LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
360 E. Second Street, 2nd Floor, Los Angeles, CA 90012

NEWS

FOR IMMEDIATE RELEASE

Contact: lacersnews@lacity.org

LACERS RETIREE HEALTH BENEFITS ALMOST 80% FUNDED

LOS ANGELES (December 9, 2011) — Based on LACERS valuation results for the fiscal year ended June 30, 2011, the funded ratio of the retiree health care program has increased from 63.8% to 78.6%. This puts LACERS in the forefront of those retirement systems that provide health care for retirees, as most public pension systems either do not pre-fund, or have minimal funding of, their retiree health care programs.

The valuation results are primarily attributable to the system's health care renewal experience for the 2012 plan year, coupled with the LACERS Board's decision to decrease slightly the initial actuarial medical trend rate for 2012 and ongoing. In a year where medical plan costs were projected by some observers to increase by at least 8.5%, LACERS realized only a 2.3% premium increase in its overall health program (medical plan premiums alone increased only 0.2%). The renewal result and the medical trend rate adjustment are the main drivers behind an experience gain that lowered the unfunded actuarial accrued liability for the program by about $298 million, and reduced the recommended employer contribution to the retirement system by about 2.06% of payroll.

The 2012 plan year renewal outcome is the result of many years of decisions made by the Board in the administration of this program including plan design changes that have maintained the integrity of the program while increasing positive utilization patterns by the Members.

LACERS administers the City's pension plan to more than 42,000 Active and Retired City employees and their beneficiaries. LACERS has administered the Retiree Health Care Program since 1999. As of November 22, 2011, LACERS investment portfolio is approximately $10 billion, unaudited.

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