

employment with the City, but for which the Member also made contributions to the Retirement Fund as provided in Charter Section 1162. Notwithstanding the foregoing, a Member shall be entitled, at the time of death or retirement, to receive credit for their years of service from the date such Member entered employment with the City of Los Angeles in a capacity that would entitle the Member to membership in the Retirement System.

City Service Credit or Service Credit. The time component of the formula used by the Retirement System for purposes of calculating benefits pursuant to applicable Los Angeles Administrative Code and Board Rules.

Compensation Earnable. The full salary, wage or compensation established for any position or office in City service for the particular period involved in any calculation required.

Continuous Service. Uninterrupted City Service except that discontinuance of such service of a Member for any cause whatever, followed by re-entrance into City Service within three years from the date of such discontinuance, shall not be considered as a break in the continuity of service.

Cost of Living Amount. That portion of a Retirement Allowance resulting from adjustments made pursuant to Section 4.1022.

Dependent Parent. A person whom the Board of Administration, upon investigation and after a hearing in the matter, shall find is the parent of a Member to or for whom the Member, during the last year of the Member's service, contributed at least one- half the necessary living expenses.

Domestic Partner. A person who has formed a valid domestic partnership by filing a Declaration of Domestic Partnership with the Retirement System, as authorized in Section 4.1009 herein, or with the State of California, as authorized in Family Code Section 298.5, or a person who has established a legal union which was validly formed in another jurisdiction that is substantially equivalent to a domestic partnership, as provided in Family Code Section 299.2. Domestic Partner shall not include a person who has established a domestic partnership pursuant to any other authority, unless expressly otherwise provided in this article. A partnership shall be established, for purposes of this article, on the date of the filing with the Retirement System or state.

Employee. Every person in the employ or service of the City of Los Angeles in any capacity or rank whatever at a regular salary, wage or compensation, and regardless of whether the position held by any such person is classified as an office or employment.

Fire and Police Pension Plan or LAFPP. The retirement plan for sworn members established in Article XI, Part 3 of the Los Angeles City Charter.

Larger Annuity. The annuity funded entirely by the Member as provided in Section 4.1021.

LACERS Peace Officer Former Member. A former Member of the Retirement System who is an Active Employee of the Police Department on and as of January 12, 2025; transferred to Tier 6 pursuant to Charter Section 1703 and Section 4.2214 of this Code; has Service remaining with the Retirement System; serves as a sworn peace officer pursuant to California Penal Code Section 830.1; performs police duties; and belongs to one of the following class codes: 2214-1, 2214-2, 2214-3, 2217, 2223-1, 2223-2, 2223-3, 2227-1, 2227-2, 2232-1, 2232-2, 2244-1, 2244-2, 2244-3, 2251, 2262-1, 2262-2, 3188-1, 3188-2, 3183-1, 3183- 2, or 3183-3. An employee in Class Code 2112 is not a LACERS Peace Officer Former Member for the purposes of this definition.

LACERS Peace Officer Member. A Member of the Retirement System who, on and as of January 12, 2025, is an Active Employee of the Police Department , the Department of Airports, the Harbor Department, or the Department of Recreation and Parks; serves as a sworn peace officer pursuant to California Penal Code Section 830.1 or Section 830.31; performs police or firefighting duties; and belongs to one of the following class codes: 1968-0, 1966-0,1967-1, 1967-2, 2214-1, 2214-2, 2214-3, 2217, 2223-1, 2223-2, 2223-3, 2227-1, 2227-2, 2232-1, 2232-2, 2244-1, 2244-2, 2244-3, 2251, 2262-1, 2262-2, 3188-1, 3188-2, 3183-1, 3183-2, 3183-3, 3221-1, 3221-F, 3221-2, 3238-0, 3221-3, 3222-0, 3225-1, 3225-F, 3225-2, 3225-3, 3333-0, 3185-0, 3226-0, 3227-0, 3228-0, 3205, 3234, 3233, or 3232. An employee in Class Code 2112 is not a LACERS Peace Officer Member for the purposes of this definition.

LACERS Peace Officer Retired Member. A retired Member of the Retirement System who elected to remain in the Retirement System and not to transfer to Tier 6, though the Member was eligible to participate in the LACERS Peace Officer Transfer Program because the Member was, on and as of January 12, 2025, an Active Employee of the Police Department, the Department of Airports, the Harbor Department, or the Department of Recreation and Parks; served as a sworn peace officer pursuant to California Penal Code Section 830.1 or Section 830.31; performed police or firefighting duties; and belonged to one of the following class codes: 1968-0, 1966-0,1967-1, 1967-2, 2214-1, 2214-2, 2214-3, 2217, 2223-1, 2223-2, 2223-3, 2227-1, 2227-2, 2232-1, 2232-2, 2244-1, 2244-2, 2244-3, 2251, 2262-1, 2262-2, 3188-1, 3188-2, 3183-1, 3183-2, 3183-3, 3221-1, 3221-F, 3221-2, 3238-0, 3221-3, 3222-0, 3225-1, 3225-F, 3225-2, 3225-3, 3333-0, 3185-0, 3226-0, 3227-0, 3228-0, 3205, 3234, 3233, or 3232. An employee in Class Code 2112 is not a LACERS Peace Officer Retired Member for the purposes of this definition.

LACERS Peace Officer Transfer Program. The voluntary program that allows LACERS Peace Officer Members and LACERS Peace Officer Former Members who are Active Employees on and as of January 12, 2025, to transfer membership and/or LACERS Service from LACERS to Tier 6.

Member or Tier 1 Member. An employee of the City of Los Angeles who meets the membership requirements contained in Section 4.1002 of this article. Member, as used in this article, shall mean a Member of Tier 1 unless otherwise specified. Notwithstanding the foregoing, a person who is no longer employed by the City, but who qualifies for reciprocity under Section 4.1096 and whose Tier 1 member contributions remain on deposit with the Retirement Fund may be considered to be a Member, but only to the limited extent necessary to comply with the reciprocity provisions contained in Section 4.1096.

Operative Date. Shall mean the "effective date", unless a different date is specified by any ordinance adopted pursuant to the provisions of Charter Section 1168.

Public Safety Officer Member. The following definition shall apply only to Article 1 of Chapter 10 of this Code. 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. Public Safety Officer Member also shall include an Airport Peace Officer Member 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 Sections 4.1007(a), 4.1008.1, and 4.1010.1 as set forth in Section 4.1002(e)(2). To the extent a Public Safety Officer Member qualifies retroactively for the enhanced benefits provided for in Sections 4.1008.2 and 4.1010.2, LACERS will adjust those benefits accordingly.

Public Safety Officer Former Member. The following definition shall apply only to Article 1 of Chapter 10 of this Code. A former Member of Tier 1 of the Retirement System who while a City employee and on the date that they separated from City Service or ceased to be a Member of the Retirement System, 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. Public Safety Officer Former Member also shall include an Airport Peace Officer Former Member 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 Sections 4.1007(a), 4.1008.1 and 4.1010.1 as set forth in Section 4.1002(e)(2). To the extent a Public Safety Officer Former Member qualifies retroactively for the enhanced benefits provided for in Sections 4.1008.2 and 4.1010.2, LACERS will adjust those benefits accordingly.

Public Safety Officer Retired Member. The following definition shall apply only to Article 1 of Chapter 10 of this Code. A retired 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. Public Safety Officer Retired Member also shall include an Airport Peace Officer Retired Member 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 Sections 4.1007(a), 4.1008.1 and 4.1010.1 as set forth in Section 4.1002(e)(2). To the extent a Public Safety Officer Retired Member qualifies retroactively for the enhanced benefits provided for in Sections 4.1008.2 and 4.1010.2, LACERS will adjust those benefits accordingly.

Regular Interest. Interest credited to the individual account of each Member as provided in Charter Section 1162(b).

Reserve Basis. A system that provides for the accumulation and maintenance of a fund that will at all times be equal to the difference between the present value of the obligations assumed and the present value of the money to be received for paying such obligations, where such present values are estimated in accordance with accepted actuarial methods and on the basis of an assumed rate of interest and the mathematical probabilities of the occurrence of such contingencies as affect both the payment of the assumed obligations and the receipt of money with which they are to be paid.

Retirement Allowance or Allowance. An allowance granted under this article, except for those allowances granted pursuant to Section 4.1010(a)(2), together with all subsequent adjustments thereto.

Retired Member or Retired Tier 1 Member. A former Member who is receiving a monthly benefit from Tier 1 of the Retirement System. A retired Member shall not be considered a Member for purposes of this article and, if re-employed as authorized in Charter Section 1164, shall continue to be a retired Member.

Retirement Fund. The trust fund established for the Retirement System in Charter Section 1154.

Retirement System or System. The Los Angeles City Employees' Retirement System (LACERS).

Spouse. A person who is a party to a valid marriage.

Tier 6. The Tier of the Fire and Police Pension Plan established in Charter Sections 1700-1726.

Sec. 2. A new paragraph is added to the end of Subdivision (e)(2) of Section 4.1002 of the Los Angeles Administrative Code to read as follows:

Notwithstanding the foregoing, effective January 12, 2025, all actively employed Airport Peace Officer Members who previously made the $5,700 lump sum after-tax payment described above and subsequently elect to transfer their LACERS contributions and membership to Tier 6, shall be entitled to a no-interest, tax-compliant refund of this lump sum payment, as provided in Subsection (h) below and consistent with any rules established by the LACERS Board of Administration.

Sec. 3. Subsections (f), (g), and (h) are added to Section 4.1002 of the Los Angeles Administrative Code to read as follows:

(f) **LACERS Peace Officer Member.** A LACERS Peace Officer Member shall make an irrevocable election in writing whether to remain a LACERS Member or to become a Member of Tier 6 in lieu of membership in LACERS and to transfer LACERS Service to Tier 6, on the terms and conditions set forth in Subdivision (1) below and further set forth in Charter Section 1709 and Section 4.2216 of this Code.

(1) **Election for LACERS Peace Officer Members Actively Employed as of January 12, 2025.**

(A) **Election Requirements.** LACERS shall have the authority to administer the election process consistent with the below requirements, including to create written election forms, require counseling, promulgate election filing rules and procedures, and determine the election period and deadlines.

(i) **Mandatory Counseling Sessions.** Every LACERS Peace Officer Member shall attend a mandatory counseling session administered by LACERS in coordination with LAFPP, the Police Department, the Department of Airports, the Harbor Department, or the Department of Recreation and Parks, in order to make an informed and voluntary decision whether to transfer to Tier 6 or to remain a LACERS Member. The counseling sessions shall be held at dates and times established by LACERS and LAFPP. The counseling sessions shall include, but shall not be limited to, information regarding a comparison of the benefits offered by each plan.

(ii) **Irrevocable Election to Transfer or Remain.** Every LACERS Peace Officer Member shall file a written election form with LACERS indicating whether the Member elects to transfer to Tier 6 or to remain a LACERS Member by the election deadline, which shall be January 9, 2026, or an earlier date selected by the Board of Fire and Police Pension Commissioners and the LACERS Board of Administration. A LACERS Peace Officer Member's failure to file an election form before the election deadline shall be deemed an irrevocable election to remain a LACERS Member.

(iii) **Irrevocable Agreement to Transfer All Prior Service.** A LACERS Peace Officer Member electing to transfer to Tier 6 must agree to transfer all prior LACERS Service to Tier 6 pursuant to the requirements set forth in Charter Section 1709 and Section 4.2216 of this Code, and to forfeit any and all benefits

administered by LACERS. A LACERS Peace Officer Member shall file their election form to transfer to Tier 6 from LACERS as provided in Subparagraph (ii) above.

(B) **Election and Service Transfer Shall Be Irrevocable.** Consistent with Charter Section 1709(b)(3), a LACERS Peace Officer Member's election to remain a LACERS Member or transfer to Tier 6 shall be irrevocable after LACERS accepts the election form. Neither the Board of Fire and Police Pension Commissioners nor the LACERS Board of Administration shall have any authority to revoke a LACERS Peace Officer Member's election or allow transfers after the election deadline, except as provided by Section 4.2216.

(C) **Transfer Effective Date.** A LACERS Peace Officer Member's election to transfer to Tier 6 shall be effective on January 11, 2026, or an earlier date selected by the Board of Fire and Police Pension Commissioners and the LACERS Board of Administration.

(D) **Responsibility for Payment.** To ensure cost neutrality for the Retirement System, the City, Department of Airports, and Harbor Department shall pay the full actuarial cost of the transfer of membership and LACERS Service and all associated costs and expenses as set forth in Charter Section 1709 and Section 4.2216 of this Code, as well as all costs and expenses incurred by the Retirement System in connection with administering the election process for LACERS Peace Officer Members belonging to their respective departments, excluding LACERS staff time dedicated to administering the election process, which may be reimbursed at the City's discretion. Mandatory reimbursement includes but is not limited to the following costs and expenses: the cost of any necessary reports prepared by the Retirement System's actuary, the cost of programming any changes to the pension administration system, and any legal expenses incurred by the Retirement System. The City shall pay all costs and expenses associated with Members of the Police Department and Department of Recreation and Parks who elect to transfer. LACERS shall be responsible for preparing invoices for all costs and expenses incurred, and submitting them to the City, the Department of Airports, or the Harbor Department, for their review and approval, provided that any requests for reimbursement of LACERS staff time shall be submitted as a separate invoice.

(E) **Board's Administration of the Program.** The LACERS Board of Administration shall administer the Program and adopt all rules necessary to implement this section. The LACERS Board of Administration shall determine any factual questions arising in connection with the Program, and shall take all appropriate action. The Board's determination shall be final and binding on all parties.

(g) **LACERS Peace Officer Former Member.** A LACERS Peace Officer Former Member shall make an irrevocable election in writing whether to transfer remaining LACERS Service to Tier 6, on the terms and conditions set forth in Subdivision (1) below and further set forth in Charter Section 1709 and Section 4.2216 of this Code.

(1) **Transfer of Service for LACERS Peace Officer Former Members Actively Employed as of January 12, 2025.**

(A) **Election Requirements.** LACERS shall have the authority to administer the election process consistent with the below requirements, including to create written election forms, require counseling, promulgate election filing rules and procedures, and determine the election period and deadlines.

(i) **Mandatory Counseling Sessions.** Every LACERS Peace Officer Former Member shall attend a mandatory counseling session administered by LACERS, in coordination with LAFPP and the Police Department in order to make an informed and voluntary decision whether to transfer remaining LACERS Service to Tier 6. The counseling sessions shall be held at dates and times established by LACERS and LAFPP. The counseling sessions shall include, but shall not be limited to, information regarding a comparison of the benefits offered by each plan.

(ii) **Irrevocable Election to Transfer or Remain.** Every LACERS Peace Officer Former Member shall file a written election form with LACERS indicating whether the Member elects to transfer remaining LACERS Service from LACERS to Tier 6 by the election deadline, which shall be January 9, 2026, or an earlier date selected by the Board of Fire and Police Pension Commissioners and the LACERS Board of Administration. A LACERS Peace Officer Former Member's failure to file an election form with LACERS before the election deadline shall be deemed an irrevocable election to keep LACERS Service in LACERS.

(iii) **Irrevocable Agreement to Transfer All Prior Service.** A LACERS Peace Officer Former Member must elect to transfer all prior LACERS Service to Tier 6, pursuant to the requirements set forth in Charter Section 1709 and Section 4.2216 of this Code, and to forfeit any and all benefits administered by LACERS. A LACERS Peace Officer Former Member shall file their election form to transfer LACERS Service to Tier 6 from LACERS as provided in Subparagraph (ii) above.

(B) **Election and Service Transfer Shall Be Irrevocable.** Consistent with Charter Section 1709(b)(3), a LACERS Peace Officer Former Member's election to transfer remaining LACERS Service to Tier 6 shall be irrevocable after LACERS accepts the election form. Neither the Board of Fire and Police Pension Commissioners nor the LACERS Board of Administration shall have any authority to revoke a LACERS Peace Officer Former Member's election or to allow transfers after the election deadline, except as provided by Section 4.2216.

(C) **Transfer Effective Date.** A LACERS Peace Officer Former Member's election to transfer LACERS Service to Tier 6 shall be effective on January 11, 2026, or an earlier date selected by the Board of Fire and Police Pension Commissions and the LACERS Board of Administration.

(D) **Responsibility for Payment.** To ensure cost neutrality for the Retirement System, the City shall pay the full actuarial cost of the transfer of LACERS Service and all associated costs and expenses as set forth in Charter Section 1709 and Section 4.2216 of this Code, as well as all costs and expenses incurred by the Retirement System in connection with administering the election process for LACERS Peace Officer Former Members, excluding LACERS staff time dedicated to administering the election process, which may be reimbursed at the City's discretion. Mandatory reimbursement includes but is not limited to the following costs and expenses: the cost of any necessary reports prepared by the Retirement System's actuary, the cost of programming any changes to the pension administration system, and any legal expenses incurred by the Retirement System. LACERS shall be responsible for preparing invoices for all costs and expenses incurred, and submitting them to the City for review and approval, provided that any requests for reimbursement of LACERS staff time shall be submitted as a separate invoice.

(E) **Board's Administration of the Program.** The LACERS Board of Administration shall administer the Program and adopt all rules necessary to implement this section. The LACERS Board of Administration shall determine any factual questions arising in connection with the Program, and shall take all appropriate action. The Board's determination shall be final and binding on all parties.

(h) **Refunds to Airport Peace Officer Members for LACERS Enhanced Benefits.** LACERS shall refund to an Airport Peace Officer Member the exact amount of monies paid to receive Enhanced LACERS Benefits pursuant to Subsection (e) of this section, subject to the following terms and conditions.

(1) **LACERS Peace Officer Program Participants.** Only those Airport Peace Officer Members who elect to transfer to Tier 6 are eligible to receive a refund of monies paid for Enhanced Benefits. Any Airport Peace

Officer Member who remains a LACERS Member is not eligible to receive a refund of monies paid for LACERS Enhanced Benefits.

(2) **No Interest.** LACERS shall not pay an Airport Peace Officer Member any interest on the refunded monies. Any accrued regular interest credited to the Airport Peace Officer Member's account with the Retirement System cannot be refunded pursuant to this section and only may be refunded to the Airport Peace Officer Member pursuant to the terms and conditions of Charter Section 1714 or Section 4.1004 of this Code.

(3) **Payment Source and Method.** Enhanced Benefits refunds will be paid in a manner that complies with the Internal Revenue Code and any rules adopted by the LACERS Board of Administration to implement the refund process.

(4) **No Fiscal Impact on LACERS.** The Department of Airports shall issue up-front payments to the Retirement System in an amount that covers the full cost of refunds for LACERS Enhanced Benefits. The amount of funds due and the timing of payment from the Department of Airports shall be agreed upon between the Retirement System, the Department of Airports, and the City. The Retirement System shall not issue any refunds until after it has received payment from the Department of Airports. At its discretion, the City may reimburse the Retirement System for LACERS staff time dedicated to processing refunds. LACERS shall be responsible for preparing invoices for all costs and expenses incurred and submitting them to the City for review and approval, provided that any requests for reimbursement of LACERS staff time shall be submitted as a separate invoice.

(5) **Board's Administration of Refunds.** The LACERS Board of Administration shall administer the payment of refunds and adopt all rules necessary to implement this section. The LACERS Board of Administration shall determine any factual questions arising in connection with refunds, and shall take all appropriate action. The Board's determination shall be final and binding on all parties.

Sec. 4. Subsection (g) is added to Section 4.1003 of the Los Angeles Administrative Code to read as follows:

(g) Notwithstanding any language in this Section 4.1003 to the contrary, a LACERS Peace Officer Member who opted to remain in the Retirement System rather than transfer to Tier 6 pursuant to Charter Section 1709 and Sections 4.1002(f) and 4.2216 of this Code shall, to the extent required by the Internal Revenue Code, continue to make member contributions in the manner applicable to the LACERS Peace Officer Member's membership without regard to the irrevocable election to remain in LACERS. If this Section 4.1003 would otherwise require additional member contributions by such LACERS Peace Officer Member, such additional member contributions shall be made

on an after-tax basis to the extent required by the Internal Revenue Code. If Section 4.1003 would otherwise require member contributions at a rate that is lower than the rate applicable to the LACERS Peace Officer Member's membership in LACERS, the Council may, subject to applicable provisions of the Charter and this Code, provide for a larger annuity benefit at the time of retirement for such LACERS Peace Officer Member to reflect the additional contribution amounts, as determined by the System's actuary and subject to all limitations of the Internal Revenue Code.

Sec. 5. Subdivision (a)(2) of Section 4.1006 of the Los Angeles Administrative Code is amended to read as follows:

(2) **Early Retirement.** A former Member who is not yet 60 may retire with an age-based reduced retirement allowance at age 55 or older, provided 10 years must have elapsed since the former member first became a member.

A former Member does not need to have five years of continuous service if the former Member has been a member while employed for any period of time as a part-time employee whose membership terminates for any reason on or after October 18, 1993.

Sec. 6. Subsection (b) of Section 4.1008 of the Los Angeles Administrative Code is amended to read as follows:

(b) **Disability Determination.** The Board shall cause each Member who applies to be examined by, and a written report thereon rendered by, at least three regularly licensed, practicing physicians selected by the Board, unless the Member is terminally ill, in which case the Board only shall require the Member to be examined by one such physician selected by the Board. If, upon considering the report(s) of such physician(s) and such other evidence as shall have been presented to it, the Board finds that the Member has become physically or mentally incapacitated and is incapable, as a result thereof, of performing their duties, and if said Board finds that such disability was not due to intemperance unattributable to a physical or mental impairment, or the willful misconduct of such Member, the Member shall be retired as of the date of the discontinuance of their service on account of such disability or termination of sick leave with pay.

Sec. 7. The first paragraph of Subdivision (d)(2) of Section 4.1008 of the Los Angeles Administrative Code is amended to read as follows:

(2) That the disabling condition(s) and death of the applicant were not due to the applicant's intemperance unattributable to a physical or mental impairment, or willful misconduct.

Sec. 8. Subsection (a) of Section 4.1008.1 of the Los Angeles Administrative Code is amended to read as follows:

(a) **Application for Disability Retirement.** Any Airport Peace Officer Member who has graduated from basic training and taken the Oath of Office, applying for a service-connected disability, or who has five or more years of continuous service, applying for a nonservice-connected disability, who has become physically or mentally incapacitated and who is incapable, as a result thereof, of performing the Member's duties, may be retired upon written application of such Member, or any person acting on the Member's behalf, or on behalf of the head of the Department of Airports or Fire Department wherein such Member is employed. Any such application may be made at any time, but no later than one year after the discontinuance of the service of such employee, provided such incapacity has been continuous from the discontinuance of such service. No application may be filed under this Section 4.1008.1 prior to January 7, 2018.

Sec. 9. The first two paragraphs of Subsection (d) of Section 4.1008.1 of the Los Angeles Administrative Code are amended to read as follows:

(d) **Determination of Disability.** The Board shall have the power to hear and determine all matters pertaining to the granting and denying of any application for a disability retirement. The Board shall cause each Member who applies to be examined by, and a written report thereon rendered by, at least three regularly licensed, practicing physicians selected by the Board, unless the Member is terminally ill, in which case the Board shall only require the member to be examined by one such physician selected by the Board. The Board shall hold a hearing with respect to such application. The Board shall hear or receive such other evidence relating to or concerning the Member's disability or claimed disability as may be presented to it.

The Board first shall determine whether or not the Member is incapable of performing the Member's duties or those to which the Member would be assigned within the Member's civil service classification if returned to duty. If the Board were to determine that the Member is not so incapable, it shall then be the duty of the Board to deny the application. If the Board were to determine that the Member is so incapable, it then shall determine, pursuant to the language used in Subsections (b) and (c) of this section, whether the Member's incapacity or disability is service-connected or nonservice-connected. The Board shall then determine the percentage of the Member's incapacity or disability, within the limitations prescribed in Subsections (b) and (c) of this section, and shall grant the application accordingly. If the Board were to determine that the incapacity or disability was principally due to or caused by voluntary action by the Member intended to entitle the Member to a nonservice-connected disability retirement allowance, or due to intemperance unattributable to a physical or mental impairment, or the willful misconduct of such Member, it shall then be the duty of the Board to deny the application. In the case of any Airport Peace Officer Former Member, the Board, in order to grant any application filed by the Member for a disability retirement, must also determine, in addition to all of the foregoing, that any existing incapacity or disability

upon the Member's part occurred prior to the termination of the Member's active status, and that such incapacity or disability had been continuous up to the date of the Board's determinations.

Sec. 10. Subsection (l) of Section 4.1008.1 of the Los Angeles Administrative Code is amended to read as follows:

(l) **Exclusion for Willful Misconduct.** In making its determinations and findings relative to Subsections (a), (b), and (c) of this section, the Board shall consider whether and to what extent the activity giving rise to the disability of an Airport Peace Officer Member was caused or aggravated by such member's willful misconduct. If the Board finds that the disability was caused or aggravated by such willful misconduct, the Board shall deny the Airport Peace Officer Member's application for a disability retirement.

Sec. 11. Subsection (a) of Section 4.1008.2 of the Los Angeles Administrative Code is amended to read as follows:

(a) **Application for Disability Retirement.** Any Public Safety Officer Member who has completed Peace Officer Standards and Training and taken the Oath of Office, applying for a service-connected disability, or who has five or more years of Continuous Service, applying for a nonservice-connected disability, who has become physically or mentally incapacitated and who is incapable, as a result thereof, of performing their duties, may be retired upon written application of such Member, or any person acting on their behalf, or on behalf of the head of the department wherein such Member is employed. Any such application may be made at any time, but no later than one year after the discontinuance of the service of such employee, provided such incapacity has been continuous from the discontinuance of such service. No application may be filed under this Section 4.1008.2 prior to March 25, 2022.

Sec. 12. The first paragraph of Subsection (c) of Section 4.1008.2 of the Los Angeles Administrative Code is amended to read as follows:

(c) **Nonservice-Connected Disability.** Upon the filing by any Public Safety Officer Member's written application for a disability retirement allowance who shall have five or more years of Continuous Service, or upon the filing of a written application by any person acting on the Member's behalf, or on behalf of the head of the department wherein such Member is employed, for any Public Safety Officer Member whom the Board shall determine has become physically or mentally incapacitated by reason of injuries or sickness other than injuries received or sickness caused by the discharge of the duties of such person, and who is incapable as a result thereof from performing their assigned duties or those to which they would be assigned within the Member's civil service classification if returned to duty, shall be retired by order of the Board from further active duty as an employee. As a further condition of entitlement to such a retirement, the Board also shall determine that such disability was not due principally to or caused by intemperance unattributable to a physical or mental impairment, or the

willful misconduct of the Member intended to entitle them to a nonservice-connected disability retirement.

Sec. 13. The second paragraph of Subsection (d) of Section 4.1008.2 of the Los Angeles Administrative Code is amended to read as follows:

The Board first shall determine whether or not the Member is incapable of performing their duties or those to which they would be assigned within the Member's civil service classification if returned to duty. If the Board were to determine that they are not so incapable, it then shall be the duty of the Board to deny the application. If the Board were to determine that they are so incapable, it then shall determine, pursuant to the language used in Subsections (b) and (c) of this section, whether their incapacity or disability is service-connected or nonservice-connected. The Board then shall determine the percentage of the Member's incapacity or disability, within the limitations prescribed in Subsections (b) and (c) of this section, and shall grant the application accordingly. If the Board were to determine that the incapacity or disability was principally due to or caused by voluntary action by the Member intended to entitle them to a nonservice-connected disability retirement allowance, or due to intemperance unattributable to a physical or mental impairment, or the willful misconduct of such Member, as defined in rules promulgated by the Board, it then shall be the duty of the Board to deny the application. In the case of any Public Safety Officer Former Member, the Board, in order to grant any application filed by them for a disability retirement, also must determine, in addition to all of the foregoing, that any existing incapacity or disability upon their part occurred prior to the termination of their active status, and that such incapacity or disability had been continuous up to the date of the Board's determinations.

Sec. 14. Subsection (l) of Section 4.1008.2 of the Los Angeles Administrative Code is amended to read as follows:

(l) **Exclusion for Willful Misconduct.** In making its determinations and findings relative to Subsections (a), (b), and (c) of this section, the Board shall consider whether and to what extent the activity giving rise to the disability of a Public Safety Officer Member was caused or aggravated by such Member's willful misconduct. If the Board finds that the disability was caused or aggravated by such willful misconduct, the Board shall deny the Public Safety Officer Member's application for a disability retirement.

Sec. 15. Subdivision (2) of Subsection (a) of Section 4.1010 of the Los Angeles Administrative Code is amended to read as follows:

(2) **Limited Pension.** In the event such Member shall have had at least one year of City Service for which the Member is entitled to receive Service Credit, then a limited pension shall be paid as provided herein. The limited pension shall be paid in equal monthly payments of one-half of the average monthly Compensation Earnable of such Member during the Member's last year

of service. For each year of service, not to exceed six years, two monthly payments shall be paid, not to exceed a total of 12 monthly payments for six or more years of service. Such limited pension shall be paid to the surviving spouse or Domestic Partner of such deceased Member or, in the event there shall be no surviving spouse or Domestic Partner, to the minor children of such Member. The payment to a minor child shall continue beyond the month the child reaches age 18 if the child was a minor on the date of the Member's death. In the event there be no surviving spouse or Domestic Partner or minor children, the limited pension shall be paid to the dependent parents of such Member. However, no limited pension shall be paid in the event the Board of Administration, upon investigation and after a hearing in the matter, finds that the death of such Member was due to or resulted from the intemperance unattributable to a physical or mental impairment, or the willful misconduct of such Member. In the event any such beneficiary dies before receiving the full amount of such limited pension, the same shall be continued to the persons who, in the order hereinabove set forth, qualify as beneficiaries thereof as of the date of death of such deceased beneficiary and who, within sixty (60) days after such date make demand for payment thereof; provided, however, that in the event no such demand is made within such time, the said limited pension shall be deemed conclusively to have been terminated as of such date of death.

Sec. 16. Subsection (g) of Section 4.1010 of the Los Angeles Administrative Code is amended to read as follows:

(g) All benefits payable upon the death of a Public Safety Officer Member or Public Safety Officer Former Member shall be determined by Section 4.1010.2, and the provisions of this section and Sections 4.1010.1, 4.1011, 4.1012(b) and (c), 4.1013, 4.1014 and 4.1015, shall not apply. All benefits payable upon the death of a Public Safety Officer Retired Member, who at the time of death was receiving a disability retirement allowance pursuant to Section 4.1008.2, shall be determined by Section 4.1010.2, and the provisions of this section and Sections 4.1010.1, 4.1011, 4.1012(b) and (c), 4.1013, 4.1014 and 4.1015, shall not apply. The provisions of Section 4.1090 establishing the Family Death Benefit Plan shall apply only to the extent that it would not cause a survivor allowance to be paid that exceeds any limitations imposed by the Internal Revenue Code.

Sec. 17. The first paragraph of Section 4.1010.1 of the Los Angeles Administrative Code is amended to read as follows:

All benefits payable upon the death of an Airport Peace Officer Member, Airport Peace Officer Former Member, or Airport Peace Officer Retired Member, as defined in Section 4.1001(a), shall be determined by this Section 4.1010.1, and the provisions of Sections 4.1010, 4.1011, 4.1012(b) and (c), 4.1013, 4.1014, and 4.1015, shall not apply. Notwithstanding anything to the contrary, no survivor allowance shall be paid

under this Section 4.1010.1 to the extent it exceeds any limitations imposed by the Internal Revenue Code. The Board shall have the authority to adopt rules to implement this limitation.

Sec. 18. The first paragraph of Section 4.1010.2 of the Los Angeles Administrative Code is amended to read as follows:

All benefits payable upon the death of a Public Safety Officer Member or Public Safety Officer Former Member, as defined in Section 4.1001(a), shall be determined by this Section 4.1010.2, and the provisions of Sections 4.1010, 4.1010.1, 4.1011, 4.1012(b) and (c), 4.1013, 4.1014 and 4.1015, shall not apply. All benefits payable upon the death of a Public Safety Officer Retired Member as defined in Section 4.1001(a), who at the time of death was receiving a disability retirement allowance pursuant to Section 4.1008.2, shall be determined by this Section 4.1010.2, and the provisions of Sections 4.1010, 4.1010.1, 4.1011, 4.1012(b) and (c), 4.1013, 4.1014 and 4.1015, shall not apply. Notwithstanding anything to the contrary, no survivor allowance shall be paid under this Section 4.1010.2 to the extent it exceeds any limitations imposed by the Internal Revenue Code. The Board shall have the authority to adopt rules to implement this limitation.

Sec. 19. Subsection (g) is added to Section 4.1017 of the Los Angeles Administrative Code to read as follows:

(g) **Effect of Transfer to Fire and Police Pension Plan.** For any Member who has entered into an agreement to provide back contributions and elects to transfer membership to the Fire and Police Pension Plan pursuant to Section 4.2216, LACERS shall transfer all service credit and associated contributions that have been purchased, subject to the terms and conditions of the LACERS Peace Officer Transfer Program and the terms and conditions provided in this section.

Sec. 20. Subsection (j) is added to Section 4.1019 of the Los Angeles Administrative Code to read as follows:

(j) **Effect of Transfer to Fire and Police Pension Plan.** For any Member who has entered into a buy back agreement and elects to transfer membership to the Fire and Police Pension Plan pursuant to Section 4.2216, LACERS shall transfer all service credit and associated contributions that have been purchased, subject to the terms and conditions of the LACERS Peace Officer Transfer Program and the terms and conditions provided in this section.

Sec. 21. Subsection (l) is added to Section 4.1020 of the Los Angeles Administrative Code to read as follows:

(l) **Effect of Transfer to Fire and Police Pension Plan.** For any Member who has entered into a buy back agreement and elects to transfer membership to the Fire and Police Pension Plan pursuant to Section 4.2216, LACERS shall transfer all

service credit and associated contributions that have been purchased, subject to the terms and conditions of the LACERS Peace Officer Transfer Program and the terms and conditions provided in this section.

Sec. 22. Subsection (i) is added to Section 4.1020.1 of the Los Angeles Administrative Code to read as follows:

(i) **Effect of Transfer to Fire and Police Pension Plan.** For any Member who has entered into a purchase agreement and elects to transfer membership to the Fire and Police Pension Plan pursuant to Section 4.2216, LACERS shall transfer all service credit and associated contributions that have been purchased, subject to the terms and conditions of the LACERS Peace Officer Transfer Program and the terms and conditions provided in this section.

Sec. 23. Subsection (b) of Section 4.1022 of the Los Angeles Administrative Code is amended to read as follows:

(b) The Board of Administration, not later than the 1st day of May of each year, shall determine with respect to the Federal Bureau of Labor Statistics Consumer Price Index for the Los Angeles area ("the C.P.I.") the percentage of increase or decrease, if any, in the C.P.I. for the whole of the first next preceding calendar year from the C.P.I. for the whole of the second next preceding calendar year, and shall round any such percentage increase or decrease to the nearest one-tenth of one percent. This percentage increase or decrease in the C.P.I. that can be applied to a member's or beneficiary's benefit as provided in Subsection (a) is the Cost of Living Adjustment (COLA), and the accumulated balance of the COLA that is carried over each year as a result of following the process described in Subdivision (c)(2) is the "COLA Bank."

Sec. 24. Subdivision (c)(2) of Section 4.1022 of the Los Angeles Administrative Code is amended to read as follows:

(2) If the percentage of increase or decrease in the C.P.I. in any calendar year, as determined by the Board of Administration, were to exceed three percent, as compared with the C.P.I. in the preceding year, the percentage of increase or decrease in the C.P.I. in excess of three percent shall be accumulated and carried over and added to or subtracted from the percentage of increase or decrease in the C.P.I. in the next succeeding calendar year, and such procedure shall be complied with from year to year. For those years prior to 1974, in which the COLA was capped at two percent, the percentage of increase or decrease of the C.P.I. which was in excess of two percent, rather than three percent, shall be accumulated and carried over as provided herein. The foregoing provisions of this subdivision shall not apply to any recipient whose benefits were not paid for the entire fiscal year (July 1 to June 30) immediately preceding the fiscal year to which the COLA was first applied, unless the recipient is receiving a continuance benefit following the death of a retired member and the combined benefits paid to the continuance beneficiary and

previously paid to the deceased member cover the entire fiscal year immediately preceding the fiscal year when the COLA was first applied.

Sec. 25. Subdivision (3) is added to Subsection (c) of Section 4.1022 of the Los Angeles Administrative Code to read as follows:

(3) In no event shall any COLA Bank contain a balance that is less than zero percent.

Sec. 26. Section 4.1030 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

Sec. 4.1030. Provisions Required to Comply with Internal Revenue Code Section 401(a)(9).

The Retirement System will pay all benefits in accordance with a reasonable and good faith interpretation of the requirements of Section 401(a)(9) of the Internal Revenue Code and the regulations in effect under that section, as applicable to a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code. The Retirement System is subject to the following provisions:

(a) Distribution of a Member's benefit must begin by the required beginning date. The required beginning date shall be the later of April 1 following the calendar year in which the member terminates service or the calendar year in which the member reaches the Applicable Age. The Applicable Age shall mean:

(1) Age 70 ½ for members born before July 1, 1949;

(2) Age 72 for members born after June 30, 1949 but before January 1, 1951;

(3) Age 73 for members born on or after January 1, 1951 but before January 1, 1960;

(4) Age 75 for members born on or after January 1, 1960; or

(5) The Applicable Age set forth in Section 401(a)(9)(C)(v) of the Internal Revenue Code, as amended from time-to-time.

If a Member fails to apply for retirement benefits or request a refund, as applicable, by the later of either of those dates, the Board shall begin distribution as required by this rule in the form provided in Section 4.1007 or Section 4.1004 of this Code, as applicable.

(b) The Member's entire interest must be distributed over the Member's life or the lives of the Member and a qualified survivor, or over a period not extending beyond the life expectancy of the Member or of the Member and a designated beneficiary.

(c) The Retirement System, pursuant to a court order, may pay a portion of the Member's benefit to a nonmember.

(d) If a Member dies after the required distribution of benefits has begun, the remaining portion of the Member's interest must be distributed at least as rapidly as under the method of distribution before the Member's death.

(e) If a Member dies before required distribution of the Member's benefits has begun, the Member's entire interest must be either:

(1) distributed (in accordance with federal regulations) over the life or life expectancy of the qualified survivor, with the distributions beginning no later than December 31 of the calendar year following the calendar year of the Member's death; or

(2) distributed within five years of the Member's death.

(f) The amount of an annuity paid to a Member's beneficiary may not exceed the maximum determined under the incidental death benefit requirement of Section 401(a)(9)(G) of the Internal Revenue Code, and the minimum distribution incidental benefit rule under Treasury Regulation Section 1.401(a)(9)-6(b).

(g) The death and disability benefits provided by the retirement system are limited by the incidental benefit rule set forth in section 401(a)(9)(G) of the Internal Revenue Code and Treasury Regulation Section 1.401-1(b)(1)(i), or any successor regulation thereto. As a result, the total death or disability benefits payable may not exceed 25 percent of the cost for all of the Members' benefits received from the retirement system.

(h) Notwithstanding the other provisions of this rule or the provisions of the Treasury Regulations, benefit options may continue so long as the option satisfies Section 401(a)(9) of the Internal Revenue Code based on a reasonable and good faith interpretation of that section.

Sec. 27. Section 4.1031 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

Sec. 4.1031. Former Spouse or Domestic Partner's Option to Elect a Life Annuity.

When a court of competent jurisdiction does not order a separate account as specified in Section 4.1032, but instead awards the former spouse or former domestic

partner (the "Ex") a portion of the retirement benefits payable to the member and to the member's surviving spouse or domestic partner (survivor), if any, the Ex, in lieu of receiving the Ex's portion of the benefits payable based upon the lifetime of the member and/or survivor, may instead make an irrevocable election to convert the Ex's interest in such retirement benefits into an actuarially equivalent life annuity payable for the lifetime of the Ex. If the member has not yet retired, the Ex must make this irrevocable election to receive a life annuity in writing prior to receiving payment of the Ex's community property portion of the retirement allowance. If the member has already retired, the election must be made at the time the Ex requests direct payment of the Ex's community property portion of the retirement allowance. The Ex must make the election to receive a life annuity within 90 days of LACERS providing written notice to the Ex. If this irrevocable election is not made prior to the applicable times specified herein, the Ex will be deemed to have waived the right to elect to receive a life annuity.

This option is not available in a legal separation where the parties' marriage or domestic partnership has not been legally terminated.

Sec. 28. Subsection (a) of Section 4.1080.1 of the Los Angeles Administrative Code is amended to read as follows:

(a) For the purposes of Article 3 of Chapter 10 and Article 4 of Chapter 11 of Division 4 of the Los Angeles Administrative Code, the following words and phrases shall have the meaning ascribed to them in this section unless elsewhere defined:

Accumulated Contributions. The total of the amounts paid into the Retirement Fund by the Member and any regular interest credited to the Member's account, as provided in Charter Section 1162(b).

Active Employee. A person who currently is employed by any City department. This definition does not include a person who has terminated employment with the City for any reason.

Annuity. Payments for life derived from the accumulated contributions of a Member as provided in this article.

Base Amount. That portion of a retirement allowance resulting if cost of living amount is deducted therefrom.

Beneficiary. A person entitled to receive a benefit from the Retirement System.

Board of Administration or Board. The Board of Administration of the Los Angeles City Employees' Retirement System, established in Charter Section 1104(b).

City Service or Service. Only those periods during which a Member: (1) received compensation from the City as an employee; or (2) during which the employee

both received Workers' Compensation benefits (Div. IV, California Labor Code) for temporary disability on account of any injury or illness arising out of and in the course of employment with the City, and made contributions to the Retirement Fund as provided in Charter Section 1162. Notwithstanding the foregoing, a Member shall be entitled, at the time of death or retirement, to receive credit for the Member's years of service from the date such Member entered employment with the City of Los Angeles in a capacity that would entitle them to membership in the Retirement System.

City Service Credit or Service Credit. The time component of the formula used by the Retirement System for purposes of calculating benefits pursuant to applicable Los Angeles Administrative Code and Board Rules.

Compensation Earnable. The base salary established for service in any City position or office for the period involved in any calculation required, plus any items of compensation that are designated as pension based in an applicable Memorandum of Understanding or City ordinance. All other items of compensation shall be excluded from the calculation of compensation earnable.

Continuous Service. Uninterrupted City service except that discontinuance of such service for any cause whatever, followed by re-entrance into City service within three (3) years from the date of such discontinuance, shall not be considered as an interruption in the continuity of service.

Cost of Living Amount. That portion of a retirement allowance resulting from adjustments made pursuant to Section 4.1080.17.

Dependent Parent. A person who the Board of Administration, upon investigation and after a hearing in the matter, shall find is the parent of a Member to or for whom the Member, during the last year of the Member's service, contributed at least one-half the necessary living expenses.

Domestic Partner. A person who has formed a valid domestic partnership by filing a Declaration of Domestic Partnership with the Retirement System, as authorized in Section 4.1080.9 herein, or with the State of California, as authorized in Family Code Section 298.5, or a person who has established a legal union which was validly formed in another jurisdiction that is substantially equivalent to a domestic partnership, as provided in Family Code Section 299.2. Domestic partner shall not include a person who has established a domestic partnership pursuant to any other authority, unless expressly otherwise provided in this article. A partnership shall be established, for purposes of this article, on the date of the filing with the Retirement System or state.

Employee. Every person in the employ or service of the City of Los Angeles in any capacity, rank, or office, at a regular salary, wage, or compensation.

Fire and Police Pension Plan or LAFPP. The retirement plan for sworn members established in Article XI, Part 3 of the Los Angeles City Charter.

Forfeit or Forfeiture shall have the meaning provided by Internal Revenue Code Section 401(a)(8).

Larger Annuity. The annuity funded entirely by the Member as provided in Section 4.1080.3(d).

LACERS Peace Officer Member. A Member of the Retirement System who, on and as of January 12, 2025, is an Active Employee of the Police Department, the Department of Airports, the Harbor Department, or the Department of Recreation and Parks; serves as a sworn peace officer pursuant to California Penal Code Section 830.1 or Section 830.31, performs police or firefighting duties; and belongs to one of the following class codes: 1968-0, 1966-0,1967-1, 1967-2, 2214-1, 2214-2, 2214-3, 2217, 2223-1, 2223-2, 2223-3, 2227-1, 2227-2, 2232-1, 2232-2, 2244-1, 2244-2, 2244-3, 2251, 2262-1, 2262-2, 3188-1, 3188-2, 3183-1, 3183-2, 3183-3, 3221-1, 3221-F, 3221-2, 3238-0, 3221-3, 3222-0, 3225-1, 3225-F, 3225-2, 3225-3, 3333-0, 3185-0, 3226-0, 3227-0, 3228-0, 3205, 3234, 3233, or 3232. An employee in Class Code 2112 is not a LACERS Peace Officer Member for the purposes of this definition.

LACERS Peace Officer Retired Member. A retired Member of the Retirement System who elected to remain in the Retirement System and not to transfer to LAFPP Tier 6, though the Member was eligible to participate in the LACERS Peace Officer Transfer Program because the Member was on and as of January 12, 2025, an Active Employee of the Police Department, the Department of Airports, the Harbor Department, or the Department of Recreation and Parks; served as a sworn peace officer pursuant to California Penal Code Section 830.1 or Section 830.31; performed police or firefighting duties; and belonged to one of the following class codes: 1968-0, 1966-0,1967-1, 1967-2, 2214-1, 2214-2, 2214-3, 2217, 2223-1, 2223-2, 2223-3, 2227-1, 2227-2, 2232-1, 2232-2, 2244-1, 2244-2, 2244-3, 2251, 2262-1, 2262-2, 3188-1, 3188-2, 3183-1, 3183-2, 3183-3, 3221-1, 3221-F, 3221-2, 3238-0, 3221-3, 3222-0, 3225-1, 3225-F, 3225-2, 3225-3, 3333-0, 3185-0, 3226-0, 3227-0, 3228-0, 3205, 3234, 3233, or 3232. An employee in Class Code 2112 is not a LACERS Peace Officer Retired Member for the purposes of this definition.

LACERS Peace Officer Transfer Program. The voluntary program that allows LACERS Peace Officer Members and LACERS Peace Officer Former Members, who are Active Employees on and as of January 12, 2025, to transfer membership and/or LACERS Service from LACERS to Tier 6.

Member or Tier 3 Member. An employee of the City of Los Angeles who meets the membership requirements contained in Section 4.1080.2. Notwithstanding the foregoing, a person who is no longer employed by the City but who qualifies for reciprocity under Section 4.1096 and whose Tier 3 Member contributions remain on deposit with the Retirement Fund may be considered to be a Member, but only to the limited extent necessary to comply with the reciprocity provisions contained in Section 4.1096. Member, as used in this article, shall mean a Member of Tier 3 unless otherwise specified.

Operative Date. The "effective date", unless a different date is specified by any ordinance adopted pursuant to the provisions of Charter Section 1168.

Public Safety Officer Member. The following definition shall apply only to Article 3 of Chapter 10 of this Code. A Member of Tier 3 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. Public Safety Officer Member also shall include an Airport Peace Officer Member 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 Sections 4.1007(a), 4.1008.1 and 4.1010.1 as set forth in Section 4.1002(e)(2). To the extent a Public Safety Officer Member qualifies retroactively for the enhanced benefits provided for in Sections 4.1080.8.1 and 4.1080.10.1, LACERS will adjust those benefits accordingly.

Public Safety Officer Former Member. The following definition shall apply only to Article 3 of Chapter 10 of this Code. A former Member of Tier 3 of the Retirement System who while a City employee and on the date that they separated from City Service or ceased to be a Member of the Retirement System, 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. Public Safety Officer Former Member also shall include an Airport Peace Officer Former Member 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 Sections 4.1007(a), 4.1008.1 and 4.1010.1 as set forth in Section 4.1002 (e)(2). To the extent a Public Safety Officer Former Member qualifies retroactively for the enhanced benefits provided for in Sections 4.1080.8.1 and 4.1080.10.1, LACERS will adjust those benefits accordingly.

Public Safety Officer Retired Member. The following definition shall apply only to Article 3 of Chapter 10 of this Code. A retired Member of Tier 3 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. Public Safety Officer Retired Member also shall include an Airport Peace Officer Retired Member 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 Sections 4.1007(a), 4.1008.1 and 4.1010.1 as set forth in Section 4.1002 (e)(2). To the extent a Public Safety Officer Retired Member qualifies retroactively for the enhanced benefits provided for in Sections 4.1080.8.1 and 4.1080.10.1, LACERS will adjust those benefits accordingly.

Regular Interest. Interest credited to the individual account of each member as provided in Charter Section 1162(b).

Reserve Basis. A system which provides for the accumulation and maintenance of a fund which will at all times be equal to the difference between the present value of the obligations assumed and the present value of the money to be received for paying such obligations, where such present values are estimated in accordance with accepted actuarial methods and on the basis of an assumed rate of interest and the mathematical probabilities of the occurrence of such contingencies as affect both the payment of the assumed obligations and the receipt of money with which they are to be paid.

Retirement Allowance or Allowance. An allowance granted under this article, together with all subsequent adjustments thereto, if any.

Retired Member or Retired Tier 3 Member. A former member who is receiving a monthly benefit from Tier 3 of the Retirement System. A retired member shall not be considered a member for purposes of this article and, if re-employed as authorized in Charter Section 1164, shall continue to be a retired member.

Retirement Fund. The trust fund established for the Retirement System in Charter Section 1154.

Retirement System or System. The Los Angeles City Employees' Retirement System (LACERS).

Spouse. A person who is a party to a valid marriage.

Tier 6. The Tier of the Fire and Police Pension Plan established in Charter Sections 1700-1726.

Sec. 29. The first paragraph of Subdivision (9) of Subsection (c) of Section 4.1080.2 of the Los Angeles Administrative Code is amended to read as follows:

(9) Any officer of the City elected for a fixed term who files a written declaration of the officer's desire not to become a member of the System within 90 days following the last day of the calendar month in which the Board received notice from the City Clerk indicating the officer's eligibility to opt out of membership in the System. When the declaration is filed, any contributions already taken attributable to the fixed term to which the officer was just elected, including interest thereon, shall be transferred to the officer's account with the Limited Term Retirement Plan and said officer shall have no right to benefits from the System for any periods for which such contributions were taken. Any officer who has filed such a declaration may revoke it in writing and, upon filing the written revocation with the Board of Administration, shall become a member of the System.

Sec. 30. The first paragraph of Subsection (d) of Section 4.1080.2 of the Los Angeles Administrative Code is amended to read as follows:

(d) **Part-Time Employee Members.** Employees who qualify for membership in the Retirement System pursuant to Subsection (c)(8) herein shall be referred to as "part-time employee members." As provided in Subsection (b)(7), employees who commence employment with the City prior to February 21, 2016, in a position eligible for part-time employee membership in LACERS pursuant to the requirements of Subsection (c)(8), who become eligible for part-time employee membership pursuant to the requirements of Subsection (c)(8) on or after February 21, 2016, shall become members of LACERS Tier 1.

Sec. 31. Subsection (e) is added to Section 4.1080.2 of the Los Angeles Administrative Code to read as follows:

(e) **LACERS Peace Officer Member.** A LACERS Peace Officer Member shall make an irrevocable election in writing whether to remain a LACERS Member or to become a Member of Tier 6 in lieu of membership in LACERS and to transfer LACERS Service to Tier 6, on the terms and conditions set forth in Subdivision (1) below and further set forth in Charter Section 1709 and Section 4.2216 of this Code.

(1) **Election for LACERS Peace Officer Members Actively Employed as of January 12, 2025.**

(A) **Election Requirements.** LACERS shall have the authority to administer the election process consistent with the below requirements, including to create written election forms, require counseling, promulgate election filing rules and procedures, and determine the election period and deadlines.

(i) **Mandatory Counseling Sessions.** Every LACERS Peace Officer Member shall attend a mandatory counseling session administered by LACERS, in coordination with the Department of Recreation and Parks, in order to make an informed and voluntary decision whether to transfer to Tier 6 or to remain a LACERS Member. The counseling sessions shall be held at dates and times established by LACERS and LAFPP. The counseling sessions shall include, but shall not be limited to, information regarding a comparison of the benefits offered by each plan.

(ii) **Irrevocable Election to Transfer or Remain.** Every LACERS Peace Officer Member shall file a written election form with LACERS indicating whether the Member elects to transfer to Tier 6 or to remain a LACERS Member by the election deadline, which shall be January 9, 2026, or an earlier date selected by the Board of Fire and Police Pension Commissioners and the LACERS

Board of Administration. A LACERS Peace Officer Member's failure to file an election form before the election deadline shall be deemed an irrevocable election to remain a LACERS Member.

(iii) **Irrevocable Agreement to Transfer All Prior Service.** A LACERS Peace Officer Member electing to transfer to Tier 6 must agree to transfer all prior LACERS Service to Tier 6 pursuant to the requirements set forth in Charter Section 1709 and Section 4.2216 of this Code, and to forfeit any and all benefits administered by LACERS. A LACERS Peace Officer Member shall file their election form to transfer to Tier 6 from LACERS as provided in Subparagraph (ii) above.

(B) **Election and Service Transfer Shall Be Irrevocable.** Consistent with Charter Section 1709(b)(3), a LACERS Peace Officer Member's election to remain a LACERS Member or transfer to Tier 6 shall be irrevocable after LACERS accepts the election form. Neither the Board of Fire and Police Pension Commissioners nor the LACERS Board of Administration shall have any authority to revoke a LACERS Peace Officer Member's election or allow transfers after the election deadline, except as provided by Section 4.2216.

(C) **Transfer Effective Date.** A LACERS Peace Officer Member's election to transfer to Tier 6 shall be effective on January 11, 2026, or an earlier date selected by the Board of Fire and Police Pension Commissioners and the LACERS Board of Administration.

(D) **Responsibility for Payment.** To ensure cost neutrality for the Retirement System, the City shall pay the full actuarial cost of the transfer of membership and LACERS Service and all associated costs and expenses as set forth in Charter Section 1709 and Section 4.2216 of this Code, as well as all costs and expenses incurred by the Retirement System in connection with administering the election process for LACERS Peace Officer Members, excluding LACERS staff time dedicated to administering the election process, which may be reimbursed at the City's discretion. Mandatory reimbursement includes but is not limited to the following costs and expenses: the cost of any necessary reports prepared by the Retirement System's actuary, the cost of programming any changes to the pension administration system, and any legal expenses incurred by the Retirement System. The City shall pay all costs and expenses associated with Members of the Department of Recreation and Parks who elect to transfer. LACERS shall be responsible for preparing invoices for all costs and expenses incurred, and submitting them to the City for review and approval, provided that any requests for reimbursement of LACERS staff time shall be submitted as a separate invoice.

(E) **Board's Administration of the Program.** The LACERS Board of Administration shall administer the Program and adopt all rules necessary to implement this section. The LACERS Board of Administration shall determine any factual questions arising in connection with the Program, and shall take all appropriate action. The Board's determination shall be final and binding on all parties.

Sec. 32. Subsection (b) of Section 4.1080.6 of the Los Angeles Administrative Code is amended to read as follows:

(b) **Continuous Service Requirement.** Service purchased under Section 4.1080.20 shall not count toward establishing the minimum five years of continuous City service required for retirement under this section. The requirement for five years of continuous City service set forth in this section, however, may be satisfied based upon service with a reciprocal system to the extent necessary to comply with the provisions of Section 4.1096. A former Member does not need to have five years of continuous service if the former Member has been a member while employed for any period of time as a part-time employee whose membership terminates for any reason on or after October 18, 1993.

Sec. 33. Subsection (b) of Section 4.1080.8 of the Los Angeles Administrative Code is amended to read as follows:

(b) **Disability Determination.** The Board shall cause each Member who applies for disability retirement to be examined by, and a written report thereon rendered by, at least three regularly licensed, practicing physicians selected by the Board. If the Member is terminally ill, however, the Board only shall require the Member to be examined by one such physician selected by the Board. If, upon considering the report(s) of such physician(s) and such other evidence as shall have been presented to it in connection with the disability retirement application, the Board finds that: (1) the Member has become physically or mentally incapacitated and is incapable, as a result thereof, of performing the Member's duties; and (2) such disability was not due to intemperance unattributable to a physical or mental impairment, or the willful misconduct of such Member, then the Board shall determine that the Member shall be retired as of the date of the discontinuance of the Member's service on account of such disability or termination of sick leave with pay.

Sec. 34. The first paragraph of Subdivision (2) of Subsection (d) of Section 4.1080.8 of the Los Angeles Administrative Code is amended to read as follows:

(2) That the disabling condition(s) and death of the applicant were not due to the applicant's intemperance unattributable to a physical or mental impairment or willful misconduct.

Sec. 35. Subsection (a) of Section 4.1080.8.1 of the Los Angeles Administrative Code is amended to read as follows:

(a) **Application for Disability Retirement.** Any Public Safety Officer Member who has completed Peace Officer Standards and Training and taken the Oath of Office, applying for a service-connected disability, or who has five or more years of Continuous Service, applying for a nonservice-connected disability, who has become physically or mentally incapacitated and who is incapable, as a result thereof, of performing their duties, may be retired upon written application of such Member, or any person acting on their behalf, or on behalf of the head of the department wherein such Member is employed. Any such application may be made at any time, but no later than one year after the discontinuance of the service of such employee, provided such incapacity has been continuous from the discontinuance of such service. No application may be filed under this Section 4.1080.8.1 prior to March 25, 2022.

Sec. 36. The first paragraph of Subsection (c) of Section 4.1080.8.1 of the Los Angeles Administrative Code is amended to read as follows:

(c) **Nonservice-Connected Disability.** Upon the filing by any Public Safety Officer Member's written application for a disability retirement allowance who shall have five or more years of continuous service, or upon the filing of a written application by any person acting on the Member's behalf, or on behalf of the head of the department wherein such Member is employed, for any Public Safety Officer Member whom the Board shall determine has become physically or mentally incapacitated by reason of injuries or sickness other than injuries received or sickness caused by the discharge of the duties of such person, and who is incapable as a result thereof from performing their assigned duties or those to which they would be assigned within the Member's civil service classification if returned to duty, shall be retired by order of the Board from further active duty as an employee. As a further condition of entitlement to such a retirement, the Board also shall determine that such disability was not due principally to or caused by intemperance unattributable to a physical or mental impairment, or the willful misconduct of the Member intended to entitle them to a nonservice-connected disability retirement.

Sec. 37. The second paragraph of Subsection (d) of Section 4.1080.8.1 of the Los Angeles Administrative Code are amended to read as follows:

The Board first shall determine whether or not the Member is incapable of performing their duties or those to which they would be assigned within the Member's civil service classification if returned to duty. If the Board were to determine that they are not so incapable, it then shall be the duty of the Board to deny the application. If the Board were to determine that they are so incapable, it then shall determine, pursuant to the language used in Subsections (b) and (c) of this section, whether their incapacity or disability is service-connected or nonservice-connected. The Board then shall determine the percentage of the Member's incapacity or disability, within the limitations prescribed in Subsections (b) and (c) of this section, and shall grant the application

accordingly. If the Board were to determine that the incapacity or disability was principally due to or caused by voluntary action by the Member intended to entitle them to a nonservice-connected disability retirement allowance, or due to intemperance unattributable to a physical or mental impairment, or the willful misconduct of such Member, as defined in rules promulgated by the Board, it then shall be the duty of the Board to deny the application. In the case of any Public Safety Officer Former Member, the Board, in order to grant any application filed by them for a disability retirement, also must determine, in addition to all of the foregoing, that any existing incapacity or disability upon their part occurred prior to the termination of their active status, and that such incapacity or disability had been continuous up to the date of the Board's determinations.

Sec. 38. Subsection (l) of Section 4.1080.8.1 of the Los Angeles Administrative Code is amended to read as follows:

(l) **Exclusion for Willful Misconduct.** In making its determinations and findings relative to Subsections (a), (b), and (c) of this section, the Board shall consider whether and to what extent the activity giving rise to the disability of a Public Safety Officer Member was caused or aggravated by such Member's willful misconduct. If the Board finds that the disability was caused or aggravated by such willful misconduct, the Board shall deny the Public Safety Officer Member's application for a disability retirement.

Sec. 39. Subdivision (a)(2) of Section 4.1080.10 of the Los Angeles Administrative Code is amended to read as follows:

(2) **Limited Pension.** In the event such Member shall have had at least one year of City Service for which the Member is entitled to receive Service Credit, then a limited pension shall be paid as provided herein. The limited pension shall be paid in equal monthly payments of one-half of the average monthly Compensation Earnable of such Member during the Member's last year of service. For each year of service, not to exceed six years, two monthly payments shall be paid, not to exceed a total of 12 monthly payments for six or more years of service. Such limited pension shall be paid to the surviving spouse or Domestic Partner of such deceased Member or, in the event there shall be no surviving spouse or Domestic Partner, to the minor children of such Member. The payment to a minor child shall continue beyond the month the child reaches age 18 if the child was a minor on the date of the Member's death. In the event there be no surviving spouse or Domestic Partner or minor children, the limited pension shall be paid to the dependent parents of such Member. However, no limited pension shall be paid in the event the Board of Administration, upon investigation and after a hearing in the matter, finds that the death of such Member was due to or resulted from the intemperance unattributable to a physical or mental impairment, or the willful misconduct of such Member. In the event any such beneficiary dies before receiving the full amount of such limited pension, the limited pension shall be continued to the persons who, in the order hereinabove set forth, qualify as beneficiaries as of the date of death of the deceased beneficiary and who, within 60 days after such date make

demand for payment thereof; provided, however, that in the event no such demand is made within such time, the said limited pension shall be deemed conclusively to have been terminated as of such date of death.

Sec. 40. Subsection (e) of Section 4.1080.10 of the Los Angeles Administrative Code is amended to read as follows:

(e) All benefits payable upon the death of a Public Safety Officer Member or Public Safety Officer Former Member shall be determined by Section 4.1080.10.1, and the provisions of this section and Sections 4.1080.11, 4.1080.12(b) and (c), 4.1080.13, and 4.1080.14, shall not apply. All benefits payable upon the death of a Public Safety Officer Retired Member, who at the time of death was receiving a disability retirement allowance pursuant to Section 4.1080.8.1, shall be determined by Section 4.1080.10.1, and the provisions of this section and Sections 4.1080.11, 4.1080.12(b) and (c), 4.1080.13, and 4.1080.14, shall not apply. The provisions of Section 4.1090 establishing the Family Death Benefit Plan shall apply only to the extent that it would not cause a survivor allowance to be paid that exceeds any limitations imposed by the Internal Revenue Code.

Sec. 41. The first paragraph of Section 4.1080.10.1 of the Los Angeles Administrative Code is amended to read as follows:

All benefits payable upon the death of a Public Safety Officer Member or Public Safety Officer Former Member, as defined in Section 4.1080.1, shall be determined by this Section 4.1080.10.1, and the provisions of Sections 4.1080.10, 4.1080.11, 4.1080.12(b) and (c), 4.1080.13, and 4.1080.14 shall not apply. All benefits payable upon the death of a Public Safety Officer Retired Member, as defined in Section 4.1080.1, who at the time of death was receiving a disability retirement allowance pursuant to Section 4.1080.8.1, shall be determined by this Section 4.1080.10.1, and the provisions of Sections 4.1080.10, 4.1080.11, 4.1080.12(b) and (c), 4.1080.13, and 4.1080.14 shall not apply. Notwithstanding anything to the contrary, no survivor allowance shall be paid under this Section 4.1080.10.1 to the extent it exceeds any limitations imposed by the Internal Revenue Code. The Board shall have the authority to adopt rules to implement this limitation.

Sec. 42. Subsection (b) of Section 4.1080.16 of the Los Angeles Administrative Code is amended as follows:

(b) **Option to Elect a Life Annuity.** When a court of competent jurisdiction awards a former spouse or former domestic partner a portion of the retirement benefits payable to the member/former member and to the member/former member's surviving spouse or domestic partner (survivor), if any, the former spouse or former domestic partner, in lieu of receiving the former spouse's or former domestic partner's portion of the benefits payable based upon the lifetime of the member/former member and/or survivor, may instead make an irrevocable election to convert the former spouse's or former domestic partner's interest in such retirement benefits into an actuarially

equivalent life annuity payable for the lifetime of the former spouse or former domestic partner. If the member/former member has not yet retired, the former spouse or former domestic partner must make this irrevocable election to receive a life annuity, in writing, prior to receiving payment of the former spouse's or former domestic partner's community property portion of the retirement allowance. If the member/former member has already retired, the election must be made at the time the former spouse or former domestic partner requests direct payment of the former spouse's or former domestic partner's community property portion of the retirement allowance. The former spouse or former domestic partner must make the election to receive a life annuity within 90 days of LACERS providing written notice to the former spouse or former domestic partner. If this irrevocable election is not made prior to the applicable times specified herein, the former spouse or former domestic partner will be deemed to have waived the right to elect to receive a life annuity.

This option is not available in a legal separation where the parties' relationship has not been legally terminated.

Sec. 43. Subsection (g) is added to Section 4.1080.18 of the Los Angeles Administrative Code to read as follows:

(g) **Effect of Transfer to Fire and Police Pension Plan.** For any Member who has entered into an agreement to provide back contributions and elects to transfer membership to the Fire and Police Pension Plan pursuant to Section 4.2216, LACERS shall transfer all service credit and associated contributions that have been purchased, subject to the terms and conditions of the LACERS Peace Officer Transfer Program and the terms and conditions provided in this section.

Sec. 44. Subsection (l) is added to Section 4.1080.20 of the Los Angeles Administrative Code to read as follows:

(l) **Effect of Transfer to Fire and Police Pension Plan.** For any Member who has entered into a buy back agreement and elects to transfer membership to the Fire and Police Pension Plan pursuant to Section 4.2216, LACERS shall transfer all service credit and associated contributions that have been purchased, subject to the terms and conditions of the LACERS Peace Officer Transfer Program and the terms and conditions provided in this section.

Sec. 45. Section 4.1080.27 of the Los Angeles Administrative Code is amended to read as follows:

Sec. 4.1080.27. Compliance with Internal Revenue Code Section 401(a)(9) Regarding Required Distributions.

The Retirement System will pay all benefits in accordance with a reasonable and good faith interpretation of the requirements of Section 401(a)(9) of the Internal Revenue Code and the regulations in effect under that section, as applicable to a

governmental plan within the meaning of Section 414(d) of the Internal Revenue Code. The Retirement System is subject to the following provisions:

(a) Distribution of a Member's benefit must begin by the required beginning date. The required beginning date shall be the later of April 1 following the calendar year in which the member terminates service or the calendar year in which the member reaches the Applicable Age. The Applicable Age shall mean:

(1) Age 70 ½ for members born before July 1, 1949;

(2) Age 72 for members born after June 30, 1949 but before January 1, 1951;

(3) Age 73 for members born on or after January 1, 1951 but before January 1, 1960;

(4) Age 75 for members born on or after January 1, 1960; or

(5) The Applicable Age set forth in Section 401(a)(9)(C)(v) of the Internal Revenue Code, as amended from time-to-time.

If a Member fails to apply for retirement benefits or request a refund, as applicable, by the later of either of those dates, the Board shall begin distribution as required by this rule in the form provided in Section 4.1080.4 or Section 4.1080.7, as applicable.

(b) The Member's entire interest must be distributed over the Member's life or the lives of the Member and a qualified survivor, or over a period not extending beyond the life expectancy of the Member or of the Member and a designated beneficiary.

(c) The Retirement System, pursuant to a court order, may pay a portion of the Member's benefit to a nonmember.

(d) If a Member dies after the required distribution of benefits has begun, the remaining portion of the Member's interest must be distributed at least as rapidly as under the method of distribution before the Member's death.

(e) If a Member dies before required distribution of the Member's benefits has begun, the Member's entire interest must be either:

(1) distributed (in accordance with federal regulations) over the life or life expectancy of the qualified survivor, with the distributions beginning no later than December 31 of the calendar year following the calendar year of the Member's death; or

(2) distributed within five years of the Member's death.

(f) The amount of an annuity paid to a Member's beneficiary may not exceed the maximum determined under the incidental death benefit requirement of Section 401(a)(9)(G) of the Internal Revenue Code, and the minimum distribution incidental benefit rule under Treasury Regulation Section 1.401(a)(9)-6(b).

(g) The death and disability benefits provided by the retirement system are limited by the incidental benefit rule set forth in Section 401(a)(9)(G) of the Internal Revenue Code and Treasury Regulation Section 1.401-1(b)(1)(i), or any successor regulation thereto. As a result, the total death or disability benefits payable may not exceed 25 percent of the cost for all of the Members' benefits received from the retirement system.

(h) Notwithstanding the other provisions of this rule or the provisions of the Treasury Regulations, benefit options may continue so long as the option satisfies Section 401(a)(9) of the Internal Revenue Code based on a reasonable and good faith interpretation of that section.

Sec. 46. Subsections (b) and (c) of Section 4.1095 of the Los Angeles Administrative Code are amended to read as follows:

(b) **Membership in the LACERS.** A Plan Member shall become a system member immediately upon changing employment from the Department of Water and Power to such other office, class, or position established by the City of Los Angeles as would make the Plan Member eligible for membership in the LACERS; provided, however, that there is no break in service of more than seven calendar days. If there is a break in service of more than seven calendar days, the former Plan Member shall become a System Member on the date that the former Plan Member's entrance into such employment with the City of Los Angeles makes the former Plan Member eligible to become a System Member.

If a Plan Member participates in the reciprocal retirement benefit arrangement established in this Section, the Plan Member shall become a member of Tier 1 upon becoming a System Member, provided that the Plan Member's employment with the DWP commenced prior to February 21, 2016, and there is no break in service of more than seven calendar days, as provided in the preceding paragraph. If a Plan Member becomes a System Member on or after February 21, 2016, the Plan Member shall become a member of Tier 3 upon becoming a System Member if: (1) the Plan Member did not commence employment with the DWP prior to February 21, 2016; (2) the Plan Member commenced employment with the DWP prior to February 21, 2016, but there was a break in service of more than seven calendar days upon the change in employment from the DWP; or (3) the system member elects not to participate in the reciprocal retirement benefits arrangement as provided in Subsection (d) herein.

Membership shall entitle the system member to all benefits for retirement, disability and death for which the system member would qualify based upon the system member's total service in both the LACERS and the WPERP.

(c) **Contributions of System Members Who Transfer from the Department of Water and Power.** A Plan Member who becomes a System Member shall contribute to LACERS at the rate provided in Tier 1 or Tier 3, as applicable.

Sec. 47. Subsection (g) of Section 4.1095 of the Los Angeles Administrative Code is amended to read as follows:

(g) **Continuous Service**. Continuous service to determine a System Member's eligibility for service or disability retirement shall include City service as defined in this section, and not as defined in Sections 4.1001 or 4.1080.1 of this Code; provided however, that the System Member has not exercised one of the elections provided in Subsection (d) of this section.

Sec. 48. Section 4.1104 of the Los Angeles Administrative Code is amended to read as follows:

The definitions of Service and Service Credit now set forth in Section 4.1110 for Tier 1 and Section 4.1125 for Tier 3 shall apply prospectively to Members and former Members who retire on or after February 21, 2016. Effective February 21, 2016, a part-time employee Member shall be eligible for a benefit under this Chapter when the Member is age 55 with a minimum of ten years of Service, provided that the Member is receiving a service retirement benefit or disability retirement benefit from LACERS under Chapter 10. After calculating the first ten years of Service, a part-time Member's health subsidy shall be calculated using Service Credit, which shall be prorated based upon the number of hours the Member worked per pay period. However, employees who became Members of LACERS prior to April 23, 1990, whose health subsidy is based on periods of part-time and less than full-time employment, shall receive a health subsidy based on Service, and not pro-rated Service Credit.

Any retired Member who retired before February 21, 2016, who would have been eligible for a benefit under this chapter had the retired Member retired on or after February 21, 2016, shall be entitled to apply to LACERS, under rules and procedures to be developed by LACERS, to enroll or participate in the retiree health program established by this Chapter. Such retirees shall receive, upon enrollment in a health plan administered by LACERS or the first date of participation in LACERS' Medical Premium Reimbursement Program, the monthly retiree medical subsidy amount to which they are entitled based upon their prorated Service Credit, effective as of the first date of such enrollment or participation.

Sec. 49. Section 4.1110 of the Los Angeles Administrative Code is amended to read as follows:

Sec. 4.1110. Definitions.

For purposes of this Article 2, the following words and phrases shall have the meaning ascribed to them in this section:

Employee shall refer to an employee who is a member of Tier 1 of LACERS.

Member shall refer to a person who is a member of Tier 1 of LACERS. Effective February 21, 2016, a part-time employee Member who qualifies for membership under Section 4.1002 of this Code shall be eligible for a benefit under this Article 2 when the Member is age 55 with a minimum of ten years of Service, provided that the Member is receiving a service retirement benefit or disability retirement benefit from LACERS under Chapter 10. After calculating the first ten years of Service, a part-time Member's health subsidy shall be calculated using Service Credit, which shall be prorated based upon the number of hours the Member worked per pay period. However, employees who became Members of the LACERS prior to April 23, 1990, whose health subsidy is based on periods of part-time and less than full-time employment, shall receive a health subsidy based on Service, and not pro-rated.

Retired Employee or Retiree shall refer to a person who is a retired Member of Tier 1 of LACERS and is receiving either a service retirement allowance or a disability retirement allowance pursuant to the provisions of Article 1 of Chapter 10 of Division 4 of this Code.

Service. Effective February 21, 2016, only those periods during which a Member (1) received compensation from the City as an employee, or (2) during which the employee both received Workers' Compensation benefits (Div. IV, California Labor Code) for temporary disability on account of any injury or illness arising out of, and in the course of, employment with the City, and made contributions to the Retirement Fund as provided in Charter Section 1162. Service shall exclude service purchased pursuant to the Public Service Buy Back (PSB) program set forth in Section 4.1019. Service purchased pursuant to the redeposit program set forth in Section 4.1018, and Service purchased pursuant to the back contributions program set forth in Section 4.1017 may be used to qualify for the benefits provided in this article, provided that such service is purchased while a Member of LACERS and does not exceed any limits imposed under federal tax law. Part-time employee Members shall receive full, rather than prorated, Service for purposes of qualifying for benefits under this article.

Service Credit. Effective February 21, 2016, Service Credit shall include any Service authorized by Chapter 10 of Division 4 of this Code that may be taken into consideration for purposes of qualifying for benefits provided in Chapter 10, excluding any purchased service purchased pursuant to the Public Service Buy Back (PSB) program set forth in Section 4.1019 , and provided that any such service credit does not

exceed any limits imposed under federal tax law. Part-time employee Members shall have their Service Credit prorated based upon the number of hours worked per pay period for purposes of the calculation of their benefits under this article.

Sec. 50. A new paragraph is added to the end of Subsection (c) of Section 4.1154 of the Los Angeles Administrative Code to read as follows:

The amount of the medical plan premium subsidy applied toward the coverage of dependents of a retired member enrolled in both Part A and Part B of Medicare ("fully enrolled") shall not exceed the amount which may be applied toward the coverage of the dependent(s) of a retired member who is not enrolled in Medicare or is only enrolled in Part B of Medicare ("partially enrolled"), whichever is greater. The maximum coverage for a fully enrolled retired member's dependents shall not exceed the highest amount available to a retired member with the same years of service, who is not enrolled or partially enrolled in Medicare but covered by the same medical plan. If the same medical plan does not offer coverage for retirees who do not have both Medicare Parts A and B, the Board shall, by rule, determine the dependent subsidies in a manner that is consistent with plans that do offer both types of coverage.

Sec. 51. Subsection (a) of Section 4.1850 of the Los Angeles Administrative Code is amended to read as follows:

(a) **Definitions.** For the purpose of this ordinance, the following words and phrases shall have the meaning ascribed to them in this ordinance unless a different meaning is clearly indicated by the context:

Annual Addition shall mean the annual addition as defined in Code Section 415(c), which in general, is the sum of the City contributions, Participant contributions and forfeitures credited to a Participant's account for the Limitation Year under this Plan and any other qualified defined contribution plan maintained by the City.

Average Member Cost shall mean a percentage, in effect for such Plan Year, equal to the sum of:

(a) The percentage of City contributions needed to fund Tier 1 or Tier 3 of the LACERS, as applicable, for all benefits provided by that tier; and

(b) Any ancillary costs incurred by the City in support of benefits provided by Tier 1 or Tier 3 of the LACERS, as applicable, expressed as a percentage of covered payroll.

Beneficiary shall mean any person or legal entity designated in accordance with Subsection (h) hereof.

Board or **Board of Administration** shall mean the Board of Administration as defined in Section 1104(a) of Article XI of the Charter of the City of Los Angeles.

City shall mean the City of Los Angeles.

Code shall mean the Internal Revenue Code of 1986 as amended.

Compensation shall be determined in the same manner that "Compensation Earnable" is determined for members of LACERS. The annual compensation of each Participant taken into account for determining all benefits provided under this Plan for any Plan Year shall not exceed $200,000, determined in accordance with Section 401(a)(17) of the of the Internal Revenue Code and the regulations thereunder, and as adjusted for increases in the cost-of-living in accordance with Section 401(a)(17)(B) of the of the Internal Revenue Code. The cost-of-living adjustment in effect for a calendar year applies to the Plan Year beginning in that calendar year. If a Participant is an active member for less than a Plan Year, then the compensation limit is an amount equal to the otherwise applicable annual compensation limit multiplied by a fraction, the numerator of which is the number of full months in which the Participant was an active member and the denominator of which is 12.

Effective Date shall mean July 1, 1997.

Fund shall mean the Limited Term Retirement Fund.

LAAC shall mean the Los Angeles Administrative Code.

LACERS shall mean the Los Angeles City Employees Retirement System as defined under Section 1150 of Article XI, Part I of the Charter of the City of Los Angeles.

Participant shall mean those employees eligible for participation in this Plan. Employees eligible to participate in this Plan are those employees who are elected officials of the City and who are eligible and elect to opt out of Tier 1 of the LACERS under Section 4.1002(b)(9) of the LAAC, or elect to opt out of Tier 3 of the LACERS under Section 4.1080.2(c)(9) of the LAAC, as applicable. Except that any retired member of LACERS who is elected as an officer of the City shall become a Participant without being required to opt out of membership because Section 4.1002(b)(9) for Tier 1, or Section 4.1080.2(c)(9), for Tier 3, of the LAAC, as applicable, prohibits the retired member from re-entering membership in the tier of LACERS from which the retired member is retired. An employee shall cease to be a Participant as to additional contributions upon termination of employment with the City or entrance into a different retirement plan provided by the City. As used here, the term "employee" shall mean a person in the employ or service of the City as reflected on the payroll records of the City.

Plan shall mean the Limited Term Retirement Plan set forth herein, as amended from time to time.

Plan Year shall mean a 12-month consecutive period commencing with January 1 of each year and ending with December 31. The Plan Year shall be the "limitation year" for purposes of Section 415 of the Internal Revenue Code.

Valuation Date shall mean the last day of each Plan Year. In addition, the Board may fix, in a uniform and nondiscriminatory manner, one or more interim or recurring Valuation Dates.

Sec. 52. The first paragraph of Subsection (c) of Section 4.1850 of the Los Angeles Administrative Code is amended to read as follows:

(c) **Participant Contributions.** Each Participant shall contribute to the Fund by salary deduction at the same percentage of the Participant's Compensation that the Participant would be required to contribute to the Retirement Fund, as provided in Chapter 10 of Division 4 of the LAAC, had the Participant had not opted out of membership in either Tier 1, pursuant to Section 4.1002(b)(9), or Tier 3, pursuant to Section 4.1080.2(c)(9) of the LAAC, as applicable. Except that a Participant who is a retired member of LACERS shall contribute to the Fund by salary deduction at the same percentage of the Participant's Compensation that the Participant would have been required to contribute to the Retirement Fund, as provided in Chapter 10 of Division 4 of the LAAC, had the Participant not retired. Such contributions shall be treated as employer contributions for purposes of taxation in accordance with Section 414(h)(2) of the Internal Revenue Code and shall be paid from the same source of funds as is used in paying Compensation. For all other purposes, such contributions shall be treated as employee after-tax contributions. The wages of Participants shall be reduced by the amount of Participant contributions. Nothing herein shall be construed to permit or extend an option to Participants to directly receive Participant contributions instead of having them contributed to the Fund.

Sec. 53. Subsection (a) of Section 4.1902 of the Los Angeles Administrative Code is amended to read as follows:

(a) Distribution of a Member's benefit must begin by the required beginning date, which is the later of the April 1 following the calendar year in which the Member attains the Applicable Age, or April 1 of the year following the calendar year in which the Member terminates. For the purposes of this Section the Applicable Age shall mean:

(1) Age 70 1/2 for Members born before July 1, 1949;

(2) Age 72 for Members born after June 30, 1949 but before January 1, 1951;

(3) Age 73 for Members born on or after January 1, 1951 but before January 1, 1960;

(4) Age 75 for members born on or after January 1, 1960; or

(5) The Applicable Age set forth in Section 401(a)(9)(C)(v) of the Internal Revenue Code, as amended from time-to-time.

Sec. 54. Subsection (f) of Section 4.1902 of the Los Angeles Administrative Code is amended to read as follows:

(f) The amount of an annuity paid to a member's qualified survivor may not exceed the maximum determined under the incidental death benefit requirement of Section 401(a)(9)(G) of the Internal Revenue Code, and the minimum distribution incidental benefit rule under Treasury Regulation Section 1.401(a)(9)-6(b).

Sec. 55. Subsection (f) is renumbered to Subsection (g), and Subsections (f) and (h) are added to Section 4.2012 of the Los Angeles Administrative Code to read as follows:

(f) **OPS Purchase Program.** The determination of 100 percent funded status and the one percent payment by the City of Tier 5 employee contributions pursuant to Charter Section 1222 and Section 4.2014 of this chapter shall be made without regard to any impact resulting from the inclusion of certain Members of Department of General Services' Office of Public Safety, who elect to transfer from the Los Angeles City Employees' Retirement System to Tier 6 of the Plan, as authorized by Charter Section 1703.

(g) **Members of the Airport Department.** The determination of 100 percent funded status and the one percent payment by the City of Tier 5 employee contributions pursuant to Charter Section 1222 and Section 4.2014 of this chapter shall be made without regard to any impact resulting from the inclusion of Members of the Department of Airports in Tier 6 of the Plan, as authorized by Charter Section 1700(f).

(h) **LACERS Peace Officer Transfer Program.** The determination of 100 percent funded status and the one percent payment by the City of Tier 5 employee contributions pursuant to Charter Section 1222 and Section 4.2014 of this chapter shall be made without regard to any impact resulting from the inclusion of certain Members of the Police Department, Department of Airports, Harbor Department, and Department of Recreation and Parks, who elect to transfer from the Los Angeles City Employees' Retirement System to Tier 6 of the Plan, as authorized by Charter Section 1709.

Sec. 56. The first paragraph of Subsection (c) of Section 4.2100 of the Los Angeles Administrative Code is amended to read as follows:

(c) The City reserves the right to suspend the right of Members to enter the DROP program and to modify the program for future entrants as necessary to maintain cost neutrality and/or to meet the City's DROP goals of retaining and lengthening the careers of sworn personnel with the Police Department, Fire Department, Harbor Department, Department of Airports, and Department of Recreation and Parks. Any amendments to DROP enacted in accordance with this subsection will affect only those persons who enter DROP after the date the changes become effective.

Sec. 57. Subdivision (e)(5) of Section 4.2101 of the Los Angeles Administrative Code is amended to read as follows:

(5) Receive benefits from the Fire and Police Pension Plan upon termination of City employment as a sworn member of the Fire Department, Police Department, Harbor Department, Department of Airports, or Department of Recreation and Parks at the time and in the manner provided in this chapter.

Sec. 58. Subsection (d) of Section 4.2102 of the Los Angeles Administrative Code is amended to read as follows:

(d) Until a Member actually terminates employment as a sworn member of the City of Los Angeles Fire Department, Police Department, Harbor Department, Department of Airports, or Department of Recreation and Parks, no money shall be paid to any persons from the DROP account. After the Member terminates employment, the DROP account shall be subject to court orders in the same manner as the monthly service pension entitlement and according to the terms of the court order.

Sec. 59. Subsection (a) of Section 4.2106 of the Los Angeles Administrative Code is amended to read as follows:

(a) Upon the simultaneous termination of DROP participation and employment as a sworn member of the City's Fire Department, Police Department, Harbor Department, Department of Airports, or Department of Recreation and Parks, a Member shall be entitled to receive:

Sec. 60. Section 4.2216 is added to the Los Angeles Administrative Code to read as follows:

Sec. 4.2216. LACERS Peace Officer Transfer Program.

(a) **Definitions.** For the purposes of this section, the following words and phrases shall have the meaning ascribed to them in this subsection unless a different meaning is clearly indicated by the context.

Active Employee means a person who currently is employed by any City department. This definition does not include a person who has terminated employment with the City for any reason.

Board means the Board of Fire and Police Pension Commissioners.

City Service or Service means those periods during which a LACERS Member received compensation from the City as an employee or during which the LACERS Member not only received Workers' Compensation benefits (Div. IV, California Labor Code) for temporary disability on account of any injury or illness arising out of and in the course of employment with the City, but for which the LACERS Member also made Member contributions to LACERS as provided in Charter Section 1162.

DROP means the Deferred Retirement Option Plan established in Chapter 21 of Division 4 of the Los Angeles Administrative Code.

Employer Contributions means contributions paid by the Member's employing department, from the following revenue sources: the City's General Fund, the Airport Revenue Fund, or the Harbor Revenue Fund.

Full Actuarial Cost means the cost to be paid by the City, including costs attributed to the Department of Airports or Harbor Department for transferred service, membership, and associated ongoing costs to achieve cost neutrality for the Plan as determined by the Plan's actuary.

LAAC means the Los Angeles Administrative Code. All statutory references contained in this section are to the LAAC unless otherwise indicated.

LACERS means the Los Angeles City Employees' Retirement System.

LACERS Board of Administration means the Board of Administration of the Los Angeles City Employees' Retirement System.

LACERS Peace Officer Former Member means a former Member of LACERS who is an Active Employee on and as of January 12, 2025 of the Police Department, transferred to Tier 6 pursuant to Charter Section 1703 and Section 4.2214 of the LAAC; serves as a sworn peace officer pursuant to California Penal Code Section 830.1; performs police duties; and belongs to one of the following class codes: 2214-1, 2214-2, 2214-3, 2217, 2223-1, 2223-2, 2223-3, 2227-1, 2227-2, 2232-1, 2232-2, 2244-1, 2244-2, 2244-3, 2251, 2262-1, 2262-2, 3188-1, 3188-2, 3183-1, 3183-2, 3183-3. An employee in Class Code 2112 is not a LACERS Peace Officer Former Member for the purposes of this section.

LACERS Peace Officer Member means a Member of LACERS who, on and as of January 12, 2025, is an Active Employee of the Police Department, the Department of Airports, the Harbor Department, or the Department of Recreation and Parks; serves

as a sworn peace officer pursuant to California Penal Code Section 830.1 or Section 830.31; performs police or firefighting duties; and belongs to one of the following class codes: 1968-0, 1966-0,1967-1, 1967-2, 2214-1, 2214-2, 2217, 2214-3, 2223-1, 2223-2, 2223-3, 2227-1, 2227-2, 2232-1, 2232-2 , 2244-1, 2244-2, 2244-3, 2251, 2262-1, 2262-2, 3188-1, 3188-2, 3183-1, 3183-2, 3183-3, 3221-1, 3221-F, 3221-2, 3238-0, 3221-3, 3222-0, 3225-1, 3225-F, 3225-2, 3225-3, 3333-0, 3185-0, 3226-0, 3227-0, 3228-0, 3205, 3234, 3233, or 3232. An employee in Class Code 2112 is not a LACERS Peace Officer Member for the purposes of this section.

LACERS Service means a Member's City Service and any periods of time purchased from LACERS, pursuant to Sections 4.1017, 4.1018, 4.1019, 4.1020, 4.1020.1, 4.1080.18, 4.1080.19, or 4.1080.20, provided that the terms and conditions for any service purchase agreements have been satisfied at the time of transfer or by a date selected by the Board and the LACERS Board of Administration. Any outstanding service purchase agreements shall be prorated for payments made as of the date of the Member's transfer of service to Tier 6.

LAFPP or Plan means the Fire and Police Pension Plan established in Article XI, Part 3 of the Los Angeles City Charter.

LACERS Peace Officer Transfer Program or Program means the voluntary program that allows LACERS Peace Officer Members or LACERS Peace Officer Former Members, who are Active Employees on and as of January 12, 2025, to transfer membership and/or LACERS Service from LACERS to Tier 6 on the terms and conditions established in this section.

Tier 6 means the Tier of the Plan established in Charter Sections 1700-1726.

(b) **Participation in LACERS Peace Officer Transfer Program.** Only a LACERS Peace Officer Member or LACERS Peace Officer Former Member, who is an Active Employee of the Police Department, Department of Airports, Harbor Department, or Department of Recreation and Parks on and as of January 12, 2025, is eligible to make an irrevocable election in writing to participate in the Program on the terms and conditions set forth in Charter Section 1709 and Section 4.1002, Section 4.1080.2, and this Section 4.2216 of the LAAC.

(1) **Transfer of Membership and Service for LACERS Peace Officer Members.** Consistent with Charter Section 1709, a LACERS Peace Officer Member may make an irrevocable election in writing to become a Member of Tier 6 in lieu of membership in LACERS, and to transfer all LACERS Service to the Plan on the terms and conditions established in this section.

(2) **Transfer of Membership and Service for LACERS Peace Officer Former Members.** Consistent with Charter Section 1709, a LACERS Peace Officer Former Member may transfer all remaining LACERS Service from LACERS to the Plan, including LACERS Service that was previously excluded

from transfer pursuant to Section 4.2214(c) of the LAAC, on the terms and conditions established in this section.

(c) **Requirements for Participation.** A LACERS Peace Officer Member and LACERS Peace Officer Former Member shall transfer all prior periods of LACERS Service from LACERS to Tier 6 by filing an election form and executing a transfer agreement, subject to the following terms and conditions:

(1) **All LACERS Service Must Be Transferred.** Consistent with Charter Section 1709(b) and Subsection (b) of this section, a LACERS Peace Officer Member or LACERS Peace Officer Former Member who elects to participate in the Program must transfer all LACERS Service from LACERS to Tier 6, and shall forfeit all rights to receive any benefits from LACERS.

(2) **Election Deadline.** The rights granted in this section to transfer membership from LACERS to Tier 6 and to transfer LACERS Service to Tier 6, shall terminate on the election deadline, which shall be January 9, 2026 or on an earlier date selected by the Board and the LACERS Board of Administration, as provided in Sections 4.1002 and 4.1080.2 of the LAAC. A LACERS Peace Officer Member or LACERS Peace Officer Former Member must elect to transfer by the election deadline, unless the Board determines that a Member was unable to meet the deadline due to an authorized leave of absence.

(3) **Written Agreement.** The election to become a Member of Tier 6 and to transfer LACERS Service pursuant to this section shall become irrevocable once an election form is accepted by LACERS pursuant to Section 4.1002 or Section 4.1080.2 of the LAAC. The Plan requires a written agreement for the transfer of service.

(4) **Years of Service.** Notwithstanding the provisions of Charter Section 1702(r), service transferred through participation in the Program shall count as Years of Service for all Tier 6 purposes.

(5) **Level Contributions.** A LACERS Peace Officer Member who elects to transfer to Tier 6 shall continue to make contributions at the rate applicable to their LACERS membership to the extent required by the Internal Revenue Code and as provided in Charter Section 1714(a)(3).

(6) **Age-Based Reduction Factor for Early Retirement.** A LACERS Peace Officer Member or LACERS Peace Officer Former Member who does not satisfy the requirements to be a qualified participant as defined by the Internal Revenue Code, including an employee of the Department of Recreation and Parks, shall be subject to the age-based reduction factor for early retirement as provided in Section 4.1906(l) of the LAAC.

(d) **Actuarial Determinations for Costs.** The Plan's actuary shall determine the full actuarial cost of the Program, utilizing the actuarial assumptions in the most recent actuarial valuation as of June 30, 2024, and then adjusting those results for the passage of time from June 30, 2024, to the date of the actual transfer of membership and LACERS Service using the actuarial assumptions from the June 30, 2024 valuation, and taking into consideration the benefits that may be provided by the Plan as a result of the transferred LACERS Service. Factors to be considered by the actuary shall include: (a) projected salary increases; (b) probabilities of service retirement, disability retirement, DROP participation, termination, and death; (c) probability of leaving a spouse or domestic partner eligible for a continuance benefit; and (d) medical inflation and other assumptions included in the actuarial valuations. All the relevant actuarial assumptions used in the June 30, 2024 Plan actuarial valuations, will be used in the calculations, without taking into consideration incidental administrative expenses incurred by the Plan, which also may be reimbursed but separately tallied. There shall be a separate calculation for costs attributable to the transfer of LACERS Service, Tier 6 health benefits, and other Tier 6 benefits. The Plan's actuary shall calculate each Member's transfer cost as of the effective date of the transfer as provided in Section 4.1002 or Section 4.1080.2 of the LAAC.

(e) **Transfer of Funds from LACERS to the Plan.** For each Member who transfers LACERS Service pursuant to this section, LACERS shall transfer to the Plan by way of a direct trustee-to-trustee transfer and in a manner consistent with the Internal Revenue Code:

(1) Sufficient funds to cover all funded accrued liability related to the benefits provided in Chapter 10 of Division 4 of the LAAC for all periods of the Member's LACERS Service to include, but not necessarily be limited to, employee contributions, employer contributions, buy back contributions, and earnings. The funds that are transferred from the Member's contribution account with LACERS, including interest, shall be transferred to the Member's individual contribution account with the Plan (where they shall earn interest and be refundable as provided in Charter Section 1714); the balance of the funds transferred from LACERS shall be transferred to the appropriate Plan account and credited toward satisfying the City's liability for the benefits provided in Tier 6 of the Plan (excluding the City's liability for benefits provided in Chapter 11.5 of Division 4 of the LAAC).

(2) Sufficient funds from the LACERS Health Care Coverage Account shall be transferred to cover all funded accrued liability related to the health benefits provided in Chapter 11 of Division 4 of the LAAC for all periods of the Member's LACERS Service to include, but not necessarily be limited to, employer contributions and earnings. These funds shall be transferred in a manner consistent with the Internal Revenue Code directly to the LAFPP Health Care Coverage Account and credited toward satisfying the City's obligation to fund benefits provided in Chapter 11.5 of Division 4 of the LAAC. Sufficient funds from the LACERS Health Care Fund shall be transferred to cover all

funded accrued liability related to the health benefits provided in Chapter 11 of Division 4 of the LAAC for all periods of the Member's service to include, but not necessarily be limited to, employer contributions and earnings. These funds shall be transferred in a manner consistent with the Internal Revenue Code directly to the LAFPP Health Care Fund and credited toward satisfying the City's obligation to fund benefits provided in Chapter 11.5 of Division 4 of the LAAC.

The amount of funds due to the Plan from LACERS shall be agreed upon between the Plan and LACERS, subject to all requirements of the Internal Revenue Code, upon advice from their respective actuaries, and is to include, but not necessarily be limited to, employee contributions, employer contributions, and earnings to cover all funded accrued liability for the period of the transferred service determined by first using the results in the most recent actuarial valuation as of June 30, 2024, and then adjusting those results for the passage of time, including adjustments for both time value of money and City and employee contributions made from June 30, 2024, to the date of fund transfer to the Plan, using the actuarial assumptions from the June 30, 2024, valuation. All the relevant actuarial assumptions used in the June 30, 2024, actuarial valuations are to be used in the calculations. There shall be a separate calculation for purposes of Subdivision (1) and Subdivision (2) of this subsection. The total sum transferred shall be credited towards the costs associated with each Member's transfer, as provided in Subsection (f) herein.

(f) **Cost Neutrality for LAFPP.** The Program shall be cost-neutral for the Plan. The City, Department of Airports, and Harbor Department shall pay the Full Actuarial Cost for the transfer of personnel and service, Tier 6 benefits, and Tier 6 health benefits, including increased ongoing costs as determined by the Plan's actuary as provided in Subsection (d) above, and reduced by the amount of any funds transferred from LACERS to the Plan as provided in Subsection (e) above. The total transfer cost for each Member shall be allocated between the portion necessary to fund the Tier 6 benefits provided in the Charter and to fund the Tier 6 health benefits provided in Chapter 11.5 of Division 4 of the LAAC.

(1) **Costs Attributable to Tier 6 Benefits.** The City, Department of Airports, and Harbor Department shall pay the Full Actuarial Cost for the Years of Service transferred attributable to Tier 6 benefits, excluding the cost for the health benefits provided in Chapter 11.5 of Division 4 of the LAAC as described in Subdivision (2) of this subsection. To the extent that the cost required to fund Tier 6 benefits exceeds the funds transferred under Subsection (e), the City, Department of Airports, and the Harbor Department shall make additional contributions, which shall be credited to the Plan to ensure this section is cost-neutral and shall not be placed in the Member's individual contribution account.

(2) **Costs Attributable to Tier 6 Health Benefits.** The City, Department of Airports, and Harbor Department shall pay the Full Actuarial Cost for the Years of Service transferred attributable to the Tier 6 health benefits

provided in Chapter 11.5 of Division 4 of the LAAC, as determined in Subsection (d). In accordance with the Internal Revenue Code, in the event that the funds transferred from the LACERS Health Care Coverage Account to the LAFPP Health Care Coverage Account and from the LACERS Health Care Fund to the LAFPP Health Care Fund are insufficient to fund the Full Actuarial Cost of the transferred service attributable to the benefit provided in Chapter 11.5 of Division 4 of the LAAC to a given Member, then the City, Department of Airports, or Harbor Department, as applicable, shall make additional contributions to the LAFPP Health Care Coverage Account and the LAFPP Health Care Fund. The purpose of the additional contributions is to offset the additional liability incurred by the Plan for the benefits payable to the Member from the LAFPP Health Care Coverage Account and the LAFPP Health Care Fund, pursuant to the provisions in Chapter 11.5 of Division 4 of the LAAC, to ensure that each Member's transfer is cost-neutral for the Plan.

(3) **Costs Attributable to Administration.** The City, Department of Airports, and Harbor Department shall pay the costs and expenses necessary to administer the Program, excluding LAFPP staff time, which may be reimbursed at the City's discretion. Reimbursement is required for all costs and expenses, including, but not limited: to the cost of any necessary reports prepared by the Plan's actuary, the cost of any changes to the pension administration system, and expenses incurred by the Plan in connection with this election.

(g) **Responsibility for Payment.** The City's General Fund, the Airport Revenue Fund, and the Harbor Revenue Fund shall be responsible for all costs and expenses associated with the Program. The unfunded actuarial accrued liability for the Program shall be paid at the time of transfer to ensure there is no impact on the Plan's funded status. The Department of Airports and the Harbor Department shall pay the Plan for the costs and expenses, described in Subsection (f) above, for all transferring LACERS Peace Officer Members employed by their respective departments. The City shall pay the Plan for all other costs and expenses, including those associated with the Members of the Police Department and Department of Recreation and Parks who elect to participate in the Program. LAFPP shall be responsible for preparing invoices for all costs and expenses incurred and submitting them to the parties responsible for review and payment, provided that any requests for reimbursement of LAFPP staff time shall be submitted as a separate invoice.

(h) **Reversion of Funds to LACERS.** A LACERS Peace Officer Member or a LACERS Peace Officer Former Member who transferred service and membership pursuant to this section shall have Member contributions reversed and their membership reverted to the appropriate LACERS Tier only if it is required by the Internal Revenue Service to preserve the qualified status of either LACERS or LAFPP. In the instance of reversion, the former Plan Member shall waive all rights to benefits from the Plan. All Member contributions shall be transferred to LACERS, including all Member contributions made to the Plan during periods of Plan membership plus any Member contributions made to LACERS that were previously provided by the City, the

Department of Airports, or the Harbor Department to the Plan and the Member's service shall be reestablished in LACERS. In addition to transferring all Member contributions, the Plan shall transfer to LACERS all other funds transferred to the Plan from LACERS on account of the former Plan Member, together with any interest and/or earnings attributable thereto. These funds shall be transferred from the appropriate Plan account (Member contributions, City regular contributions and investment income, LAFPP Health Care Coverage Account, and LAFPP Health Care Fund) and shall be returned to the appropriate LACERS fund (Member contributions, City regular contributions and investment income, LACERS Health Care Coverage Account, and LACERS Health Care Fund).

(i) **Boards' Administration of the Program.** The Board shall administer the Program and adopt all the rules necessary to facilitate LAFPP's implementation of the Program. The Board shall determine any factual questions that may arise during LAFPP's operation of the Program and shall take any action the Board deems appropriate. The Board's determination shall be final. The LACERS Board shall adopt any rules necessary to support the Plan's implementation of the Program and may work with the Board to determine a deadline for eligible LACERS Peace Officer Members to participate in the Program.

Sec. 61. Section 4.2217 is added to the Los Angeles Administrative Code to read as follows:

Sec. 4.2217. Qualifying Tier 6 Member Refund Program.

(a) **Definitions.** For the purposes of this section, the following words and phrases shall have the meaning ascribed to them in this subsection unless a different meaning clearly is indicated by the context.

Active Employee means a person who currently is employed by any City department. This definition does not include a person who has terminated employment with the City for any reason.

Board means the Board of Fire and Police Pension Commissioners.

LAAC means the Los Angeles Administrative Code. All statutory references contained in this section are to the LAAC unless otherwise indicated.

LACERS means the Los Angeles City Employees' Retirement System.

LAFPP or Plan means the Fire and Police Pension Plan established in Article XI, Part 3 of the Los Angeles City Charter.

Qualifying Tier 6 Member means an Airport Peace Officer or Member of the Police Department who was an Active Employee on January 12, 2025, served as a sworn peace officer pursuant to California Penal Code Section 830.1, and previously

purchased Tier 6 service or health benefits in connection with a transfer from LACERS to LAFPP Tier 6.

Tier 6 means the Tier of the Plan established in Charter Sections 1700-1726.

(b) **Refund for Purchased Service.** The Plan shall refund a Qualifying Tier 6 Member the exact amount of money paid to purchase any portion of City service or Tier 6 health benefits through the OPS Service Purchase Program or the Airport Peace Officer Service Purchase Program pursuant to Section 4.2214 or Section 4.2215 of the LAAC, whether purchased via trustee-to-trustee transfer, lump sum payment, or installment payment plan. A Qualifying Tier 6 Member shall not receive reimbursement for any LACERS member contributions that were used to purchase Tier 6 service or health benefits. A Qualifying Tier 6 Member who retires, dies, or terminates employment with the City, prior to receiving the refund, shall not be disqualified from receiving the refund.

(c) **No Interest on Refunded Monies.** The Plan shall not pay Qualifying Tier 6 Members any interest on the monies refunded to them. Any accrued regular interest credited to a Qualifying Tier 6 Member's account with the Plan may not be refunded pursuant to this section and only may be refunded to the Qualifying Tier 6 Member pursuant to the terms and conditions of Charter Section 1714.

(d) **Payment Source and Method.** All payments issued pursuant to this subsection may be made prior to a Qualifying Tier 6 Member's separation in a manner consistent with the Internal Revenue Code, either as a rollover or a post-tax payment. The Plan may look to the original payment method to determine the most appropriate manner to provide the refund, and the Board shall have authority to determine how any payment should be made. Any personal tax consequences or early withdrawal penalties shall be borne exclusively by the Qualifying Tier 6 Member.

(e) **Cost Neutrality for Plan.** The Department of Airports and the City shall be required to issue up-front payments to the Plan in an amount that covers the full cost of refunds that will be issued to Qualifying Tier 6 Members. The amount of funds due and the timing of payment from the Department of Airports and the City shall be agreed upon by the Plan, the Department of Airports, and the City. The Plan shall not issue any refunds until after it has received payment in full. The City will cover all costs associated with the implementation of the refund process, following the review and approval of invoices, excluding LAFPP staff time, which shall be presented in a separate invoice and may be reimbursed at the City's discretion.

(f) **Termination of Installment Payment Plans.** Effective January 12, 2025, any incomplete installment payment plans to purchase service through the OPS Service Purchase Program or the Airport Peace Officer Service Purchase Program shall be terminated. The Plan shall credit Qualifying Tier 6 Members with service for the entire period that was covered by the installment payment plan, as if the service purchase agreement was paid in full.

(g) **Board's Administration of Refunds.** The Board shall administer the payment of refunds and adopt all the rules necessary to implement this section. The Board shall determine any factual questions arising in connection with refunds, and shall take appropriate action. The Board's determination shall be final.

Sec. 62. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

Approved as to Form and Legality

HYDEE FELDSTEIN SOTO, City Attorney

By _____
GINA DI DOMENICO
Deputy City Attorney

Date 09/08/2025

File No. _____

M:\Muni Counsel\CAO ORDINANCES\Final Yellow Ordinance Measure FF.docx

The Clerk of the City of Los Angeles hereby certifies that the foregoing ordinance was passed by the Council of the City of Los Angeles.

CITY CLERK

MAYOR

_____

_____

Ordinance Passed _____

Approved _____

Board Meeting: 11/4/25
Item: III-C
Attachment: 3

Office of the Los Angeles City Attorney
Hydee Feldstein Soto

REPORT NO. R25-0445
Sept 8, 2025

REPORT RE:

DRAFT ORDINANCE AMENDING CHAPTERS 10, 11, 11.5, 18.5, 20, 21, AND 22 OF DIVISION 4 OF THE LOS ANGELES ADMINISTRATIVE CODE TO AUTHORIZE THE TRANSFER OF MEMBERSHIP AND SERVICE CREDIT FOR SWORN PEACE OFFICERS CURRENTLY EMPLOYED BY THE CITY'S POLICE, AIRPORTS, HARBOR, AND RECREATION AND PARKS DEPARTMENTS FROM THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS) TO TIER 6 OF THE LOS ANGELES FIRE AND POLICE PENSION PLAN (LAFPP); TO PROVIDE FOR THE ISSUANCE OF REFUNDS TO CERTAIN TIER 6 MEMBERS; AND TO MAKE AMENDMENTS TO PLAN PROVISIONS FOR LACERS, LAFPP, AND THE LIMITED TERM RETIREMENT PLAN (LTRP), AND THE RETIREE HEALTH PROGRAMS

The Honorable City Council
of the City of Los Angeles
200 North Spring Street
Los Angeles, California 90012

Council File No. 25-0391

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. The draft ordinance implements Measure FF, which was approved by the electorate on November 5, 2024. Under the authority provided by the new Los Angeles City Charter Section 1709, which was established upon the approval of Measure FF, the draft ordinance amends the Los Angeles Administrative Code (LAAC) to allow certain sworn peace officers who are members of the Los Angeles City Employees' Retirement System (LACERS), and were employed on and as of January 12, 2025, by the City's Police Department, Harbor

Department, Department of Airports, and Department of Recreation and Parks, to transfer membership and service credit to Tier 6 of the Los Angeles Fire and Police Pension Plan (LAFPP).[1]

The draft ordinance also amends the LAAC to establish a process, pursuant to the authority provided by new Charter Sections 1711 and 1713, for LAFPP to provide interest-free refunds of money previously paid by certain Tier 6 Members to purchase any portion of their City service or Tier 6 health benefits during a transfer pursuant to LAAC Sections 4.2214 and 4.2215 in a tax compliant manner. The draft ordinance further amends the LAAC to establish a process for LACERS to provide tax-compliant interest-free refunds of money that certain LACERS Members previously paid to purchase enhanced benefits pursuant to LAAC Section 4.1002(e), which is consistent with the Letters of Agreement (LOAs) executed between the City and bargaining units represented by the Los Angeles Airport Peace Officers' Association (LAAPOA).[2]

The draft ordinance also amends portions of the LAAC that relate to the administration of LAFPP, LACERS, and Limited Term Retirement Plan (LTRP) benefits, providing technical corrections, tax compliance updates, clarifications to overly broad language, and codifications of established administrative practices.

Summary of Ordinance Provisions

The draft ordinance sets forth the requirements of the LACERS Peace Officer Transfer Program (Program) in the LACERS Plan. The Program allows for certain sworn peace officers employed on and as of January 12, 2025, by the City's Police Department, Harbor Department, Department of Airports, and Department of Recreation and Parks (collectively, LACERS Peace Officer Members) to make a one-time irrevocable election to transfer their membership and service credit from LACERS into Tier 6 of LAFPP. Additionally, the Program allows for a small number of sworn peace officers who previously transferred to Tier 6 pursuant to Charter Section 1703 (collectively, LACERS Peace Officer Former Members) to make a one-time irrevocable election to transfer remaining LACERS service credit to Tier 6. Every employee who is eligible to participate in the Program must attend a counseling session and submit a written election form that states whether the employee makes the irrevocable decision to transfer membership or service credit to Tier 6, or to remain in LACERS. Failure to participate in the Program and to submit an election form will be deemed as an

[1] Exhibit 1 to this report lists the class titles and class codes of all affected employees.
[2] The LOAs were approved by the City Council on March 22, 2024, as part of the agreements among the City, LAAPOA, and the Los Angeles Port Police Association in successor Memoranda of Understanding (MOUs). The MOUs pertain to the following bargaining units: the Los Angeles Municipal Police Officers Representation Unit (MOU 28), the Airport Peace Officers Representation Unit (MOU 30), the Los Angeles Port Police Association (MOU 38), the Airport Supervisory Peace Officers Representation Unit (MOU 39), and the Park Ranger Representation Unit (MOU 65). The relevant Letters of Agreement pertaining to this Charter amendment are included as Exhibit 2.

irrevocable decision to remain in LACERS. To ensure tax compliance for LAFPP and LACERS, eligible Program participants who choose to remain in LACERS will continue to make member contributions at a rate applicable to their current LACERS membership,[3] which is consistent with historical practice for previous transfers. For those who elect to transfer to LAFPP through the Program, LACERS will transfer all prior City service and corresponding member and employer contributions to LAFPP. Any costs or expenses that exceed the funds transferred to LAFPP will be paid from the City's General Fund, Airport Revenue Fund, or Harbor Revenue Fund, because the Program must be cost-neutral for both LACERS and LAFPP.[4] Consistent with the new Charter Section 1709, the draft ordinance specifies that the election deadline for participants is January 9, 2026. The transfer will be effective and the Program will conclude on January 11, 2026, or on an earlier date if set by a Board rule adopted by both the LACERS Board of Administration and the Board of Fire and Police Pension Commissioners.

The draft ordinance amends the LAFPP Plan to implement Charter Section 1709 by establishing the process for eligible sworn peace officers to transfer membership or service credit through the Program, and clarifying that transfers to Tier 6 will have access to all LAFPP benefits. Under the Program, LACERS Peace Officer Members and LACERS Peace Officer Former Members must file a written agreement with LAFPP to transfer membership or service credit from LACERS to LAFPP Tier 6, which will give them access to LAFPP benefits as if they had been a member of Tier 6 on their first day of employment with the City, including the Deferred Retirement Option Plan (DROP). To ensure tax compliance for LAFPP and LACERS, Program participants will continue to make member contributions at a rate applicable to their LACERS membership,[5] which is consistent with the recent amendments to Charter Section 1714 and historical practice for previous transfers. Some LACERS Peace Officer Members, including those who work for the Department of Recreation and Parks, may be subject to distinct tax treatment if they take early retirement from Tier 6.[6] As stated above, the Program will be cost-neutral for LAFPP and the appropriate City revenue source will be responsible

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[3] LACERS Peace Officer Members who are Tier 1 Members and who elect not to transfer to Tier 6 will be required to continue paying 11% in contributions consistent with their LACERS' membership pursuant to LAAC Section 4.1003. Following the sunset of ERIP, these LACERS Tier 1 Members will make member contributions at a rate of 10% pre-tax and 1% post-tax.

[4] The actuarial statements in Exhibit 3 estimate the cost of the Program should every eligible sworn peace officer elect to participate.

[5] Following the sunset of ERIP, Tier 6 Members who were LACERS Tier 1 Members will make member contributions at a rate of 10% pre-tax and 1% post-tax. LAFPP Tier 6 Members who were previously LACERS Tier 1 Members may have their contributions reduced to a rate of 10% pre-tax if they spend twenty-five years as a Tier 6 Member. Tier 6 Members who were LACERS Tier 3 Members are not impacted by ERIP and will continue to make member contributions at a rate of 11% pre-tax, regardless of their length of membership in Tier 6.

[6] Park Rangers are sworn peace officers pursuant to California Penal Code Section 830.31, but they do not meet the criteria in Internal Revenue Code Section 415 to qualify for an exemption to the age-based reduction for early retirement. The LAFPP Plan addresses compliance with Internal Revenue Code Section 415 in LAAC Section 4.1906.

for paying the unfunded actuarial accrued liability (UAAL) of the Program at the time of transfer to ensure the Program does not impact LAFPP's funded status.[7]

The draft ordinance also sets forth the process and requirements for certain sworn peace officers who were active employees on January 12, 2025, in the Police Department and Department of Airports (Qualifying Tier 6 Members), to receive an interest-free refund of the money they paid out of personal funds to purchase Tier 6 service credit or health benefits, which will be paid in a tax compliant manner. These purchases were made in connection with a transfer from LACERS to Tier 6 through the OPS Service Purchase Program and the Airport Peace Officer Service Purchase Program. The City and Department of Airports will provide LAFPP with the full amount of money required to provide the refunds before they are distributed to Qualifying Tier 6 Members.

The draft ordinance establishes the process and requirements for certain LACERS Peace Officer Members who elect to transfer to Tier 6 to receive an interest-free refund of personal funds used to pay for LACERS enhanced benefits, which will be paid in a tax compliant manner. This refund was authorized in the MOU agreements appended to this report as Exhibit 2. The Department of Airports will provide LACERS with the full amount of money required to provide refunds before they are distributed.

The draft ordinance makes technical amendments to the LACERS, LAFPP, and LTRP Plans to clarify definitions, certain eligibility requirements, and certain pension and survivorship benefits, as well as codify long-standing administrative processes. The draft ordinance corrects typographical errors in the LAAC and updates language to be consistent with federal law.

Government Code Section 7507 and Charter Section 1168 Actuarial Statements

Pursuant to Government Code Section 7507, Subsections (b)(1) and (c)(1) and Charter Section 1168(b) the City has obtained statements of the actuarial impact of the proposed ordinance upon the City's future annual costs from LAFPP's actuary, including normal cost and any additional accrued liability, the costs associated with the transfer of service credit for transferring LACERS Peace Officer Members to Tier 6, the costs of providing tax-compliant refunds for the purchase of Tier 6 service credit or health benefits, and the costs of providing tax-compliant refunds for the purchase of LACERS enhanced benefits. The CAO first posted actuarial statements for Measure FF on June 10, 2024. Following the passage of Measure FF, the actuary updated these statements, and revised statements were posted on June 16, 2025, which is more than two weeks prior to the City Council's consideration and possible adoption of this

[7] To ensure compliance with the City's obligations pursuant to Charter Section 1222 and LAAC Section 4.2014, which require the City to pay 1% of the Tier 5 Member contribution rate when LAFPP is fully funded on an actuarial basis, LAFPP's actuary recommended payment of the UAAL at the time of transfer.

proposed implementing ordinance, as required by state law. These updated actuarial statements are included as Exhibit 3.

Charter Section 1168 Requirements for Final Adoption and Effective Date

Charter Section 1168(a) requires approval of the proposed ordinance by not less than two-thirds of the membership of the City Council, subject to the veto of the Mayor and override by the City Council by three-fourths vote. Final adoption can only take place after a public hearing has been held and at least 30 days following the first presentation of the ordinance. Pursuant to Charter Section 252(h) and Charter Section 1168(b), the ordinance is effective upon publication, but the City Council may provide that the terms of the ordinance, or portions of it, shall be operative at a later date or dates.

Council Rule 38 Referral

A copy of this report and the accompanying documents were sent, pursuant to Council Rule 38, to the City Clerk, City Administrative Officer (CAO), the Department of Airports, the Harbor Department, the Board of Fire and Police Pension Commissioners, and the LACERS Board of Administration. This Office worked with staff from the CAO's office, LAFPP, and LACERS, to prepare the documents and their respective comments have been incorporated or will be presented to the City Council when it considers this matter.

If you have any questions regarding this matter, please contact Deputy City Attorney Gina Di Domenico at att.publicpension@lacity.org. A member of this Office will be available when you consider this matter to answer questions you may have.

Sincerely,

HYDEE FELDSTEIN SOTO, City Attorney

By
MICHAEL DUNDAS
Chief Assistant City Attorney

MD:GD:ac
Transmittal

EXHIBIT 1

CHARTER AMENDMENT REGARDING THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM PEACE OFFICER TRANSFER PROGRAM TO LOS ANGELES FIRE AND POLICE PENSIONS

The following is a list of class titles and class codes, grouped by Memorandum of Understanding (MOU), which would be covered by the proposed measure.

MOU 24
Police Officer I (2214-1)
Police Specialist (2217)
Police Officer II (2214-2)
Police Officer III (2214-3)
Police Detective I (2223-1)
Police Detective II (2223-2)
Police Detective III (2223-3)
Police Sergeant I (2227-1)
Police Sergeant II (2227-2)
Police Lieutenant I (2232-1)
Police Lieutenant II (2232-2)

MOU 25
Police Captain I (2244-1)
Police Captain II (2244-2)
Police Captain III (2244-3)
Police Commander (2251)
Deputy Police Chief I (2262-1)
Deputy Police Chief II (2262-2)
Municipal Police Captain I (3188-1)
Municipal Police Captain II (3188-2)

MOU 28
Municipal Police Officer I (3183-1)
Municipal Police Officer II (3183-2)
Municipal Police Officer III (3183-3)

MOU 38
Port Police Officer I (3221-1)
Port Police Officer F (3221-F)
Port Police Officer II (3221-2)
Port Police Specialist (3238-0)
Port Police Officer III (3221-3)
Port Police Sergeant (3222-0)

MOU 30
Airport Police Officer I (3225-1)
Airport Police Officer F (3225-F)
Airport Police Officer II (3225-2)
Airport Police Officer III (3225-3)
Airport Police Specialist (3333-0)
Airport Safety Officer I (3202-1)
Airport Safety Officer II (3202-2)

MOU 36
Chief Park Ranger (1968-0)

MOU 39
Municipal Police Sergeant (3185-0)
Airport Police Sergeant (3226-0)
Airport Police Lieutenant (3227-0)

MOU 40
Airport Police Captain I (3228-0)
Airport Police Chief (3232)
Airport Police Commander (3233)
Assistant Airport Police Chief (3234)

MOU 65
Park Ranger (1966-0)
Senior Park Ranger I (1967-1)
Senior Park Ranger II (1967-2)

Non-Represented (MOU 00)
Chief Airport Safety Officer (3205)

EXHIBIT 2
LETTERS OF AGREEMENT

MEMORANDUM OF UNDERSTANDING
FOR JOINT SUBMISSION TO THE CITY COUNCIL
REGARDING THE PARK RANGER REPRESENTATION UNIT
(MOU #65)

THIS MEMORANDUM OF UNDERSTANDING
made and entered into this 20th of March, 2024.

BY AND BETWEEN

THE CITY OF LOS ANGELES

AND THE

THE LOS ANGELES AIRPORT PEACE OFFICERS ASSOCIATION

June 19, 2022 through September 4, 2026

LETTER OF AGREEMENT

RETIREMENT BENEFITS ENHANCEMENT

The City and the Association have an interest in ensuring an appropriate level of retirement benefit for bargaining Unit members. In that regard, the City commissioned an actuarial evaluation of transferring all eligible bargaining Unit members who are currently enrolled in the Los Angeles City Employees Retirement System (LACERS) into Tier 6 of the Los Angeles Fire and Police Pension System (LAFPP). The LACERS members who would be eligible to transfer are those actively employed as of January 12, 2025, as sworn peace officers in the Los Angeles Police Department, Airport Department, and Harbor Department, following certification of final election results if the proposed November 2024 ballot measure is approved by a majority vote of the electorate, and based on the subsequent decision to transfer by each eligible member, as discussed herein and as shall be set forth in an implementing ordinance of the Los Angeles City Council (Council) after certification of the approval of the ballot measure.

The Council may consider the additional inclusion of Park Rangers employed by the Department of Recreation and Parks at a later date following approval of this LOA and before the last date for Council to act to place the ballot measure on the November 2024 election ballot. As these employees are not employed by the Police Department or Fire Department, their benefits under LAFPP shall be subject to any tax compliance requirements, including, but not limited to, the actuarial reduction for retirement prior to age 62 under Internal Revenue Code section 415(b).

The transfer would require an amendment to the Los Angeles City Charter (Charter) and therefore must be approved by a vote of the City electorate in order to take effect. Upon such approval, and subject to the process set forth in an implementing ordinance of the Council, each eligible bargaining Unit member will be provided the opportunity to make an informed individual decision whether to transfer into Tier 6 of LAFPP or remain in their current tier of LACERS.

If a ballot measure (projected for the November 2024 election) is approved by a majority vote of the City electorate, the Charter would be amended, and an implementing ordinance would be presented to the Council to allow eligible members to make an informed and irrevocable decision to terminate their LACERS membership and to transfer into LAFPP Tier 6. Those who elect to transfer would be awarded years of service for retirement benefits purposes as if they had been members of LAFPP Tier 6 on the first date they commenced membership in LACERS and employment as a sworn peace officer with the Los Angeles Police Department, Airport Department, Harbor Department, or as a Park Ranger with the Department of Recreation and Parks (subject to the inclusion of the Park Ranger members by action of the Council), thereby providing all commensurate benefits for Tier 6 members, including, but not limited to, access to the Deferred Retirement Option Plan (DROP) and LAFPP Retiree Health Subsidy. Eligibility for enrollment in group health plans administered by third parties including the Los Angeles

Police Protective League, United Firefighters of Los Angeles City, Los Angeles Police Relief Association, and Los Angeles Fire Relief Association, shall be subject to the enrollment criteria determined by those third parties and shall not be the responsibility of the City or LAFPP.

The intent is for the City to pay all costs associated with the transfer of employees, including, but not limited to, the cost of all actuarial studies, the full cost of transferring each eligible employee into LAFPP Tier 6 who opts to make that transfer, and the costs associated with the ballot measure election.

If the ballot measure is approved by the voters:

A. The bonus amounts illustrated in Appendix C of this MOU would be codified as base wage adjustments effective January 12, 2025.

B. Bonus amounts and compensation adjustments illustrated in Appendices D and E of this MOU will be nullified in lieu of the Tier 6 pension enhancement.

C. Notwithstanding Article 6.1 (Salaries) G. through I. (inclusive), the provisions of RIP will terminate at the end of January 11, 2025.

D. Any bargaining Unit member who: (i) previously opted to remain in LACERS rather than transfer to LAFPP, and who paid to receive enhanced benefits in LACERS as Airport Peace Officer Members, pursuant to Los Angeles Administrative Code Section 4.1002(e)(2); or (ii) elected to terminate their LACERS membership and transfer into LAFPP Tier 6, and to purchase their prior service at full actuarial cost pursuant to Los Angeles Charter Section 1704(b)(1), will receive a full reimbursement by the City for out-of-pocket costs incurred, in a method compliant with federal tax law requirements, and consistent with level contribution rates. However, all personal tax consequences under either option remain the sole responsibility of the individual employee. Moreover, the City shall not pay any interest on reimbursed amounts.

If the ballot measure is rejected by the voters:

A. The bonus amounts and compensation adjustments as illustrated in Appendices A through E and as outlined in Article 6.1 (Salaries), C. through F. (inclusive) will not terminate on January 11, 2025 and shall remain in effect.

B. The Association may request to meet and confer over another form of enhanced retirement benefit.

LETTER OF AGREEMENT

RETIREMENT BENEFITS ENHANCEMENT

FOR LAAPOA:

Stephen Leonesio

Stephen Leonesio
Labor Relations Consultant

03/19/2024
Date

FOR THE CITY:

Matthew W. Szabo
City Administrative Officer

3/20/2024
Date

MEMORANDUM OF UNDERSTANDING
FOR JOINT SUBMISSION TO THE CITY COUNCIL
REGARDING THE AIRPORT SUPERVISORY PEACE OFFICERS UNIT
(MOU #39)

THIS MEMORANDUM OF UNDERSTANDING
made and entered into this 20th of March, 2024.

BY AND BETWEEN

THE CITY OF LOS ANGELES

AND THE

LOS ANGELES AIRPORT POLICE SUPERVISORS ASSOCIATION

June 19, 2022 through September 4, 2026

LETTER OF AGREEMENT

RETIREMENT BENEFITS ENHANCEMENT

The City and the Association have an interest in ensuring an appropriate level of retirement benefit for bargaining Unit members. In that regard, the City commissioned an actuarial evaluation of transferring all eligible bargaining Unit members who are currently enrolled in the Los Angeles City Employees Retirement System (LACERS) into Tier 6 of the Los Angeles Fire and Police Pension System (LAFPP). The LACERS members who would be eligible to transfer are those actively employed as of January 12, 2025, as sworn peace officers in the Los Angeles Police Department, Airport Department, and Harbor Department, following certification of final election results if the proposed November 2024 ballot measure is approved by a majority vote of the electorate, and based on the subsequent decision to transfer by each eligible member, as discussed herein and as shall be set forth in an implementing ordinance of the Los Angeles City Council (Council) after certification of the approval of the ballot measure.

The Council may consider the additional inclusion of Park Rangers employed by the Department of Recreation and Parks at a later date following approval of this LOA and before the last date for Council to act to place the ballot measure on the November 2024 election ballot. As these employees are not employed by the Police Department or Fire Department, their benefits under LAFPP shall be subject to any tax compliance requirements, including, but not limited to, the actuarial reduction for retirement prior to age 62 under Internal Revenue Code section 415(b).

The transfer would require an amendment to the Los Angeles City Charter (Charter) and therefore must be approved by a vote of the City electorate in order to take effect. Upon such approval, and subject to the process set forth in an implementing ordinance of the Council, each eligible bargaining Unit member will be provided the opportunity to make an informed individual decision whether to transfer into Tier 6 of LAFPP or remain in their current tier of LACERS.

If a ballot measure (projected for the November 2024 election) is approved by a majority vote of the City electorate, the Charter would be amended, and an implementing ordinance would be presented to the Council to allow eligible members to make an informed and irrevocable decision to terminate their LACERS membership and to transfer into LAFPP Tier 6. Those who elect to transfer would be awarded years of service for retirement benefits purposes as if they had been members of LAFPP Tier 6 on the first date they commenced membership in LACERS and employment as a sworn peace officer with the Los Angeles Police Department, Airport Department, Harbor Department, or as a Park Ranger with the Department of Recreation and Parks (subject to the inclusion of the Park Ranger members by action of the Council), thereby providing all commensurate benefits for Tier 6 members, including, but not limited to, access to the Deferred Retirement Option Plan (DROP) and LAFPP Retiree Health Subsidy. Eligibility for enrollment in group health plans administered by third parties including the Los Angeles

Police Protective League, United Firefighters of Los Angeles City, Los Angeles Police Relief Association, and Los Angeles Fire Relief Association, shall be subject to the enrollment criteria determined by those third parties and shall not be the responsibility of the City or LAFPP.

The intent is for the City to pay all costs associated with the transfer of employees, including, but not limited to, the cost of all actuarial studies, the full cost of transferring each eligible employee into LAFPP Tier 6 who opts to make that transfer, and the costs associated with the ballot measure election.

If the ballot measure is approved by the voters:

A. The bonus amounts illustrated in Appendix C of this MOU would be codified as base wage adjustments effective January 12, 2025.

B. Bonus amounts and compensation adjustments illustrated in Appendices D and E of this MOU will be nullified in lieu of the Tier 6 pension enhancement.

C. Notwithstanding Article 6.1 (Salaries) G. through I. (inclusive), the provisions of RIP will terminate at the end of January 11, 2025.

D. Any bargaining Unit member who: (i) previously opted to remain in LACERS rather than transfer to LAFPP, and who paid to receive enhanced benefits in LACERS as Airport Peace Officer Members, pursuant to Los Angeles Administrative Code Section 4.1002(e)(2); or (ii) elected to terminate their LACERS membership and transfer into LAFPP Tier 6, and to purchase their prior service at full actuarial cost pursuant to Los Angeles Charter Section 1704(b)(1), will receive a full reimbursement by the City for out-of-pocket costs incurred, in a method compliant with federal tax law requirements, and consistent with level contribution rates. However, all personal tax consequences under either option remain the sole responsibility of the individual employee. Moreover, the City shall not pay any interest on reimbursed amounts.

If the ballot measure is rejected by the voters:

A. The bonus amounts and compensation adjustments as illustrated in Appendices A through E and as outlined in Article 6.1 (Salaries), C. through F. (inclusive) will not terminate on January 11, 2025 and shall remain in effect.

B. The Association may request to meet and confer over another form of enhanced retirement benefit.

LETTER OF AGREEMENT

RETIREMENT BENEFITS ENHANCEMENT

FOR LAAPOA:

Stephen Leonesio

Stephen Leonesio
Labor Relations Consultant

03/19/2024
Date

FOR THE CITY:

Matthew W. Szabo
City Administrative Officer

3/20/2024
Date

MEMORANDUM OF UNDERSTANDING
FOR JOINT SUBMISSION TO THE CITY COUNCIL
REGARDING THE HARBOR PEACE OFFICERS' UNIT
(MOU #38)

THIS MEMORANDUM OF UNDERSTANDING
made and entered into this 5th of December, 2023.

BY AND BETWEEN

THE CITY OF LOS ANGELES

AND THE

LOS ANGELES PORT POLICE ASSOCIATION, ILWU LOCAL 65

July 3, 2022 through September 4, 2027

LETTER OF AGREEMENT

RETIREMENT BENEFITS ENHANCEMENT

The City and the Association have an interest in ensuring an appropriate level of retirement benefit for bargaining Unit members. In that regard, the City has commissioned an actuarial evaluation of transferring all bargaining Unit members who are currently enrolled in the Los Angeles City Employees Retirement System (LACERS) into the Los Angeles Fire and Police Pension System (LAFPP) Tier 6 into said Tier. The move must be effectuated by a vote of the City of Los Angeles electorate.

A ballot measure (projected for the November 2024 election) calling for the voluntary transfer of LACERS members into LAFPP Tier 6 would provide that all elected members become LAFPP Tier 6 members retroactively to the date of an individual employee's employment, thereby providing all commensurate benefits, including but not limited to access to the Deferred Retirement Option Plan (DROP) and LAFPP Retiree Health Subsidy.

The intent is for the City to pay all costs associated with the transfer of employees, including but not limited to the cost of all actuary studies, the full cost of each employee's transfer into LAFPP Tier 6, and costs associated with the election.

If the ballot measure is approved by the voters:

A. Any bargaining Unit member currently in LASERS will have the option to transfer to the LAFPP Tier 6 at City expense.

B. Any bargaining Unit member who previously paid to be enrolled in and covered by the LACERS Public Safety Enhancement or LAFPP Tier 6 will receive a full reimbursement by the City for out-of-pocket costs incurred.

If the ballot measure is **rejected** by the voters:

A. This Letter of Agreement will be null and void.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Memorandum of Understanding the day, month, and year first above written.

FOR THE UNION:

Angelo Cumplan
Los Angeles Port Police Association

11-30-23
Date

FOR THE CITY:

Matthew W. Szabo
City Administrative Officer

12/5/2023
Date

Approved as to Form and Legality:

Office of the City Attorney

11/30/23
Date

MEMORANDUM OF UNDERSTANDING
FOR JOINT SUBMISSION TO THE CITY COUNCIL
REGARDING THE AIRPORT PEACE OFFICERS REPRESENTATION UNIT
(MOU #30)

THIS MEMORANDUM OF UNDERSTANDING
made and entered into this 20th of March, 2024.

BY AND BETWEEN

THE CITY OF LOS ANGELES

AND THE

THE LOS ANGELES AIRPORT PEACE OFFICERS ASSOCIATION

June 19, 2022 through September 4, 2026

LETTER OF AGREEMENT

RETIREMENT BENEFITS ENHANCEMENT

The City and the Association have an interest in ensuring an appropriate level of retirement benefit for bargaining Unit members. In that regard, the City commissioned an actuarial evaluation of transferring all eligible bargaining Unit members who are currently enrolled in the Los Angeles City Employees Retirement System (LACERS) into Tier 6 of the Los Angeles Fire and Police Pension System (LAFPP). The LACERS members who would be eligible to transfer are those actively employed as of January 12, 2025, as sworn peace officers in the Los Angeles Police Department, Airport Department, and Harbor Department, following certification of final election results if the proposed November 2024 ballot measure is approved by a majority vote of the electorate, and based on the subsequent decision to transfer by each eligible member, as discussed herein and as shall be set forth in an implementing ordinance of the Los Angeles City Council (Council) after certification of the approval of the ballot measure.

The Council may consider the additional inclusion of Park Rangers employed by the Department of Recreation and Parks at a later date following approval of this LOA and before the last date for Council to act to place the ballot measure on the November 2024 election ballot. As these employees are not employed by the Police Department or Fire Department, their benefits under LAFPP shall be subject to any tax compliance requirements, including, but not limited to, the actuarial reduction for retirement prior to age 62 under Internal Revenue Code section 415(b).

The transfer would require an amendment to the Los Angeles City Charter (Charter) and therefore must be approved by a vote of the City electorate in order to take effect. Upon such approval, and subject to the process set forth in an implementing ordinance of the Council, each eligible bargaining Unit member will be provided the opportunity to make an informed individual decision whether to transfer into Tier 6 of LAFPP or remain in their current tier of LACERS.

If a ballot measure (projected for the November 2024 election) is approved by a majority vote of the City electorate, the Charter would be amended, and an implementing ordinance would be presented to the Council to allow eligible members to make an informed and irrevocable decision to terminate their LACERS membership and to transfer into LAFPP Tier 6. Those who elect to transfer would be awarded years of service for retirement benefits purposes as if they had been members of LAFPP Tier 6 on the first date they commenced membership in LACERS and employment as a sworn peace officer with the Los Angeles Police Department, Airport Department, Harbor Department, or as a Park Ranger with the Department of Recreation and Parks (subject to the inclusion of the Park Ranger members by action of the Council), thereby providing all commensurate benefits for Tier 6 members, including, but not limited to, access to the Deferred Retirement Option Plan (DROP) and LAFPP Retiree Health Subsidy. Eligibility for enrollment in group health plans administered by third parties including the Los Angeles

Police Protective League, United Firefighters of Los Angeles City, Los Angeles Police Relief Association, and Los Angeles Fire Relief Association, shall be subject to the enrollment criteria determined by those third parties and shall not be the responsibility of the City or LAFPP.

The intent is for the City to pay all costs associated with the transfer of employees, including, but not limited to, the cost of all actuarial studies, the full cost of transferring each eligible employee into LAFPP Tier 6 who opts to make that transfer, and the costs associated with the ballot measure election.

If the ballot measure is approved by the voters:

A. The bonus amounts illustrated in Appendix C of this MOU would be codified as base wage adjustments effective January 12, 2025.

B. Bonus amounts and compensation adjustments illustrated in Appendices D and E of this MOU will be nullified in lieu of the Tier 6 pension enhancement.

C. Notwithstanding Article 6.1 (Salaries) G. through I. (inclusive), the provisions of RIP will terminate at the end of January 11, 2025.

D. Any bargaining Unit member who: (i) previously opted to remain in LACERS rather than transfer to LAFPP, and who paid to receive enhanced benefits in LACERS as Airport Peace Officer Members, pursuant to Los Angeles Administrative Code Section 4.1002(e)(2); or (ii) elected to terminate their LACERS membership and transfer into LAFPP Tier 6, and to purchase their prior service at full actuarial cost pursuant to Los Angeles Charter Section 1704(b)(1), will receive a full reimbursement by the City for out-of-pocket costs incurred, in a method compliant with federal tax law requirements, and consistent with level contribution rates. However, all personal tax consequences under either option remain the sole responsibility of the individual employee. Moreover, the City shall not pay any interest on reimbursed amounts.

If the ballot measure is rejected by the voters:

A. The bonus amounts and compensation adjustments as illustrated in Appendices A through E and as outlined in Article 6.1 (Salaries), C. through F. (inclusive) will not terminate on January 11, 2025 and shall remain in effect.

B. The Association may request to meet and confer over another form of enhanced retirement benefit.

LETTER OF AGREEMENT

RETIREMENT BENEFITS ENHANCEMENT

FOR LAAPOA:

Stephen Leonesio

Stephen Leonesio
Labor Relations Consultant

03/19/2024
Date

FOR THE CITY:

Matthew W. Szabo
City Administrative Officer

3/20/2024
Date

MEMORANDUM OF UNDERSTANDING FOR JOINT SUBMISSION TO THE CITY COUNCIL REGARDING THE LOS ANGELES MUNICIPAL POLICE OFFICERS REPRESENTATION UNIT (MOU# 28)

THIS MEMORANDUM OF UNDERSTANDING
made and entered into this 20th of March, 2024.

BY AND BETWEEN

THE CITY OF LOS ANGELES

AND THE

LOS ANGELES AIRPORT PEACE OFFICERS ASSOCIATION

June 19, 2022 through September 4, 2026

LETTER OF AGREEMENT

RETIREMENT BENEFITS ENHANCEMENT

The City and the Association have an interest in ensuring an appropriate level of retirement benefit for bargaining Unit members. In that regard, the City commissioned an actuarial evaluation of transferring all eligible bargaining Unit members who are currently enrolled in the Los Angeles City Employees Retirement System (LACERS) into Tier 6 of the Los Angeles Fire and Police Pension System (LAFPP). The LACERS members who would be eligible to transfer are those actively employed as of January 12, 2025, as sworn peace officers in the Los Angeles Police Department, Airport Department, and Harbor Department, following certification of final election results if the proposed November 2024 ballot measure is approved by a majority vote of the electorate, and based on the subsequent decision to transfer by each eligible member, as discussed herein and as shall be set forth in an implementing ordinance of the Los Angeles City Council (Council) after certification of the approval of the ballot measure.

The Council may consider the additional inclusion of Park Rangers employed by the Department of Recreation and Parks at a later date following approval of this LOA and before the last date for Council to act to place the ballot measure on the November 2024 election ballot. As these employees are not employed by the Police Department or Fire Department, their benefits under LAFPP shall be subject to any tax compliance requirements, including, but not limited to, the actuarial reduction for retirement prior to age 62 under Internal Revenue Code section 415(b).

The transfer would require an amendment to the Los Angeles City Charter (Charter) and therefore must be approved by a vote of the City electorate in order to take effect. Upon such approval, and subject to the process set forth in an implementing ordinance of the Council, each eligible bargaining Unit member will be provided the opportunity to make an informed individual decision whether to transfer into Tier 6 of LAFPP or remain in their current tier of LACERS.

If a ballot measure (projected for the November 2024 election) is approved by a majority vote of the City electorate, the Charter would be amended, and an implementing ordinance would be presented to the Council to allow eligible members to make an informed and irrevocable decision to terminate their LACERS membership and to transfer into LAFPP Tier 6. Those who elect to transfer would be awarded years of service for retirement benefits purposes as if they had been members of LAFPP Tier 6 on the first date they commenced membership in LACERS and employment as a sworn peace officer with the Los Angeles Police Department, Airport Department, Harbor Department, or as a Park Ranger with the Department of Recreation and Parks (subject to the inclusion of the Park Ranger members by action of the Council), thereby providing all commensurate benefits for Tier 6 members, including, but not limited to, access to the Deferred Retirement Option Plan (DROP) and LAFPP Retiree Health Subsidy. Eligibility for enrollment in group health plans administered by third parties including the Los Angeles

Police Protective League, United Firefighters of Los Angeles City, Los Angeles Police Relief Association, and Los Angeles Fire Relief Association, shall be subject to the enrollment criteria determined by those third parties and shall not be the responsibility of the City or LAFPP.

The intent is for the City to pay all costs associated with the transfer of employees, including, but not limited to, the cost of all actuarial studies, the full cost of transferring each eligible employee into LAFPP Tier 6 who opts to make that transfer, and the costs associated with the ballot measure election.

If the ballot measure is approved by the voters:

A. The bonus amounts illustrated in Appendix C of this MOU would be codified as base wage adjustments effective January 12, 2025.

B. Bonus amounts and compensation adjustments illustrated in Appendices D and E of this MOU will be nullified in lieu of the Tier 6 pension enhancement.

C. Notwithstanding Article 6.1 (Salaries) G. through I. (inclusive), the provisions of RIP will terminate at the end of January 11, 2025.

D. Any bargaining Unit member who: (i) previously opted to remain in LACERS rather than transfer to LAFPP, and who paid to receive enhanced benefits in LACERS as Airport Peace Officer Members, pursuant to Los Angeles Administrative Code Section 4.1002(e)(2); or (ii) elected to terminate their LACERS membership and transfer into LAFPP Tier 6, and to purchase their prior service at full actuarial cost pursuant to Los Angeles Charter Section 1704(b)(1), will receive a full reimbursement by the City for out-of-pocket costs incurred, in a method compliant with federal tax law requirements, and consistent with level contribution rates. However, all personal tax consequences under either option remain the sole responsibility of the individual employee. Moreover, the City shall not pay any interest on reimbursed amounts.

If the ballot measure is rejected by the voters:

A. The bonus amounts and compensation adjustments as illustrated in Appendices A through E and as outlined in Article 6.1 (Salaries), C. through F. (inclusive) will not terminate on January 11, 2025 and shall remain in effect.

B. The Association may request to meet and confer over another form of enhanced retirement benefit.

LETTER OF AGREEMENT

RETIREMENT BENEFITS ENHANCEMENT

FOR LAAPOA:

Stephen Leonesio

Stephen Leonesio
Labor Relations Consultant

03/19/2024
Date

FOR THE CITY:

Matthew W. Szabo
City Administrative Officer

3/20/2024
Date

EXHIBIT 3
ACTUARIAL STATEMENTS

Segal

180 Howard Street
Suite 1100
San Francisco, CA 94105-6147
segalco.com

Via Email

May 12, 2025

Mr. Joseph Salazar
General Manager
City of Los Angeles
Fire and Police Pension Plan
701 East 3rd Street, Suite 200
Los Angeles, CA 90013

Mr. Todd Bouey
Interim General Manager
Los Angeles City Employees'
Retirement System
977 N. Broadway
Los Angeles, CA 90012-1728

Re: City of Los Angeles Fire and Police Pension Plan (LAFPP) and Los Angeles City Employees' Retirement System (LACERS) Determining potential asset transfer amounts and costs as of June 30, 2024 to move five groups of members out of LACERS and into LAFPP Tier 6, along with methods and assumptions used

Dear Joe and Todd:

Segal has been directed by LAFPP and LACERS to update our previous actuarial study[1] regarding the transfer of LACERS Sworn Peace Officers and Park Rangers who were actively employed as of January 12, 2025 to LAFPP Tier 6. We understand the members to be included in the study were employed by the Police Department, the Department of Airports, the Harbor Department, or the Department of Recreation and Parks as a Sworn Peace Officer. Similar to prior transfer studies we performed for LACERS and LAFPP, the Sworn Peace Officers and Park Rangers[2] to be included in the study belong to the following five groups: LAPD,[3] LAWA Police, Municipal Police, Park Rangers, and Port Police. (In the rest of this letter, the above members included in our study are referred to as eligible members.) The purpose of the study is to determine the cost associated with moving all the remaining eligible members in those groups out of LACERS and into LAFPP Tier 6, including the associated amount of assets to be transferred from LACERS to LAFPP, using the latest results and assumptions as of June 30, 2024.[4]

We are writing to both LACERS and LAFPP to provide the methods and assumptions that we used for purposes of determining the amount of assets available to be transferred from

[1] In our previous actuarial study dated August 24, 2023, we estimated, using results and assumptions as of June 30, 2022, the cost for certain LACERS members to transfer to LAFPP based on the groups of members eligible for the transfer as identified by LAFPP and LACERS.

[2] We understand based on information provided to Segal for this study that, Park Rangers are Sworn Peace Officers according to the California Penal Code Section 830.31, but they are not qualified participants pursuant to the Internal Revenue Code, and therefore this group will be subject to distinct tax treatment to ensure the Plan maintains tax compliance.

[3] Former General Services Department – Office of Public Safety employees who became LAPD sworn employees, but who remained in LACERS.

[4] We understand that the actual transfer date is to be determined later by LAFPP and LACERS and because it is going to be different from June 30, 2024, we anticipate that there will be a final transfer study that will build on the results of this study to reflect changes since June 30, 2024, such as salary and service increases, contributions made by the City and the members, and the investment return.

LACERS to LAFPP. We have also included the methods and assumptions that we used for purposes of determining the cost of the service to be converted to the LAFPP Tier 6 formula.

Included in the amount of assets available to be transferred are the $5,700 previously paid by each Airport Peace Officer (APO) member who chose to remain at LACERS to receive enhanced benefits. We understand that those APO members actively employed as of January 12, 2025, who subsequently elect to transfer from LACERS to LAFPP, are entitled to an interest-free refund of the $5,700 from LACERS. As the refunds are to be cost neutral to LACERS, we have included the amount required to be paid up front by the Department of Airports to LACERS that fully covers the cost of the refunds.

Similarly, LAFPP is required to refund the cost associated with LAPD or APO members who previously paid the full actuarial cost (either in a lump sum or installments) so that their past LACERS service credit would be counted as LAFPP service credit. Those members are currently LAFPP members and we understand that these interest-free refunds would be made in a tax compliant manner by LAFPP on behalf of the City or the Department of Airports. We have included the amount required to be paid up front by the City or the Department of Airports to LAFPP. This amount has been provided to us by LAFPP and we have accepted the amount without any audit.

Separately, the increase in normal cost rates to upgrade future service has been provided in our letter dated May 12, 2025.

Summary of results

A high-level summary of the anticipated cost to the City associated with transferring all past service for all five groups of LACERS members[1] is as follows:

Summary of Anticipated Cost

Category	Cost Determined as of June 30, 2024
Five groups of LACERS members to transfer past service through June 30, 2024	$74.8 million
Cost of refunding $5,700 from LACERS[2]	1.8 million
Other LAPD or APO members who previously transferred from LACERS to LAFPP and would now have their transfer cost refunded by LAFPP[3]	2.6 million
Total	**$79.2 million**

[1] We understand an individual election will have to be made by each member who wants to transfer from LACERS to LAFPP.
[2] We understand that based on the MOU agreements and the implementing ordinance pertaining to Measure FF (which authorizes City Council to implement the Los Angeles City Charter amendments), no interest will be included for this refund.
[3] Some members were still in the process of paying for their past LACERS service credit by installments as of June 30, 2024. As LAFPP would need to be made whole, we have included the outstanding principal balance as of June 30, 2024 in the above calculation.

Background

Pursuant to a report to the Board of Fire and Police Pension Commissioners from Ray Ciranna dated September 15, 2022,

> Upon their graduation from an approved training academy, all new Harbor (hired on/after January 8, 2006) and Airport (hired on/after January 7, 2018) police officers became members of LAFPP. Previously, these employees were members of the Los Angeles City Employees' Retirement System (LACERS) upon hiring. In 2006-07, existing Harbor/Port Police officers were given the option to transfer from LACERS to LAFPP Tier 5 during a one-year election period.[1] Any Harbor/Port Police who did not file an election during this one-year period remained LACERS members.
>
> The General Services Department's Office of Public Safety ("OPS") was consolidated into the LAPD in July 2012. At that time, OPS officers were members of LACERS. These officers were able to transfer to regular LAPD police officer classifications following an abbreviated academy training period and, pursuant to Administrative Code Section 4.1002(c), were allowed to opt out of membership in LACERS to become members of LAFPP Tier 6.[2]
>
> In 2017, existing Airport Police were also given the opportunity to transfer from LACERS to LAFPP Tier 6.[3]
>
> Due to a variety of factors, including the ultimate cost borne by these employees to become LAFPP members, some OPS/LAPD, Harbor, and Airport police chose to remain members of LACERS rather than transfer to LAFPP.

In his letter dated September 6, 2022 to LAFPP, the City of Los Angeles City Administrative Officer (CAO), Matthew W. Szabo, requested that the Board of Fire and Police Pension Commissioners authorize Segal to conduct an actuarial study to determine the potential impact,

> regarding the transfer of all Sworn Peace Officers employed by the Airports Department, Harbor Department and Los Angeles Police Department and all employees in the Park Ranger and related, sequential classifications who are members of a Los Angeles City Employees' Retirement System tier into the Los Angeles Fire and Police Pensions Tier 6. The proposed study would be premised on a conversion of all LACERS service credit into LAFPP Tier 6 credit, including any unfunded liability, paid for by the employing agency, e.g., the Airports Department, Harbor Department, or City of Los Angeles General Fund.

Finally, Measure FF would amend the Los Angeles City Charter (Charter) and authorize City Council to provide a process by which LACERS Peace Officers who were actively employed on January 12, 2025 could make a one-time election to transfer into LAFPP Tier 6. That measure,

[1] Transferring employees were required to pay a $5,700 "Transfer Contribution Payment" and only service with the Harbor Department in specific sworn classifications was transferred from LACERS to LAFPP Tier 5 upon election.

[2] In addition, pursuant to a March 2013 Charter amendment, in conjunction with their change in employment status, these Tier 6 members had the option to purchase their years of LACERS service credit they earned while employed in specific OPS officer classifications.

[3] As a condition of their transfer from LACERS to LAFPP, transferring Airport Police were required to purchase all their past LACERS service by paying the full actuarial cost of the service being transferred, reduced by the amount of any funds transferred from LACERS to LAFPP in connection with the transferred service.

which was on the ballot for the November 5, 2024 General Election and was passed by the voters, is the basis for the cost impact and asset transfer information presented in this letter.

Note that all members included in this study are assumed to convert all their LACERS service credit into LAFPP Tier 6 service credit.

Eligible members

We understand that both LAFPP and LACERS determined the specific members to be included in this study based on the parameters of Measure FF and the Charter Amendments approved by the City voters. In late January 2025, LACERS provided us with a file of 450 LACERS current active records and a file of 29 LACERS current inactive or terminated members (who were also active at LAFPP at that time), and these 479 members were initially deemed by LACERS and LAFPP as eligible for the study. There were subsequent refinements to these counts from the two systems to reflect such categories as duplication of records, terminations from LACERS, and ineligible members that were not included in Measure FF. Ultimately, 37 of the active members and 21 of the inactive members were deemed ineligible for the study, leaving 413 current active members and 8 current inactive members (for a total of 421 members) to be included.

We compared the LACERS status of the 413 current active members and 8 current inactive members to be included in the study with the status for these members as provided in the data we received to perform the LACERS June 30, 2024 Retirement Plan valuation, and we observed the following:

LACERS Status for the Total Eligible Members

LACERS Status	Current Count	June 30, 2024 Retirement Plan Valuation Count
Active	413	403
Inactive	8	18
Total	**421**	**421**

Since the scope of this letter is to determine the amount of assets to be transferred from LACERS to LAFPP and the cost of bringing the LACERS service over to LAFPP for these members as of June 30, 2024, before the results are updated once the actual transfer date is known, we are using the LACERS status for these members as they were coded in the LACERS June 30, 2024 valuation data in this part of the study. Accordingly, the eligible group will be referred to hereafter in this letter as consisting of 403 active members and 18 inactive members. A breakdown of these 421 members by group, and by LACERS status as of June 30, 2024, is as follows:

Group Breakdown for the Total Eligible Members by LACERS Status as of June 30, 2024

Group	Active	Inactive	Total
LAPD	23	1	24
LAWA Police	327	5	332
Municipal Police	14	10	24
Park Rangers	33	2	35
Port Police	6	0	6
Total	**403**	**18**	**421**

While the counts of active and inactive members in the table above are based on the statuses of these members in the LACERS June 30, 2024 valuation data (as opposed to their current statuses), the breakdown in the table by group is based on the current group identification. The reason for this apparent bifurcation is that the statuses of the members as of June 30, 2024 were used in the liability determination as of that date and hence for the asset transfer calculations presented herein; however, the group identification was not used in the June 30, 2024 valuation for any purposes. If these members transfer to LAFPP, we believe it is more useful to categorize the members in their current grouping rather than in a grouping as of June 30, 2024 that has not been used for any purpose.

As noted above, all eligible members are assumed to convert all past LACERS service credit into LAFPP Tier 6 service credit.

Special note regarding 18 inactive LACERS members included in study

As requested by the City, we have included 18 inactive LACERS members in this study because these members were actively employed as of January 12, 2025. However, we have identified the cost of these members separately from the LACERS actives because: (1) **some** of the LACERS members identified as inactive as of the June 30, 2024 valuation had since returned to work for the City and are actively employed as of January 12, 2025 and (2) some of the LACERS inactive members are currently active LAFPP Tier 6 members.

The 18 inactive LACERS members included in the study have been classified as follows:

1. There are 10 LACERS members identified as inactive as of the June 30, 2024 valuation but have since returned to work for the City and are actively employed as of January 12, 2025. For purposes of determining the cost to purchase all past LACERS service at LAFPP, the cost for these 10 members is calculated based on their current status as an active member.
2. There are 8 inactive LACERS members who were also active LAFPP Tier 6 members. These 8 members who were active LAFPP members would continue to be active under LAFPP after the transfer.

In the sections below, we first provide the methods and assumptions used in determining the amount of assets to be transferred from LACERS to LAFPP for the 421 eligible members. We then provide the methods and assumptions used in determining the cost of converting the service from LACERS to LAFPP Tier 6.

Section one: Methods and assumptions used in determining assets to be transferred

Similar to prior transfer studies, we have assumed all the LACERS **benefit** service for the members included in the study is eligible for conversion to LAFPP Tier 6, and the calculations that follow reflect a transfer of all benefit service (herein simply referred to as "service") accrued while at LACERS. The results have been prepared using the financial and membership information originally provided for the LACERS Retirement Plan and Retiree Health Plan valuations as of June 30, 2024, for the members identified by LACERS and LAFPP as eligible members for this study.

As previously communicated to both LAFPP and LACERS, the preliminary costs determined herein assume a membership and asset transfer date of June 30, 2024, which is the last valuation date that we have complete system-wide membership and financial data for both LAFPP and LACERS. This is based on our understanding that no definitive transfer date has been set yet. Once a final transfer date is chosen, the cost to transfer will have to be recalculated as of that date. In addition to the complications inherent in this preliminary calculation, that recalculation will require additional assumptions or data to be made or obtained, such as salary and service increases, contributions made by the City and the members, as well as returns on assets since June 30, 2024.

Based on the assumed transfer date of June 30, 2024 noted above, the preliminary costs to transfer have been determined based on the respective actuarial assumptions used to perform both the Retirement Plan and Retiree Health Plan valuations for LACERS and LAFPP as of June 30, 2024.

Part A: Determination of liability as of June 30, 2024

The amount of funds due to LAFPP from LACERS calculated for this study was determined to be the amount of plan assets available to cover all **funded** actuarial accrued liability (AAL)* for the LACERS service to be transferred. This was the same process we used for a similar transfer study for APOs that was performed a couple years ago, pursuant to the provisions of Section 4.2215 of the Los Angeles Administrative Code.

We understand the full cost will be covered by the City and there would be no direct cost for the employee to transfer to LAFPP Tier 6 and upgrade their past service from LACERS.

* While there was an improvement to the disability and death benefits for some of the members included in this study, no contributions have yet been paid by the employer towards those benefits. We have therefore excluded the liabilities associated with those benefits from this study.

Accordingly, we have developed the costs herein on a sex-distinct basis (i.e., the members' genders as reported in the LACERS' June 30, 2024 valuation data were used).

Since the LACERS June 30, 2024 Retirement Plan and Retiree Health Plan valuations were performed on an individual, sex-distinct basis, the **total** liabilities (prior to any transfer) determined for each of the specific individuals included in this study were based on the liabilities for those members from the June 30, 2024 valuations.

Part B: Determination of asset transfer as of June 30, 2024

In order to determine the total amount of employer and member funds that need to be transferred from LACERS to LAFPP for this study, we utilized the market value funded ratios from the June 30, 2024 valuations for the entire LACERS Retirement and Retiree Health Plans. At the time of the June 30, 2024 valuations, the LACERS Retirement and Retiree Health plans were 72.26% and 106.33% funded on a market value of assets basis, respectively. **Any changes in the market value funded ratios as a result of market performance relative to 7.00% assumed in the valuation after June 30, 2024 have not been taken into account.**

Similar to a process we used in the prior APO transfer study that took into account the proportion of the AAL that was covered by assets, we applied the funded ratios noted above to each of the members' AAL amounts to calculate the amount of assets to be initially allocated on behalf of each of the members as of June 30, 2024. (We note though that this is the first time in completing similar studies that assets to be transferred are greater than the liabilities to be transferred from LACERS to LAFPP for the Retiree Health Plan.) If the initial allocated amount for a specific member was less than the member's contribution balance at June 30, 2024 (which only applies to the Retirement Plan), then the allocated amount was increased and set equal to the member's contribution balance.

Part C: Determination of net employer transfer at June 30, 2024 for each of the Retirement and Retiree Health Plans

We determined the net employer amount of assets to be transferred from LACERS to LAFPP as of the June 30, 2024 transfer date to be the total asset amount discussed in Part B above less the total amount of member contributions for the eligible members as of that date.

Section two: Methods and assumptions used in determining cost to purchase all past LACERS service at LAFPP

While the discussions in Section One above would affect both LACERS and LAFPP, the discussions below pertaining to the cost to upgrade all past LACERS service at LAFPP to be paid by the City would only affect LAFPP.

As noted above, we have been requested to perform asset transfer and cost calculations as of the June 30, 2024 hypothetical transfer date, assuming the eligible members transfer all past service at LACERS to LAFPP. Following the same methodology used for the prior transfer study, the City's cost to transfer the past service would be reduced by the amount of any funds transferred from LACERS to LAFPP, determined as described in Section One above.

Any methods and assumptions needed specifically for this study and which were not part of the methods and assumptions used in the June 30, 2024 valuations are described in this letter.

All 403 eligible members active in LACERS as of June 30, 2024 are assumed to be active LAFPP members as of the transfer date. Of the 18 eligible members inactive in LACERS as of June 30, 2024, 8 of them are currently active in LAFPP (and assumed in the study to remain active). We understand that the remaining 10 were inactive members in LACERS as of June 30, 2024 but had since returned to City employment and are active members in LACERS as of January 12, 2025. Therefore, these 10 members are also assumed to be active LAFPP members as of the transfer date.

Part A: Determination of present value of benefits without any transfer service for each of the Retirement and Retiree Health Plans

For the 413 LACERS members who have never been a member in LAFPP

In the **hypothetical**[1] case where members do not transfer any of their past LACERS service, the transferring employees would be treated similar to any other members who transfer out of positions eligible for LACERS participation and move to a position eligible for LAFPP participation. That is, the transferring employee would receive the same LAFPP benefits that are available to new employees in the same position within LAFPP.

We calculated the present value of the LAFPP benefits as of June 30, 2024 by projecting that the members would ultimately retire (either due to service or disability), participate in the DROP, terminate from service, or die following the assumptions used in the June 30, 2024 valuations,[2] and only considering the service to be earned at LAFPP. However, the assumptions used in the LAFPP valuations for projecting both terminations before retirement and future salary increases are based on years of service, with higher rates of termination and higher salary increases for members with lower service, and vice versa. Therefore, we used the total of the past LACERS service and the service to be earned at LAFPP to determine the termination rates and salary increases to be applied, despite the presumption in this step that the members would not transfer their past LACERS service. This is justified by the observation that members who enter

[1] It is necessary to assume, hypothetically, that a member would be allowed **not** to transfer any past LACERS service, so we can compare the present value of benefits before and after the transfer. Note, however, that in practice, eligible members would transfer to LAFPP Tier 6 and have all their past service accrued while a member of LACERS counted as service under LAFPP.

[2] We were informed by LAFPP that all the members included herein would be classified as Police members for annual actuarial valuations purposes. Therefore, we have developed the costs for this study by using the actuarial assumptions for rates of termination, service and disability retirements that we have been assuming for Police members currently enrolled in Tier 6.

LAFPP membership would not be starting a brand new career with the City and so would be less likely to behave like new employees.

In addition, for purposes of determining the present value of the LAFPP benefits that is due to termination before retirement, we assumed that the employee contribution rates for the eligible active members would be the same as the contribution rates for the APOs who have already transferred from LACERS.[1]

For the 8 LACERS members who are already a member in LAFPP[2]

Before this study, these 8 members were included in the LAFPP June 30, 2024 valuations as active members and a liability was calculated for them in the LAFPP June 30, 2024 valuations using service they accrued under LAFPP.

Because a baseline liability has already been established in the LAFPP June 30, 2024 valuations for these 8 members, we have used the present value of benefits determined in the LAFPP June 30, 2024 valuations as their present value of benefit without any transfer service.

Part B: Determination of present value of benefits with LACERS service transferred for each of the Retirement and Retiree Health Plans

We calculated the present value of the LAFPP benefits with LACERS service as of June 30, 2024 by using a similar process discussed above in Part A except that we now included all the past service from LACERS as LAFPP service. In calculating the present value of the LAFPP benefits, we also included a liability for the refund of LACERS member contributions anticipated by the termination assumptions used in the LAFPP valuations.

Part C: Determination of the increase in the present value of benefits for each of the Retirement and Retiree Health Plans for transferring service

We took the difference between the present value of benefits determined in Section Two, Parts B and A, and offset that result with the member and employer assets transferred from LACERS as determined in Section One, Part B. That difference (if positive) is the net cost after the asset transfer to transfer all past LACERS service to LAFPP.

There are 40 active members under the Pension Plan and 90 active members under the Health Plan for which the difference between the present value of benefits determined in Section Two,

[1] In particular, we assumed the Tier 6 contribution rate is 11% until June 30, 2026. Thereafter, if the Tier 6 member has less than 25 years of service with LAFPP, the contribution will remain at 11%, and if the Tier 6 member has 25 or more years of service and if they were formerly Tier 1 members of LACERS, the contribution rate will reduce to 10%. (Based on information provided to Segal for this study regarding Internal Revenue Code requirements, we understand that former LACERS Tier 3 members who have 25 or more years of service with LAFPP will continue to pay 11% in pre-tax contributions, since their counterparts in LACERS are paying an 11% pre-tax rate.)

[2] Based on the January 25, 2025 file provided by LACERS, these 8 members were LACERS Inactive members as of June 30, 2024.

Parts B and A is less than the member and employer assets transferred from LACERS as determined in Section One. For these members, we have set the present value of LACERS benefit service at LAFPP to be no less than the amount of the LACERS asset amount to be transferred. These adjustments are about $2.8 million for active members for Pension and Health Plans combined and represent a more conservative estimate of the net cost to the City.

Furthermore, in determining the present value of benefits for the LAFPP Retirement Plan, based on information provided to Segal for this study, we have incorporated our understanding of the Internal Revenue Code requirement that the Tier 6 benefit for the Park Rangers would be subject to an age-based early retirement reduction if they retire prior to age 60 (or prior to age 55 if the member has 30 or more years of service at retirement).

Results

Attachment A to this letter shows the net cost to the City to transfer all past LACERS service to LAFPP for the 403 active and 18 inactive eligible members, and the amount of assets to be transferred from LACERS to LAFPP for those members. The costs shown are calculated as of the hypothetical June 30, 2024 transfer date and are subject to change based on the final agreed upon transfer date.

APO members who paid $5,700 and remained at LACERS to receive enhanced benefits

Included in the amount of assets available to be transferred are the $5,700 each previously paid by certain APO members who chose to remain at LACERS to receive enhanced benefits. We understand that those APO members, who are actively employed as of January 12, 2025, who subsequently elect to transfer from LACERS to LAFPP, are entitled to an interest-free refund of the $5,700 from LACERS. As the refunds are to be cost neutral to LACERS, we have been requested to include the amount required to be paid up-front by the Department of Airports to LACERS that fully cover the cost of the refunds. We have included an estimate of that amount in the table on page 2 of this letter.

Other LAPD or APO members who had previously transferred their service credit from LACERS to LAFPP by paying lump sums or installments

Besides the five groups of LACERS members already addressed in this letter, under Measure FF, the City would also be picking up the cost associated with some LAPD or APO members who previously agreed to pay the full actuarial cost (either in lump sum or in installments) so that their past LACERS service credit could be counted as LAFPP service credit. Those members are currently LAFPP members and we understand that these interest-free refunds would be made in a tax compliant manner by LAFPP on behalf of the City to those members who paid in full or in part. The City would advance LAFPP for the costs associated with issuing

these refunds. (Pursuant to Measure FF, the City must provide LAFPP with these funds **before** any refunds are issued.)

As we pointed out in our August 24, 2023 report for the cost to transfer the past service, we did not include any cost to LAFPP for this group of current LAFPP members since we have not been tracking that cost in our ongoing annual actuarial valuations.

Subsequently, in June 2024, we were provided with the amounts paid in lump sums and/or installments. After consulting with LAFPP, we recommended that the total cost to the City associated with picking up the above cost include not only amounts already paid by the members that would be refunded to them, they should also be adjusted to include future installments that have yet to be made by the members.* Those total costs have not been included in any cost studies previously prepared by Segal on behalf of the City.

As of June 2024, the total cost paid by members who previously agreed to pay the full actuarial cost of their LACERS service credit amounted to about $1,982,000. In addition, as of June 2024 some members were still in the process of paying for their past LACERS service credit by installments and the outstanding principal balance (which equals the present value of future installments that have yet to be made by the members) was approximately $580,000. The total cost to the City is estimated to be $2,562,000 when calculated as of June 2024.

Statement of actuarial opinion

This document has been prepared for the exclusive use and benefit of LAFPP and LACERS, based upon information provided by the LAFPP and LACERS or otherwise made available to Segal at the time this document was created. Segal makes no representation or warranty as to the accuracy of any forward-looking statements and does not guarantee any particular outcome or result. This document should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plans. This document does not constitute legal, tax or investment advice or create or imply a fiduciary relationship. You are encouraged to discuss any issues raised with your legal, tax and other advisors before taking, or refraining from taking, any action.

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 actuaries.

* For purposes of this letter, these future installments refer to the contract payments that would have been expected to be paid after June 2024 by those members who opted into a payment plan to purchase their past service. The final amount that will be refunded to the member will be based on actual payments made by the member as of the final transfer date.

These calculations were supervised by Andy Yeung, ASA, MAAA, FCA, EA and Mehdi Riazi, FSA, MAAA, FCA, EA. We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any questions on this information.

Sincerely,

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

Emily Klare, ASA, MAAA, EA
Senior Actuary

/elf
Attachment

Segal

LACERS Peace Officers Transfer Study

Cost to Move All LACERS Benefit Service to LAFPP Tier 6 as of June 30, 2024

Group/Status	Number of Members	Projected Annual Payroll as of June 30, 2024	Total Years of LACERS Benefit Service Available for Transfer	Pension: Present Value of LACERS Benefit Service at LAFPP[1]	Pension: LACERS Pension Assets — Employer	Pension: LACERS Pension Assets — Employee[2]	Pension: LACERS Pension Assets — Employer & Employee	Pension: Net Pension Cost	Health: Present Value of LACERS Benefit Service at LAFPP[1]	Health: LACERS Health Assets	Health: Net Health Cost	Total: Total Net Cost	15-Year Amortized Payment of Total Cost of LAFPP[3]
LAPD													
• Active	23	$3,119,271	456.96	$18,736,953	$8,771,996	$4,670,411	$13,442,407	$5,294,546	$4,085,141	$3,312,789	$772,352	$6,066,898	$520,993
• Inactive	1	56,752	0.76	12,299	0	4,207	4,207	8,092	0	0	0	8,092	695
• Inactive (LAFPP active)	0	0	0.00	0	0	0	0	0	0	0	0	0	0
Subtotal	**24**	**$3,176,023**	**457.72**	**$18,749,252**	**$8,771,996**	**$4,674,618**	**$13,446,614**	**$5,302,638**	**$4,085,141**	**$3,312,789**	**$772,352**	**$6,074,990**	**$521,688**
LAWA Police													
• Active	327	$43,534,730	6,404.84	$243,083,879	$126,024,062	$68,067,483	$194,091,545	$48,992,334	$54,009,204	$47,362,356	$6,646,848	$55,639,182	$4,778,012
• Inactive	5	589,867	64.70	1,837,912	473,876	691,583	1,165,459	672,453	556,449	195,862	360,587	1,033,040	88,713
• Inactive (LAFPP active)	0	0	0.00	0	0	0	0	0	0	0	0	0	0
Subtotal	**332**	**$44,124,597**	**6,469.54**	**$244,921,791**	**$126,497,938**	**$68,759,066**	**$195,257,004**	**$49,664,787**	**$54,565,653**	**$47,558,218**	**$7,007,435**	**$56,672,222**	**$4,866,725**
Municipal Police													
• Active	14	$1,707,427	332.51	$12,068,989	$5,512,418	$3,140,783	$8,653,201	$3,415,788	$2,949,327	$2,444,219	$505,108	3,920,896	336,707
• Inactive	2	231,840	40.87	1,198,698	397,918	360,602	758,520	440,178	381,805	184,342	197,463	637,641	54,757
• Inactive (LAFPP active)	8	1,127,377	57.60	3,011,457	170,858	382,652	553,510	2,457,947	316,196	74,385	241,811	2,699,758	231,841
Subtotal	**24**	**$3,066,644**	**430.98**	**$16,279,144**	**$6,081,194**	**$3,884,037**	**$9,965,231**	**$6,313,913**	**$3,647,328**	**$2,702,946**	**$944,382**	**7,258,295**	**623,305**
Park Rangers													
• Active	33	$3,173,586	355.99	$9,980,638	$4,486,145	$2,859,509	$7,345,654	$2,634,984	$2,636,486	$2,196,262	$440,224	$3,075,208	$264,084
• Inactive	2	178,939	8.48	157,853	0	69,134	69,134	88,719	51,093	0	51,093	139,812	12,006
• Inactive (LAFPP active)	0	0	0.00	0	0	0	0	0	0	0	0	0	0
Subtotal	**35**	**$3,352,525**	**364.47**	**$10,138,491**	**$4,486,145**	**$2,928,643**	**$7,414,788**	**$2,723,703**	**$2,687,579**	**$2,196,262**	**$491,317**	**$3,215,020**	**$276,090**
Port Police													
• Active	6	$868,308	128.85	$5,597,115	$2,820,012	$1,415,544	$4,235,556	$1,361,559	$1,088,233	$839,085	$249,148	$1,610,707	$138,319
• Inactive	0	0	0.00	0	0	0	0	0	0	0	0	0	0
• Inactive (LAFPP active)	0	0	0.00	0	0	0	0	0	0	0	0	0	0
Subtotal	**6**	**$868,308**	**128.85**	**$5,597,115**	**$2,820,012**	**$1,415,544**	**$4,235,556**	**$1,361,559**	**$1,088,233**	**$839,085**	**$249,148**	**$1,610,707**	**$138,319**
All Groups Combined													
• Active	403	$52,403,322	7,679.16	$289,467,574	$147,614,633	$80,153,730	$227,768,363	$61,699,211	$64,768,391	$56,154,711	$8,613,680	$70,312,891	$6,038,115
• Inactive	10	1,057,397	114.80	3,206,762	871,794	1,125,526	1,997,320	1,209,442	989,347	380,204	609,143	1,818,585	156,171
• Inactive (LAFPP active)	8	1,127,377	57.60	3,011,457	170,858	382,652	553,510	2,457,947	316,196	74,385	241,811	2,699,758	231,841
Total	**421**	**$54,588,096**	**7,851.56**	**$295,685,793**	**$148,657,285**	**$81,661,908**	**$230,319,193**	**$65,366,600**	**$66,073,934**	**$56,609,300**	**$9,464,634**	**$74,831,234**	**$6,426,127**

[1] For each individual member, the present value of the LACERS benefit service at LAFPP has been calculated to be an amount not less than the amount of the LACERS asset for that member, separately for Pension and Health.

[2] Total of member contribution balances as of June 30, 2024.

[3] Beginning of year. The amortized payment is calculated using the 7.00% investment return assumption along with the 3.00% payroll growth assumption used in the June 30, 2024 LAFPP actuarial valuation.

If the payment is funded over an open group payroll, the contribution rate will be level as a percentage of payroll.

If the City pays the total net cost at the time of the transfer for LAPD and the Municipal Police, there would be no impact on LAFPP Fire and Police Departments' funded ratio or unfunded actuarial accrued liability (UAAL) for the Pension Plan. However, if the UAAL would not be paid in full by the City for LAPD and the Municipal Police, there would be a small reduction in the LAFPP Fire and Police Departments' funded ratio for the Pension Plan. We understand there is a potential language update to the Administrative Code which may require no impact to the City's funded ratio at LAFPP as a result of this transfer. If this update were to be adopted, the City would need to pay the associated UAAL in full.

Segal

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segalco.com

Via Email

May 12, 2025

Mr. Joseph Salazar
General Manager
City of Los Angeles
Fire and Police Pension Plan
701 East 3rd Street, Suite 200
Los Angeles, CA 90013

Re: City of Los Angeles Fire and Police Pension Plan (LAFPP)
Increases in normal cost rates for Sworn Peace Officers and Park Rangers to enter Tier 6

Dear Joe:

In conjunction with our study on the cost to upgrade **past** service related to the possible transfer of Sworn Peace Officers and Park Rangers out of LACERS and into LAFPP Tier 6 (see our letter dated May 12, 2025), we have calculated herein the increases in the normal cost rates paid by the City associated with **future** service if existing Sworn Peace Officers and Park Rangers who are currently enrolled in the LACERS' plans are permitted to enter LAFPP Tier 6. (See special note below.) In the rest of this letter, the above members included in our study are referred to as eligible members. In our letter dated May 12, 2025, which details the results of the study to upgrade past service related to these members, we have included a description of how these members were identified and provided additional details regarding their current LACERS group and tier.

Special note

As part of the data provided by LACERS on January 25, 2025, January 28, 2025 and March 27, 2025, 8 inactive members of LACERS were identified as active members of LAFPP as of June 30, 2024. Since the 8 members are already reflected as active members in LAFPP's June 30, 2024 valuations (enrolled as Tier 6) with a normal cost rate calculated in those valuations, we have not included them in this letter.

The results provided in this letter reflect a June 30, 2024 valuation date.

Summary of results

The increases in the normal cost rates for the City, expressed as a percent of payroll, to allow existing eligible members to enter LAFPP Tier 6 are shown on the following page. These increases are the difference between the LACERS normal cost rate and the LAFPP normal cost

rate, both determined for the group of eligible members only. The increases are shown separately for each of the five groups of eligible members included in our May 12, 2025 transfer study letter noted above and for all five groups combined.[1]

Increases in the City's Normal Cost Rates[2] and Annual Contribution Amounts

Group / LACERS Tier	Retirement Plan	Health Plan	Both Plans Combined	Annual Amount[3]
LAPD	10.08%	3.41%	13.49%	$429,000
LAWA Police[4]	6.64%	3.09%	9.73%	4,295,000
Municipal Police	9.92%	3.89%	13.81%	268,000
Park Rangers	8.19%	4.89%	13.08%	438,000
Port Police	9.08%	3.00%	12.08%	105,000
All Groups Combined	**7.10%**	**3.25%**	**10.35%**	**$5,535,000**

Although the normal cost rates paid by the City would increase due to the transfer of eligible members from LACERS into LAFPP Tier 6, there would be no adverse impact on the LAFPP plan funded ratios from this change in normal cost. The reason for this is that the City would be obligated to make these normal cost contributions (in addition to employees paying their ongoing employee normal cost rate), along with paying the entire cost of converting any past LACERS service to LAFPP Tier 6 service. In particular, if the City pays the total net cost at the time of the transfer for LAPD and the Municipal Police, there would be no impact on LAFPP Fire and Police Departments' funded ratio or unfunded actuarial accrued liability (UAAL) for the Pension Plan.[5]

[1] We have also included the increase in the annual normal cost contribution amounts, separately for each of the five groups and for all five groups combined.

[2] These increases represent the changes in the City's normal cost rates payable during fiscal year 2025/2026 as a result of the eligible members being transferred from members in LACERS to members of LAFPP Tier 6. All City contribution rates provided in this letter are assumed to be payable at the beginning of the year.

[3] Based on the following projected annual LACERS payroll as of June 30, 2024 for the 413 eligible members included in this study as noted in footnote 1 on page 5 of this letter (active counts, average ages and average benefit service are also shown):

Projected Annual LACERS Payroll as of June 30, 2024

Group	Tier 1	Tier 3	Combined	Active Count	Average Age	Average Benefit Service
LAPD	$2,961,068	$214,954	$3,176,022	24	47.1	19.1
LAWA Police	44,124,596	0	44,124,596	332*	48.1	19.5
Municipal Police	1,939,267	0	1,939,267	16	51.8	23.3
Park Rangers	2,038,146	1,314,380	3,352,526	35	41.0	10.4
Port Police	792,658	75,651	868,309	6	52.7	21.5
All Groups Combined	**$51,855,735**	**$1,604,985**	**$53,460,720**	**413**	**47.7**	**18.9**

* 323 of these 332 active members are in LACERS Tier 1 Enhanced as of June 30, 2024 (the remaining 9 are in LACERS Tier 1).

[4] LACERS' Tier 1 and Tier 1 Enhanced share the employer normal cost rates, although LAWA pays an additional normal cost rate (currently 0.07% of pay) based on all City Tier 1 payroll, for the cost of the enhancement for the Tier 1 Enhanced members within Tier 1 for the Retirement Plan.

[5] If the UAAL would not be paid in full by the City for LAPD and the Municipal Police, there would be a small reduction in the LAFPP Fire and Police Departments' funded ratio for the Pension Plan.

It should be noted that the normal cost increases provided in the table above are with respect to the funding required by the City. We have assumed that the eligible members would continue to pay an employee normal cost rate of 11% of pay per pay period (which is unchanged from the rate they are currently paying into LACERS).*

Background

We have been directed by the Board of Fire and Police Pension Commissioners to conduct an actuarial study regarding the transfer of all Sworn Peace Officers and Park Rangers who are currently members of LACERS to LAFPP Tier 6. We understand the full cost of the transfers would be covered by the City and there would be no direct cost to the employee to transfer to LAFPP Tier 6 and upgrade their past service from LACERS. We also understand that no definitive transfer date has been set. Accordingly, we have assumed a membership transfer date of June 30, 2024, which is the last valuation date that we have complete system-wide membership and financial data for both LACERS and LAFPP.

Besides the eligible members included in this study, we understand that any Airport Peace Officer members who previously paid $5,700 to remain at LACERS and receive enhanced benefits, who are actively employed as of January 12, 2025 and who subsequently elect to transfer from LACERS to LAFPP Tier 6, are entitled to an interest-free refund of the $5,700 from LACERS. As the refunds are to be cost neutral to LACERS, the Department of Airports would be required to issue up-front payments to the Retirement System that fully cover the cost of the refunds. We have included the cost of those up-front refund payments in the cost to upgrade past service letter dated May 12, 2025.

Similarly, LAFPP is required to refund the cost associated with LAPD or Airport Peace Officer Members who previously paid the full actuarial cost (either in a lump sum or installments) so that their past LACERS service credit would be counted as LAFPP service credit. Those members are currently LAFPP members and we understand that interest-free refunds would be made in a tax compliant manner by LAFPP on behalf of the City or the Department of Airports. We have included the cost of those refund payments required to be paid up front by the City or the Department of Airports to LAFPP in our letter dated May 12, 2025.

There would be increases in the City's ongoing normal cost rates associated with enrolling the eligible members in LAFPP instead of LACERS, and those increases in normal cost rates are provided in this letter. However, the cost for the conversion of **past** LACERS service into LAFPP service is beyond the scope of this letter and instead is presented in our aforementioned May 12, 2025 letter.

* We have assumed that the employee contribution rate is 11% until June 30, 2026. Thereafter, if the member has less than 25 years of service with LAFPP, the contribution rate will remain at 11%, and if the member has 25 or more years of service and if they were formerly Tier 1 members of LACERS, the contribution rate will reduce to 10%. (Based on information provided to Segal for this study regarding Internal Revenue Code requirements, we understand that former LACERS Tier 3 members who have 25 or more years of service with LAFPP will continue to pay 11% in pre-tax contributions, since their counterparts in LACERS are paying an 11% pre-tax rate.)

Methodology

The increases in the City's normal cost rates have been calculated in the following steps:

Step one: Normal cost rates under LACERS

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 included in LACERS 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 (APO, employed by LAWA, 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. 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 LACERS normal cost rates for the City, expressed as a percent of payroll for the eligible members enrolled in LACERS[1] and determined using their demographics and the actuarial assumptions used in LACERS' June 30, 2024 valuations, are as follows:

The City's Normal Cost Rates for Eligible Members Enrolled in LACERS

Group / Tier	Retirement Plan	Health Plan	Both Plans Combined
LAPD			
Tier 1	7.13%	2.90%	10.03%
Tier 3	5.92%	7.34%	13.26%
LAWA Police			
Tier 1	10.02%	3.36%	13.38%
Tier 3	N/A	N/A	N/A
Municipal Police			
Tier 1	7.08%	3.25%	10.33%
Tier 3	N/A	N/A	N/A
Park Rangers			
Tier 1	8.08%	4.37%	12.45%
Tier 3	4.78%	3.48%	8.26%
Port Police			
Tier 1	8.38%	2.62%	11.00%
Tier 3	5.13%[2]	6.73%	11.86%

In determining the normal cost rates above, we recalculated the City's normal cost rates for the eligible members under the LACERS Tier 1, Tier 1 Enhanced and Tier 3 plan provisions for which they are covered and using the respective actuarial assumptions for those tiers. Even

[1] There were 403 active members at LACERS as of June 30, 2024 eligible for the transfer study and the normal cost rates in the table under Step One are based on the demographics of just those 403 members as of that date.

[2] There is just one Port Police member in Tier 3 included in this study.

though 12.63% (after APO)[1] and 9.36% are the City's combined (i.e., Retirement and Health Plans) normal cost rates calculated for **all** Tier 1 and Tier 3 members, respectively, we believe it would be more appropriate when determining the increase in the cost to provide benefits under LAFPP to start with the normal cost rates by tier for each Group shown in the table above, which were calculated based on **only** the eligible members for each Group included in the study.

Step two: Normal cost rates under LAFPP

In this step, we calculate the normal cost rates associated with enrolling the eligible members as initially described in Step One in LAFPP Tier 6,[2] determined using the actuarial assumptions used in LAFPP's June 30, 2024 valuations, to be as follows:

The City's Normal Cost Rates if LACERS Eligible Members Join LAFPP Tier 6[3]

Group / Tier	Retirement Plan	Health Plan	Both Plans Combined
LAPD	17.13%	6.61%	23.74%
LAWA Police	16.66%	6.45%	23.11%
Municipal Police	17.00%	7.14%	24.14%
Park Rangers	14.98%	8.91%	23.89%
Port Police	17.17%	5.98%	23.15%

In determining the normal cost rate for the LAFPP Retirement Plan, based on information provided to Segal for this study, we have incorporated our understanding of the Internal Revenue Code requirement that the Tier 6 benefit for the Park Rangers would be subject to an age-based early retirement reduction if they retire prior to age 60 (or prior to age 55 if the member has 30 or more years of service at retirement).

Step three: Increase in normal cost rates

The increases in the normal cost rates for the City for the existing eligible members to transfer from LACERS to LAFPP can be calculated by taking the difference between the normal cost rates for LAFPP calculated in Step Two and the normal cost rates for LACERS calculated in Step One. These increases, expressed as a percent of payroll, are as follows:

[1] That is, after reflecting the increase in the contribution rate due to enhanced benefits for APO.

[2] We understand that 10 of the members eligible for the transfer study were classified as inactive members at LACERS as of June 30, 2024 but subsequently became active members at LACERS after that date. The demographics for these 10 members along with the demographics for the 403 active members at LACERS as of June 30, 2024 (for a total of 413 active members) were used in developing the LAFPP normal cost rates as of June 30, 2024 shown in the table below, as all 413 members are assumed to enter active status at LAFPP as of June 30, 2024 for purposes of this study.

[3] We were informed by LAFPP that all of the members included herein would be classified as Police members for annual actuarial valuations purposes. Therefore, we have developed the costs for this study by using the actuarial assumptions for rates of termination, service and disability retirements that we have been assuming for Police members currently enrolled in Tier 6.

Increases in the City's Normal Cost Rates[1] and Annual Contribution Amounts

Group / Tier	Retirement Plan	Health Plan	Both Plans Combined	Annual Amount[2]
LAPD	10.08%	3.41%	13.49%	$429,000
LAWA Police[3]	6.64%	3.09%	9.73%	4,295,000
Municipal Police	9.92%	3.89%	13.81%	268,000
Park Rangers	8.19%	4.89%	13.08%	438,000
Port Police	9.08%	3.00%	12.08%	105,000
All Groups Combined	**7.10%**	**3.25%**	**10.35%**	**$5,535,000**

Note on effect on funded ratios, normal costs and placement of these eligible members in future valuations

Although the City's normal cost rates would increase due to the transfer of eligible members from LACERS to LAFPP Tier 6, there would be no adverse impact on the LAFPP plan funded ratios from these changes in normal cost. The reason for this is that the City would be obligated to make these normal cost contributions (in addition to employees paying their ongoing employee normal cost rate), along with paying the entire cost of converting any past LACERS service to LAFPP Tier 6 service. In particular, if the City pays the total net cost at the time of the transfer for LAPD and the Municipal Police, there would be no impact on LAFPP Fire and Police Departments' funded ratio or unfunded actuarial accrued liability (UAAL) for the Pension Plan.[4]

It should be noted that the normal cost increases provided in the table above are with respect to the funding required by the City. We have assumed that the eligible members would continue to

[1] These increases represent the changes in the City's normal cost rates payable during fiscal year 2025/2026 as a result of the eligible members being transferred from members in LACERS to members of LAFPP Tier 6. All City contribution rates provided in this letter are assumed to be payable at the beginning of the year.

[2] Based on the following projected annual LACERS payroll as of June 30, 2024 for the 413 eligible members included in this study as noted in footnote 1 on the previous page (active counts, average ages and average benefit service are also shown):

Projected Annual LACERS Payroll as of June 30, 2024

Group	Tier 1	Tier 3	Combined	Active Count	Average Age	Average Benefit Service
LAPD	$2,961,068	$214,954	$3,176,022	24	47.1	19.1
LAWA Police	44,124,596	0	44,124,596	332*	48.1	19.5
Municipal Police	1,939,267	0	1,939,267	16	51.8	23.3
Park Rangers	2,038,146	1,314,380	3,352,526	35	41.0	10.4
Port Police	792,658	75,651	868,309	6	52.7	21.5
All Groups Combined	**$51,855,735**	**$1,604,985**	**$53,460,720**	**413**	**47.7**	**18.9**

* 323 of these 332 active members are in LACERS Tier 1 Enhanced as of June 30, 2024 (the remaining 9 are in LACERS Tier 1).

[3] LACERS' Tier 1 and Tier 1 Enhanced share the employer normal cost rates, although LAWA pays an additional normal cost rate (currently 0.07% of pay) based on all City Tier 1 payroll, for the cost of the enhancement for the Tier 1 Enhanced members within Tier 1 for the Retirement Plan.

[4] If the UAAL would not be paid in full by the City for LAPD and the Municipal Police, there would be a small reduction in the LAFPP Fire and Police Departments' funded ratio for the Pension Plan.

pay an employee normal cost rate of 11% of pay per pay period (which is unchanged from the rate they are currently paying into LACERS).[1]

Should the City adopt LAFPP Tier 6 membership for any of the eligible member groups included in this study, we would need to consult with LAFPP as to where some of the eligible members should be placed in the ongoing valuations. This is based on our understanding that some of the five departments included in this study might be closed to new hires, or the new hires from those departments are already enrolled in LAFPP together with members of other departments.

Note on assumed medical plan selection

We understand that eligible members who join LAFPP Tier 6 will, upon reaching eligibility to retire, have a choice of LAFPP retiree medical plans and will be subject to the LAFPP maximum medical subsidy limit. Due to limited, readily available data on Sworn Peace Officer and Park Ranger enrollment in LACERS medical plans[2], we will need to make new assumptions (potentially different from those in the LACERS or LAFPP valuations) for medical plan election among eligible members at retirement. As experience emerges over time, we can refine our medical plan election assumptions for this group.

For this study, we have assumed that eligible members will select similar plans roughly in proportion as assumed for future LAFPP Police retirees, shown on pages 54 and 55 in our June 30, 2024 OPEB valuation report. For pre-65 retirees, we have assumed that 65% will enroll in the Anthem Blue Cross PPO, 25% will enroll in the Kaiser Permanente HMO and 10% will enroll in the Anthem Blue Cross HMO plan. For retirees over age 65, we have assumed that 75% will enroll in the Anthem Blue Cross PPO, 15% will enroll in the Kaiser Permanente Senior Advantage HMO and 10% will enroll in the Anthem Blue Cross HMO plan.

Statement of actuarial opinion

This document has been prepared for the exclusive use and benefit of LAFPP, based upon information provided by the Plan or otherwise made available to Segal at the time this document was created. Segal makes no representation or warranty as to the accuracy of any forward-looking statements and does not guarantee any particular outcome or result. This document should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plan. This document does not constitute legal, tax or investment advice or create or imply a fiduciary relationship. You are encouraged to discuss any issues raised with your legal, tax and other advisors before taking, or refraining from taking, any action.

[1] We have assumed that the employee contribution rate is 11% until June 30, 2026. Thereafter, if the member has less than 25 years of service with LAFPP, the contribution rate will remain at 11%, and if the member has 25 or more years of service and if they were formerly Tier 1 members of LACERS, the contribution rate will reduce to 10%. (Based on information provided to Segal for this study regarding Internal Revenue Code requirements, we understand that former LACERS Tier 3 members who have 25 or more years of service with LAFPP will continue to pay 11% in pre-tax contributions, since their counterparts in LACERS are paying an 11% pre-tax rate.)

[2] As part of the LACERS valuation, we do not analyze retiree health elections by department as the Bargaining Unit information is not provided for current retirees.

These calculations were supervised by Andy Yeung, ASA, MAAA, FCA, EA and Mehdi Riazi, FSA, MAAA, FCA, EA. We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any questions on this information.

Sincerely,

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

Emily Klare, ASA, MAAA, EA
Senior Actuary

/bbf

Segal

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Via Email

May 12, 2025

Joseph Salazar, CEBS
General Manager
City of Los Angeles Fire and Police Pension Plan
701 East 3rd Street, Suite 200
Los Angeles, CA 90013

Re: City of Los Angeles Fire and Police Pension Plan (LAFPP)
Charter Amendment FF — Transfer certain LACERS members to LAFPP for past and future service benefit improvement

Dear Joe:

In the two attached reports, both dated May 12, 2025, we provided the cost to transfer five groups of members out of LACERS and into LAFPP based on the most recent June 30, 2024 valuations. In one report, we provided the increase in the present value of benefits and related increase in unfunded liability associated with upgrading the past LACERS service through June 30, 2024 to LAFPP service, after accounting for certain assets that would be transferred from LACERS to LAFPP. In the other report, we provided the increase in the annual normal cost (relative to that which would otherwise be paid by the City at LACERS) associated with providing each year of future service anticipated to be earned after June 30, 2024 at LAFPP.

We have been asked to provide the total cost of implementing Measure FF, which amends the Los Angeles City Charter (Charter). In this letter, we have summarized the cost based on the results of the above reports[1] assuming all eligible members would elect to transfer[2] from LACERS to LAFPP.

[1] As the actual transfer date, to be determined later by LAFPP and LACERS, is going to be different from June 30, 2024, we anticipate that there will be a final transfer study that will be built on the results of the attached reports to reflect changes, such as salary and service increases, contributions made by the City and the members, and investment return, after June 30, 2024.

[2] As of the writing of this report, we understand that those elections have not been made.

Summary of results

A high-level summary of the anticipated cost to the City associated with implementing Measure FF is as follows:

Cost Associated with Past Service if Paid in a Lump Sum

Category	Determined as of June 30, 2024
Five groups of LACERS members to transfer past service through June 30, 2024	$74.8 million
Cost of refunding $5,700 from LACERS	1.8 million
Other LAPD or Airport Peace Officer members who had previously transferred from LACERS to LAFPP and would now have their transfer costs refunded from LAFPP	2.6 million
TOTAL for past service	**$79.2 million**

Normal Cost Associated with Each Year of Future Service

Category	Determined as of June 30, 2024
Five groups of LACERS members to transfer past service through June 30, 2024 for each year of future service	$5.5 million

A more detailed discussion of the membership information, methods and assumptions we have used in preparing the above results is provided in the aforementioned reports.

Statement of actuarial opinion

This document has been prepared for the exclusive use and benefit of LAFPP, based upon information provided by LAFPP or otherwise made available to Segal at the time this document was created. Segal makes no representation or warranty as to the accuracy of any forward-looking statements and does not guarantee any particular outcome or result. This document should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plan. This document does not constitute legal, tax or investment advice or create or imply a fiduciary relationship. You are encouraged to discuss any issues raised with your legal, tax and other advisors before taking, or refraining from taking, any action.

The undersigned are members of the American Academy of Actuaries and we meet the Qualification Standard of the American Academy of Actuaries to render the actuarial opinion herein.

We look forward to discussing this report with you.

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

ST/elf

cc: Gregory Mack

Segal

Agenda of: NOV. 4 2025

Item No: IV-A

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

October 14, 2025

10:01 a.m.

PRESENT:	President:	Annie Chao
	Vice President:	Janna Sidley
	Commissioners:	Thuy Huynh Susan Liem Thomas Moutes Gaylord “Rusty” Roten Sung Won Sohn
	Legal Counselor:	Miguel Bahamon
	Manager-Secretary:	Todd Bouey
	Executive Assistant:	Ani Ghoukassian

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

President Chao welcomed Commissioner Liem to the LACERS Board.

I

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

II

GENERAL MANAGER VERBAL REPORT

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

- Welcome Commissioner Susan Liem to the LACERS Board
- Federal Government Shutdown
- Benefit Operations: Updates on Major Projects ongoing (Layoff Coordination and Measure FF)
- Health, Wellness, and Buyback Division: 2026 Open Enrollment

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

- Board Meeting on October 28, 2025: Report on Measure FF
- Board Meeting on November 4, 2025: Report on Retirement Orientation Pilot Program Results
- Governance Committee Meeting on October 28, 2025: Whistleblower Policy and Compensation Policy

III

RECEIVE AND FILE ITEMS

A. ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD – This report was received by the Board and filed.

B. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – This report was received by the Board and filed.

C. GASB 68 AND GASB 75 VALUATIONS BASED ON JUNE 30, 2024 MEASUREMENT DATE FOR EMPLOYER REPORTING AS OF JUNE 30, 2025 – This report was received by the Board and filed.

D. NOTIFICATION OF CERTIFIED RESULTS OF THE EMPLOYEE-MEMBER OF THE BOARD OF ADMINISTRATION SPECIAL ELECTION FOR THE UNEXPIRED TERM ENDING JUNE 30, 2028 – This report was received by the Board and filed.

IV

Commissioner Sohn moved approval of Consent Agenda Items IV-A, IV-B, and IV-C, and seconded by Commissioner Roten, and adopted by the following vote: Ayes, Commissioners Huynh, Liem, Moutes, Roten, Sohn, Vice President Sidley, and President Chao -7; Nays, None.

CONSENT ITEM(S)

A. APPROVAL OF MINUTES FOR THE MEETING OF SEPTEMBER 9, 2025, AND POSSIBLE BOARD ACTION

B. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF RENE CASTRO AND POSSIBLE BOARD ACTION

APPROVAL OF DISABILITY RETIREMENT BENEFIT FOR RENE CASTRO

RESOLUTION 251014-A

WHEREAS, the General Manager presented certain medical reports and other evidence, and reported that the application filed was in regular and proper form;

WHEREAS, Physicians 1, 2, and 3 examined and concluded Rene Castro is unable to perform his usual and customary duties as an Airport Guide I with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that Rene Castro is incapacitated pursuant to the definition in Los Angeles Administrative Code § 4.1008(b) and not capable of performing his duties as an Airport Guide I;

WHEREAS, an investigation of the employment record established the age, final compensation, and period of continuous service in accordance with the Los Angeles Administrative Code, and such disability is not the result of the applicant's intemperance or willful misconduct; and,

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the disability retirement benefit for Rene Castro based upon his claimed disabling condition.

C. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF DEANDRE SPENCER AND POSSIBLE BOARD ACTION

APPROVAL OF DISABILITY RETIREMENT BENEFIT FOR DEANDRE SPENCER

RESOLUTION 251014-B

WHEREAS, the General Manager presented certain medical reports and other evidence, and reported that the application filed was in regular and proper form;

WHEREAS, Physicians 1 and 2 examined and concluded DeAndre Spencer is unable to perform his usual and customary duties as a Traffic Officer II with the City of Los Angeles;

WHEREAS, notwithstanding, Physician 3 examined and concluded DeAndre Spencer is able to perform his usual and customary duties as a Traffic Officer II with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that DeAndre Spencer is incapacitated pursuant to the definition in Los Angeles Administrative Code § 4.1008(b) and not capable of performing his duties as a Traffic Officer II;

WHEREAS, an investigation of the employment record established the age, final compensation, and period of continuous service in accordance with the Los Angeles Administrative Code, and such disability is not the result of the applicant's intemperance or willful misconduct; and,

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the disability retirement benefit for DeAndre Spencer based upon his claimed disabling condition.

V

BOARD/DEPARTMENT ADMINISTRATION

A. BOARD POLICY REVIEW: BUDGET APPROVAL POLICY AND POSSIBLE BOARD ACTION – Lisa Li, Management Analyst, presented and discussed this item with the Board for one minute. Vice President Sidley moved approval, seconded by Commissioner Moutes, and adopted by the

following vote: Ayes, Commissioners Huynh, Liem, Moutes, Roten, Sohn, Vice President Sidley, and President Chao -7; Nays, None.

B. CHARTER CHANGE OPPORTUNITIES FOR CONSIDERATION IN THE CITY OF LOS ANGELES CHARTER REFORM AND POSSIBLE BOARD ACTION – Lisa Li, Management Analyst, presented and discussed this item with the Board for 28 minutes.

Commissioner Moutes proposed to add a Charter change regarding the Mayor's ability to remove appointed Commissioners for cause. Vice President Sidley moved to not include a Charter change that the Mayor can remove a Commissioner for cause, seconded by Commissioner Roten, and adopted by the following vote: Ayes, Commissioners Huynh, Roten, Sohn, and Vice President Sidley-4; Nays, Commissioners Liem, Moutes, and President Chao -3.

Vice President Sidley moved approval of all six proposed Charter changes in the report, seconded by Commissioner Roten, and adopted by the following vote: Ayes, Commissioners Huynh, Liem, Moutes, Roten, Sohn, Vice President Sidley, and President Chao -7; Nays, None.

C. LACERS HUMAN RESOURCES VERBAL REPORT ON GENERAL MANAGER INTERIM AND PERMANENT APPOINTMENT – Kevin Hirose, Senior Personnel Analyst II, provided the Board with an update on the LACERS General Manager appointment.

VI

INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value of $26.87 billion as of October 13, 2025; and Volatility Index at 22.34. Rod June discussed the following items:

INDUSTRY COMMENTARY:
State Senate Bill 351 becomes effective January 1, 2026 – Prohibits Private Equity Group or Hedge Funds from interfering in the healthcare practices rendered by medical and dental professionals, including as an investor or owner of the assets of that practice. Staff will monitor the impact on LACERS investments.

EMERGING MANAGER:
Third Annual Emerging Manager Networking Forum is on Thursday, November 13, held at the Los Angeles Fire and Police Pensions Headquarters in Downtown Los Angeles.

FUTURE AGENDA ITEMS:
a. Request for Proposal for Infrastructure Managers
b. Closed Session items to discuss the sale of real estate investments

B. PRESENTATION BY AKSIA LLC REGARDING PRIVATE EQUITY SECONDARY OPPORTUNITIES – Cameron Rondo, Director, and Trevor Jackson, Managing Director, with Aksia LLC, presented and discussed this item with the Board for one hour.

Commissioner Sohn left the meeting at 12:20 p.m.

C. INFRASTRUCTURE INVESTMENTS IMPLEMENTATION, RISK CONSIDERATIONS AND POSSIBLE BOARD ACTION – DeAnna Jones, Senior Consultant, with NEPC LLC, presented and discussed this item with the Board for 35 minutes. NEPC will bring back more data on this item and no action was taken.

VII

President Chao recessed the meeting for a break at 12:28 p.m. and reconvened the meeting at 12:38 p.m. Immediately thereafter, President Chao recessed the Regular meeting at 12:38 p.m. to convene in closed session.

LEGAL/LITIGATION

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

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

President Chao reconvened the Regular meeting at 12:51 p.m. with nothing to report.

VIII

OTHER BUSINESS – There was no other business.

IX

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, October 28, 2025, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012.

X

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the meeting at 12:52 p.m.

_____
Annie Chao
President

_____
Todd Bouey
Manager-Secretary

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: NOVEMBER 4, 2025**
From: Isaias Cantu, Chief Benefits Analyst **ITEM: IV - B**

SUBJECT: **APPROVAL OF DISABILITY RETIREMENT APPLICATION OF OMAR VASQUEZ FOR SERVICE-CONNECTED DISABILITY RETIREMENT OF 60% AND POSSIBLE BOARD ACTION**

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

Recommendation

That it be the finding of the Board that:

1. Omar Vasquez is incapable of performing the duties of an Airport Police Officer II; and,

2. There is clear and convincing evidence that demonstrates the discharge of Omar Vasquez's duties as an Airport Police Officer II is the predominant cause of the incapacity; and,

3. That Omar Vasquez be granted a Service-Connected Disability Retirement, with a rating of 60%, based on his claimed disabling conditions and the supporting medical evidence contained in the administrative record, which includes reports by three licensed, practicing physicians.

Background

Omar Vasquez (Officer) is an Airport Police Officer II in the Department of Airports (LAWA) with 18.25460 years of City Service. The Officer applied for a Service-Connected Disability Retirement on July 17, 2024.

The Officer's last day on active payroll was June 25, 2024. If approved, the Officer's retirement effective date will be June 26, 2024.

Accommodation

Because Physicians 1 and 2 opined that no accommodations would allow the Officer to return to work, no inquiries were made with the Officer's employing department.

Basis for Disability Rating Recommendation

Disability Type: Service-Connected
Percentage: 60%
Limitations: Serious (54-71%)

Fiscal Impact

Upon approval, the Officer will receive a Service-Connected Disability Retirement allowance of approximately $5,419.00 per month, which is equal to 60% of his Final Average Compensation, and a retroactive payment covering 17 months of approximately $92,123.00.

The Los Angeles Administrative Code § 4.1008.2(b) requires a Service-Connected Disability Retirement allowance be no less than the equivalent of 2% per year of service or a minimum of 30% of the Officer's Final Compensation, whichever is greater.

Prepared By: Carol Rembert, Benefits Analyst, Retirement Services Division
Claudia Batres-Flores, Sr. Benefits Analyst I, Retirement Services Division

IC:CBF:cr

Attachments: 1. Proposed Resolution

BOARD Meeting: 11/4/25
Item: IV-B
Attachment 1

APPROVAL OF SERVICE-CONNECTED DISABILITY RETIREMENT BENEFIT FOR OMAR VASQUEZ

PROPOSED RESOLUTION

WHEREAS, the General Manager presented certain medical reports and other evidence, and reported that the application filed was in regular and proper form;

WHEREAS, Physicians 1, 2, and 3 examined and concluded Omar Vasquez is unable to perform his usual and customary duties as an Airport Police Officer II with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that the clear and convincing evidence demonstrates that the discharge of Omar Vasquez's duties as an Airport Police Officer II is the predominant cause of the incapacity pursuant to the definition in Los Angeles Administrative Code § 4.1008.2(b) and he is not capable of performing his duties as an Airport Police Officer II;

WHEREAS, an investigation of the employment record established the age, final compensation, and period of continuous service in accordance with the Los Angeles Administrative Code, and such disability is not the result of the Officer's intemperance or willful misconduct;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the Service-Connected Disability Retirement benefit for Omar Vasquez of 60% of his Final Average Compensation based upon his claimed disabling conditions.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: NOVEMBER 4, 2025**
From: Todd Bouey, Interim General Manager **ITEM: V - A**

SUBJECT: **PRESENTATION BY SEGAL OF THE ACTUARIAL VALUATIONS AS OF JUNE 30, 2025, AND PROPOSED CITY CONTRIBUTION RATES FOR FISCAL YEAR 2026-27 AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board adopt the attached actuarial valuation reports of its consulting actuary, Segal, for the period ending June 30, 2025, including:

1) *Actuarial Valuation and Review of Retirement Benefits* and *Actuarial Valuation and Review of Other Postemployment Benefits (OPEB),* which establish the recommended City contribution rates for Fiscal Year 2026-27 (Attachments 2 and 3);

2) *Governmental Accounting Standards Board (GASB) 67 Pension Valuation* and *GASB 74 Other Postemployment Benefits Valuation (OPEB)* (Attachments 4 and 5), which provide the financial disclosures to meet LACERS' June 30, 2025, financial reporting requirements of the Governmental Accounting Standards Board; and,

3) *Family Death Benefit Plan Costs (Attachment 6),* which is a biennial valuation assessing the premium for the upcoming two fiscal years to be reduced from the current $1.50 to $1.20 per month as recommended, beginning the first full pay period in Fiscal Year 2026-27.

Executive Summary

The Board's consulting actuary, Segal, performed the annual actuarial valuation of the retirement benefits and the retiree health benefits of the LACERS' Retirement and Health System (System) based on census data as of June 30, 2025 (See Attachment 1 for summary results). The actuarial valuation determines the System's funded status as of June 30, 2025, and the City's contribution rates for Fiscal Year (FY) 2026-27.

Overall, the System's Assets and Funded Ratios improved, while the Unfunded Actuarial Accrued Liability (UAAL) increased. The increase was due to higher than expected salary increases for active members, higher than expected Cost of Living Adjustment (COLA) for payees, and higher than

expected 2026 premiums and subsidy levels. These factors were offset by actual contributions greater than expected under funding policy, change due to investment experience (after smoothing), and other net gains on demographic experience.

The aggregate employer rate (if received on July 15) calculated in this valuation has increased from 31.44% of payroll to 31.99% of payroll.

Segal also prepared separate valuation reports in accordance with the requirements of the Governmental Accounting Standards Board (GASB) Statements No. 67 – *Financial Reporting for Pension Plans* and No. 74 – *Financial Reporting for Postemployment Benefit Plans*. Information from these valuations will be reported in LACERS' June 30, 2025, financial statements.

Segal also prepared a biennial valuation of the voluntary Family Death Benefit Plan (FDBP) as of June 30, 2025, which recommends contribution rates to be effective for FY 2026-27 and FY 2027-28. The last review of the FDBP was conducted as part of the June 30, 2023, actuarial valuation, which yielded the current employee monthly contributions of $1.50. Another 20% reduction in the monthly contribution is recommended to $1.20. The City matches the employees' cost at the same level.

Discussion

Retirement and Other Postemployment Benefit (OPEB) Actuarial Valuations

Segal performed the annual actuarial valuation of the retirement benefits and the retiree health benefits of the System based on census data as of June 30, 2025 (see Attachments 2 and 3). The actuarial valuation determines the System's funded status as of June 30, 2025, and the City's contribution rates for FY 2026-27. The report also updates actuarial and demographic information about the System and its Members.

Significant Valuation Results

Valuation Ending	**June 30, 2025**	**June 30, 2024**	**Percent Change**
Total System Assets			
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%
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%)
C. Total	$6,790,685,747	$6,761,130,714	0.4%
Funded Ratio (Based on Valuation Value of Assets)			
A. Retirement Benefits	74.6%	73.4%	1.2%
B. Health Subsidy Benefits	105.8%	108.0%	(2.2%)
C. Total	78.4%	77.5%	0.9%

Valuation Highlights

The System's Assets and Funded Ratios improved, while the UAAL increased primarily due to:

a. Higher than expected salary increases for active members,

b. Higher than expected COLA for payees,

c. Higher than expected 2026 premiums and subsidy levels.

These factors are offset by:

d. Actual contributions greater than expected under funding policy,

e. Change due to investment experience (after smoothing),

f. Other net gains on demographic experience.

The return on the Actuarial Value of Assets for retirement benefits was 7.18% as of June 30, 2025, which resulted in an actuarial gain of $43.5 million when compared to the 7.0% assumed rate of return.

- The ratio of the valuation value of assets to actuarial accrued liabilities for retirement benefits increased year-over-year from 73.4% to 74.6%. On a market value basis, the funded ratio for the retirement benefits increased year-over-year from 72.3% to 76.3%.

- The funded ratio for the retiree health benefits on a valuation value basis decreased year-over-year from 108.0% to 105.7%. On a market value basis, the funded ratio for the health benefits increased from 106.3% to 108.2%.

- The actuarial value of total System assets as of June 30, 2025 increased 6.0% over the prior year, from $23.4 billion to $24.8 billion. On a market basis, there was a 10.1% increase in assets from $23.0 billion to $25.3 billion.

- The UAAL for retirement benefits decreased 0.5% over the prior year, from $7.04 billion to $7.01 billion. For the retiree health benefits, the UAAL surplus decreased 21.9% from $285.8 million to $223.3 million. The total UAAL for both the retirement benefits and the retiree health benefits as of June 30, 2025 is $6.8 billion, an increase of $29.5 million from the previous year.

Actuarially Determined Employer Contributions

The City's contribution is the sum of the Normal Cost plus an amortized payment of the UAAL. The Normal Cost is the portion of the actuarial present value of LACERS' plan benefits which is allocated to a valuation year using LACERS' adopted cost method – Entry Age. The amortization of the UAAL is the payment stream required to fund the difference between the actuarial accrued liabilities and the actuarial value of assets, determined by methods prescribed by LACERS' Amortization Policy. The actuary has calculated contribution rates reflecting decisions made by the Board including the *July 1, 2019, through June 30, 2022, Actuarial Experience Study* adopted by the Board on June 27, 2023 and

the retiree health assumptions adopted September 26, 2025, along with other Board policies. Following are the actuarially determined City contribution rates as a percentage of City payroll for FY 2026-27 if received by July 15, 2026, as compared with current rates.

Employer Rates – Tier 1 and Tier 3 Combined

As a Percentage of City Payroll	Recommended Rates FY 2026-27	Current Rates FY 2025-26	Difference
Retirement	28.4%	28.13%	0.27%
Health	3.59%	3.31%	0.28%
Total	**31.99%**	**31.44%**	**0.55%**

The recommended combined employer contribution rate for FY 2026-27 is 0.55% higher than the current year rate.

Segal notes that the contribution rate increased 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 Early Retirement Incentive Program (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.

Actuarial Standards of Practice

The Actuarial Standards Board ASOP 51 regarding risk assessment requires actuaries to identify and assess risks that "may reasonably be anticipated to significantly affect the plan's future financial condition." Certain risk factors are briefly discussed in the valuation, but a detailed analysis of risk relative to the System's future financial condition will be provided in a stand-alone report in the first quarter of Calendar Year 2026.

GASB 67 and GASB 74

Segal prepared separate valuation reports in accordance with the requirements of the GASB Statements No. 67 – *Financial Reporting for Pension Plans* and No. 74 – *Financial Reporting for Postemployment Benefit Plans* (see Attachments 4 and 5). Information from these valuations will be reported in LACERS' June 30, 2025, financial statements. Key highlights are identified below.

- As of June 30, 2025, the Net Pension Liability (NPL) decreased slightly by $812,000, but is still approximately $6.536 billion when compared with the prior fiscal year. The NPL is a required disclosure in the financial notes of a pension plan pursuant to GASB 67, and a required disclosure as a liability in the plan sponsor's financial statements pursuant to GASB 68 – *Accounting and Financial Reporting for Pensions.* The NPL measure differs from the UAAL as it is calculated on a market value basis and reflects all investment gains and losses as of the

measurement date. Another required disclosure under GASB 67 is the Plan Fiduciary Net Position as a percentage of Total Pension Liability, which is 76.33% as of June 30, 2025.

- The Net OPEB Liability (NOL) increased from a surplus of $226.0 million as of June 30, 2024 to a surplus of $318.3 million as of June 30, 2025, for the retiree health benefits. The NOL is a required disclosure in the financial notes of an OPEB plan pursuant to GASB 74, and a required disclosure as a liability in the plan sponsor's financial statements pursuant to GASB 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Additionally, GASB 74 requires disclosure of the Plan Fiduciary Net Position as a percentage of Total OPEB Liability, which is 108.23% as of June 30, 2025.

Family Death Benefit Plan

Segal also prepared the biennial valuation of the voluntary FDBP as of June 30, 2025, which recommends contribution rates to be effective for FY 2026-27 and FY 2027-28. The last review of the FDBP was conducted as part of the June 30, 2023, actuarial valuation, which yielded the current employee contribution of $1.50, reduced from the prior monthly rate of $1.90. The City matches the employees' cost at the same level.

Due to an ongoing FDBP surplus, Segal recommends actions to consider, including:

1) Reduce the monthly charge by another 20%, from the current $1.50 to $1.20 for FY 2026-27 and FY 2027-28.

2) Continuing campaign targeting retirement-eligible contributors to consider discontinuing voluntary FDBP contributions for those whose survivors would not receive any FDBP benefits.

3) Consider increasing the benefits offered under FDBP, recognizing that the current levels of benefit provided by the Plan are fixed amount.

4) Consider charging direct costs for administering FDBP.

LACERS has made communication efforts, including information on the website, Member packet flyers, and quarterly articles in LACERS' newsletters and e-blasts, and continuing efforts are underway. LACERS will continue to campaign to increase the participation of non-retirement eligible Members and target retirement eligible contributors to consider discontinuing voluntary FDBP contributions. LACERS will also explore the application of direct expenses to FDBP. With regard to increasing FDBP benefits, a report will be brought to the Benefits Administration Committee in the first quarter of 2026 with research on whether benefits are commensurate with Federal Old-Age, Survivors, and Disability Insurance (OASDI), which the FDBP is based on. The Board may make a recommendation to the City Council to make changes to the benefit through adoption of a City ordinance.

Andy Yeung of Segal will present the June 30, 2025 actuarial valuation reports.

Prepared By: Estella Priebe, Sr. Benefits Analyst I

TB/DWN/EA/EP

Attachments:

1. Actuarial Valuation and Review of Retirement, Other Postemployment, and Family Death Benefits as of June 30, 2025
2. Actuarial Valuation and Review of Retirement Benefits as of June 30, 2025
3. Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2025
4. Governmental Accounting Standards Board Statement No. 67 (GASB 67) Actuarial Valuation of Retirement Benefits as of June 30, 2025
5. Governmental Accounting Standards Board Statement No. 74 (GASB 74) Actuarial Valuation of Other Postemployment Benefits (OPEB) Measured as of June 30, 2025
6. Family Death Benefit Plan (FDBP) Costs as of June 30, 2025

BOARD Meeting: 11/04/25
Item V – A
Attachment 1

Los Angeles City Employees' Retirement System

Actuarial Valuation and Review of Retirement, Other Postemployment and Family Death 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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San Francisco, CA 94105-6147
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T 415.263.8200

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

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

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 beneficiaries[3]			
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 assets[4]			
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%

Exhibit B

Computed Contribution Rates[9] — 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 Liabilities[13] 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.

Exhibit D

Retirees and Beneficiaries Added to and Removed from the Rolls for the Retirement Plan[15] 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

5950474v4/05806.002

[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.

BOARD Meeting: 11/04/25
Item V – A
Attachment 2

Los Angeles City Employees' Retirement System

Actuarial Valuation and Review 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 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

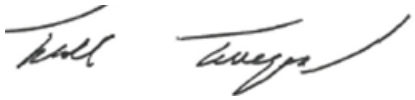
recommendations. In our opinion, the assumptions are reasonable and take into account the experience of LACERS and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

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.

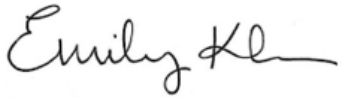
Sincerely,

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.

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.

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 million[2] 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.

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.

Summary of key valuation results

Employer Contribution Rates[3] 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 3: 2.00%	Tier 1: 2.75% 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**

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.

Actuarial certification

October 28, 2025

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

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

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

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

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

Financial Section

1. Schedule of Net Pension Liability[8]
2. Schedule of Changes in Net Pension Liability and Related Ratios[8]
3. Schedule of Contribution History[8]

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

October 28, 2025

Actuarial Section

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

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

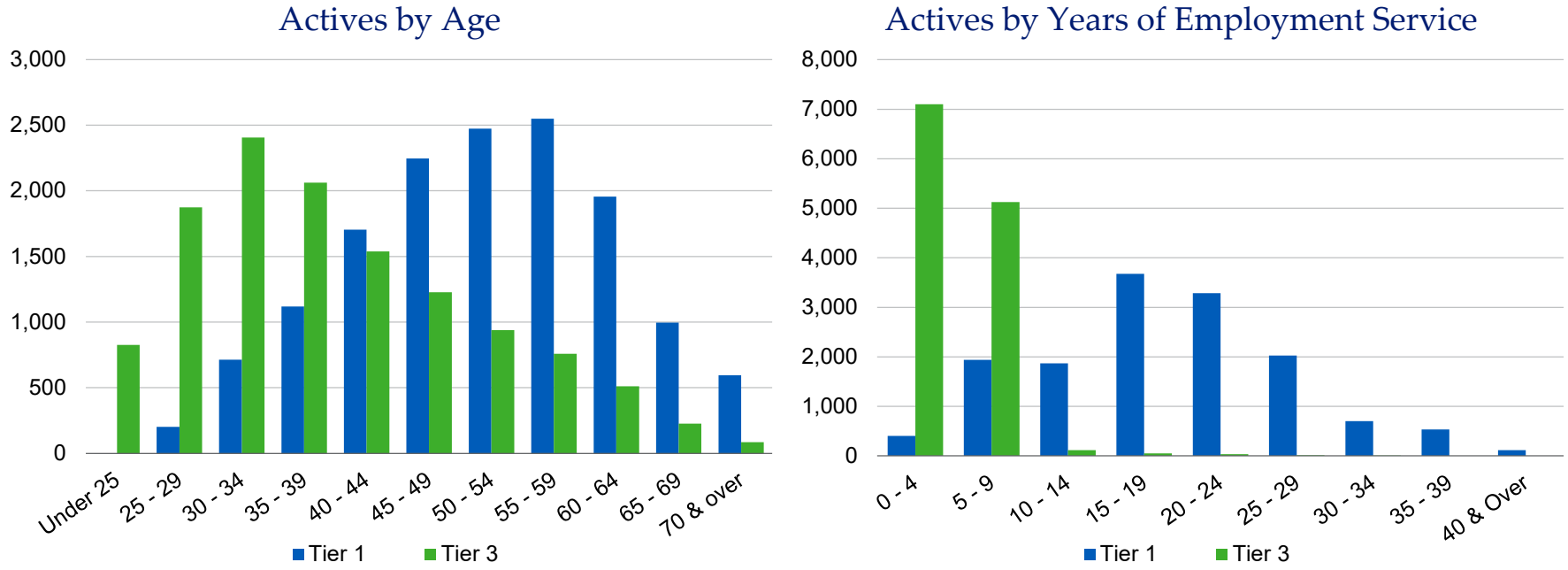
As of June 30	Active Members	Inactive Members[10]	Retired Members and Beneficiaries (Pay Status)	Total Non-Actives	Ratio of Non-Actives to Actives	Ratio of Pay Status to Actives
2016	24,446	6,895	18,357	25,252	1.03	0.75
2017	25,457	7,428	18,805	26,233	1.03	0.74
2018	26,042	8,028	19,379	27,407	1.05	0.74
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.

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



Inactive members

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

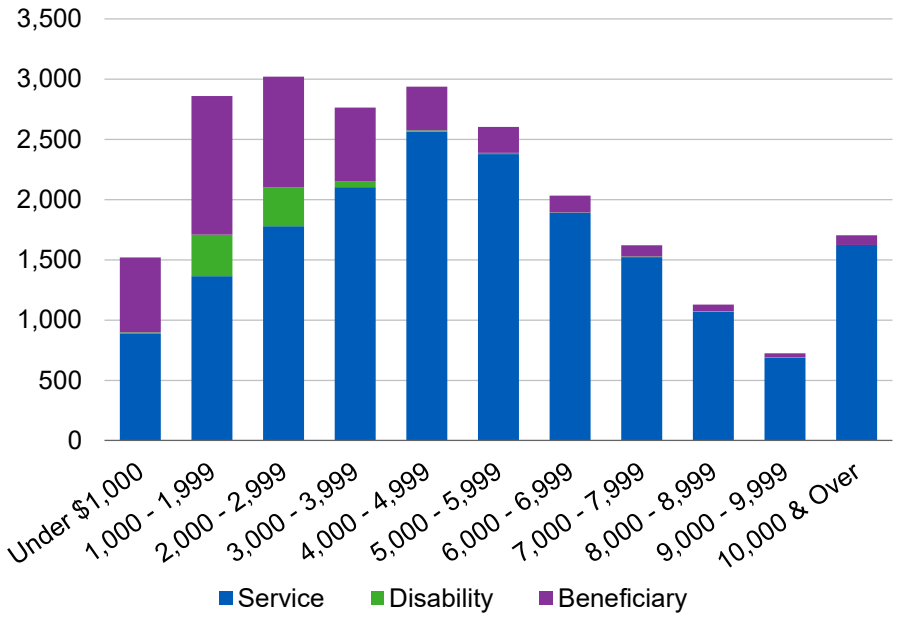
[11] Among the active members, there were none with unknown age information.
[12] Includes inactive members due a refund of member contributions.

Retired members and beneficiaries

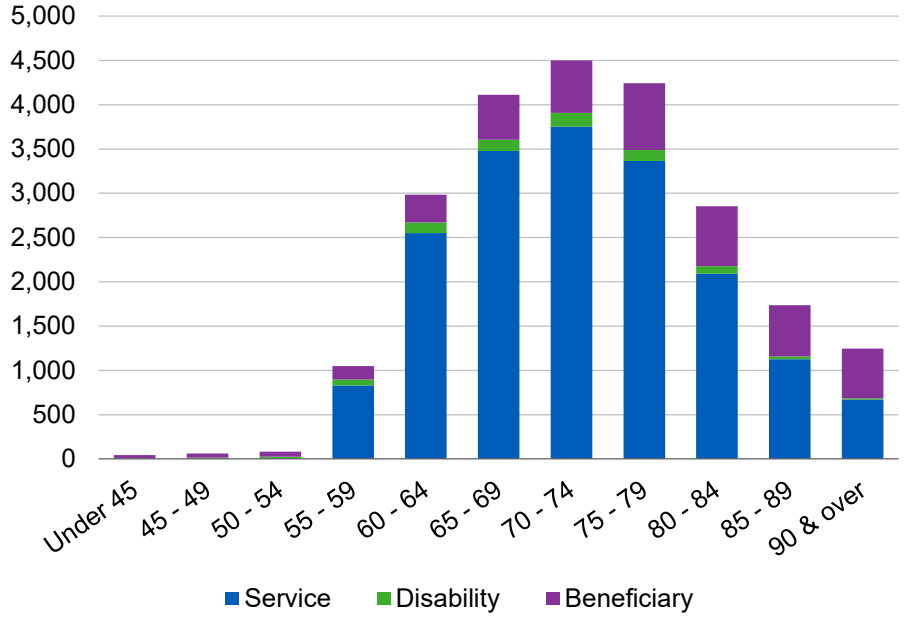
Demographic Data	As of June 30, 2025	As of June 30, 2024	Change
Retired members	18,633	18,483	0.8%
Beneficiaries	4,282	4,280	0.0%
Average age	73.4	73.1	0.3
Average monthly amount	$4,932	$4,763	3.5%
Total monthly amount	113,011,130	108,424,705	4.2%

Distribution of Retired Members and Beneficiaries as of June 30, 2025

By Type and Monthly Amount



By Type and Age



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

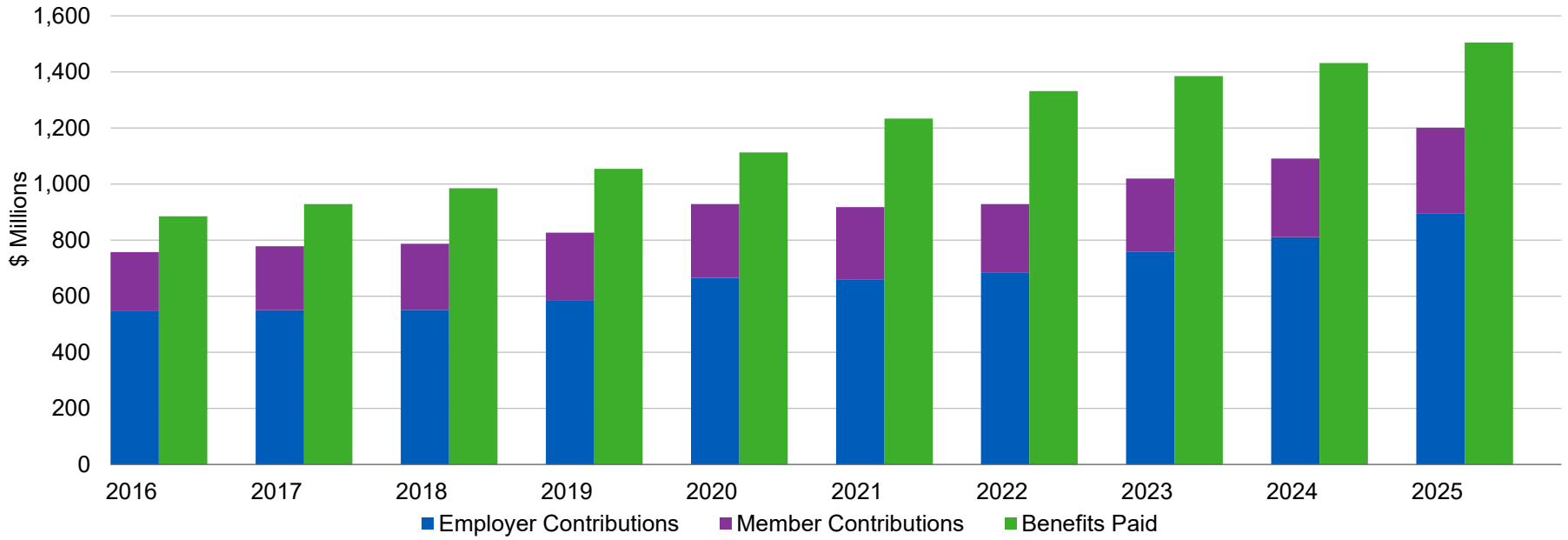
B. Financial information

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 Adminstration 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 return[13]**					
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 return[14]**					$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**

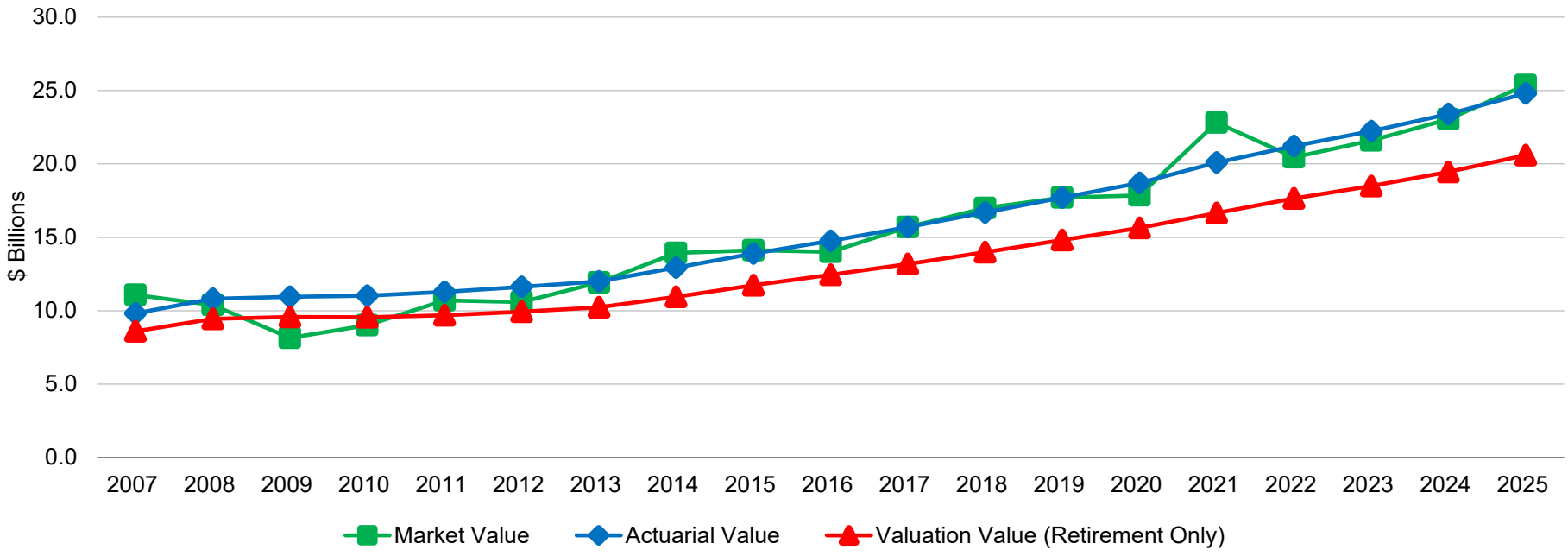
(may not total exactly due to rounding)

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.

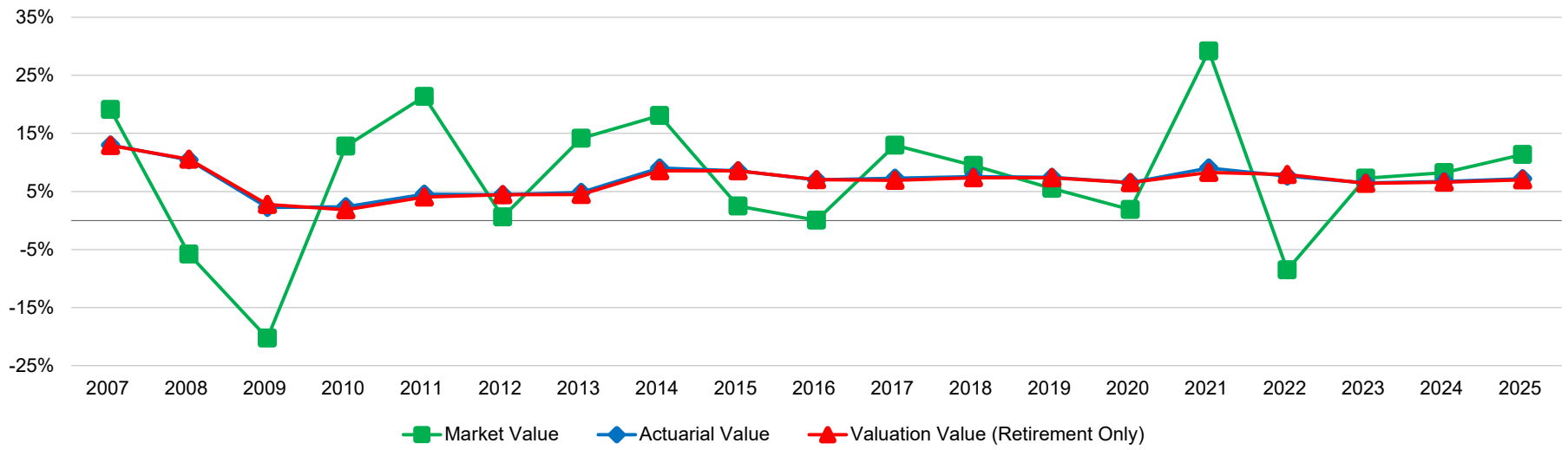
The valuation value of assets is significant because the Plan's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

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



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%

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 loss[18]**	**$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.

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.

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.

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, 2023[22] 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.

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.

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.

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.

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%.

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**	

Combined Recommended Employer Contribution Calculated as of June 30, 2025

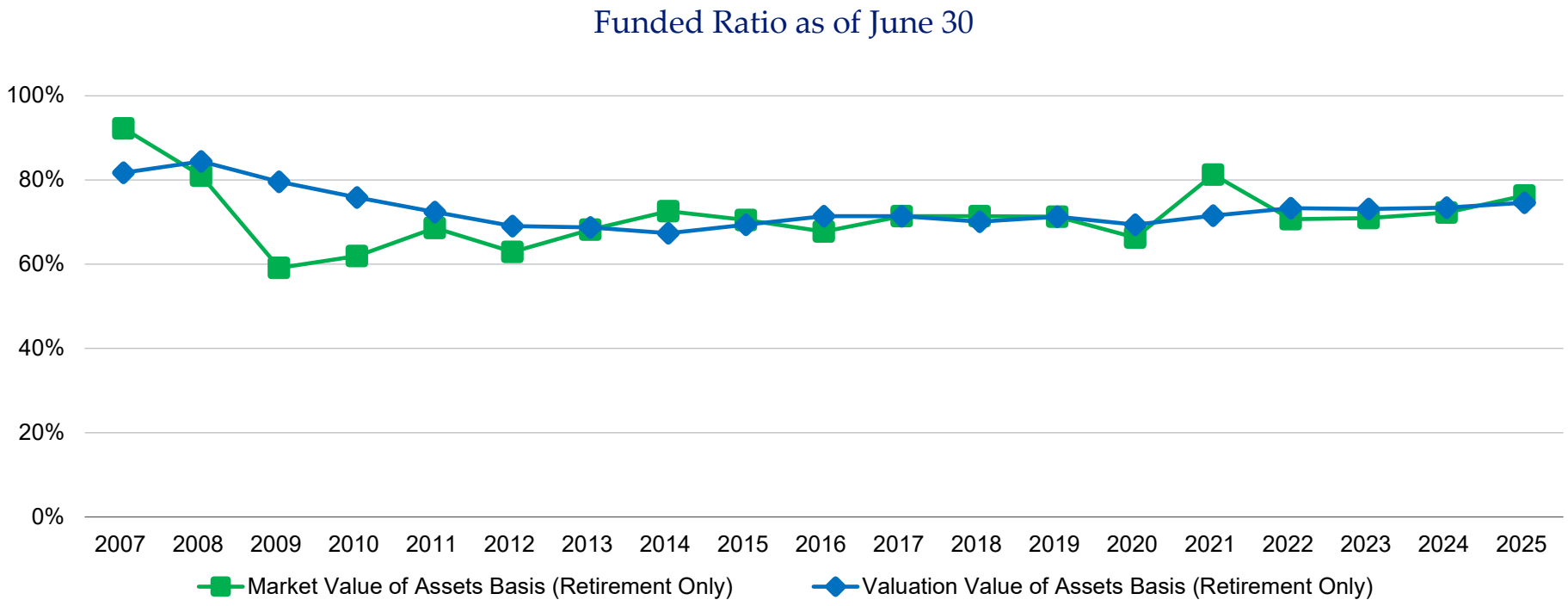
Component	Tier 1	Tier 3	Combined
Before reflecting increase in contribution rates due to enhanced benefits for APO			
1. Total normal cost	$333,044,165	$183,300,442	$516,344,607
2. Expected employee contributions[33]	166,522,083	121,628,196	288,150,279
3. Employer normal cost: **1 − 2**	$166,522,082	$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.

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.



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%

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**

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

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;

- 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."

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.

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.

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.

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%

Exhibit B: Distribution of active members

Total Plan

Active Counts & Average Projected Compensation[43] by Age and Years of Service[44] 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.

Tier 1

Active Counts & Average Projected Compensation[45] by Age and Years of Service[46] 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.

Tier 3

Active Counts & Average Projected Compensation[47] by Age and Years of Service[48] 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.

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.

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.

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.

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).

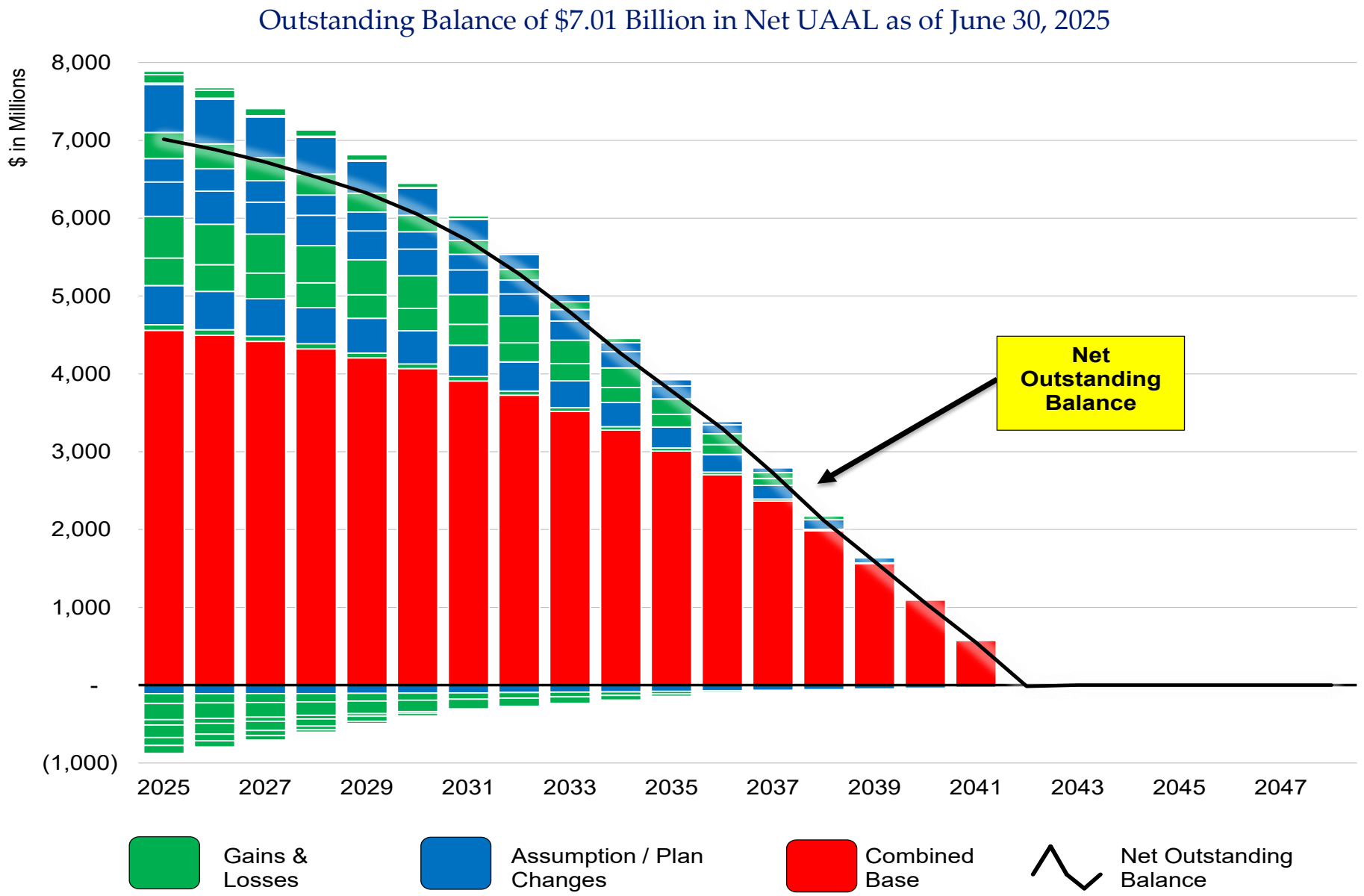
Exhibit G: Table of amortization bases

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**

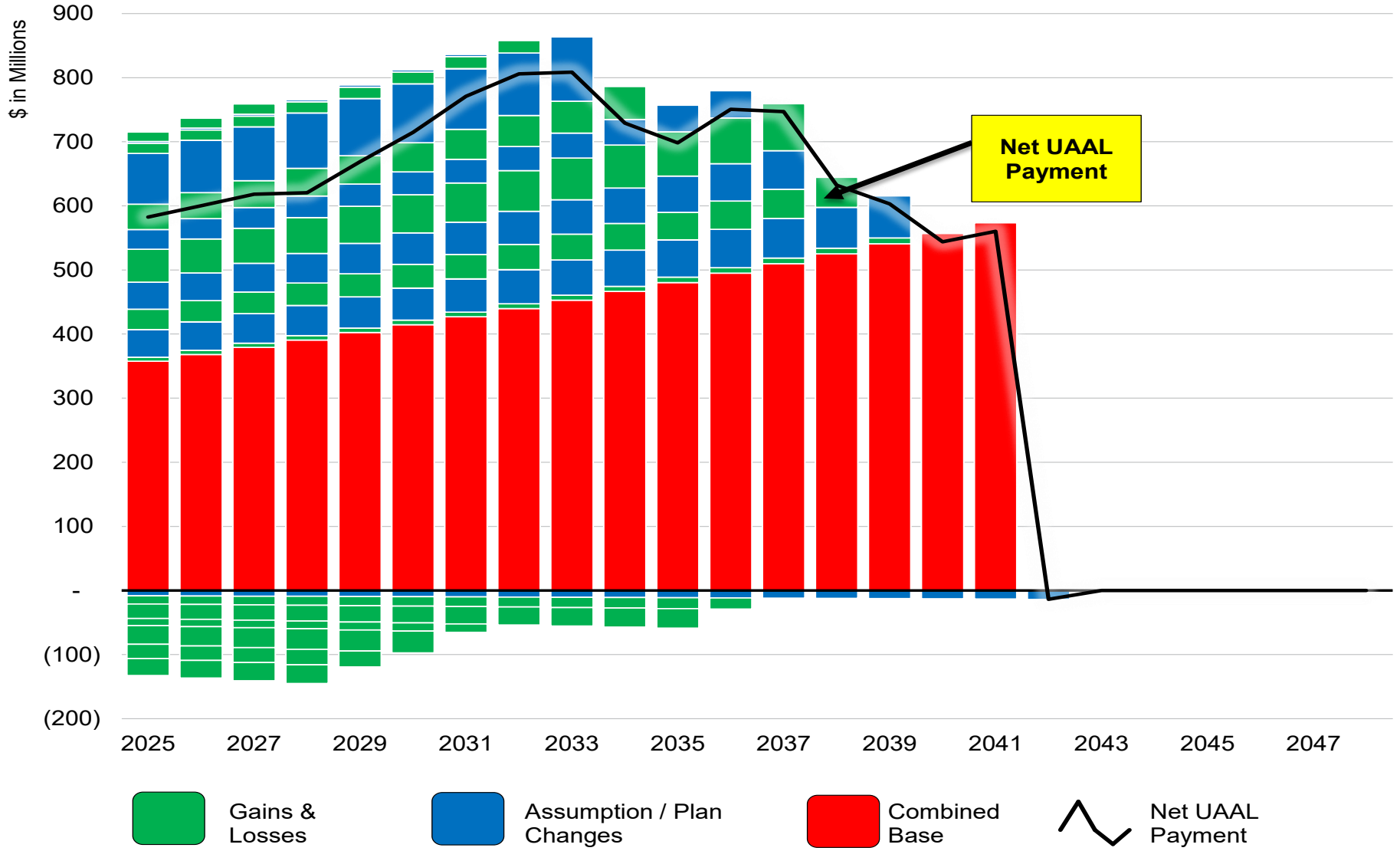
Note: The equivalent single amortization period is about 16 years.

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

Exhibit H: Projection of UAAL balances and payments



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.

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

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.

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.

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.

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).

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.

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.

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*.

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).

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.

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.

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.

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.

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)).

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 amount[64]	
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.

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 amount[65]	
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 amount[65]	
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.

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.

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.

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	1. 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. $2,500 lump sum death benefit paid to a designated beneficiary; and 3. 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	1. 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. $2,500 lump sum death benefit paid to a designated beneficiary; and 3. 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	1. 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. $2,500 lump sum death benefit paid to a designated beneficiary; and 3. 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).

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).

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

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.

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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BOARD Meeting: 11/04/25
Item V – A
Attachment 3

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,

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

Emily Klare, ASA, MAAA, EA
Senior Actuary

PP/elf/jl

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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).

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 Participants[3]	**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.

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.

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 Liability[4]
2. Schedule of Changes in Net OPEB Liability and Related Ratios[4]
3. Schedule of Contribution History[4]

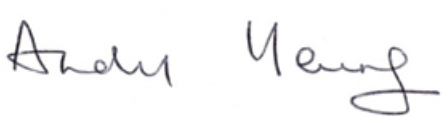
[4] Source: Segal's GASB Statement No. 74 valuation report as of June 30, 2025.

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 Ratios[5]

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**

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)**

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.

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.

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.

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 Contributions[13]	Actual Contributions[13]	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).

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.

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.

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.

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

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.

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 Retirees[21] 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.

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.

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.

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 return**[23]					
	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**

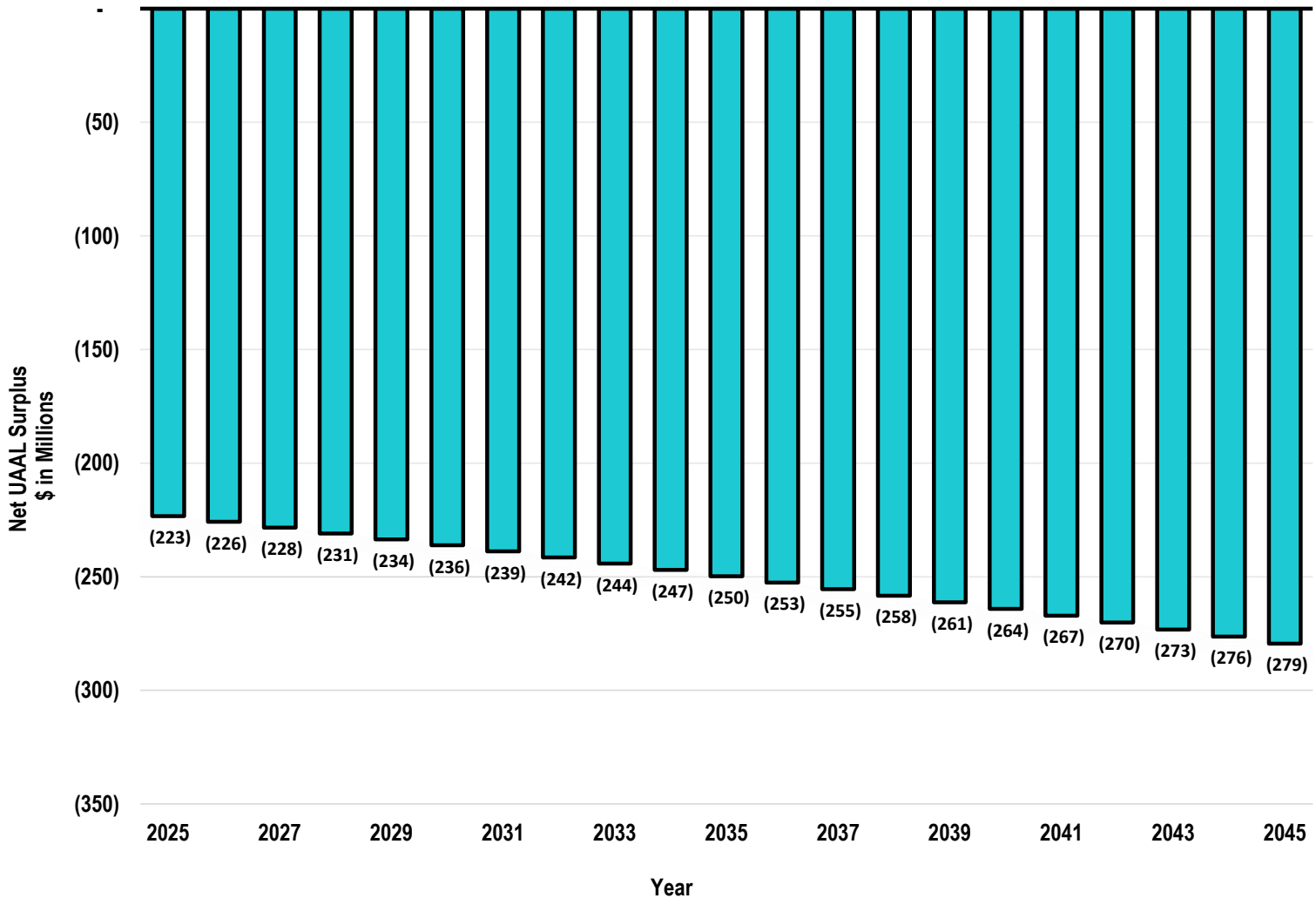
(may not total exactly due to rounding)

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

Exhibit I: Projection of UAAL balances and payments

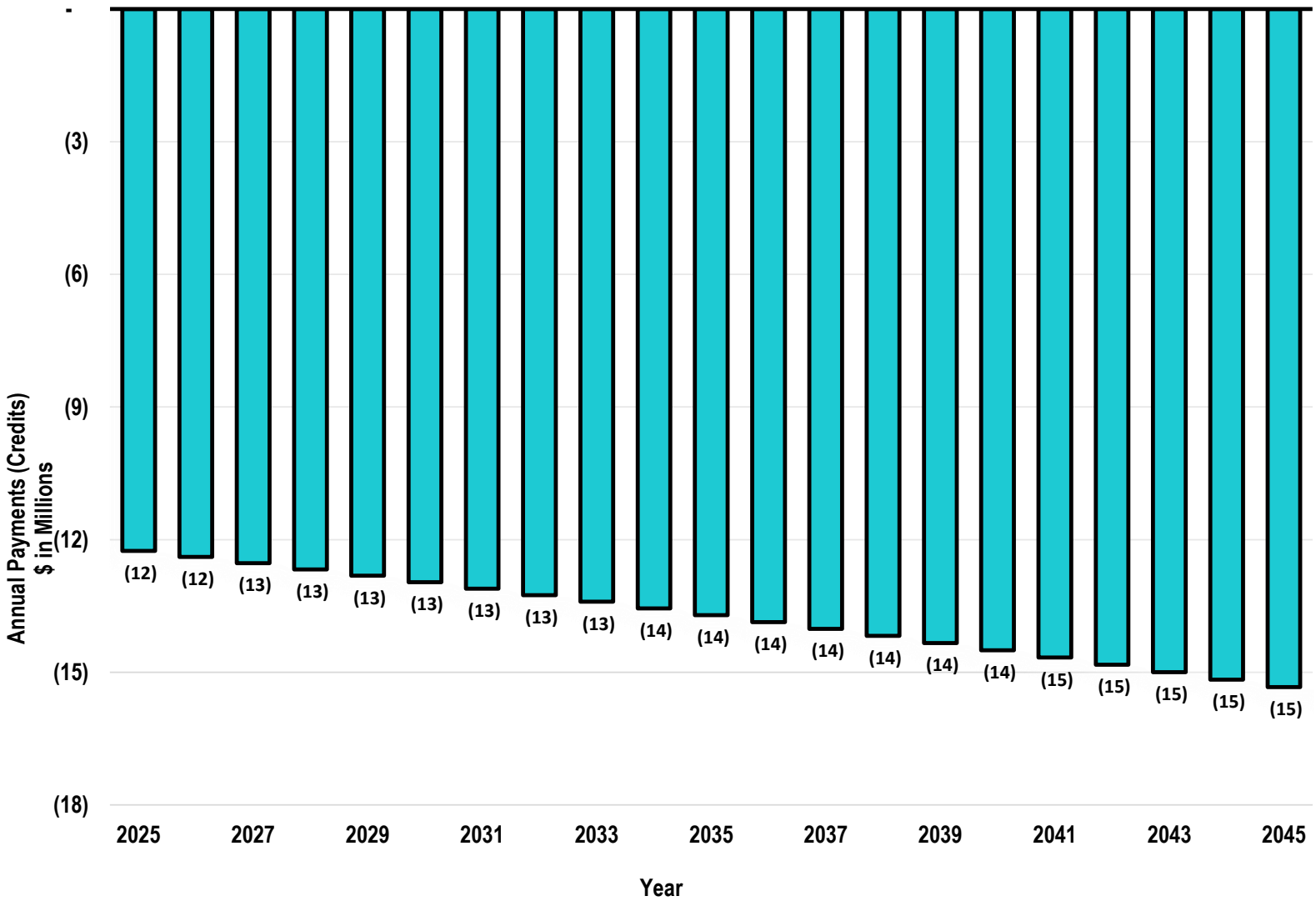
Outstanding Balance of ($223.3) Million in Net UAAL / (Surplus) as of June 30, 2025



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**

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

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.

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.

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.

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.

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.

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.

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.

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.

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.

5961689v5/05806.003

BOARD Meeting: 11/04/25
Item V – A
Attachment 4

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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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.

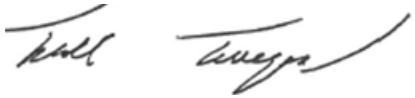
The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our 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.

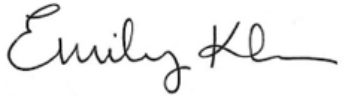
Sincerely,

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.

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.

Summary of key valuation results[3]

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.

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.

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).

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

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

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.

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.

Exhibit 2: Discount rate

Determination of discount rate and investment rates of return

The long-term expected rate of return on pension plan investments[10] 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.

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.

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.

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.

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.

BOARD Meeting: 11/04/25
Item V – A
Attachment 5

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

Emily Klare, ASA, MAAA, EA
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 Postemployement 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.

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%.

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%

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

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.

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))

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))

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.

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

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.

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.

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

Components of the Net OPEB Liability	Current	Prior
Measurement date	June 30, 2025	June 30, 2024
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.

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.

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.

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.

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.

5964013v3/05806.010

BOARD Meeting: 11/04/25
Item V – A
Attachment 6

Los Angeles City Employees' Retirement System

Family Death Benefit Plan (FDBP) Costs 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 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:

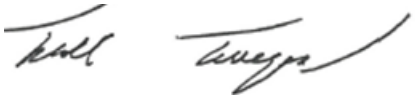
1. Each participating active member is assumed to have two children with an average age of about 13.
2. The children are assumed to be eligible for a monthly benefit of about $938 each until they reach age 18.
3. A surviving spouse is assumed to be eligible for a monthly benefit of about $312 until the 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 851[4] 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.

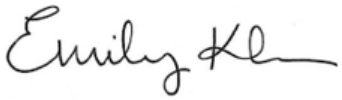
The above costs were certified by Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary. The undersigned are members of the American Academy of Actuaries, and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

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 Avanessian
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.

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.

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TOWNSEND® GROUP

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

Real Estate Portfolio Performance Review

Second Quarter 2025

Proprietary The entire contents of this presentation are intended for the sole and limited use of the Institutional Investor to whom it is distributed

LACERS Real Estate Program Overview

(Data as of June 30, 2025)

- The following slides provide a review of key information pertaining to the Los Angeles City Employees' Retirement System ("LACERS") Real Estate Portfolio (the "Portfolio") through June 30, 2025. A detailed performance report is also provided as **Exhibit A.**
- LACERS is below its 7.0% target allocation to Real Estate as of quarter-end on a funded basis, but unfunded commitments will bring the exposure towards the target over the near-term.

	Market Value ($ millions)*	% LACERS Plan*
LACERS Total Plan Assets	**$25,225**	
Real Estate Target	**$1,766**	**7.0%**
RE Market Value:		
Core	$766	3.0%
Non-Core	$574	2.3%
Timber	$20	0.1%
Total RE Market Value	**$1,360**	**5.4%**
Unfunded Commitments	$433	1.7%

*Figures may not add due to rounding. Values may not tie to Northern Trust due to timing differences.

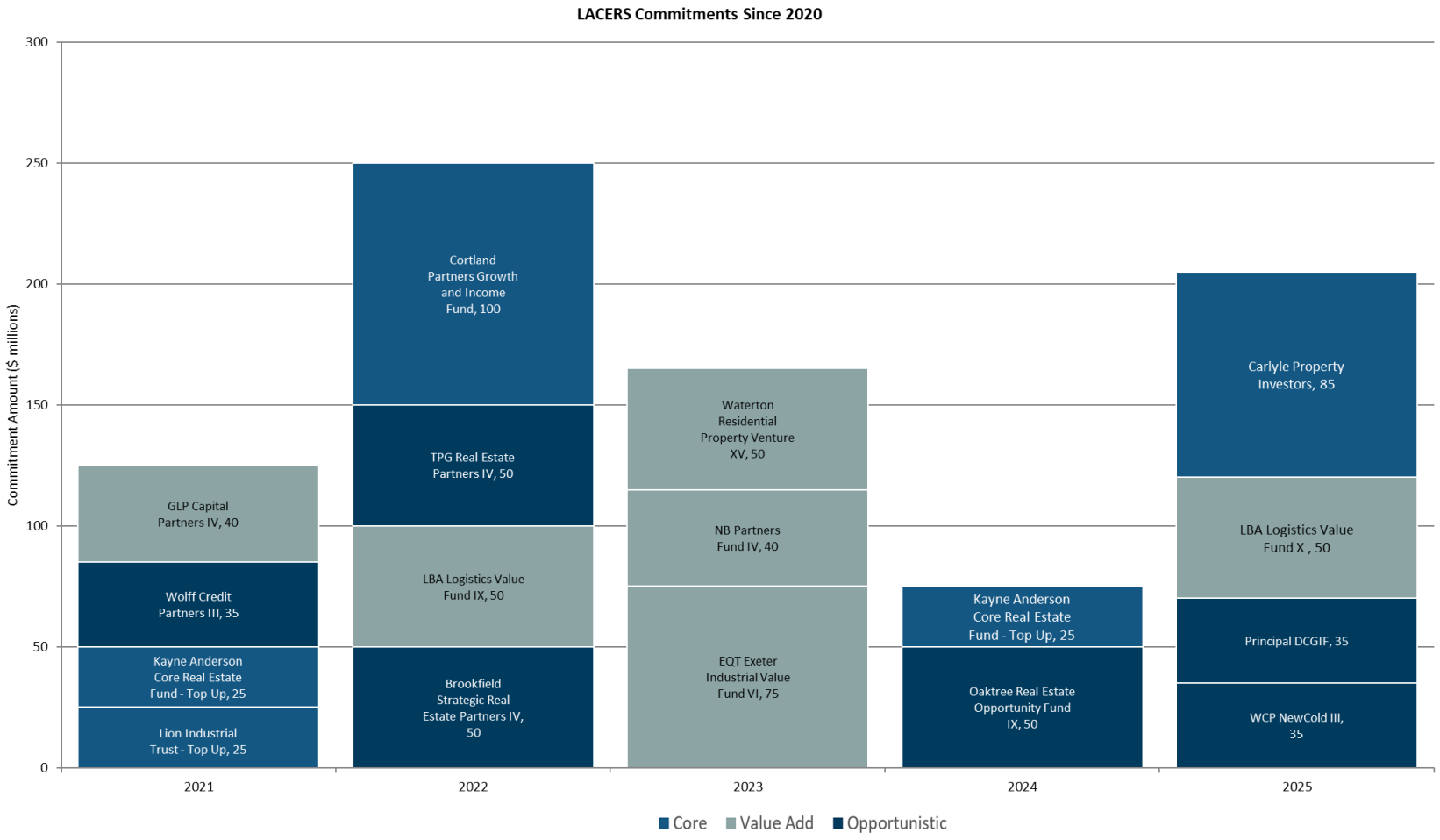
LACERS Real Estate Program Overview (continued)

	Strategic Targets		*Portfolio Composition (6/30/2025)**	
	Target Allocation	Tactical Range	Market Value	Projected 3-Year
Core	**60%**	**40% - 80%**	**56.3%**	**58.2%**
Non-Core	**40%**	**20% - 60%**	**42.2%**	**41.3%**
Value Add Portfolio	*N/A*	*N/A*	*24.0%*	
Opportunistic Portfolio	*N/A*	*N/A*	*18.2%*	
Timber	**N/A**	**N/A**	**1.4%**	**0.5%**

- The portfolio composition by risk profile is in line with the target allocation.
- Non-Core exposure has increased over recent years and is now in line with its target.
- The Core Portfolio utilizes 34.6% leverage, measured on a loan-to-value (LTV) basis, below the 40.0% constraint.
- The Non-Core Portfolio utilizes 46.4% leverage, well below the 75.0% constraint.

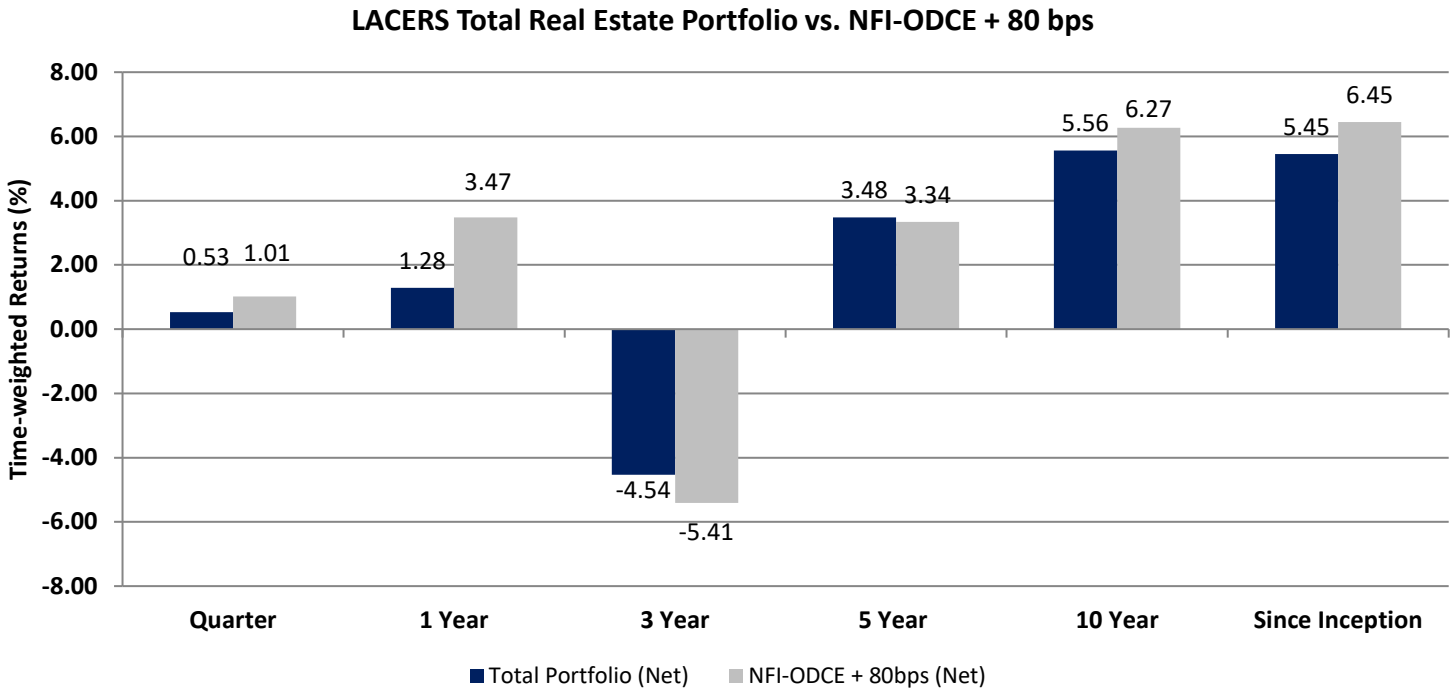
*Figures may not add due to rounding.

LACERS Commitment History



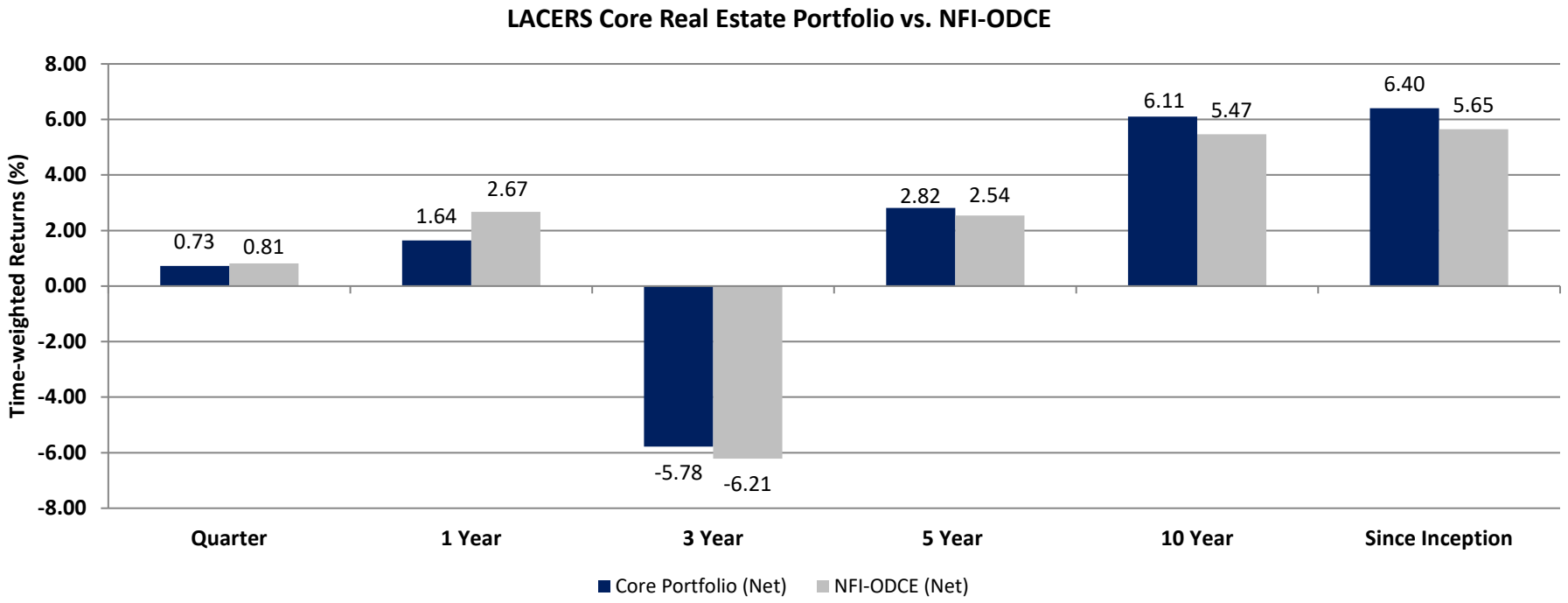
- LACERS has committed $1.4 billion since 2015 while under advisement of Townsend.
- Four Non-Core commitments since 2015 (Gerrity II, Asana I, Broadview, and NB Partners Fund IV) met LACERS' Emerging Manager guidelines at the time of commitment.
- Vintage year classifications are based on LACERS' first capital call (or expected capital call), though commitments may have been approved in prior years.

Total Portfolio Performance



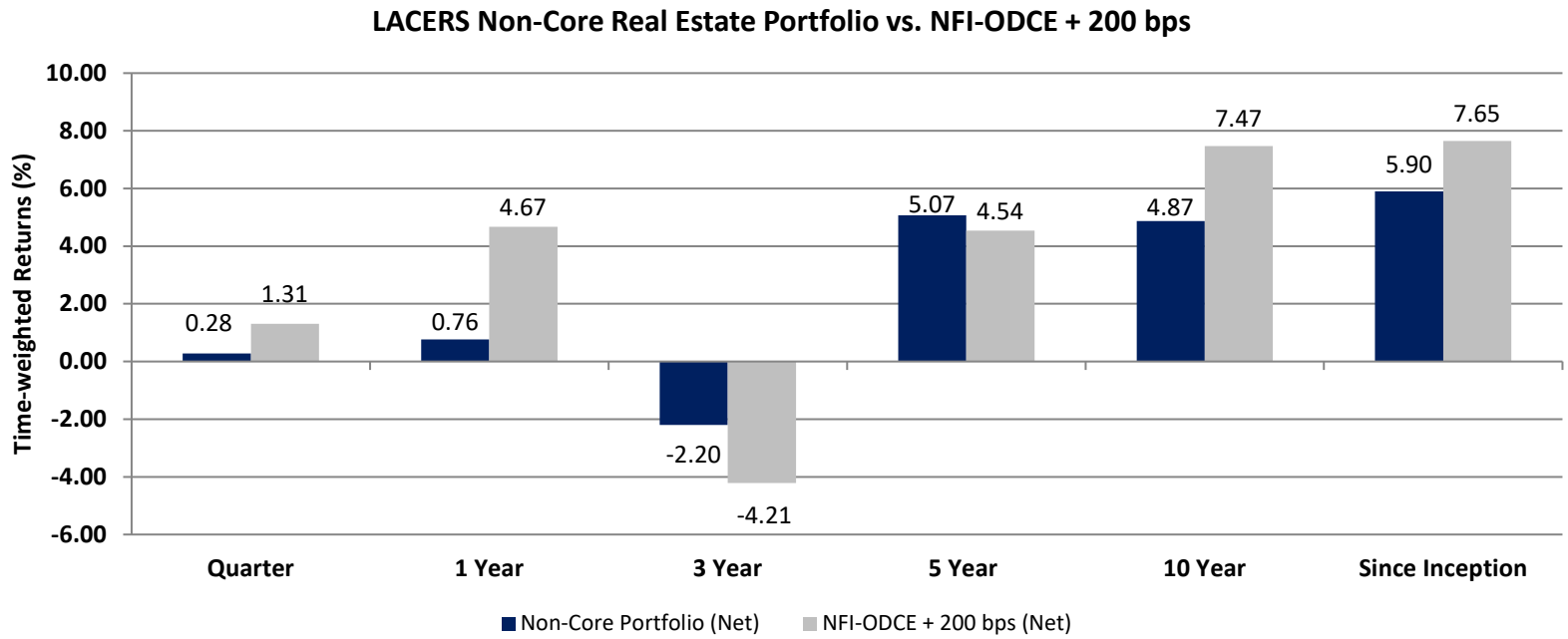
- The benchmark for the LACERS Total Real Estate Portfolio is the NCREIF Fund Index of Open-End Diversified Core Equity funds (NFI-ODCE) + 80 basis points ("bps"), measured over 5-year time periods, net of fees (defined below).
- LACERS has outperformed the benchmark over the 3-year and 5-year periods but underperformed over the long-term and more recently.
- The NFI-ODCE is a Core index that includes Core open-end diversified funds with at least 95% of their investments in US markets. The NFI-ODCE is the first of the NCREIF Fund Database products, created in May 2005, and is an index of investment returns reporting on both a historical (back to 1978) and current basis (25 active vehicles), utilizing approximately 26.7% leverage.
    - The 80 basis point ("bps") premium is a reflection of the incremental return expected from Non-Core exposure in the Portfolio, which is not included in the NFI-ODCE.

Relative Performance by Strategy: Core



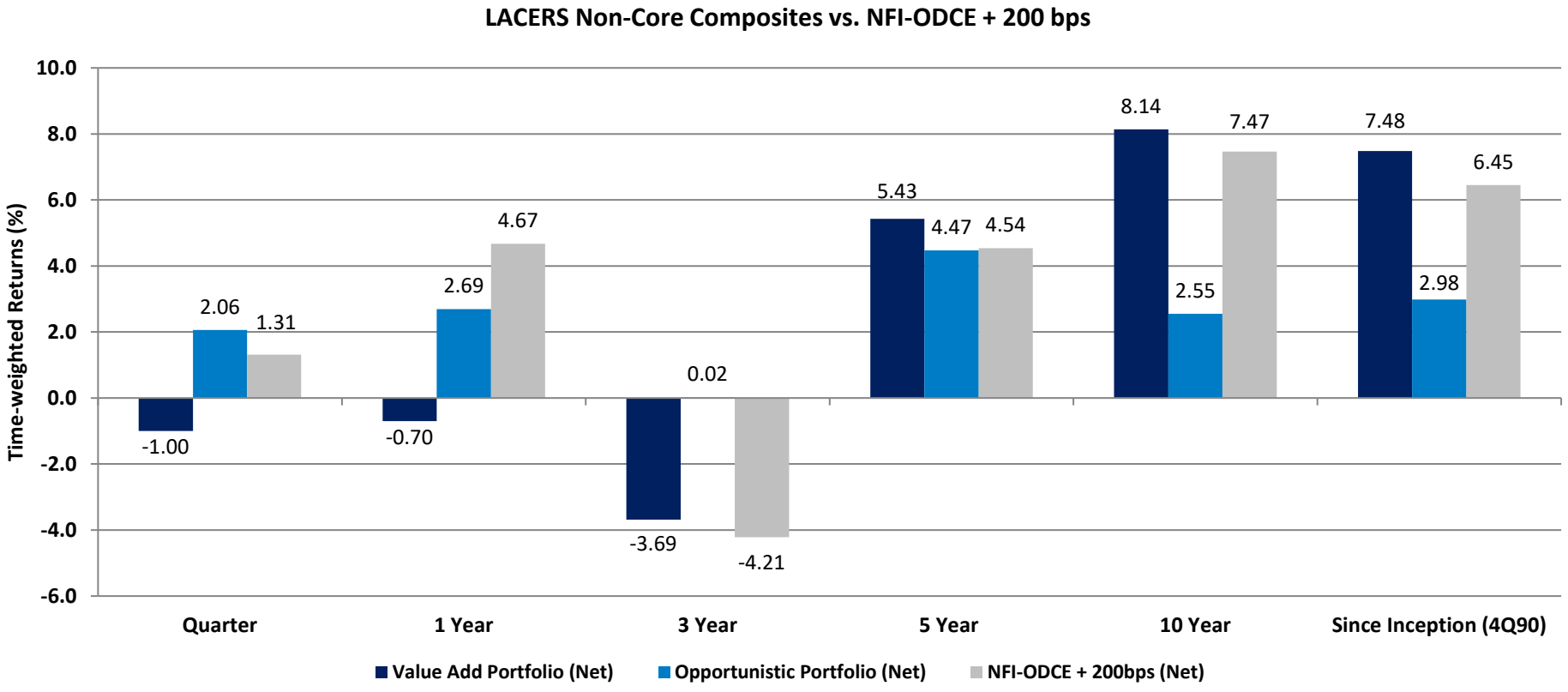
- The LACERS Core benchmark is the NFI-ODCE, measured over 5-year time periods, net of fees.
- The Core Portfolio has outperformed the benchmark over all time periods except most recently during the quarter and the trailing year.
- Invesco Core Real Estate was the weakest performer over the quarter producing a net return of -0.4%. CIM VI was the weakest over the trailing year generating a net return of -22.5%.
- Jamestown Premier Property Fund led outperformance over the trailing year, followed by Kayne Anderson and Berkshire Multifamily Income Realty Fund. Jamestown was the strongest performer in the most recent quarter, generating a net return of 4.0%.

Relative Performance by Strategy: Non-Core



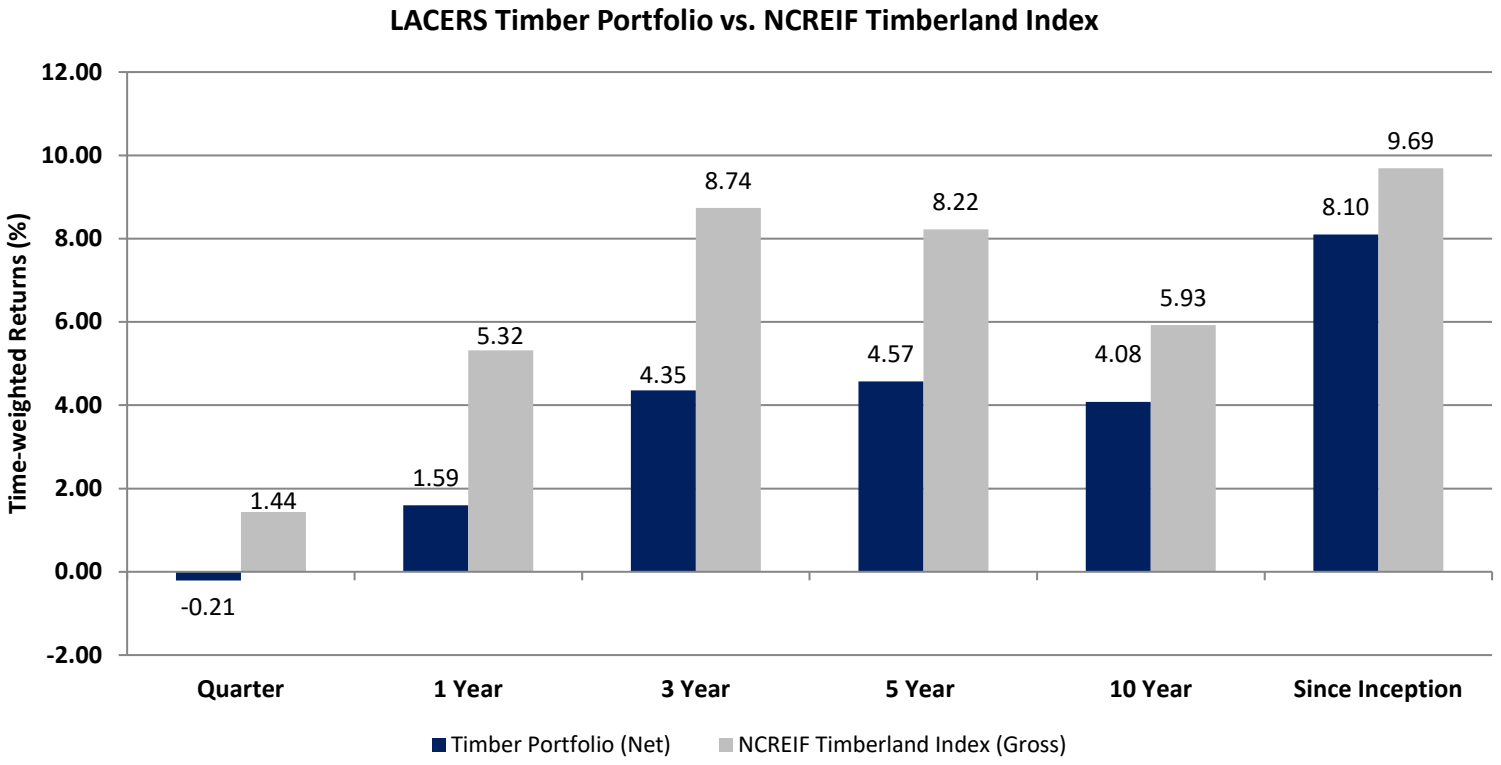
- The LACERS Non-Core benchmark is the NFI-ODCE + 200 bps, measured over 5-year time periods, net of fees. The 200 bps premium is a reflection of the incremental return expected from the additional risk inherent in Non-Core strategies.
- The Non-Core Portfolio outperformed the NFI-ODCE + 200 bps over the 3-year and 5-year periods but underperformed over the long-term and more recently.
- The Opportunistic Portfolio has achieved strong relative annualized returns. The Value Add Portfolio performance has been mixed, with underperformance recently, but stronger performance long-term. Both are discussed in more detail on the following page.

Relative Performance by Strategy: Non-Core — Detail



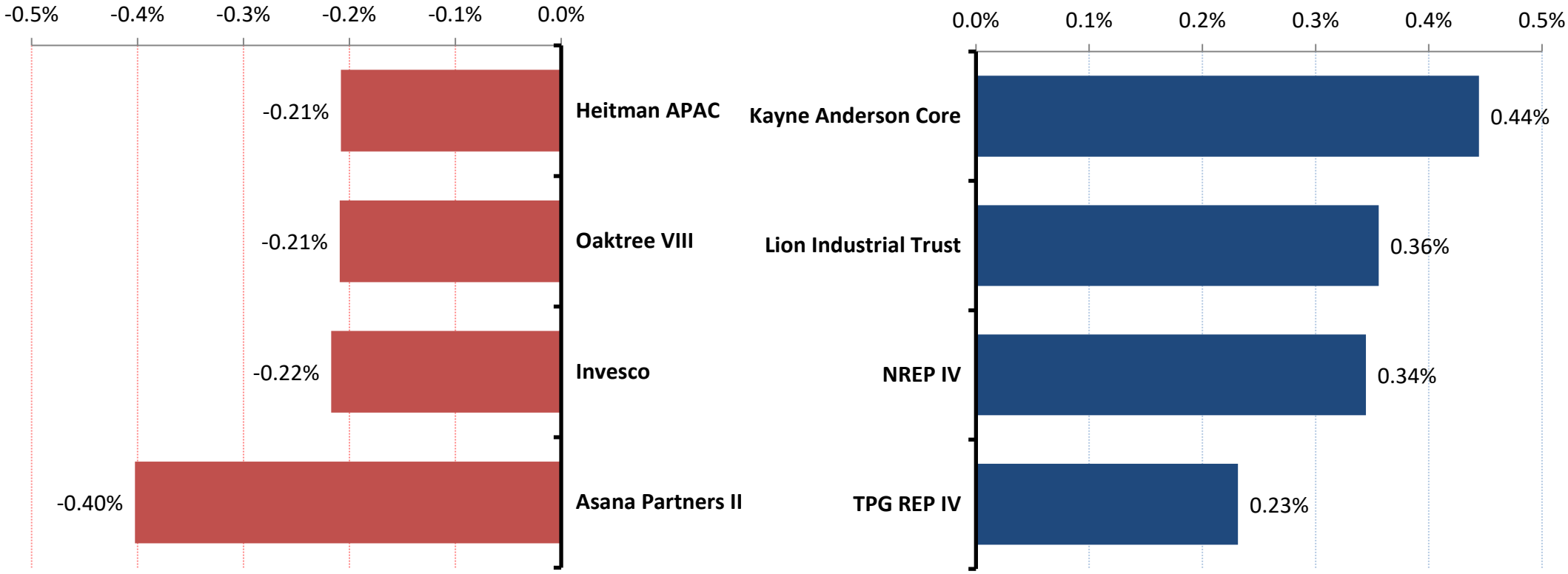
- During the quarter, the Opportunistic portfolio contributed positively to the the non-core portfolio performance and has outperformed the Value Add portfolio over the quarter, 1-year and 3-year period.
- Over the long-term, the Value Add portfolio has outperformed the Opportunistic portfolio and Non-Core benchmark.
- Weakest performers over the trailing year were CIM Real Estate Fund III (Opportunistic) and Heitman Asia Pacific Property Investors (Value Add).
- NREP Nordic Strategies Fund IV (Value Add) was the strongest performer of the quarter generating a 9.3% net return, followed by Oaktree Real Estate Opportunities IX (Opportunistic) generating a net return of 9.2%. Over the trailing year, TPG Real Estate Partners IV (Opportunistic) was the strongest performer generating net returns of 23.6%.

Relative Performance by Strategy: Timber



- The Timber Portfolio, net of fees, underperformed its benchmark, the NCREIF Timberland Index, gross of fees, over all time periods.
- LACERS' only current timberland investment is Hancock Timberland XI. The Fund's assets are located in the United States (split between the South and the Northwest) and Chile (7.32%).
- Income returns for timber investments tend to be infrequent and are realized through harvest. To date, there has been no meaningful income from the fund due to limited harvest activity during a period of lower timber prices. This has impacted total returns.
- Further, all assets in Hancock Timberland IX are appraised at year-end, which is why appreciation usually remains relatively flat from the first quarter through the third quarter of each year. The effect of year-end appraisals is demonstrated in the annualized returns.

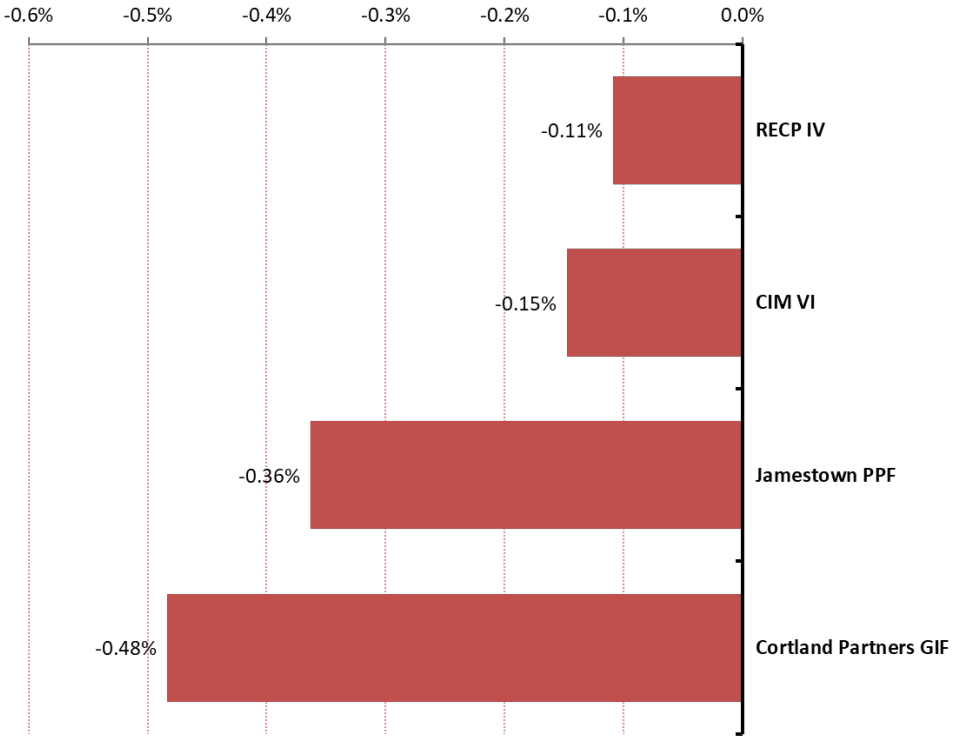
Performance Contribution: 1 Year

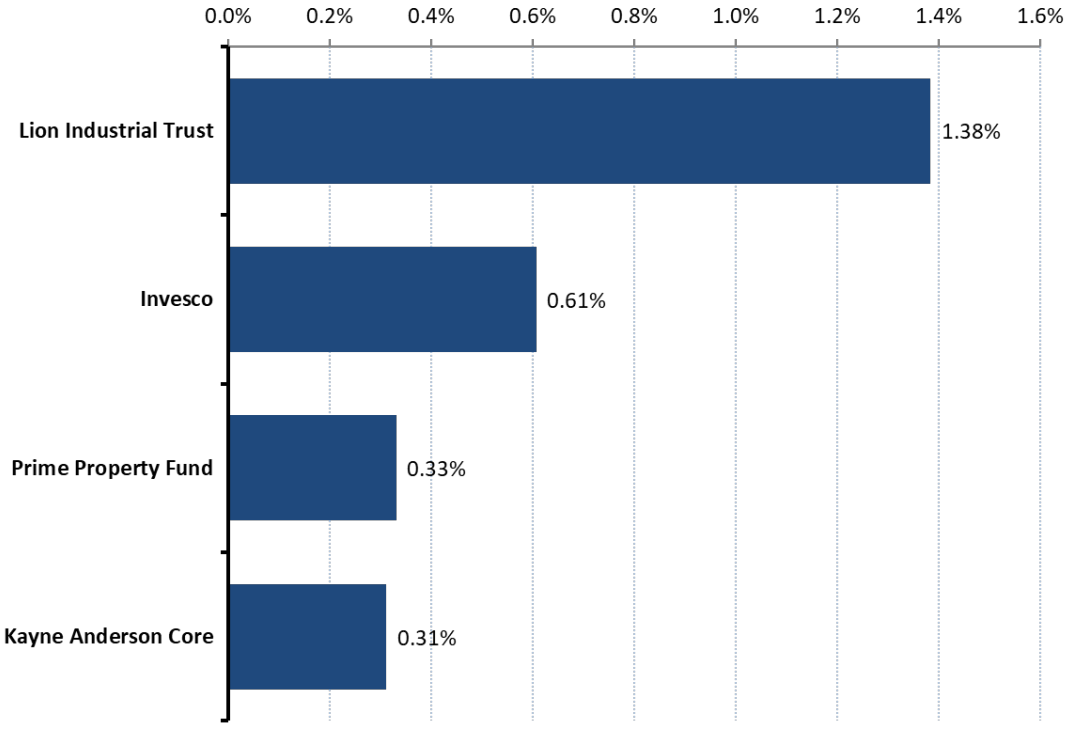


Net % Return	**1.28%**
Top 4 Sum	**1.38%**
Bottom 4 Sum	**-1.04%**

- The two graphs display the main contributors and detractors from 1-year performance based on average invested capital. Kayne Anderson Core Real Estate Fund was the top contributor to performance, while Asana Partners II was the largest detractor.

Performance Contribution: 5 Year

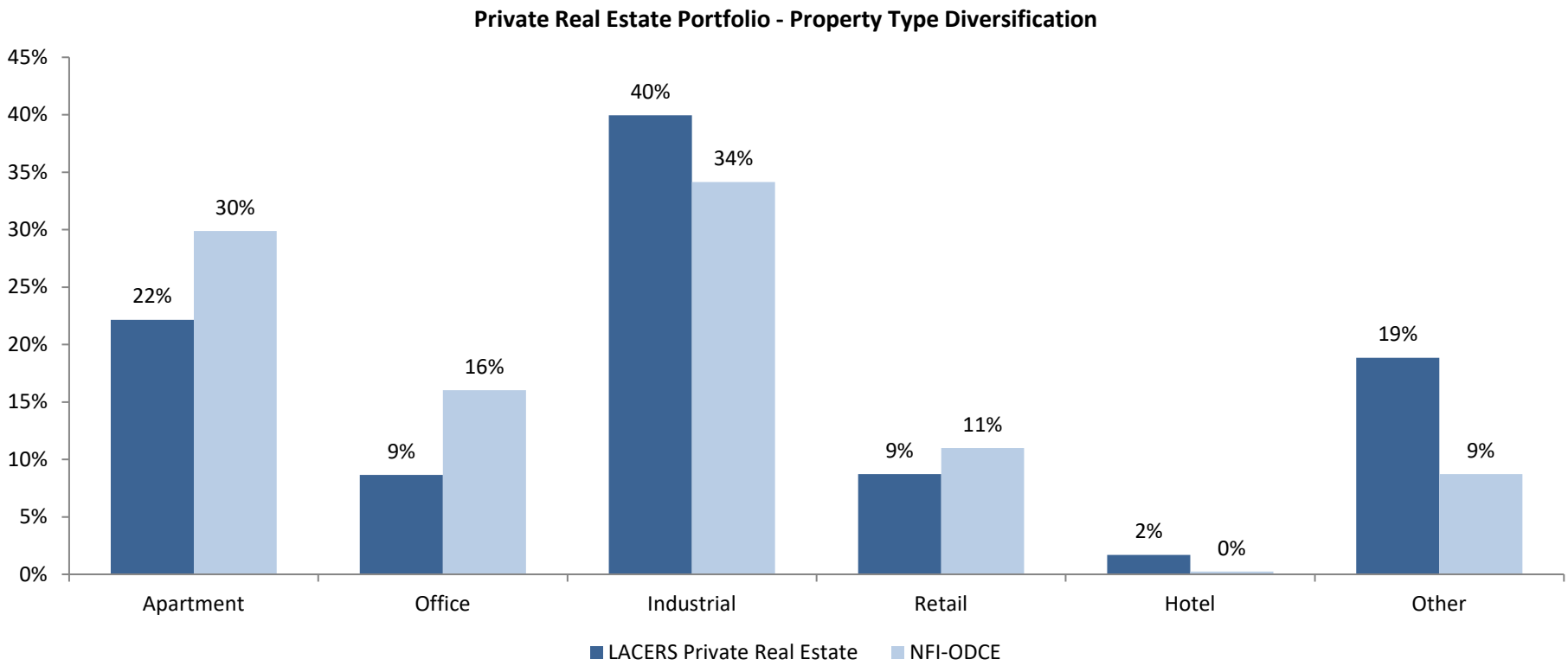




Net % Return	**3.48%**
Top 4 Sum	**2.63%**
Bottom 4 Sum	**-1.10%**

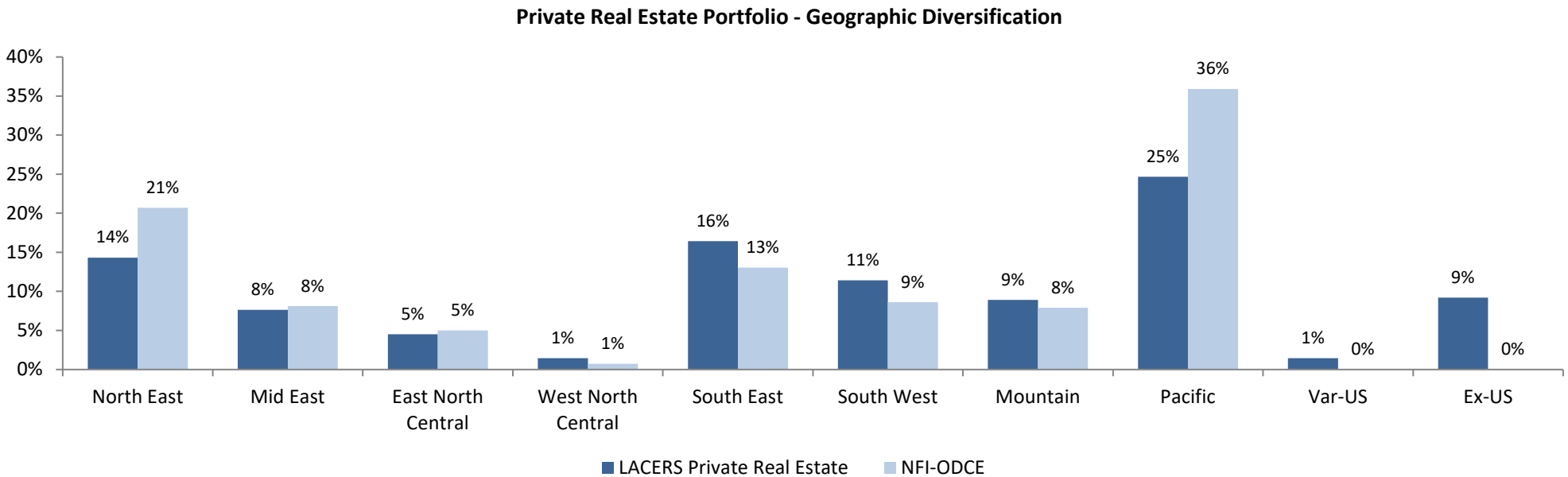
- The two graphs display the main contributors and detractors from 5-year performance based on average invested capital. The largest contributor was Lion Industrial Trust, while the largest detractor was Cortland Partners Growth and Income Fund.

Real Estate Portfolio Diversification



- The diversification of the Private Real Estate Portfolio is measured against the diversification of the NFI-ODCE ± 10.0%. Currently, the "Other" category includes investments in alternative property types including Medical Office, Self Storage, Student Housing, Senior Housing, For Sale Residential, and Land.
- Among the "Other" property types, LACERS' portfolio has the greatest exposure to Medical Office (4.46%), Data Centers (2.54%), Self-Storage (1.75%), Student Housing (1.53%), and Senior Housing (1.32%). Other smaller exposures include Cold Storage, Land, Parking and Entertainment.

Real Estate Portfolio Diversification



- The diversification goal of the Private Real Estate Portfolio is to be well diversified across the US. The only constraint is a 30.0% maximum allocation to Ex-US investments. NFI-ODCE diversification is provided as a benchmark.
- The Portfolio currently has an aggregate exposure to the Los Angeles metropolitan area of approximately 9.6%, with approximately 4% exposure to Los Angeles City. The NFI-ODCE's exposure to the Los Angeles metropolitan area is approximately 9.5%.
- The Ex-US exposure is composed primarily of two large regional exposures: Europe (6.7%), Asia (1.6%).

*Var-US includes any investments that are not directly tied to specific regions, such as real estate debt investments through Torchlight or entity-level investments through Almanac.

Exhibit A: Performance Flash Report

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Portfolio Composition ($)								
Total Plan Assets	Target Allocation		Market Value		Unfunded Commitments		Remaining Allocation	
$25,224,843,440	1,765,739,041	7.0%	1,359,709,424	5.4%	433,167,564	1.7%	-27,137,947	-0.1%

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
LACERS	0.7	0.5	2.3	1.3	-3.6	-4.5	4.9	3.5
NFI-ODCE + 80 basis points	1.2	1.0	4.3	3.5	-4.6	-5.4	4.2	3.3

Funding Status ($)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Core Portfolio	**1989**	**548,867,553**	**670,967,870**	**85,000,000**	**237,587,096**	**765,957,001**	**56.3**	**47.5**
Non-Core Portfolio	**1990**	**1,210,445,271**	**902,280,775**	**346,769,415**	**393,430,654**	**574,037,567**	**42.2**	**51.4**
Value Added Portfolio	1990	575,437,928	394,151,314	189,090,650	104,801,688	327,001,523	24.0	28.8
Opportunistic Portfolio	1996	635,007,343	508,129,461	157,678,765	288,628,966	247,036,044	18.2	22.6
Timber Portfolio	**1999**	**20,000,000**	**18,601,851**	**1,398,149**	**8,068,981**	**19,714,856**	**1.4**	**1.2**
LACERS	**1989**	**1,779,312,824**	**1,591,850,494**	**433,167,564**	**639,086,732**	**1,359,709,424**	**100.0**	**100.0**

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Funding Status ($)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Core								
Berkshire Multifamily Income Realty Fund	2015	20,000,000	20,000,000	0	18,611,407	11,904,094	0.9	0.7
Carlyle Property Investors	2025	85,000,000	0	85,000,000	0	0	0.0	4.7
CIM VI (Urban REIT), LLC	2012	25,000,000	25,000,000	0	19,509,918	7,781,786	0.6	0.4
Cortland Partners Growth and Income Fund	2022	100,000,000	106,907,048	0	7,247,551	68,582,575	5.0	3.8
INVESCO Core Real Estate	2004	63,867,553	141,087,957	0	97,697,625	183,673,693	13.5	10.2
Jamestown Premier Property Fund	2015	50,000,000	51,917,370	0	28,061,481	13,877,062	1.0	0.8
JP Morgan Strategic Property Fund	2005	30,000,000	30,421,882	0	2,860,886	74,815,236	5.5	4.2
Kayne Anderson Core Real Estate Fund	2019	85,000,000	95,058,978	0	14,628,110	97,187,018	7.1	5.4
Lion Industrial Trust - 2007	2016	75,000,000	92,717,992	0	27,012,813	165,233,476	12.2	9.2
Prime Property Fund	2015	50,000,000	57,856,644	0	21,957,305	65,133,674	4.8	3.6
Principal U.S. Property Account	2015	50,000,000	50,000,000	0	0	77,768,386	5.7	4.3
Total Core	**1989**	**548,867,553**	**670,967,870**	**85,000,000**	**237,587,096**	**765,957,001**	**56.3**	**47.5**
Timber								
Hancock Timberland XI	2012	20,000,000	18,601,851	1,398,149	8,068,981	19,714,856	1.4	1.2
Total Timber	**1999**	**20,000,000**	**18,601,851**	**1,398,149**	**8,068,981**	**19,714,856**	**1.4**	**1.2**
Value Added								
Almanac Realty Securities VI	2012	25,000,000	15,475,571	0	17,184,560	2,535,535	0.2	0.1
Asana Partners Fund I	2017	20,000,000	18,301,629	2,015,220	10,501,663	22,815,613	1.7	1.4
Asana Partners Fund II	2019	35,000,000	30,931,250	4,068,750	0	29,174,879	2.1	1.9
DRA Growth and Income Fund VIII	2014	25,000,000	29,576,071	518,518	32,405,497	1,848,260	0.1	0.1
EQT Exeter Industrial Value Fund VI	2023	75,000,000	30,000,000	45,000,000	0	30,894,615	2.3	4.2
Gerrity Retail Fund 2	2015	20,000,000	20,077,854	0	11,207,269	12,051,306	0.9	0.7
GLP Capital Partners IV	2021	40,000,000	35,999,258	13,624,266	15,321,166	29,177,456	2.1	2.4
Heitman Asia-Pacific Property Investors	2018	25,000,000	24,153,970	1,889,861	10,005,801	10,782,283	0.8	0.7
LBA Logistics Value Fund IX	2022	50,000,000	43,333,333	6,666,667	0	41,116,802	3.0	2.7
LBA Logistics Value Fund VII	2020	35,000,000	31,668,237	3,331,763	7,537,700	38,030,700	2.8	2.3
LBA Logistics Value Fund X	2025	50,000,000	0	50,000,000	0	0	0.0	2.8
NB Partners Fund IV LP	2023	40,000,000	20,730,259	19,776,364	589,849	20,026,364	1.5	2.2
NREP Nordic Strategies Fund IV	2019	35,437,928	26,941,472	9,161,653	0	29,136,978	2.1	2.1
Waterton Residential Property Venture XIV, L.P.	2020	50,000,000	50,000,000	0	32,432	41,574,346	3.1	2.3
Waterton Residential Property Venture XV	2023	50,000,000	16,962,411	33,037,589	15,751	17,836,385	1.3	2.8
Total Value Added	**1990**	**575,437,928**	**394,151,314**	**189,090,650**	**104,801,688**	**327,001,523**	**24.0**	**28.8**
LACERS	**1989**	**1,779,312,824**	**1,591,850,495**	**433,167,564**	**639,086,731**	**1,359,709,424**	**100.0**	**100.0**

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Funding Status ($)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Opportunistic								
Apollo CPI Europe I	2006	25,533,001	22,385,238	1,753,065	11,762,746	234,835	0.0	0.1
Bristol Value II, L.P.	2012	20,000,000	25,491,739	0	28,470,321	6,013,148	0.4	0.3
Broadview Real Estate Partners Fund, L.P.	2019	20,000,000	15,674,805	4,056,954	6,414,486	14,469,275	1.1	1.0
Brookfield Strategic Real Estate Partners IV	2022	50,000,000	41,133,331	13,161,624	4,294,953	40,817,157	3.0	3.0
California Smart Growth Fund IV	2006	30,000,000	31,522,663	33,153	38,422,919	60,236	0.0	0.0
Cerberus Institutional Real Estate Partners V	2020	40,000,000	30,510,727	10,141,449	652,175	42,364,540	3.1	2.9
CIM Real Estate Fund III	2007	15,000,000	16,674,075	0	21,753,159	1,721,017	0.1	0.1
Latin America Investors III	2008	20,000,000	20,686,689	0	3,886,924	-3,463,153	-0.3	-0.2
Lone Star Real Estate Fund II	2011	15,000,000	13,291,475	0	20,586,004	20,681	0.0	0.0
Oaktree Real Estate Opportunities Fund IX L.P.	2025	50,000,000	5,000,000	45,000,000	0	4,153,979	0.3	2.7
Oaktree Real Estate Opportunities Fund VIII L.P.	2021	50,000,000	40,174,118	13,500,000	8,214,943	33,271,462	2.4	2.6
Principal Data Center Growth & Income Fund, LP	2025	35,000,000	19,950,000	15,050,000	163,170	21,532,287	1.6	2.0
RECP Fund IV, L.P.	2008	40,000,000	53,279,662	750,435	40,866,755	10,111,656	0.7	0.6
Stockbridge Real Estate Fund II	2006	30,000,000	30,000,000	0	13,779,370	395,088	0.0	0.0
Torchlight Debt Opportunity Fund IV	2013	24,474,342	24,483,106	0	33,703,740	0	0.0	0.0
TPG Real Estate Partners IV	2022	50,000,000	21,704,676	28,295,324	170,817	22,361,812	1.6	2.8
Walton Street Real Estate Fund V	2006	25,000,000	25,000,001	0	17,350,398	335,900	0.0	0.0
Walton Street Real Estate Fund VI	2009	25,000,000	22,161,966	609,663	27,215,461	8,869,589	0.7	0.5
WCP NewCold III, LP (Secondary)	2024	35,000,000	20,902,250	16,940,000	2,556,055	20,086,366	1.5	2.1
Wolff Credit Partners III, LP	2022	35,000,000	28,102,941	8,387,098	8,364,571	23,680,171	1.7	1.8
Total Opportunistic	**1996**	**635,007,343**	**508,129,461**	**157,678,765**	**288,628,966**	**247,036,044**	**18.2**	**22.6**
Private Real Estate Portfolio Only (ex. Timber)	**1989**	**1,759,312,824**	**1,573,248,645**	**431,769,415**	**631,017,750**	**1,339,994,568**	**98.6**	**98.8**
Non-Core Portfolio	**1990**	**1,210,445,271**	**902,280,775**	**346,769,415**	**393,430,654**	**574,037,567**	**42.2**	**51.4**

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Returns (%)	Market Value ($)	Quarter				1 Year				3 Year			
		INC[1]	APP[1]	TGRS[1]	TNET[1]	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
Core													
Berkshire Multifamily Income Realty Fund	11,904,094	0.8	1.4	2.3	2.0	3.5	2.4	5.9	5.2	3.6	-11.6	-8.3	-9.1
CIM VI (Urban REIT), LLC	7,781,786	0.9	-0.5	0.4	0.2	2.9	-24.0	-21.6	-22.5	2.2	-21.3	-19.5	-20.4
Cortland Partners Growth and Income Fund	68,582,575	0.7	-0.6	0.1	-0.2	2.9	-3.7	-0.8	-1.8	2.6	-13.0	-10.6	-11.5
INVESCO Core Real Estate	183,673,693	0.8	-1.1	-0.3	-0.4	3.5	-4.4	-1.1	-1.5	3.3	-10.2	-7.2	-7.6
Jamestown Premier Property Fund	13,877,062	-0.4	4.6	4.2	4.0	-0.7	10.7	9.9	9.3	0.9	-26.3	-25.5	-25.9
JP Morgan Strategic Property Fund	74,815,236	0.9	0.3	1.3	1.0	3.9	1.0	5.0	4.0	3.5	-10.1	-6.8	-7.7
Kayne Anderson Core Real Estate Fund	97,187,018	1.5	0.4	1.9	1.7	5.9	1.1	7.0	6.3	5.3	-2.3	2.9	2.2
Lion Industrial Trust - 2007	165,233,476	0.9	0.2	1.1	1.0	4.0	-0.6	3.4	2.9	3.6	-3.1	0.4	0.3
Prime Property Fund	65,133,674	1.0	-0.4	0.6	0.3	4.0	-0.6	3.4	2.3	3.8	-5.6	-1.9	-3.0
Principal U.S. Property Account	77,768,386	1.2	0.9	2.1	1.9	4.7	-1.0	3.6	2.8	4.3	-8.9	-4.9	-5.6
Total Core	**765,957,001**	**0.9**	**0.0**	**0.9**	**0.7**	**4.0**	**-1.6**	**2.3**	**1.6**	**3.6**	**-8.6**	**-5.2**	**-5.8**
Timber													
Hancock Timberland XI	19,714,856	0.0	0.0	0.0	-0.2	0.5	2.0	2.5	1.6	0.4	4.9	5.3	4.4
Timber	**19,714,856**	**0.0**	**0.0**	**0.0**	**-0.2**	**0.5**	**2.0**	**2.5**	**1.6**	**0.4**	**4.9**	**5.3**	**4.4**
Value Added													
Almanac Realty Securities VI	2,535,535	-0.1	2.5	2.4	2.1	-0.4	5.9	5.5	4.0	-0.1	-6.3	-6.5	-7.7
Asana Partners Fund I	22,815,613	0.4	-4.6	-4.2	-3.1	1.4	-4.4	-3.1	0.3	1.3	-4.6	-3.4	-0.1
Asana Partners Fund II	29,174,879	-0.4	-4.4	-4.8	-5.1	-1.8	-12.8	-14.4	-15.4	-1.4	-5.0	-6.4	-6.2
DRA Growth and Income Fund VIII	1,848,260	1.1	-4.1	-3.0	-3.0	4.1	-5.6	-1.7	-3.0	-0.9	-26.5	-27.3	-28.5
EQT Exeter Industrial Value Fund VI, L.P.	30,894,615	-0.1	-0.9	-1.0	-1.3	-0.3	16.4	16.1	8.7				
Gerrity Retail Fund 2	12,051,306	0.3	0.0	0.3	-0.1	1.6	3.0	4.7	3.1	3.1	-2.7	0.4	-1.0
GLP Capital Partners IV	29,177,456	0.1	-3.6	-3.5	-2.6	1.0	-8.0	-7.1	-4.1	1.2	-2.8	-1.6	-1.6
Heitman Asia-Pacific Property Investors	10,782,283	-0.1	-10.8	-10.9	-11.2	0.3	-20.1	-19.8	-20.6	1.2	-13.7	-12.7	-13.4
LBA Logistics Value Fund IX	41,116,802	0.1	-0.5	-0.4	-0.7	-0.4	0.4	0.0	-1.6	-2.4	1.3	-1.2	-4.2
LBA Logistics Value Fund VII	38,030,700	0.0	-1.6	-1.7	-1.7	0.0	1.3	1.3	0.8	1.5	2.2	3.7	2.8
NB Partners Fund IV LP	20,026,364	0.0	0.7	0.7	0.2	-0.4	10.0	9.5	7.1				
NREP Nordic Strategies Fund IV[4]	29,136,978	-1.5	11.2	9.7	9.3	0.7	20.7	21.6	19.3	-1.4	1.3	-0.1	-1.0
Waterton Residential Property Venture XIV, L.P.	41,574,346	0.6	-1.1	-0.5	-1.0	1.2	-4.9	-3.8	-5.4	0.9	-11.1	-10.3	-10.9
Waterton Residential Property Venture XV	17,836,385	0.8	2.5	3.4	2.4	2.7	13.7	16.6	9.9				
Total Value Added	**327,001,523**	**0.0**	**-0.9**	**-0.9**	**-1.0**	**0.4**	**0.0**	**0.4**	**-0.7**	**0.4**	**-2.9**	**-2.6**	**-3.7**
Total Portfolio[3]													
LACERS	**1,359,709,424**	**0.6**	**0.1**	**0.7**	**0.5**	**2.5**	**-0.2**	**2.3**	**1.3**	**2.6**	**-6.1**	**-3.6**	**-4.5**
Indices													
NFI-ODCE (Core)		1.0	0.0	1.0	0.8	4.1	-0.6	3.5	2.7	3.8	-9.0	-5.4	-6.2
NFI-ODCE + 200 bps (Non-Core Portfolio)				1.5	1.3			5.5	4.7			-3.4	-4.2
NFI-ODCE + 80 bps (Total Portfolio)				1.2	1.0			4.3	3.5			-4.6	-5.4
NCREIF Timberland Property Index "NTI"		0.4	1.0	1.4		1.7	3.6	5.3		2.2	6.4	8.7	

* Net IRR and Equity Multiple may be missing due to hard coded data.

[1] INC: Income Return; APP: Appreciation Return; TGRS: Total Gross Return; TNET: Total Net Return. Please refer to Exhibit C for more detailed definitions.

[2] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[3] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/2025.

[4] Broken time-weighted return since inception

TOWNSEND GROUP

Returns (%)	Market Value ($)	5 Year				Inception				TWR Calculation Inception	Net IRR*	Equity Multiple*
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET			
Core												
Berkshire Multifamily Income Realty Fund	11,904,094	3.5	-0.6	2.9	2.1	3.8	0.3	4.2	3.4	1Q16	6.3	1.5
CIM VI (Urban REIT), LLC	7,781,786	2.1	-13.8	-11.9	-12.9	3.1	-3.0	0.0	-1.2	3Q12	1.1	1.1
Cortland Partners Growth and Income Fund	68,582,575					2.6	-13.0	-10.6	-11.5	3Q22	-12.2	0.7
INVESCO Core Real Estate	183,673,693	3.4	-1.5	1.8	1.5	4.6	1.6	6.3	5.9	4Q04	5.9	2.0
Jamestown Premier Property Fund	13,877,062	1.4	-17.9	-16.6	-17.0	2.6	-7.5	-5.1	-6.1	3Q15	-4.5	0.8
JP Morgan Strategic Property Fund	74,815,236	3.5	-1.3	2.1	1.2	4.7	1.1	5.9	4.9	4Q05	5.0	2.6
Kayne Anderson Core Real Estate Fund	97,187,018	5.2	1.1	6.4	5.8	5.2	1.2	6.4	5.8	1Q19	5.0	1.2
Lion Industrial Trust - 2007	165,233,476	3.8	10.5	14.6	12.4	4.5	10.3	15.1	12.8	1Q16	12.1	2.1
Prime Property Fund	65,133,674	3.8	2.0	5.8	4.6	3.9	2.9	6.8	5.7	1Q16	5.8	1.5
Principal U.S. Property Account	77,768,386	4.2	-0.3	3.9	3.0	4.4	1.4	5.8	4.9	4Q15	4.8	1.6
Total Core	**765,957,001**	**3.6**	**0.1**	**3.7**	**2.8**	**5.9**	**1.4**	**7.3**	**6.4**	**1Q89**	**4.9**	**1.4**
Timber												
Hancock Timberland XI	19,714,856	0.7	4.8	5.5	4.6	0.1	5.2	5.3	4.4	2Q12	4.2	1.5
Timber	**19,714,856**	**0.7**	**4.8**	**5.5**	**4.6**	**3.8**	**5.3**	**9.4**	**8.1**	**4Q99**	**8.9**	**1.9**
Value Added												
Almanac Realty Securities VI	2,535,535	-0.5	-2.0	-2.5	-3.7	5.0	-2.4	2.5	1.0	1Q13	7.7	1.3
Asana Partners Fund I	22,815,613	2.4	5.7	8.1	7.9	2.1	9.6	11.9	9.7	2Q17	10.0	1.8
Asana Partners Fund II	29,174,879	-0.8	7.8	6.9	4.5	-2.7	1.6	-1.4	-6.9	4Q19	-1.6	0.9
DRA Growth and Income Fund VIII	1,848,260	1.9	-12.1	-10.6	-12.0	7.0	-7.6	-1.2	-3.0	4Q14	4.5	1.2
EQT Exeter Industrial Value Fund VI, L.P.	30,894,615					-1.3	17.4	16.0	6.0	1Q24	2.9	1.0
Gerrity Retail Fund 2	12,051,306	4.2	-2.1	2.1	0.7	5.9	-0.9	5.0	3.2	4Q15	2.4	1.2
GLP Capital Partners IV	29,177,456					2.3	11.4	13.8	11.7	3Q21	8.6	1.2
Heitman Asia-Pacific Property Investors	10,782,283	1.9	-5.5	-3.7	-4.5	1.9	-6.1	-4.3	-5.2	3Q18	-3.7	0.9
LBA Logistics Value Fund IX	41,116,802					-2.3	1.2	-1.1	-4.7	2Q22	-2.8	0.9
LBA Logistics Value Fund VII	38,030,700					2.4	12.5	15.2	13.5	4Q20	10.0	1.4
NB Partners Fund IV LP	20,026,364					-3.9	10.0	5.7	-0.2	2Q23	-0.5	1.0
NREP Nordic Strategies Fund IV[4]	29,136,978	-7.5	29.5	22.0	6.2	-11.9	22.0	9.3		1Q20	2.7	1.1
Waterton Residential Property Venture XIV, L.P.	41,574,346					0.6	11.5	12.2	6.8	1Q21	-7.0	0.8
Waterton Residential Property Venture XV	17,836,385					2.8	20.0	23.1	12.8	1Q24	6.0	1.1
Total Value Added	**327,001,523**	**1.2**	**7.0**	**8.2**	**5.4**	**6.6**	**2.9**	**9.6**	**7.5**	**4Q90**	**6.5**	**1.2**
Total Portfolio[3]												
LACERS	**1,359,709,424**	**2.9**	**2.0**	**4.9**	**3.5**	**5.6**	**1.5**	**7.1**	**5.4**	**1Q89**	**4.5**	**1.2**
Indices												
NFI-ODCE (Core)		3.8	-0.4	3.4	2.5	6.3	0.4	6.7	5.7	1Q89		
NFI-ODCE + 200 bps (Non-Core Portfolio)				5.4	4.5			8.8	7.8	4Q90		
NFI-ODCE + 80 bps (Total Portfolio)				4.2	3.3			7.5	6.5	1Q89		
NCREIF Timberland Property Index "NTI"		2.6	5.5	8.2		4.3	5.3	9.7		1Q89		

* Net IRR and Equity Multiple may be missing due to hard coded data.

[1] INC: Income Return; APP: Appreciation Return; TGRS: Total Gross Return; TNET: Total Net Return. Please refer to Exhibit C for more detailed definitions.

[2] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[3] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/2025.

[4] Broken time-weighted return since inception

TOWNSEND GROUP

Returns (%)	Market Value ($)	Quarter				1 Year				3 Year			
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
Opportunistic													
Apollo CPI Europe I [1]	234,835												
Bristol Value II, L.P.	6,013,148	-0.5	0.2	-0.3	-0.3	0.6	0.1	0.8	0.8	3.0	-7.8	-4.9	-5.6
Broadview Real Estate Partners Fund, L.P.[2]	14,469,275	0.0	9.0	9.1	7.4	0.6	14.4	14.9	12.3	-0.5	16.2	15.6	12.5
Brookfield Strategic Real Estate Partners IV	40,817,157	0.0	0.7	0.7	0.3	-0.2	7.9	7.7	5.8				
California Smart Growth Fund IV[1]	60,236												
Cerberus Institutional Real Estate Partners V	42,364,540	-0.3	1.1	0.8	1.5	-0.5	6.7	6.3	5.5	-0.8	11.2	10.4	7.6
CIM Real Estate Fund III[2]	1,721,017	-3.1	-3.0	-6.1	-6.1	22.8	-59.7	-46.1	-46.1	5.7	-35.7	-30.1	-30.9
Latin America Investors III[1]	-3,463,153												
Lone Star Real Estate Fund II[1]	20,681												
Oaktree Real Estate Opportunities Fund IX L.P.	4,153,979	-3.7	15.9	12.1	9.2								
Oaktree Real Estate Opportunities Fund VIII L.P.	33,271,462	0.3	2.6	2.8	2.6	1.3	-7.0	-5.7	-6.9	1.6	-2.4	-0.7	-2.1
Principal Data Center Growth & Income Fund, LP	21,532,287	-0.1	2.4	2.4	2.1								
RECP Fund IV, L.P.	10,111,656	0.0	-1.0	-1.0	-1.0	3.9	-20.3	-17.0	-17.0	3.2	-23.7	-21.1	-21.1
Stockbridge Real Estate Fund II[1]	395,088												
Torchlight Debt Opportunity Fund IV[1]	0												
TPG Real Estate Partners IV	22,361,812	-1.5	6.3	4.8	3.7	-3.7	35.1	30.4	23.6				
Walton Street Real Estate Fund V[1]	335,900												
Walton Street Real Estate Fund VI	8,869,589	2.8	-0.2	2.6	2.6	10.5	-8.4	1.4	1.3	10.4	-6.9	3.0	2.9
WCP NewCold III, LP (Secondary)	20,086,366	0.7	1.1	1.9	1.8								
Wolff Credit Partners III, LP	23,680,171	3.0	0.2	3.2	2.6	13.4	1.0	14.6	11.2	37.5	0.5	38.2	21.5
Total Opportunistic	**247,036,044**	**0.2**	**2.2**	**2.4**	**2.1**	**1.0**	**3.8**	**4.8**	**2.7**	**2.3**	**0.3**	**2.6**	**0.0**
Private Real Estate Portfolio Only (ex. Timber)[3]	**1,339,994,568**	**0.6**	**0.1**	**0.7**	**0.5**	**2.6**	**-0.3**	**2.3**	**1.3**	**2.7**	**-6.3**	**-3.7**	**-4.7**
Non-Core Portfolio	**574,037,567**	**0.1**	**0.4**	**0.5**	**0.3**	**0.6**	**1.7**	**2.3**	**0.8**	**1.1**	**-1.6**	**-0.5**	**-2.2**
Total Portfolio[3]													
LACERS	**1,359,709,424**	**0.6**	**0.1**	**0.7**	**0.5**	**2.5**	**-0.2**	**2.3**	**1.3**	**2.6**	**-6.1**	**-3.6**	**-4.5**
Indices													
NFI-ODCE (Core)		1.0	0.0	1.0	0.8	4.1	-0.6	3.5	2.7	3.8	-9.0	-5.4	-6.2
NFI-ODCE + 200 bps (Non-Core Portfolio)				1.5	1.3			5.5	4.7			-3.4	-4.2
NFI-ODCE + 80 bps (Total Portfolio)				1.2	1.0			4.3	3.5			-4.6	-5.4
NCREIF Timberland Property Index "NTI"		0.4	1.0	1.4		1.7	3.6	5.3		2.2	6.4	8.7	

* Net IRR and Equity Multiple may be missing due to hard coded data.

[1] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[2] Broken time-weighted return since inception

[3] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/2025.

TOWNSEND GROUP

Returns (%)	Market Value ($)	5 Year				Inception				TWR Calculation Inception	Net IRR*	Equity Multiple*
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET			
Opportunistic												
Apollo CPI Europe I [1]	234,835									4Q06	-8.8	0.5
Bristol Value II, L.P.	6,013,148	3.5	-0.1	3.3	2.5	2.9	6.0	9.0	7.7	1Q13	6.9	1.4
Broadview Real Estate Partners Fund, L.P.[2]	14,469,275	-1.3	31.6	30.2	21.0	-3.3	106.6			4Q19	13.3	1.3
Brookfield Strategic Real Estate Partners IV	40,817,157					0.1	7.4	7.6	5.0	4Q22	5.1	1.1
California Smart Growth Fund IV[1]	60,236									1Q07	3.0	1.2
Cerberus Institutional Real Estate Partners V	42,364,540					-1.7	20.3	18.4	12.4	1Q21	10.2	1.4
CIM Real Estate Fund III[2]	1,721,017	2.8	-21.2	-17.6	-18.8	-5.3				1Q08	6.3	1.4
Latin America Investors III[1]	-3,463,153									1Q09	0.0	0.0
Lone Star Real Estate Fund II[1]	20,681									3Q11	26.3	1.6
Oaktree Real Estate Opportunities Fund IX L.P.	4,153,979					-3.7	15.9	12.1	9.2	2Q25	-17.1	0.8
Oaktree Real Estate Opportunities Fund VIII L.P.	33,271,462					2.5	0.2	2.7	0.4	4Q21	1.6	1.0
Principal Data Center Growth & Income Fund, LP	21,532,287					-0.1	2.4	2.4	2.1	2Q25	8.7	1.1
RECP Fund IV, L.P.	10,111,656	2.7	-13.0	-10.6	-10.6	3.0	-9.3	-6.5	-8.8	4Q08	-0.7	1.0
Stockbridge Real Estate Fund II[1]	395,088									4Q06	-6.7	0.5
Torchlight Debt Opportunity Fund IV[1]	0									4Q13	8.4	1.4
TPG Real Estate Partners IV	22,361,812					-14.0	14.0	-2.5	-23.6	1Q23	3.7	1.0
Walton Street Real Estate Fund V[1]	335,900									4Q06	-3.8	0.7
Walton Street Real Estate Fund VI	8,869,589	10.2	-3.1	6.8	6.4	-2.7	6.6	2.9	-0.2	3Q09	7.9	1.6
WCP NewCold III, LP (Secondary)	20,086,366					0.7	1.1	1.9	1.8	2Q25	9.0	1.1
Wolff Credit Partners III, LP	23,680,171					39.6	0.4	40.2	22.3	2Q22	11.1	1.1
Total Opportunistic	**247,036,044**	**2.4**	**4.9**	**7.3**	**4.5**	**3.7**	**2.5**	**6.3**	**3.0**	**4Q96**	**2.0**	**1.1**
Private Real Estate Portfolio Only (ex. Timber)[3]	**1,339,994,568**	**2.9**	**2.0**	**5.0**	**3.5**	**5.6**	**1.4**	**7.0**	**5.4**	**1Q89**		
Non-Core Portfolio	**574,037,567**	**1.6**	**6.2**	**7.9**	**5.1**	**5.6**	**2.7**	**8.4**	**5.9**	**4Q90**		
Total Portfolio[3]												
LACERS	**1,359,709,424**	**2.9**	**2.0**	**4.9**	**3.5**	**5.6**	**1.5**	**7.1**	**5.4**	**1Q89**		
Indices												
NFI-ODCE (Core)		3.8	-0.4	3.4	2.5	6.3	0.4	6.7	5.7	1Q89		
NFI-ODCE + 200 bps (Non-Core Portfolio)				5.4	4.5			8.8	7.8	4Q90		
NFI-ODCE + 80 bps (Total Portfolio)				4.2	3.3			7.5	6.5	1Q89		
NCREIF Timberland Property Index "NTI"		2.6	5.5	8.2		4.3	5.3	9.7		4Q99		

* Net IRR and Equity Multiple may be missing due to hard coded data.

[1] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[2] Broken time-weighted return since inception

[3] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/2025.

TOWNSEND GROUP

Returns (%)	Market Value ($)	2025		2024		2023		2022		2021		2020		2019	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core															
Berkshire Multifamily Income Realty Fund	11,904,094	2.8	2.4	1.0	0.2	-23.1	-23.6	10.9	9.9	25.7	24.9	1.9	1.0	5.0	4.2
CIM VI (Urban REIT), LLC	7,781,786	-11.6	-12.1	-22.8	-23.7	-18.8	-19.7	-3.3	-4.5	-0.7	-2.0	-5.0	-6.3	5.3	3.9
Cortland Partners Growth and Income Fund	68,582,575	0.4	-0.1	-1.1	-2.0	-24.6	-25.4	-4.7	-5.1						
INVESCO Core Real Estate	183,673,693	-0.2	-0.4	-5.5	-5.9	-12.2	-12.5	7.7	7.3	21.1	20.7	-1.6	-1.9	6.6	6.2
Jamestown Premier Property Fund	13,877,062	8.5	8.2	-9.9	-10.4	-50.7	-51.0	-11.7	-12.1	-0.5	-1.1	-9.3	-9.4	3.0	2.4
JP Morgan Strategic Property Fund	74,815,236	2.3	1.9	-1.7	-2.7	-14.3	-15.2	4.6	3.7	20.9	19.8	1.4	0.4	4.4	3.4
Kayne Anderson Core Real Estate Fund	97,187,018	3.6	3.3	5.0	4.3	-1.9	-2.6	8.7	8.0	13.2	12.8	4.0	3.5	9.6	9.0
Lion Industrial Trust - 2007	165,233,476	2.1	1.8	-0.2	-0.3	-3.9	-3.5	25.7	21.6	49.7	41.5	13.7	11.6	16.5	13.9
Prime Property Fund	65,133,674	2.0	1.5	0.3	-0.8	-4.7	-5.8	7.4	6.1	22.9	21.5	2.1	1.3	7.4	6.2
Principal U.S. Property Account	77,768,386	2.3	1.9	-1.1	-1.9	-10.0	-10.7	5.1	4.2	23.7	22.6	1.6	0.6	7.0	6.0
Total Core	**765,957,001**	**1.6**	**1.2**	**-1.8**	**-2.3**	**-12.2**	**-12.6**	**9.0**	**7.8**	**23.0**	**21.2**	**1.2**	**0.4**	**7.2**	**6.3**
Timber															
Hancock Timberland XI	19,714,856	0.3	-0.2	2.6	1.7	5.7	4.7	8.0	7.0	10.9	9.9	0.6	-0.3	4.9	3.9
Total Timber	**19,714,856**	**0.3**	**-0.2**	**2.6**	**1.7**	**5.7**	**4.7**	**8.0**	**7.0**	**10.9**	**9.9**	**0.6**	**-0.3**	**4.9**	**3.9**
Value Added															
Almanac Realty Securities VI	2,535,535	8.6	7.8	-10.6	-11.9	-17.9	-18.8	-0.1	-1.2	17.2	15.9	-32.1	-32.9	-2.5	-3.2
Asana Partners Fund I	22,815,613	-4.5	-3.0	0.0	5.7	-3.9	-1.0	7.4	5.2	53.1	35.3	-13.0	-7.1	28.7	21.3
Asana Partners Fund II	29,174,879	-12.2	-12.7	-7.8	-8.8	-3.4	0.3	1.8	0.7	63.7	49.9	-36.4	-45.7	11.1	1.5
DRA Growth and Income Fund VIII	1,848,260	-3.6	-3.6	-27.1	-29.0	-42.0	-43.9	-1.1	-1.5	32.7	31.9	-16.6	-17.1	11.0	8.6
EQT Exeter Industrial Value Fund VI, L.P.	30,894,615	-0.3	-2.6	25.2	12.0										
Gerrity Retail Fund 2	12,051,306	0.8	0.0	5.4	3.9	-8.3	-9.5	6.6	5.2	7.4	5.9	-11.5	-12.7	6.7	5.3
GLP Capital Partners IV	29,177,456	-4.3	-2.2	-3.0	-2.2	-1.6	-3.7	13.7	13.3	61.4	49.0				
Heitman Asia-Pacific Property Investors	10,782,283	-12.1	-12.5	-18.2	-19.0	-6.5	-7.3	-0.3	-1.1	4.7	4.0	5.2	4.3	4.1	3.3
LBA Logistics Value Fund IX	41,116,802	-0.5	-1.2	3.6	1.7	-4.8	-8.0	-1.9	-7.3						
LBA Logistics Value Fund VII	38,030,700	-1.8	-2.1	4.5	3.7	2.0	1.2	9.2	7.7	52.3	48.5	12.4	11.0		
NB Partners Fund IV LP	20,026,364	4.0	3.0	10.8	5.7	-1.6	-8.6								
NREP Nordic Strategies Fund IV	29,136,978	18.5	17.4	-0.8	-2.9	-13.8	-13.2	0.6	-6.4	30.9	10.3	22.1	-121.4		
Waterton Residential Property Venture XIV, L.P.	41,574,346	-1.5	-2.3	-8.3	-9.9	-15.9	-16.3	15.3	11.7	91.3	63.1				
Waterton Residential Property Venture XV	17,836,385	8.9	6.9	25.4	12.1										
Total Value Added	**327,001,520**	**-0.8**	**-1.3**	**-0.7**	**-1.9**	**-7.3**	**-8.5**	**6.4**	**4.3**	**40.6**	**31.2**	**-4.8**	**-6.8**	**18.9**	**13.9**
Total Portfolio[2]															
LACERS	**1,359,709,424**	**1.4**	**0.9**	**-1.1**	**-2.0**	**-9.3**	**-10.1**	**8.5**	**6.8**	**25.5**	**22.4**	**-0.8**	**-1.8**	**7.6**	**6.2**
Indices															
NFI-ODCE (Core)		2.1	1.7	-1.4	-2.3	-12.0	-12.7	7.5	6.5	22.2	21.0	1.2	0.3	5.3	4.4
NFI-ODCE + 200 bps (Non-Core Portfolio)		4.1	3.7	0.6	-0.3	-10.0	-10.7	9.5	8.5	24.2	23.0	3.2	2.3	7.3	6.4
NFI-ODCE + 80 bps (Total Portfolio)		2.9	2.5	-0.6	-1.5	-11.2	-11.9	8.3	7.3	23.0	21.8	2.0	1.1	6.1	5.2
NCREIF Timberland Index (Timber)		2.3		7.0		9.5		12.9		9.2		0.8		1.3	

1 Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[2] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/2025.

TOWNSEND GROUP

Returns (%)	Market Value ($)	2018		2017		2016		2015		2014	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core											
Berkshire Multifamily Income Realty Fund	11,904,094	6.2	5.6	5.4	4.7	10.4	9.5				
CIM VI (Urban REIT), LLC	7,781,786	10.4	8.9	5.2	3.7	2.6	2.4	13.4	11.0	15.0	13.5
Cortland Partners Growth and Income Fund	68,582,575										
INVESCO Core Real Estate	183,673,693	9.4	9.0	8.4	8.0	9.2	8.9	14.7	14.3	12.4	11.9
Jamestown Premier Property Fund	13,877,062	9.7	7.7	18.0	14.2	6.7	5.4	8.5	7.0		
JP Morgan Strategic Property Fund	74,815,236	8.0	7.0	7.2	6.2	8.4	7.3	15.2	14.1	11.1	10.1
Kayne Anderson Core Real Estate Fund	97,187,018										
Lion Industrial Trust - 2007	165,233,476	18.7	15.9	14.4	12.3	14.9	12.8				
Prime Property Fund	65,133,674	9.1	8.0	9.9	8.8	10.4	9.2				
Principal U.S. Property Account	77,768,386	9.1	8.1	9.1	8.1	10.1	9.0	3.0	2.8		
Total Core	**765,957,001**	**9.8**	**8.7**	**9.2**	**8.1**	**8.7**	**7.9**	**13.4**	**12.7**	**11.8**	**11.3**
Timber											
Hancock Timberland XI	19,714,856	3.9	2.9	2.1	1.2	3.5	2.6	5.4	4.6	5.2	4.6
Total Timber	**19,714,856**	**3.9**	**2.9**	**2.1**	**1.2**	**3.5**	**2.6**	**5.4**	**4.5**	**8.1**	**4.5**
Value Added											
Almanac Realty Securities VI	2,535,535	2.0	1.3	0.4	-0.3	15.2	14.3	23.5	21.2	15.2	12.8
Asana Partners Fund I	22,815,613	26.4	18.7	18.1	10.8						
Asana Partners Fund II	29,174,879										
DRA Growth and Income Fund VIII	1,848,260	14.1	11.3	14.2	11.7	14.7	11.8	16.0	12.9	2.7	2.1
EQT Exeter Industrial Value Fund VI, L.P.	30,894,615										
Gerrity Retail Fund 2	12,051,306	12.4	10.6	9.8	7.6	21.4	17.7	1.7	0.6		
GLP Capital Partners IV	29,177,456										
Heitman Asia-Pacific Property Investors	10,782,283	-4.7	-5.2								
LBA Logistics Value Fund IX	41,116,802										
LBA Logistics Value Fund VII	38,030,700										
NB Partners Fund IV LP	20,026,364										
NREP Nordic Strategies Fund IV	29,136,978										
Waterton Residential Property Venture XIV, L.P.	41,574,346										
Waterton Residential Property Venture XV	17,836,385										
Total Value Added	**327,001,520**	**14.1**	**11.0**	**18.6**	**15.9**	**14.6**	**12.1**	**14.5**	**11.7**	**12.6**	**10.9**
Total Portfolio[2]											
LACERS	**1,359,709,424**	**8.4**	**7.0**	**10.0**	**8.6**	**8.1**	**6.8**	**11.2**	**9.5**	**13.7**	**11.8**
Indices											
NFI-ODCE (Core)		8.3	7.4	7.6	6.7	8.8	7.8	15.0	14.0	12.5	11.5
NFI-ODCE + 200 bps (Non-Core Portfolio)		10.3	9.4	9.6	8.7	10.8	9.8	17.0	16.0	14.5	13.5
NFI-ODCE + 80 bps (Total Portfolio)		9.1	8.2	8.4	7.5	9.6	8.6	15.8	14.8	13.3	12.3
NCREIF Timberland Index (Timber)		3.4		3.6		2.7		5.0		10.5	

1 Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[2] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/2025.

TOWNSEND GROUP

Returns (%)	Market Value ($)	2025		2024		2023		2022		2021		2020		2019	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Opportunistic															
Apollo CPI Europe I[1]	234,835														
Bristol Value II, L.P.	6,013,148	-0.8	-0.8	-12.6	-12.6	-2.4	-2.5	9.6	7.1	16.9	15.9	10.1	8.7	8.5	6.9
Broadview Real Estate Partners Fund, L.P.	14,469,275	10.1	8.3	23.4	18.9	9.8	8.2	13.4	8.8	60.3	40.2	82.4	35.2	-158.5	-158.5
Brookfield Strategic Real Estate Partners IV	40,817,157	2.3	1.4	6.6	4.6	4.7	3.3	7.1	4.5						
California Smart Growth Fund IV[1]	60,236														
Cerberus Institutional Real Estate Partners V	42,364,540	3.5	3.7	6.6	4.3	12.0	8.2	24.0	17.1	39.5	23.4				
CIM Real Estate Fund III	1,721,017	-29.8	-29.8	-30.2	-31.1	-24.9	-26.1	-2.5	-3.9	11.0	9.0	-17.2	-18.5	0.3	-1.1
Latin America Investors III[1]	-3,463,153														
Lone Star Real Estate Fund II[1]	20,681														
Oaktree Real Estate Opportunities Fund IX L.P.	4,153,979	12.1	9.2												
Oaktree Real Estate Opportunities Fund VIII	33,271,462	0.6	0.1	-7.8	-7.4	5.5	2.8	4.7	0.5	7.8	5.8				
Principal Data Center Growth & Income Fund, LP	21,532,287	2.4	2.1												
RECP Fund IV, L.P.	10,111,656	-8.2	-8.2	-22.2	-22.2	-15.9	-15.9	-14.6	-14.6	10.4	12.9	-23.0	-25.1	2.3	2.1
Stockbridge Real Estate Fund II[1]	395,088														
Torchlight Debt Opportunity Fund IV[1]	0														
TPG Real Estate Partners IV	22,361,812	17.2	14.8	26.3	14.6	-36.7	-61.3								
Walton Street Real Estate Fund V[1]	335,900														
Walton Street Real Estate Fund VI	8,869,589	2.3	2.3	-2.8	-3.0	1.7	1.5	14.7	14.3	19.8	19.2	-10.0	-11.0	2.0	1.0
WCP NewCold III, LP (Secondary)	20,086,366	1.9	1.8												
Wolff Credit Partners III, LP	23,680,171	6.7	5.4	14.9	10.6	20.5	10.4	102.8	49.5						
Total Opportunistic	**247,036,044**	**4.2**	**3.1**	**0.5**	**-1.3**	**2.1**	**-0.7**	**8.4**	**4.3**	**22.7**	**19.8**	**-11.2**	**-12.8**	**0.1**	**-0.8**
Private Real Estate Portfolio Only (ex. Timber)[2]	**1,339,994,565**	**1.4**	**0.9**	**-1.2**	**-2.1**	**-9.5**	**-10.3**	**8.5**	**6.8**	**25.8**	**22.7**	**-0.8**	**-1.9**	**7.7**	**6.3**
Non-Core Portfolio	**574,037,564**	**1.2**	**0.5**	**-0.2**	**-1.6**	**-3.8**	**-5.5**	**7.1**	**4.3**	**33.7**	**26.9**	**-7.6**	**-9.3**	**9.0**	**6.2**
Total Portfolio[2]															
LACERS	**1,359,709,424**	**1.4**	**0.9**	**-1.1**	**-2.0**	**-9.3**	**-10.1**	**8.5**	**6.8**	**25.5**	**22.4**	**-0.8**	**-1.8**	**7.6**	**6.2**
Indices															
NFI-ODCE (Core)		2.1	1.7	-1.4	-2.3	-12.0	-12.7	7.5	6.5	22.2	21.0	1.2	0.3	5.3	4.4
NFI-ODCE + 200 bps (Non-Core Portfolio)		4.1	3.7	0.6	-0.3	-10.0	-10.7	9.5	8.5	24.2	23.0	3.2	2.3	7.3	6.4
NFI-ODCE + 80 bps (Total Portfolio)		2.9	2.5	-0.6	-1.5	-11.2	-11.9	8.3	7.3	23.0	21.8	2.0	1.1	6.1	5.2
NCREIF Timberland Index (Timber)		2.3		7.0	0.0	9.5		12.9		9.2		0.8		1.3	

[1] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[2] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/2025.

TOWNSEND GROUP

Returns (%)	Market Value ($)	2018		2017		2016		2015		2014	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Opportunistic											
Apollo CPI Europe I[1]	234,835										
Bristol Value II, L.P.	6,013,148	6.7	5.1	17.1	15.3	11.0	9.1	8.2	6.1	12.4	10.6
Broadview Real Estate Partners Fund, L.P.	14,469,275										
Brookfield Strategic Real Estate Partners IV	40,817,157										
California Smart Growth Fund IV[1]	60,236										
Cerberus Institutional Real Estate Partners V	42,364,540										
CIM Real Estate Fund III	1,721,017	5.9	4.5	8.0	6.4	5.4	4.0	8.3	7.1	11.0	9.8
Latin America Investors III[1]	-3,463,153										
Lone Star Real Estate Fund II[1]	20,681										
Oaktree Real Estate Opportunities Fund IX L.P.	4,153,979										
Oaktree Real Estate Opportunities Fund VIII	33,271,462										
Principal Data Center Growth & Income Fund, LP	21,532,287										
RECP Fund IV, L.P.	10,111,656	2.1	1.6	14.6	12.4	6.9	5.3	8.3	6.2	6.4	4.6
Stockbridge Real Estate Fund II[1]	395,088										
Torchlight Debt Opportunity Fund IV[1]	0										
TPG Real Estate Partners IV	22,361,812										
Walton Street Real Estate Fund V[1]	335,900										
Walton Street Real Estate Fund VI	8,869,589	4.2	3.1	9.2	7.9	-5.4	-6.6	13.5	12.2	14.8	13.4
WCP NewCold III, LP (Secondary)	20,086,366										
Wolff Credit Partners III, LP	23,680,171										
Total Opportunistic	**247,036,044**	**-1.1**	**-2.5**	**7.5**	**5.8**	**2.8**	**1.3**	**7.2**	**5.3**	**15.7**	**12.9**
Private Real Estate Portfolio Only (ex. Timber)[2]	**1,339,994,565**	**8.6**	**7.1**	**10.2**	**8.8**	**8.2**	**6.9**	**11.3**	**9.6**	**13.8**	**12.0**
Non-Core Portfolio	**574,037,564**	**5.8**	**3.7**	**12.1**	**10.0**	**7.5**	**5.6**	**9.8**	**7.6**	**14.7**	**12.2**
Total Portfolio[2]											
LACERS	**1,359,709,424**	**8.4**	**7.0**	**10.0**	**8.6**	**8.1**	**6.8**	**11.2**	**9.5**	**13.7**	**11.8**
Indices											
NFI-ODCE (Core)		8.3	7.4	7.6	6.7	8.8	7.8	15.0	14.0	12.5	11.5
NFI-ODCE + 200 bps (Non-Core Portfolio)		10.3	9.4	9.6	8.7	10.8	9.8	17.0	16.0	14.5	13.5
NFI-ODCE + 80 bps (Total Portfolio)		9.1	8.2	8.4	7.5	9.6	8.6	15.8	14.8	13.3	12.3
NCREIF Timberland Index (Timber)		3.4		3.6		2.7		5.0		10.5	

[1] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[2] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/2025.

TOWNSEND GROUP

Quarterly Cash Flow Activity ($)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
Core									
Berkshire Multifamily Income Realty Fund	11,705,414	0	40,818	0	98,461	23,943	164,980	11,904,094	47.2
CIM VI (Urban REIT), LLC	7,801,588	0	34,575	0	72,459	20,224	-37,462	7,781,786	0.0
Cortland Partners Growth and Income Fund	68,710,171	336,308	340,503	0	450,439	169,490	-404,350	68,582,575	53.4
INVESCO Core Real Estate	185,537,664	182,379	1,340,881	0	1,575,944	182,379	-2,099,034	183,673,693	29.8
Jamestown Premier Property Fund	13,351,673	19,549	29,800	0	-54,669	19,549	609,859	13,877,062	62.1
JP Morgan Strategic Property Fund	74,041,095	0	146	0	691,233	166,927	249,982	74,815,236	28.0
Kayne Anderson Core Real Estate Fund	95,576,308	1,153,575	1,153,575	0	1,403,006	158,813	366,517	97,187,018	30.1
Lion Industrial Trust - 2007	163,644,891	727,767	727,767	0	1,484,759	243,088	346,914	165,233,476	35.9
Prime Property Fund	64,940,700	637,763	637,763	0	633,350	181,531	-258,845	65,133,674	26.5
Principal U.S. Property Account	76,334,185	0	0	0	887,062	153,535	700,673	77,768,386	27.0
Total Core	**761,643,689**	**3,057,341**	**4,305,829**	**0**	**7,242,045**	**1,319,477**	**-360,768**	**765,957,001**	**34.6**
Timber									
Hancock Timberland XI	19,756,366	0	0	0	4,149	46,094	435	19,714,856	0.0
Total Timber	**19,756,366**	**0**	**0**	**0**	**4,149**	**46,094**	**435**	**19,714,856**	**0.0**
Value Added									
Almanac Realty Securities VI	2,484,515	0	0	0	-2,392	9,059	62,471	2,535,535	0.0
Asana Partners Fund I	25,591,013	0	2,020,000	0	107,957	-260,911	-1,124,268	22,815,613	41.4
Asana Partners Fund II	30,735,744	0	0	0	-112,384	93,550	-1,354,931	29,174,879	50.5
DRA Growth and Income Fund VIII	2,834,147	0	421,655	504,271	22,203	0	-82,164	1,848,260	55.5
EQT Exeter Industrial Value Fund VI, L.P.	31,294,490	0	0	0	-46,212	77,668	-275,994	30,894,615	64.3
Gerrity Retail Fund 2	12,099,478	0	31,879	0	32,262	48,555	0	12,051,306	56.7
GLP Capital Partners IV	29,558,207	744,124	359,181	0	36,533	-265,370	-1,067,597	29,177,456	53.6
Heitman Asia-Pacific Property Investors	11,972,202	151,735	0	0	-9,666	29,489	-1,302,498	10,782,283	59.0
LBA Logistics Value Fund IX	41,418,645	0	0	0	38,250	143,750	-196,343	41,116,802	49.1
LBA Logistics Value Fund VII	38,701,353	0	0	0	-9,570	26,612	-634,472	38,030,700	38.3
NB Partners Fund IV LP	19,982,714	0	0	0	6,854	100,637	137,433	20,026,364	43.9
NREP Nordic Strategies Fund IV	26,658,824	0	0	0	-395,301	117,796	2,991,251	29,136,978	52.0
Waterton Residential Property Venture XIV, L.P.	41,973,860	0	0	0	236,709	182,094	-454,129	41,574,346	61.5
Waterton Residential Property Venture XV	16,089,197	1,336,316	0	0	143,119	156,250	424,003	17,836,385	59.5
Total Value Added	**331,394,387**	**2,232,175**	**2,832,715**	**504,271**	**48,363**	**459,178**	**-2,877,238**	**327,001,523**	**50.1**
Total Portfolio									
LACERS	**1,351,248,066**	**17,160,492**	**13,056,774**	**2,774,817**	**7,773,978**	**2,538,283**	**1,896,760**	**1,359,709,413**	**39.9**

TOWNSEND GROUP

Quarterly Cash Flow Activity ($)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
Opportunistic									
Apollo CPI Europe I	215,396	0	0	0	114	0	19,325	234,835	0.0
Bristol Value II, L.P.	8,881,845	0	2,847,528	0	-30,298	0	9,129	6,013,148	0.0
Broadview Real Estate Partners Fund, L.P.	13,254,220	1,006,151	780,026	0	6,602	231,951	1,214,278	14,469,275	0.0
Brookfield Strategic Real Estate Partners IV	39,013,914	1,769,686	62,142	32,976	5,794	164,570	287,451	40,817,157	57.0
California Smart Growth Fund IV	58,783	0	0	0	1,453	0	0	60,236	0.0
Cerberus Institutional Real Estate Partners V	41,750,575	0	0	0	-112,425	-266,112	460,278	42,364,540	57.5
CIM Real Estate Fund III	2,312,723	0	103,820	347,570	-71,685	0	-68,631	1,721,017	47.6
Latin America Investors III	-3,401,240	0	0	0	-58,670	2,569	-674	-3,463,153	81.0
Lone Star Real Estate Fund II	21,931	0	0	0	-2,036	-786	0	20,681	0.0
Oaktree Real Estate Opportunities Fund IX L.P.	3,805,659	0	0	0	-142,521	112,500	603,341	4,153,979	0.0
Oaktree Real Estate Opportunities Fund VIII L.P.	32,481,643	0	43,632	0	83,802	84,211	833,860	33,271,462	0.0
Principal Data Center Growth & Income Fund, LP	21,168,106	0	86,170	0	-12,814	48,628	511,792	21,532,287	35.3
RECP Fund IV, L.P.	10,214,370	0	0	0	-784	0	-101,930	10,111,656	58.1
Stockbridge Real Estate Fund II	393,191	0	0	0	1,897	0	0	395,088	0.0
Torchlight Debt Opportunity Fund IV	245,931	0	257,571	0	16,645	0	-5,005	0	0.0
TPG Real Estate Partners IV	15,399,565	6,281,414	0	0	-280,025	183,247	1,144,105	22,361,812	63.2
Walton Street Real Estate Fund V	360,941	0	0	0	-2,021	0	-23,020	335,900	0.0
Walton Street Real Estate Fund VI	8,645,581	0	0	0	240,126	0	-16,118	8,869,589	0.0
WCP NewCold III, LP (Secondary)	21,768,561	0	145,839	1,890,000	147,272	15,595	221,967	20,086,366	24.8
Wolff Credit Partners III, LP	21,861,930	2,813,725	1,591,502	0	688,994	137,161	44,183	23,680,171	0.0
Total Opportunistic	**238,453,624**	**11,870,976**	**5,918,229**	**2,270,546**	**479,421**	**713,533**	**5,134,331**	**247,036,044**	**40.6**
Private Real Estate Portfolio Only (ex. Timber)	**1,331,491,700**	**17,160,492**	**13,056,774**	**2,774,817**	**7,769,829**	**2,492,189**	**1,896,325**	**1,339,994,568**	**40.2**
Non-Core Portfolio	**569,848,011**	**14,103,151**	**8,750,945**	**2,774,817**	**527,784**	**1,172,712**	**2,257,093**	**574,037,567**	**46.4**
Total Portfolio									
LACERS	**1,351,248,066**	**17,160,492**	**13,056,774**	**2,774,817**	**7,773,978**	**2,538,283**	**1,896,760**	**1,359,709,413**	**39.9**

TOWNSEND GROUP

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
Core						
Berkshire Multifamily Income Realty Fund	100.0	-	-	-	-	-
CIM VI (Urban REIT), LLC	9.4	60.5	-	30.1	-	-
Cortland Partners Growth and Income Fund	100.0	-	-	-	-	-
INVESCO Core Real Estate	20.9	15.7	36.1	12.1	-	15.2
Jamestown Premier Property Fund	-	42.6	-	33.0	-	24.4
JP Morgan Strategic Property Fund	28.6	15.6	32.4	20.4	-	3.1
Kayne Anderson Core Real Estate Fund	-	-	-	-	-	100.0
Lion Industrial Trust - 2007	-	-	100.0	-	-	-
Prime Property Fund	27.1	14.5	32.0	9.1	-	17.3
Principal U.S. Property Account	27.5	14.0	38.7	10.1	-	9.8
Total Core	**23.5**	**9.3**	**40.0**	**7.6**	**-**	**19.5**
Timber						
Hancock Timberland XI	-	-	-	-	-	100.0
Timber	**-**	**-**	**-**	**-**	**-**	**100.0**
Value Added						
Almanac Realty Securities VI	36.0	-	-	-	64.0	-
Asana Partners Fund I	1.0	18.4	-	79.7	-	0.9
Asana Partners Fund II	0.6	33.5	-	55.6	-	10.4
DRA Growth and Income Fund VIII	-	71.1	-	28.9	-	-
EQT Exeter Industrial Value Fund VI, L.P.	-	-	100.0	-	-	-
Gerrity Retail Fund 2	-	-	-	100.0	-	-
GLP Capital Partners IV	-	-	100.0	-	-	-
Heitman Asia-Pacific Property Investors	-	48.7	-	13.1	-	38.2
LBA Logistics Value Fund IX	-	-	92.2	-	-	7.8
LBA Logistics Value Fund VII	-	-	92.9	-	-	7.1
NB Partners Fund IV LP	-	-	100.0	-	-	-
NREP Nordic Strategies Fund IV	40.3	3.6	29.8	3.5	5.1	17.6
Waterton Residential Property Venture XIV, L.P.	97.2	-	-	-	-	2.8
Waterton Residential Property Venture XV	85.7	-	-	-	-	14.3
Total Value Added	**21.0**	**6.6**	**49.5**	**15.1**	**0.9**	**6.8**
Total Portfolio						
Los Angeles City Employees' Retirement System	**21.8**	**8.5**	**39.4**	**8.6**	**1.7**	**20.0**
Indices						
NFI-ODCE*	**29.9**	**16.0**	**34.2**	**11.0**	**0.2**	**8.7**

*NCREIF changed the basis of diversification for the NFI-ODCE from Net Real Estate Assets to Gross Real Estate Assets effective 1Q2020.

TOWNSEND GROUP

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
Opportunistic						
Apollo CPI Europe I	-	-	-	-	-	-
Bristol Value II, L.P.	-	100.0	-	-	-	-
Broadview Real Estate Partners Fund, L.P.	-	-	5.2	-	-	94.8
Brookfield Strategic Real Estate Partners IV	24.9	29.0	26.1	-	6.8	13.2
California Smart Growth Fund IV	-	-	100.0	-	-	-
Cerberus Institutional Real Estate Partners V	-	0.3	48.4	-	12.1	39.2
CIM Real Estate Fund III	18.1	5.6	-	-	-	76.4
Latin America Investors III	-	-	-	-	-	100.0
Lone Star Real Estate Fund II	-	-	-	-	-	100.0
Oaktree Real Estate Opportunities Fund IX L.P.	61.3	-	3.8	-	22.1	12.8
Oaktree Real Estate Opportunities Fund VIII L.P.	26.5	9.3	27.3	25.3	9.9	1.7
Principal Data Center Growth & Income Fund, LP	-	-	-	-	-	100.0
RECP Fund IV, L.P.	10.7	-	-	-	68.0	21.4
Stockbridge Real Estate Fund II	-	-	-	-	-	-
Torchlight Debt Opportunity Fund IV	-	-	-	-	-	-
TPG Real Estate Partners IV	5.6	6.2	22.8	3.1	1.9	60.5
Walton Street Real Estate Fund V	-	-	-	-	-	-
Walton Street Real Estate Fund VI	-	-	-	0.5	-	99.5
WCP NewCold III, LP (Secondary)	-	-	100.0	-	-	-
Wolff Credit Partners III, LP	100.0	-	-	-	-	-
Total Opportunistic	**19.4**	**9.2**	**27.0**	**3.7**	**7.9**	**32.8**
Private Real Estate Portfolio Only (ex. Timber)	**22.2**	**8.6**	**40.0**	**8.7**	**1.7**	**18.8**
Non-Core Portfolio	**20.3**	**7.7**	**39.9**	**10.2**	**3.9**	**17.9**
Total Portfolio						
Los Angeles City Employees' Retirement System	**21.8**	**8.5**	**39.4**	**8.6**	**1.7**	**20.0**
Indices						
NFI-ODCE*	**29.9**	**16.0**	**34.2**	**11.0**	**0.2**	**8.7**

*NCREIF changed the basis of diversification for the NFI-ODCE from Net Real Estate Assets to Gross Real Estate Assets effective 1Q2020.

TOWNSEND GROUP

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Var-US	Ex-US
Core										
Berkshire Multifamily Income Realty Fund	34.9	5.3	12.2	-	11.9	27.6	8.2	-	-	-
CIM VI (Urban REIT), LLC	58.6	9.4	-	-	-	-	-	32.0	-	-
Cortland Partners Growth and Income Fund	-	15.4	5.9	1.2	41.7	14.7	21.1	-	-	-
INVESCO Core Real Estate	15.3	5.3	0.2	0.1	5.3	11.3	12.9	49.7	-	-
Jamestown Premier Property Fund	28.5	23.8	-	-	8.7	-	-	38.9	-	-
JP Morgan Strategic Property Fund	12.4	7.2	1.7	0.2	6.6	9.5	5.1	57.4	-	-
Kayne Anderson Core Real Estate Fund	10.2	11.5	12.8	5.9	34.5	14.4	7.0	3.8	-	-
Lion Industrial Trust - 2007	17.6	4.0	5.4	0.7	15.2	14.9	8.0	34.2	-	-
Prime Property Fund	29.2	5.3	8.5	0.8	14.7	8.5	6.8	26.2	-	-
Principal U.S. Property Account	9.7	8.4	1.3	1.4	12.1	18.2	15.4	33.6	-	-
Total Core	**15.5**	**7.1**	**4.5**	**1.1**	**15.4**	**13.1**	**10.3**	**32.9**	**-**	**-**
Timber										
Hancock Timberland XI	-	-	-	-	-	-	-	23.1	69.6	7.3
Total Timber	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**23.3**	**69.6**	**7.3**
Value Added										
Almanac Realty Securities VI	15.9	-	-	21.2	9.8	53.2	-	-	-	-
Asana Partners Fund I	4.4	41.4	-	-	25.5	27.4	-	1.3	-	-
Asana Partners Fund II	16.2	19.0	-	9.4	12.7	6.2	27.3	9.2	-	-
DRA Growth and Income Fund VIII	42.9	28.2	-	-	28.9	-	-	-	-	-
EQT Exeter Industrial Value Fund VI, L.P.	10.6	1.4	11.4	7.8	21.9	20.2	8.0	18.6	-	-
Gerrity Retail Fund 2	-	-	-	-	-	-	-	100.0	-	-
GLP Capital Partners IV	32.9	4.7	4.5	-	7.8	9.7	-	40.4	-	-
Heitman Asia-Pacific Property Investors	-	-	-	-	-	-	-	-	-	100.0
LBA Logistics Value Fund IX	7.3	18.8	7.4	-	29.4	7.2	13.3	16.6	-	-
LBA Logistics Value Fund VII	14.3	13.2	9.1	1.7	22.0	6.3	9.3	24.0	-	-
NB Partners Fund IV LP	62.6	21.2	-	-	16.2	-	-	-	-	-
NREP Nordic Strategies Fund IV	-	-	-	-	-	-	-	-	-	100.0
Waterton Residential Property Venture XIV, L.P.	5.7	-	14.4	-	25.1	8.6	7.2	39.1	-	-
Waterton Residential Property Venture XV	23.9	-	23.3	-	16.3	-	0.4	36.1	-	-
Total Value Added	**14.0**	**11.1**	**5.6**	**2.1**	**17.3**	**8.9**	**7.3**	**21.0**	**-**	**12.9**
Total Portfolio										
LACERS	**14.4**	**7.3**	**4.4**	**1.3**	**15.8**	**11.3**	**8.8**	**25.1**	**2.4**	**9.2**
Indices										
NFI-ODCE*	**20.7**	**8.1**	**5.0**	**0.7**	**13.0**	**8.6**	**7.9**	**35.9**	**-**	**-**

*NCREIF changed the basis of diversification for the NFI-ODCE from Net Real Estate Assets to Gross Real Estate Assets effective 1Q2020.

TOWNSEND GROUP

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Var-US	Ex-US
Opportunistic										
Apollo CPI Europe I	-	-	-	-	-	-	-	-	-	-
Bristol Value II, L.P.	100.0	-	-	-	-	-	-	-	-	-
Broadview Real Estate Partners Fund, L.P.	7.5	2.4	-	-	90.1	-	-	-	-	-
Brookfield Strategic Real Estate Partners IV	13.1	6.3	3.1	1.2	5.2	5.9	1.3	14.7	-	49.3
California Smart Growth Fund IV	-	-	-	-	-	-	-	100.0	-	-
Cerberus Institutional Real Estate Partners V	-	-	-	-	6.6	-	7.6	2.1	44.8	38.9
CIM Real Estate Fund III	-	11.9	-	-	76.4	5.6	6.2	-	-	-
Latin America Investors III	-	-	-	-	-	-	-	-	-	100.0
Lone Star Real Estate Fund II	-	-	-	-	-	-	-	-	100.0	-
Oaktree Real Estate Opportunities Fund IX L.P.	-	40.7	-	-	-	-	-	20.8		38.5
Oaktree Real Estate Opportunities Fund VIII L.P.	-	4.7	-	-	2.1	24.1	1.7	18.1	-	49.3
Principal Data Center Growth & Income Fund, LP	-	-	18.0	-	-	40.4	41.6	-	-	-
RECP Fund IV, L.P.	11.6	21.4	-	-	-	-	-	-	-	67.1
Stockbridge Real Estate Fund II	-	-	-	-	-	-	-	-	100.0	-
Torchlight Debt Opportunity Fund IV	-	-	-	-	-	-	-	-	100.0	-
TPG Real Estate Partners IV	32.5	-	0.6	5.5	12.7	2.4	-	3.2	-	43.0
Walton Street Real Estate Fund V	-	-	-	-	-	-	-	-	-	-
Walton Street Real Estate Fund VI	100.0	-	-	-	-	-	-	-	-	-
WCP NewCold III, LP (Secondary)	0.0	-	10.1	-	6.4	0.5	6.2	5.4	-	71.3
Wolff Credit Partners III, LP	3.1	-	-	5.9	69.0	17.0	5.1	-	-	-
Total Opportunistic	**12.4**	**3.5**	**3.0**	**1.3**	**16.4**	**9.7**	**6.4**	**6.3**	**7.7**	**33.3**
Private Real Estate Portfolio Only (ex. Timber)	**14.3**	**7.6**	**4.5**	**1.4**	**16.4**	**11.4**	**8.9**	**24.7**	**1.4**	**9.2**
Non-Core Portfolio	**13.3**	**7.7**	**4.4**	**1.7**	**16.9**	**9.2**	**6.9**	**14.5**	**3.4**	**21.9**
Total Portfolio										
LACERS	**14.4**	**7.3**	**4.4**	**1.3**	**15.8**	**11.3**	**8.8**	**25.1**	**2.4**	**9.2**
Indices										
NFI-ODCE*	**20.7**	**8.1**	**5.0**	**0.7**	**13.0**	**8.6**	**7.9**	**35.9**	**-**	**-**

*NCREIF changed the basis of diversification for the NFI-ODCE from Net Real Estate Assets to Gross Real Estate Assets effective 1Q2020.

Advisory Disclosures and Definitions

Disclosure

Past performance is not indicative of future results.

Investing involves risk, including the possible loss of principal.

Returns are presented on a time weighted basis and shown both gross and net of underlying third party fees and expenses and may include income, appreciation and/or other earnings. In addition, investment level Net IRR's and equity multiples are reported.

The Townsend Group, on behalf of its client base, collects quarterly limited partner/client level performance data based upon inputs from the underlying investment managers. Data collection is for purposes of calculating investment level performance as well as aggregating and reporting client level total portfolio performance. Quarterly limited partner/client level performance data is collected directly[1] from the investment managers via a secure data collection site.

[1]In select instances where underlying investment managers have ceased reporting limited partner/client level performance data directly to The Townsend Group via a secure data collection site, The Townsend Group may choose to input performance data on behalf of its client based upon the investment managers quarterly capital account statements which are supplied to The Townsend Group and the client alike.

Benchmarks
The potential universe of available real asset benchmarks are infinite. Any one benchmark, or combination thereof, may be utilized on a gross or net of fees basis with or without basis point premiums attached. These benchmarks may also utilize a blended composition with varying weighting methodologies, including market weighted and static weighted approaches.

Exhibit B: Real Estate Market Update

TOWNSEND® GROUP

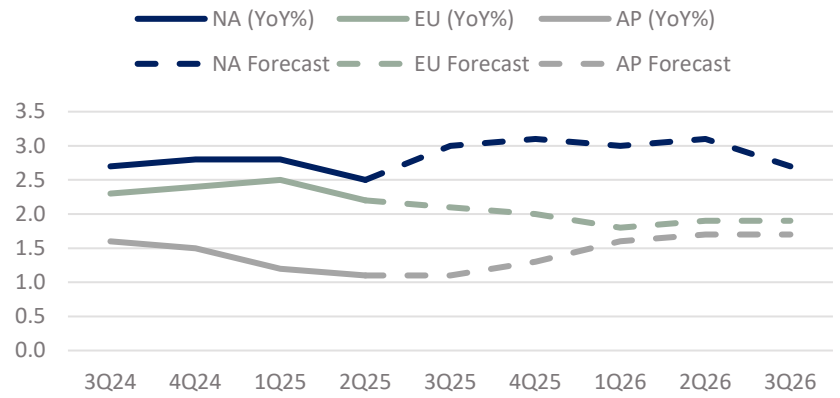
Global Economic Conditions

Growth Outlook Remains Positive

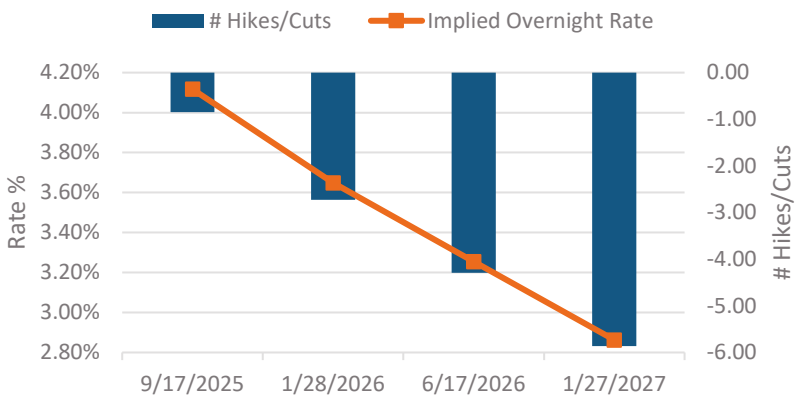
GDP Growth Remains Positive
Real GDP Forecasts

Real GDP Forecasts (YoY%)				
Major Regions	2024	2025	2026	2027
North America	2.6	1.5	1.7	2.0
European Union	1.0	1.3	1.4	1.7
Asia Pacific	4.5	3.8	3.8	3.8
Selected Markets	2024	2025	2026	2027
United States	1.6	1.4	1.3	1.9
United Kingdom	1.1	1.2	1.1	1.5
Germany	-0.5	0.3	1.0	1.6
China	5.0	4.8	4.2	4.0
Japan	0.1	1.0	0.8	0.8
Australia	1.1	1.6	2.2	2.5

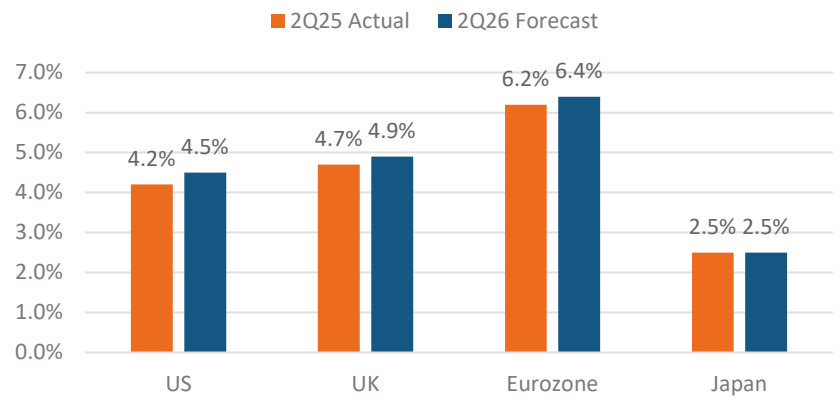
Inflation Forecasted to Slightly Increase in U.S. Due to Tariff Impact
Consumer Price Index



Fed Forecasts Indicating Decline in Rates
U.S. Fed Funds Futures



Unemployment Rates Remain Low
Regional Unemployment Rate

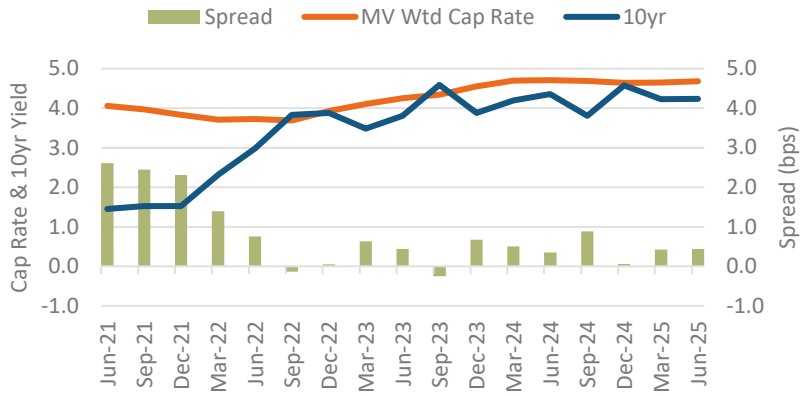


Source: Bloomberg (August 2025).

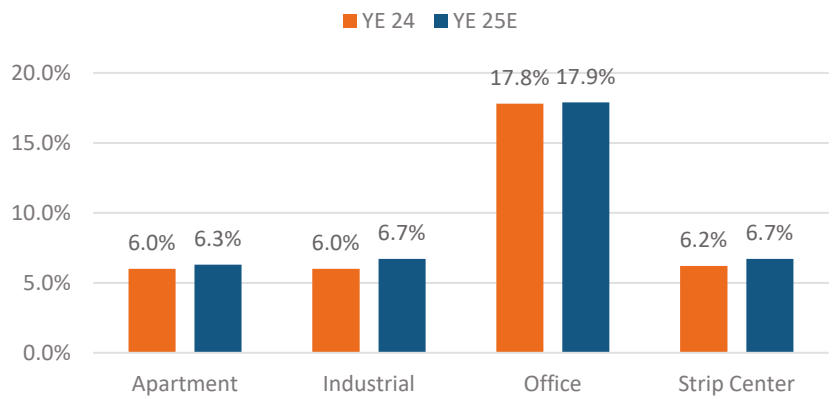
US Real Estate Market Conditions

Supply Declining and Growth Forecasts Improving

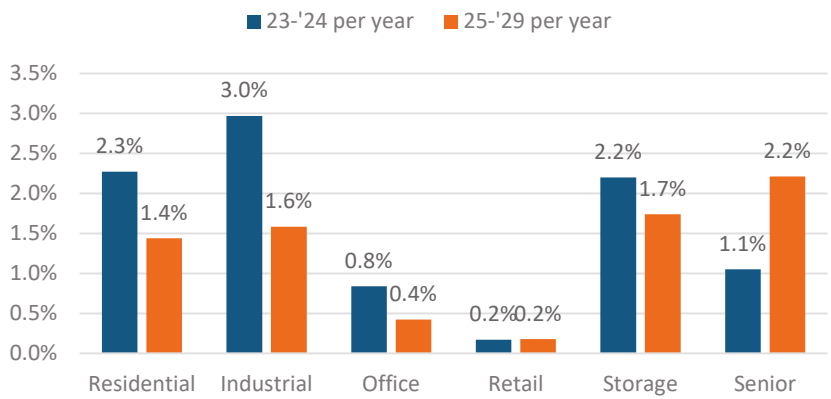
Spreads Remain Narrow Between Private Real Estate Valuations & 10yr Treasury
NPI Current Value Cap Rate Versus 10yr Treasury



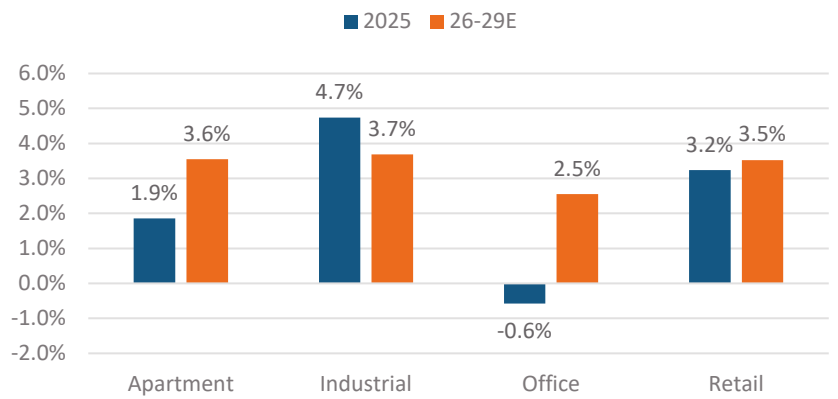
Vacancy Remains Elevated In Office
Sector Vacancy Rates



Supply Growth Forecasted to Moderate Across Most Property Types
Annual Completions as % of Existing Stock



NOI Growth Improving For Apartment With Supply Decline
Sector NOI Growth Forecasts

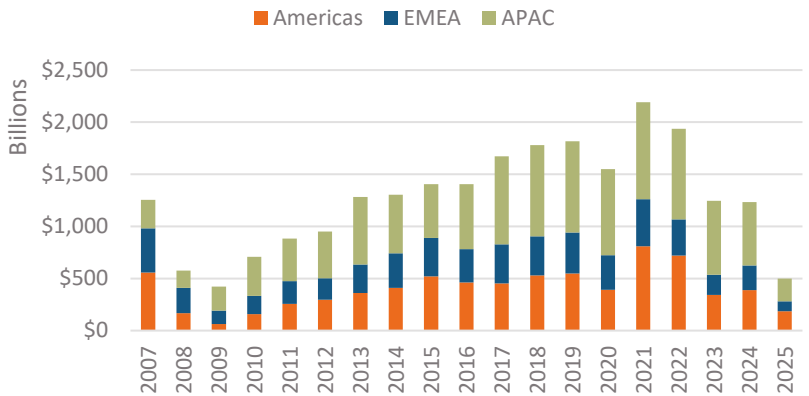


Source: NCREIF, Federal Reserve Bank of St. Louis (June 2025), Green Street (August 2025).

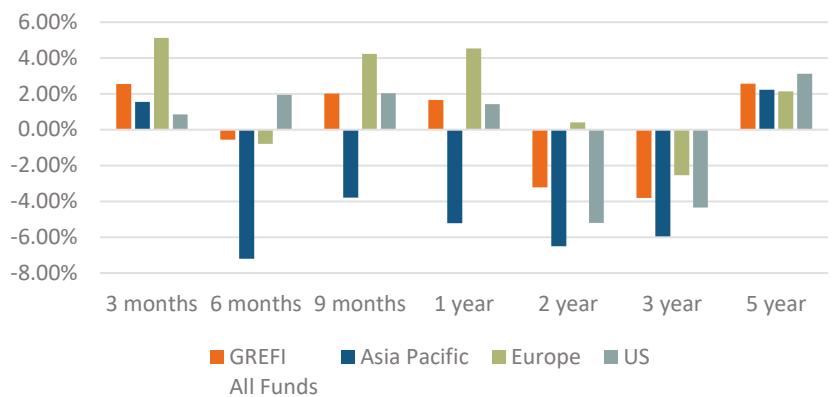
Global Real Estate Market Conditions

Valuations Nearing Bottom

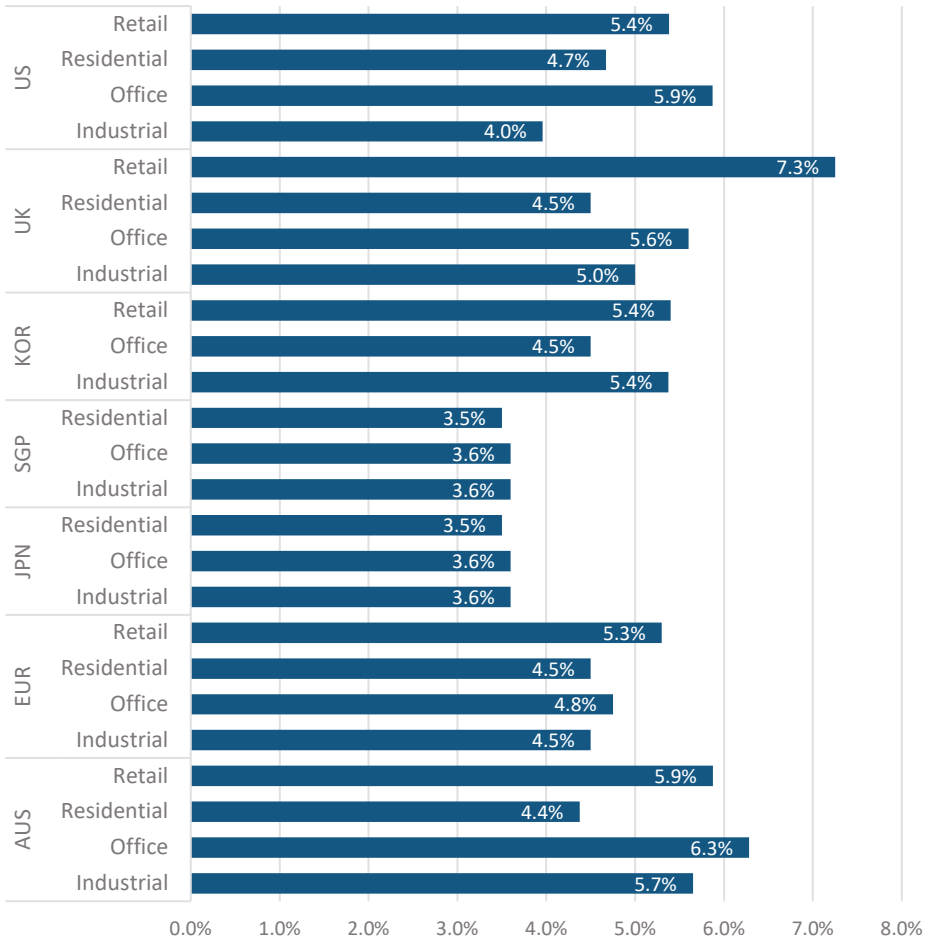
Transaction Volume Remains Low Due to Higher Interest Rates
Global Real Estate Transaction Volume



Minimal Cap Rate Expansion Driving Positive YTD Performance
Global Return Performance



Real Estate Valuations
Regional/Sector Going-In Yields



Source: MSCI Real Assets (August 2025). NCREIF, INREV Global Real Estate Fund Index (GREFI) (First Quarter 2025), Townsend Group (August 2025).

Exhibit C: Glossary

Cash Flow Statement

Beginning Market Value:	**Value of real estate, cash and other holdings from prior period end.**
Contributions:	Cash funded to the investment for acquisition and capital items (i.e., initial investment cost or significant capital improvements).
Distributions:	Actual cash returned from the investment, representing distributions of income from operations.
Withdrawals:	Cash returned from the investment, representing returns of capital or net sales proceeds.
Ending Market Value:	The value of an investment as determined by actual sales dollars invested and withdrawn plus the effects of appreciation and reinvestment; market value is equal to the ending cumulative balance of the cash flow statement (NAV).
Unfunded Commitments:	Capital allocated to managers which remains to be called for investment. Amounts are as reported by managers.
Remaining Allocation	The difference between the ending market value + the unfunded commitments and the target allocation. This figure represents dollars available for allocation.

Style Groups

The Style Groups consist of returns from commingled funds with similar risk/return investment strategies. Investor portfolios/investments are compared to comparable style groupings.	
Core:	Direct investments in operating, fully leased, office, retail, industrial, or multifamily properties using little or no leverage (normally less than 30%).
Value-Added:	Core returning investments that take on moderate additional risk from one or more of the following sources: leasing, re-development, exposure to non-traditional property types, the use of leverage (typically between 40% and 65%).
Opportunistic:	Investments that take on additional risk in order to achieve a higher return. Typical sources of risks are: development, land investing, operating company investing, international exposure, high leverage (typically between 50% and 65% or higher), distressed properties.

Indices

Stylized Index:	**Weights the various style group participants so as to be comparable to the investor portfolio holdings for each period.**
Open-End Diversified Core Equity Index (“ODCE”):	A core index that includes only open-end diversified core strategy funds with at least 95% of their investments in U.S. markets. The ODCE is the first of the NCREIF Fund Database products, created in May 2005, and is an index of investment returns reporting on both a historical and current basis (25 active vehicles). The ODCE Index is capitalization-weighted and is reported gross and net of fees. Measurement is time-weighted and includes leverage.
NCREIF Timberland Index (“NTI”):	National Index comprised of a large pool of individual timber properties owned by institutions for investment purposes.
NCREIF Property Index (“NPI”):	National Property Index comprised of core equity real estate assets owned by institutions.

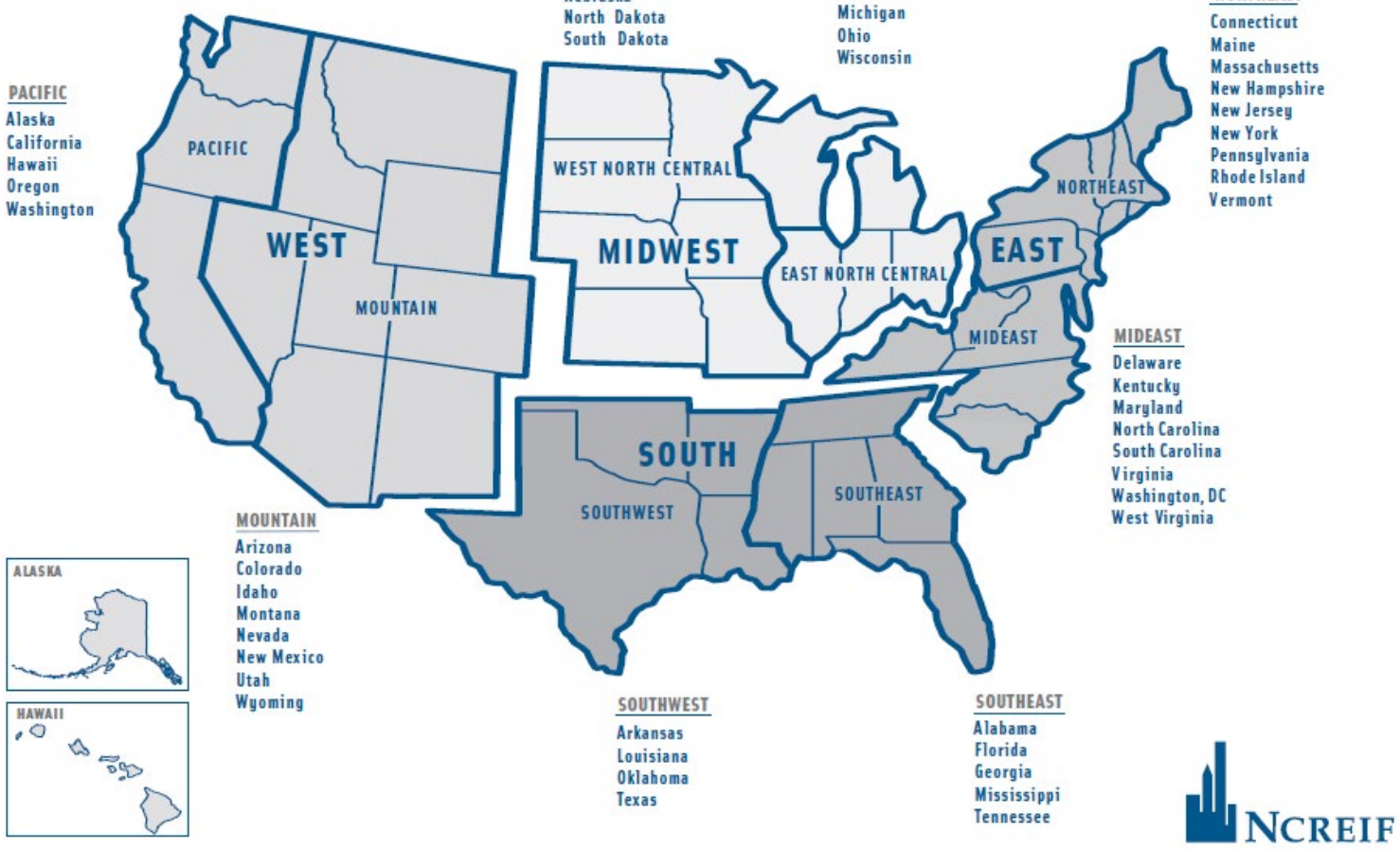
Performance

Income Return (“INC”):	**Net operating income net of debt service before deduction of capital items (e.g., roof replacement, renovations, etc.)**
Appreciation Return (“APP”):	Increase or decrease in investment's value based on internal or third party appraisal, recognition of capital expenditures which did not add value or uncollectible accrued income, or realized gain or loss from sales.
Total Gross Return (“TGRS”):	The sum of the income return and appreciation return before adjusting for fees paid to and/or accrued by the manager.
Total Net Return (“TNET”):	Total gross return less Advisor fees reported. All fees are requested (asset management, accrued incentives, paid incentives). No fee data is verified. May not include any fees paid directly by the investor as opposed to those paid from cash flows.
Inception Returns[1]:	The total net return for an investment or portfolio over the period of time the client has funds invested. Total portfolio Inception Returns may include returns from investments no longer held in the current portfolio.
Net IRR:	IRR after advisory fees, incentive and promote. This includes actual cash flows and a reversion representing the LP Net Assets at market value as of the period end reporting date.
Equity Multiple:	The ratio of Total Value to Paid-in-Capital (TVPIC). It represents the Total Return of the investment to the original investment not taking into consideration the time invested. Total Value is computed by adding the Residual Value and Distributions. It is calculated net of all investment advisory and incentive fees and promote.

[1] Portfolio level returns include historical returns of managers no longer with assets under management. All returns are calculated on a time-weighted basis.

TOWNSEND GROUP

GEOGRAPHIC REGIONS and DIVISIONS



PACIFIC
Alaska
California
Hawaii
Oregon
Washington

WEST NO. CENTRAL
Iowa
Kansas
Minnesota
Missouri
Nebraska
North Dakota
South Dakota

EAST NO. CENTRAL
Illinois
Indiana
Michigan
Ohio
Wisconsin

NORTHEAST
Connecticut
Maine
Massachusetts
New Hampshire
New Jersey
New York
Pennsylvania
Rhode Island
Vermont

MIDEAST
Delaware
Kentucky
Maryland
North Carolina
South Carolina
Virginia
Washington, DC
West Virginia

MOUNTAIN
Arizona
Colorado
Idaho
Montana
Nevada
New Mexico
Utah
Wyoming

SOUTHWEST
Arkansas
Louisiana
Oklahoma
Texas

SOUTHEAST
Alabama
Florida
Georgia
Mississippi
Tennessee

NCREIF

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: NOVEMBER 4, 2025**
From: Todd Bouey, Interim General Manager **ITEM: VI – C**

SUBJECT: **INVESTMENT MANAGER CONTRACT WITH AXIOM INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE GROWTH NON-U.S. EMERGING MARKETS EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board approve the termination of Axiom Investors, LLC as an active growth non-U.S. emerging markets equities manager and to allow the existing contract to naturally expire on December 31, 2025, with the proceeds covering near-term cash needs.

Executive Summary

Axiom Investors, LLC (Axiom) has managed an active growth non-U.S. emerging markets equities portfolio for LACERS since April 2014. As of September 30, 2025, the portfolio is valued at $403 million. Axiom has been on watch status since April 2023 due to underperformance. Following the conclusion of the 2024 Asset Allocation study and the decision to reduce the allocation to emerging market equities, both Staff and NEPC, LLC (NEPC) recommend terminating Axiom as an investment manager and allowing its current contract to naturally expire on December 31, 2025.

Discussion

Background
The Board hired Axiom through the 2013 Active Emerging Market Growth Equities manager search process and authorized a three-year contract on July 23, 2013; the contract became effective on January 1, 2014; assets have been actively managed since April 2014, with performance currently measured against the MSCI Emerging Markets Index. Axiom was awarded a three-year contract renewal on September 27, 2016, and one-year extensions on July 23, 2019; July 28, 2020; October 26, 2021; November 22, 2022; November 28, 2023; and on August 27, 2024. The current contract expires on December 31, 2025.

Axiom's investment approach is grounded in fundamental research, focusing on companies exhibiting growth drivers such as company-specific operational improvements and macroeconomic and political conditions. The investment team consists of 12 professionals led by Andrew Jacobson, who serves as Lead Portfolio Manager, Chief Executive Officer, and Chief Investment Officer, bringing 37 years of experience, alongside Jose Morales, Co-Portfolio Manager, with 36 years of industry experience.

Organization
Axiom is 100% employee-owned, with over 60 employees, and is headquartered in Greenwich, Connecticut. As of September 30, 2025, Axiom managed over $28.7 billion in total assets with $5 billion in the emerging markets growth equities strategy.

Due Diligence
Staff conducts routine due diligence of the manager that includes quarterly portfolio reviews and ad hoc investment discussions. LACERS staff and NEPC last conducted an onsite meeting at Axiom's headquarters on October 18, 2023, that included interviews with key personnel across the organization. Staff notes that Axiom's investment philosophy, strategy, and process have not changed materially since the most recent contract extension.

Axiom was initially placed on "On Watch" status for performance on April 17, 2019. After conducting a thorough review of Axiom's underperformance relative to its benchmark in place at the time, the MSCI Emerging Markets Growth Index, staff and NEPC determined that the MSCI Emerging Markets Growth Index had become increasingly concentrated in a few stocks since inception of LACERS' account and that the benchmark was no longer an effective measure by which to compare Axiom's strategy. As of June 30, 2020, Axiom no longer triggered watch status due to performance. However, on July 28, 2020, the Board approved a change of Axiom's benchmark from the MSCI Emerging Markets Growth Index to the more diversified MSCI Emerging Markets Index with the condition that Axiom remain on watch through August 1, 2021, to monitor Axiom for consistency with its stated strategy. The benchmark change became effective on August 1, 2020.

Subsequently, several material organizational changes at Axiom led to further extensions of Axiom's watch status. First, on September 29, 2020, Axiom announced that Chris Lively would be stepping down from his role as co-lead portfolio manager of the emerging markets growth equities strategy for personal reasons, triggering an extension of Axiom's existing watch status to October 1, 2021. Andrew Jacobson, Axiom's founder, CEO and CIO, and the original architect of the strategy, replaced Mr. Lively as co-lead of the strategy alongside Donald Elefson and Jose Morales. In addition, Axiom hired Young Kim in March 2021 as a fourth co-lead portfolio manager to expand the team's capabilities.

On August 18, 2021, Axiom announced that Kurt Polk, Axiom's President, would be leaving the firm at the end of the year for personal reasons, triggering a further extension of Axiom's existing watch status to October 1, 2022. Axiom's existing management committee assumed Mr. Polk's responsibilities and currently consists of the following members: Edward Azimi, Chief Operating Officer; Lindsay Chamberlain, Managing Director of Client Partnerships; Jonathan Ellis, Director of Research and Portfolio Manager; Andrew Jacobson, CEO and CIO; and Denise Zambardi, Senior Vice President and Chief Compliance Officer and Controller. Further, Axiom has hired additional support personnel for the management committee members.

In February of 2024, Young Kim left the firm and Andrew Jacobson continued as the Lead Portfolio Manager with Jose Morales as the Co-Portfolio Manager. Despite the personnel changes, there have been no changes to Axiom's stated investment philosophy and strategy.

Performance

Axiom has underperformed in the 3-Month, 3-Year, 5-Year, 10-Year, and Since Inception time periods compared to the Axiom Blended Benchmark as presented in the following table. The recent 1-Year performance outperformed its benchmark.

Annualized Performance as of 9/30/25 (Net-of-Fees)						
	3-Month	1-Year	3-Year	5-Year	10-Year	Since Inception
Axiom	8.81	20.75	16.39	3.46	7.60	4.94
Axiom Blended Benchmark*	10.64	17.32	18.21	7.02	9.89	6.97
% of Excess Return	*-1.83*	*3.43*	*-1.82*	*-3.56*	*-2.29*	*-2.03*

*Axiom Blended Benchmark incorporates MSCI EM Growth Index returns prior to August 1, 2020 and MSCI EM Index returns from August 1, 2020 to present.

Calendar year performance is presented in the table below as supplemental information.

Calendar Year Performance as of 9/30/25 (Net-of-Fees)											
	2025 YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Axiom	21.54	15.61	5.67	-31.17	-4.28	32.46	24.70	-17.64	40.56	8.40	-12.44
Axiom Blended Benchmark*	27.53	7.50	9.83	-20.09	-2.54	32.02	25.10	-18.26	46.80	7.59	-11.34
% of Excess Return	*-5.99*	*8.11*	*-4.16*	*-11.08*	*-1.74*	*0.44*	*-0.40*	*0.62*	*-6.24*	*0.81*	*-1.10*

*Axiom Blended Benchmark incorporates MSCI EM Growth Index returns prior to August 1, 2020 and MSCI EM Index returns from August 1, 2020 to present.

Axiom's investment strategy was once again placed under "On Watch" status as of April 4, 2023, due to underperformance. In light of continued underperformance, the watch period was extended on April 16, 2024, to allow time for a potential manager turnaround and to accommodate the then ongoing asset allocation discussions—particularly regarding the potential reduction of public market non-U.S. equity exposure—and to capture possible cost efficiencies by integrating these changes into a broader asset class restructuring. However, the strategy's underperformance has been persistent. Additionally, the current asset allocation reduces exposure to emerging markets. Staff and NEPC recommend terminating Axiom as an investment manager and allowing the current contract to naturally expire on December 31, 2025, with the proceeds used to fund near-term liquidity needs given the current overallocation to emerging market equities.

Fees
LACERS pays Axiom an effective fee of 54 basis points (0.54%), which is approximately $1.87 million annually based on the value of LACERS' assets as of June 30, 2025. This fee ranks in the 23rd percentile among its peers in the eVestment All Emerging Markets Equity Universe (i.e., Axiom's fee is lower than 77% of peers).

General Fund Consultant Opinion
NEPC concurs with these recommendations.

Prepared by: James Wang, CFA, CAIA, Investment Officer I, Investment Division

TB:RJ:WL:JP:JW

Attachments: 1. Consultant Recommendation – NEPC, LLC
2. Proposed Resolution

To: Los Angeles City Employees' Retirement System

From: NEPC, LLC

Date: November 4, 2025

Subject: Axiom Investors – Contract Recommendation

Recommendation

NEPC recommends Los Angeles City Employees' Retirement System (LACERS) terminate the relationship with Axiom Investors and to let the contract naturally expire on December 31, 2025. Axiom has been on "Watch" due to performance since April 2023, pursuant to the LACERS' Manager Monitoring Policy. In addition, NEPC placed the manager on Watch earlier in 2025 as a result of recent personnel changes at the firm, notably Donald Elefson's retirement in March 2025 and Young Kim's departure in April 2025. Further, the termination of Axiom is appropriate at this time given LACERS' decision to reduce the overall allocation to non-US equities as part of a broad shift in the Plan's asset allocation. Proceeds from Axiom should be used to cover near-term cash needs of the Plan.

Background

LACERS hired Axiom on April 11, 2014 to provide the Plan with public equity exposure to emerging markets. The portfolio's strategy is benchmarked against the MSCI Emerging Markets Index and has a performance inception date of May 1, 2014. As of September 30, 2025, Axiom managed $403.0 million, or 1.5% of Plan assets in a separately managed account. The performance objective is to outperform the benchmark, net of fees, annualized over a full market cycle (normally three-to-five years).

The firm has been on and off "Watch" status for various reasons over the past few years. Axiom is currently on Watch for performance reasons. In 2020 a portfolio manager left the firm due to medical reasons and he was replaced by the Chief Investment Officer, Andrew Jacobson, who was the original architect of the strategy. In 2021 the team added Young Kim to the portfolio management team of the Emerging Markets strategy. In late 2021 Axiom's President retired and the firm elected to not replace him. His duties were spread across the members of the firm's Executive Committee. All of these actions triggered a Watch status. More recently, Axiom experienced the departure of 2 investment team members: Donald Elefson (March 2025) and Young Kim (April 2025).

In late 2024 the LACERS Board approved a revised long-term strategic asset allocation structure, which included a reduction in the overall target to non-US equities. Within that approved allocation, the target to emerging market equities decreased from 8% to 7% of Plan assets.

Firm Overview

Axiom is an independent, employee-owned investment management firm based in Greenwich, CT with a 25+ year history of managing global, international, and emerging market equity portfolios and was founded in 1988 by Andres Jacobson. Firm assets under management (AUM) as of September 30, 2025, were $28.7 billion. The Emerging Markets Equity strategy's AUM is $5.0 billion

as of September 30,2025. This is down from the strategy's peak AUM of $8.88 billion that occurred in June of 2021.

The Axiom investment philosophy employs an active, fundamental, bottom-up, growth-oriented investment discipline across all strategies firm-wide. Axiom does not begin the research process with screening databases. This approach tends to be more backward looking, assumptions need to be made on future growth and valuation metrics and they believe there is an inordinate amount of forecast error associated with these assumptions. In order to reduce forecast error and better understand how enterprises currently operate and will perform going forward, Axiom's investment team conducts detailed fundamental stock analysis to identify companies whose current operational metrics are materially pacing ahead of market expectations, where these operational improvements are not yet reflected by the market and where these improvements will lead to earnings upgrades and share price appreciation. The investment team monitors these operational metrics against consensus expectations in real time and Axiom seeks to provide 200 - 400 basis points of outperformance over a full market cycle by investing in dynamic growth opportunities.

Starting in August of 2020, the benchmark was changed from the MSCI Emerging Markets Growth index to the broader MSCI Emerging Markets index. The benchmark change request was granted given the growing level of concentration in the growth index. The change to the benchmark did not result in a change to the portfolio's style or investment strategy.

Performance

Referring to Exhibits 1 and 2, as of September 30, 2025, since inception (May 1, 2014) the portfolio has trailed the blended benchmark. Over the past three- and five-year periods ending September 30, 2025, the portfolio has underperformed the benchmark, ranking in the 76th and 92nd percentiles, respectively, relative to its universe of peers. Performance in 2021, 2022, and 2023 trailed peers and the benchmark. This time period was particularly unkind to growth stocks. After three years of underperformance, the strategy outperformed in 2024, contributing to the one-year outperformance as of September 30, 2025. However, year-to-date as of September 30, 2025, the strategy is underperforming the benchmark by 6% and ranked in the 75th percentile of its peers.

The team does not believe the underperformance in 2021, 2022, and 2023 to be a sign of a larger structural issue with their investment philosophy. The team believes that growth will continue to lead value into the future. This is in part because they believe that growth will become more scarce. This is based on a few factors: demographics, debt, de-globalization, and disruption from information technology. Andrew has described the years from 1926-2006 as a time when value mostly outperformed growth. Each of the four D's were advantageous to growth stocks. Growing populations favored cyclical stocks that would rise with the growth of the populations. Debt provided extra capital to leverage the growth. Globalization kept prices low and increased trade. Disruption in information technology allowed people to reduce costs. All four of these phenomena will likely reverse, according to Axiom.

Fees

The portfolio has an asset-based fee of 0.54% annually. This fee ranks in the 23rd percentile among its peers in the eVestment All Emerging Markets Equity universe. In other words, 77% of the products included in the peer universe have a higher fee than the LACERS Account.

Conclusion

Axiom has struggled to outperform the index over longer periods of time and has endured ongoing turnover of their investment staff overseeing LACERS' investment. The emerging markets strategy also sits in an area of the LACERS portfolio that will be reduced as part of a broader shift in the Plan's asset allocation. For these reasons, we believe it is appropriate to terminate the relationship with Axiom Investors and to let the contract naturally expire on December 31, 2025. Proceeds from Axiom will be used to cover near-term cash needs of the Plan.

The following tables provide specific performance information, net of fees referenced above.

Exhibit 1: Performance Summary Net of Fees Ended September 30, 2025

	Market Value	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Axiom Emerging Markets	$403,022,071	8.8	21.5	20.8	16.4	3.5	5.6	7.6	5.1	May-14
Axiom Custom Blended Benchmark		10.6	27.5	17.3	18.2	7.0	8.6	9.9	7.2	
Over/Under		-1.8	-6.0	3.4	-1.8	-3.6	-3.0	-2.3	-2.1	

Exhibit 2: Performance Summary versus eVestment Emerging Markets Equity Universe, Net of Fees Ended September 30, 2025

	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)
Axiom Emerging Markets	8.8 (61)	21.5 (75)	20.8 (28)	16.4 (76)	3.5 (92)	5.6 (83)	7.6 (72)	5.1 (76)
Axiom Custom Blended BM	*10.6 (38)*	*27.5 (44)*	*17.3 (52)*	*18.2 (57)*	*7.0 (62)*	*8.6 (28)*	*9.9 (21)*	*7.2 (14)*
5th Percentile	14.3	36.4	29.5	26.1	16.3	12.1	11.5	8.4
1st Quartile	11.5	30.0	21.2	21.5	11.4	8.7	9.6	6.7
Median	9.7	26.2	17.4	18.9	8.2	7.0	8.4	5.8
3rd Quartile	6.7	21.5	13.4	16.4	5.6	5.9	7.4	5.1
95th Percentile	2.1	12.3	5.0	11.9	2.4	4.2	5.7	3.5
Population	375	375	375	351	319	283	239	209

CONTRACT TERMINATION
AXIOM INVESTORS, LLC
ACTIVE GROWTH NON-U.S. EMERGING MARKETS EQUITIES
PORTFOLIO MANAGEMENT

PROPOSED RESOLUTION

WHEREAS, LACERS' current one-year contract extension with Axiom Investors, LLC (Axiom) for active growth non-U.S. emerging markets equities portfolio management expires on December 31, 2025; and,

WHEREAS, Axiom was initially placed "On-Watch" on April 17, 2019, due to performance as of March 31, 2019, in accordance with the LACERS Manager Monitoring Policy (Policy); and,

WHEREAS, Axiom's "On-Watch" status was extended for additional one-year periods effective August 28, 2020; August 1, 2021; October 1, 2021; April 4, 2023; and April 16, 2024; and,

WHEREAS, as of September 30, 2025, the strategy continues to underperform the benchmark and breach Policy criteria; and,

WHEREAS, on November 4, 2025, the Board approved staff and NEPC LLC's recommendation to terminate Axiom and having the proceeds fund near-term cash needs given the current overallocation to emerging market equities

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves the termination of Axiom and authorizes LACERS staff to use the proceeds for near-term cash needs.

November 4, 2025