

REPORT ON
ACTUARIAL VALUATION
OF THE
CITY EMPLOYEES' RETIREMENT SYSTEM
OF THE
CITY OF LOS ANGELES
AS OF
JUNE 30, 1967

March 15, 1968

*Actual
member count rate
6.59*

OFFICES IN
SAN FRANCISCO
DENVER
PASADENA

COATES, HERFURTH & ENGLAND

CONSULTING ACTUARIES
301 EAST COLORADO BLVD.
PASADENA, CALIFORNIA 91101

TELEPHONE
AREA CODE 213 681-4455

March 15, 1968

*Received & filed
Rates and Report
March 26, 1968*

Board of Administration
City Employees' Retirement System
1303 City Hall
Los Angeles, California 90012

Gentlemen:

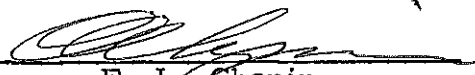
We are pleased to transmit herewith our Report on the Actuarial Valuation of your Retirement System made as of June 30, 1967.

We will be most happy to meet with you at your convenience to discuss the items contained in this Report.

Very truly yours,

COATES, HERFURTH & ENGLAND
Consulting Actuaries

By



E. L. Chapin

REPORT ON
ACTUARIAL VALUATION
OF THE
CITY EMPLOYEES' RETIREMENT SYSTEM
OF THE
CITY OF LOS ANGELES

In accordance with our agreement we have completed the actuarial valuation of the City Employees' Retirement System as of June 30, 1967.

In order to complete this valuation, the office of the Retirement System furnished us with punched cards which contain all the pertinent information for each member of the System as of June 30, 1967, including such information as current compensation, years of service credited, rates of contribution, and accumulated contributions. In addition to the above information on active members, we were also furnished punched cards for each person currently receiving an allowance from the Retirement System, together with such data as was necessary to determine the value of the allowance already entered upon.

During the year ending June 30, 1967, a net increase of 478 active members of the System occurred. There were also net increases of 111 persons receiving service retirement allowances and 7 persons receiving survivorship allowances.

A summary of the active and retired membership of the System as of June 30, 1967 is shown in the following table.

SUMMARY OF MEMBERSHIP OF SYSTEM
AS OF JUNE 30, 1967

ACTIVE MEMBERS*

	<u>Number</u>	<u>Annual Salary</u>
Males	11,928	\$107,722,325.52
Females	<u>3,795</u>	<u>24,864,696.00</u>
Total	15,723	\$132,587,021.52

*Does not include members on military leave or members who terminated with a vested interest.

BENEFICIARIES

	<u>Number</u>	<u>Annual Retirement Allowances</u>
Service Retirement **		
Males	1,948	\$ 5,366,007.48
Females	<u>819</u>	<u>1,581,892.20</u>
Total	2,767	\$ 6,947,899.68

**Including survivors under options

Disability Retirements

Males	106	\$ 152,549.28
Females	<u>67</u>	<u>80,039.52</u>
Total	173	\$ 232,588.80

Survivorships

Male	3	\$ 6,753.24
Female	<u>161</u>	<u>345,852.72</u>
Total	164	\$ 352,605.96
<u>Grand Total</u>	3,104	\$ 7,533,094.44

COMPENSATION EXPERIENCE

Since benefits under the System are based upon compensation of members, it is of interest to compare the average monthly compensation from year to year. These averages for the years indicated are as follows:

AVERAGE MONTHLY COMPENSATION

	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Males	\$586	\$641	\$662	\$690	\$720	\$753
Females	<u>454</u>	<u>488</u>	<u>498</u>	<u>511</u>	<u>529</u>	<u>546</u>
Combined	\$554	\$603	\$623	\$648	\$674	\$703

MORTALITY EXPERIENCE

Although the experience in mortality after retirement for only one year cannot be considered as significant, we nevertheless tested this experience against the mortality tables recommended in 1964 and obtained the following results:

SERVICE AND SURVIVOR PENSIONS

	<u>Expected Deaths</u>	<u>Actual Deaths</u>	Ratio of Actual to <u>Expected</u>
Male	115	116	101%
Female	<u>26</u>	<u>29</u>	<u>112%</u>
Total	141	145	103%

DISABILITY PENSIONS

	<u>Expected Deaths</u>	<u>Actual Deaths and Recoveries From Disability Retirement</u>	<u>Ratio Actual to Expected</u>
Male	6	7	117%
Female	<u>4</u>	<u>2</u>	<u>50%</u>
Total	10	9	90%

The above comparison does not include the actual or expected deaths of those who retired subsequent to June 30, 1966..

ACCOUNTING BALANCE SHEET

We have been furnished with an Accounting Balance Sheet of the Retirement System as of June 30, 1967, which shows the distribution of the reserves now held by the System. This statement of assets was used in the completion of the actuarial valuation and no physical audit was required nor has been made by us.

ACTUARIAL BALANCE SHEET

Upon the basis of the actuarial assumptions adopted and factors developed at the time of the actuarial investigation and valuation made as of June 30, 1964, we have completed a valuation of the actuarial assets and liabilities of the Retirement System and show the results on the Balance Sheet which follows the Accounting Balance Sheet.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

ACCOUNTING BALANCE SHEET

AS OF
JUNE 30, 1967

ASSETS

FUNDS:

Cash in City Treasury	\$ 1,141,294.08
Cash on Hand	<u>50.00</u>

TOTAL CASH \$ 1,141,344.08

RECEIVABLES:

Accrued Interest on Bonds	\$ 2,174,203.68
Dividends Declared and Payable	<u>225.00</u>

TOTAL RECEIVABLES 2,174,428.68

INVESTMENTS:

Bonds on Hand - Par Value	\$202,016,000.00
Less Bond Discount - Unamortized (Net)	<u>(1,442,068.25)</u>
Bonds on Hand at Book Value	200,573,931.75
Stocks on Hand at Cost	<u>1,167,310.81</u>

TOTAL INVESTMENTS 201,741,242.56

TOTAL ASSETS \$205,057,015.32

LIABILITIES

Accounts Payable \$ 12,733.84

RESERVES:

Accumulated Contributions of Members	\$ 77,747,068.51
Annuities and Interest Thereon	20,323,317.70
Prior Service	8,886,836.67
Subsequent Service	82,695,102.96
Disability Allowances	4,011,632.80
Death Benefits	10,449,628.02
Family Death Benefit Insurance	<u>390,498.46</u>

TOTAL RESERVES \$204,504,085.12

SURPLUS:

Undistributed Interest	\$ 33,671.77
Reserve for Investment Fluctuation	512,477.40
Deficit	<u>(5,952.81)</u>

TOTAL SURPLUS \$ 540,196.36

TOTAL LIABILITIES \$205,057,015.32

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL BALANCE SHEET

ACTUARIAL VALUATION OF ASSETS AND LIABILITIES
AS OF JUNE 30, 1967

ASSETS

1. Total Assets from Accounting Balance Sheet		\$205,057,015.32
2. Present Value of Future Contributions of Members		83,382,468.00
3. Present Value of Future Contributions by the City on Account of:		
(a) Subsequent Service Pensions and Continuance to Eligible Spouse Future Service Benefits	\$58,274,023.34	
(b) Disability Pensions	1,105,076.20	
(c) Death Benefits	1,955,615.29	
(d) Prior Service Pensions and Minimum Pensions	8,616,905.33	UNF
(e) Continuance to Eligible Spouse Prior Service Benefits	9,012,561.00	UNF
(f) Cost of Living Pensions, Service Prior to July 1, 1967	31,065,954.00	UNF
(g) Cost of Living Pensions, Future Service	<u>8,544,317.00</u>	<u>118,574,452.16</u>
4. TOTAL ASSETS		<u>\$407,013,935.48</u>

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL BALANCE SHEET

(Continued)

LIABILITIES

5.	Accounts Payable		\$	12,733.84
6.	Limited Pensions Payable			54,450.31
7.	Death Benefits Payable			8,500.00
8.	Service Retirement Allowances Now Being Paid:			
	(a) Annuities	\$ 17,448,634.00		
	(b) Subsequent Service Pensions	35,726,987.00		
	(c) Prior Service Pensions and Minimum Pensions	14,197,789.00		
	(d) Cost of Living Pensions	<u>4,772,235.00</u>		72,145,645.00
9.	Disability Allowances Now Being Paid:			
	(a) Annuities	\$ 522,900.00		
	(b) Disability Pensions and Minimum Pensions	1,681,471.00		
	(c) Cost of Living Pensions	<u>187,739.00</u>		2,392,110.00
10.	Survivorship Death Allowances Now Being Paid:			
	(a) Annuities	\$ 1,083,318.00		
	(b) Survivorship Pensions	3,042,283.00		
	(c) Cost of Living Pensions	<u>356,360.00</u>		4,481,961.00
11.	Service Retirement Allowances to be Granted in the Future For:			
	(a) Subsequent Service	\$211,346,630.00		
	(b) Prior Service and Minimum	<u>2,893,480.00</u>		214,240,110.00

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

NUMBER OF ACTIVE MEMBERS AS OF JUNE 30, 1967 HAVING PRIOR SERVICE CREDIT

BY SEX AND AGE NEAREST BIRTHDAY

Age	Male			Female			Total		
	Number	Prior Service Years	Monthly Salary	Number	Prior Service Years	Monthly Salary	Number	Prior Service Years	Monthly Salary
48	1	2.0	\$ 735.00				1	2.0	\$ 735.00
49	2	1.9	2,160.00	1	1.2	\$ 677.00	3	3.1	2,837.00
50	3	5.4	4,036.00				3	5.4	4,036.00
51	3	4.2	4,761.00	1	.5	489.00	4	4.7	5,250.00
52	1	.9	799.00				1	.9	799.00
53	5	4.7	6,166.00	2	2.1	1,483.00	7	6.8	7,649.00
54	4	1.7	3,467.00	2	29.4	1,983.00	6	31.1	5,450.00
55	5	6.9	6,151.00	1	2.3	755.00	6	9.2	6,906.00
56	7	41.3	8,789.00	4	7.9	2,938.00	11	49.2	11,727.00
57	13	21.7	14,892.67	6	35.9	4,378.00	19	57.6	19,270.67
58	9	41.1	8,389.00	4	34.0	2,572.00	13	75.1	10,961.00
59	18	94.1	16,715.00	6	43.2	4,077.00	24	137.3	20,792.00
60	18	129.7	20,975.00	8	45.7	5,410.00	26	175.4	26,385.00
61	16	102.2	20,403.00	13	100.5	8,454.00	29	202.7	28,857.00
	9	50.4	8,475.00	6	44.0	4,391.00	15	94.4	12,866.00
63	11	86.2	13,269.00	3	36.8	2,177.00	14	123.0	15,446.00
64	18	146.4	17,538.00	4	29.6	3,124.00	22	176.0	20,662.00
65	19	141.5	19,869.00	12	98.1	9,490.00	31	239.6	29,359.00
66	12	98.6	14,169.00	6	27.1	4,106.00	18	125.7	18,275.00
67	18	116.4	16,192.00	3	18.3	1,879.00	21	134.7	18,071.00
68	10	65.6	9,196.00	1	14.1	677.00	11	79.7	9,873.00
69	15	109.9	18,525.00	2	25.0	1,834.00	17	134.9	20,359.00
70	8	88.7	11,830.00				8	88.7	11,830.00
71	1	12.3	1,816.00				1	12.3	1,816.00
72				1	8.9	819.00	1	8.9	819.00
TOTAL	226	1,373.8	\$249,317.67	86	604.6	\$61,713.00	312	1,978.4	\$311,030.67

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL BALANCE SHEET
(Continued)

LIABILITIES

12.	Cost of Living Pensions to be Granted in the Future For:		
	(a) Active Members	\$ 31,965,515.00	
	(b) Retired Members	<u>10,105,189.00</u>	\$ 42,070,704.00
13.	Disability Allowances to be Granted in the Future		7,257,033.00
14.	Death Benefits to be Granted in the Future		25,256,061.00
15.	Contributions to be Returned upon Withdrawal:		
	(a) Past	\$ 18,783,232.42	
	(b) Future	<u>18,713,544.00</u>	37,496,776.42
16.	Investment Reserve, Undistributed Interest, and Surplus		540,196.36
17.	Contributions of Inactive Members		667,156.09
18.	Family Death Benefit Insurance Reserve		<u>390,498.46</u>
19.	TOTAL LIABILITIES		<u>\$407,013,935.48</u>

COMMENTS ON ACTUARIAL BALANCE SHEET

The Actuarial Balance Sheet has been prepared in the same form as was used for the valuation made as of June 30, 1966, except for the modifications necessary to reflect the Cost of Living Pensions added to the System since that date. Item 3 on the asset side of the balance sheet shows the present value of the future contributions to be made by the City on account of (a) Subsequent Service Pensions and Continuance to Eligible Spouse Future Service Benefits, (b) Disability Pensions, (c) Death Benefits, (d) Prior Service Pensions and Minimum Pensions, (e) Continuance to Eligible Spouse Prior Service Benefits and (f) and (g) Cost of Living Pensions corresponding to the various rates which are recommended in this report.

Items 8 through 15 show the actuarially computed present values of all future benefits to be paid by the System on behalf of all presently retired and active members.

Item 16 sets forth the surplus which is shown on the Accounting Balance Sheet.

RECOMMENDATIONS

Based upon the valuation completed herewith, we recommend the following contributions which, in our opinion, are in accordance with the provisions of the Charter and are adequate to maintain the System on a sound actuarial basis:

1. That members continue to contribute at the rates presently being used.
2. That City contributions for the fiscal year 1968-1969 be made up as follows:

- (a) For subsequent service pensions, continuance to eligible spouse future service benefits, disability pensions, death benefits and cost of living future service pensions, 5.405% of the compensation of members covered by the System.

The 5.405% rate is made up as follows:

Subsequent Service Pensions and Continuance to Eligible Spouse Benefits	4.508%
Disability Pensions	.085%
Death Benefits	.151%
Cost of Living Future Service	<u>.661%</u>
Total	5.405%

- (b) For prior service pensions and minimum pensions; \$498,316.00. Annual contributions of this amount will liquidate the unfunded liability of \$8,616,905.33 for such pensions by June 30, 1997.
- (c) For continuance to eligible spouse benefits applicable to service rendered to June 30, 1965; \$606,627.00. Annual contributions of this amount will liquidate the unfunded liability of \$9,012,561.00 for such benefits over the period ending June 30, 1990.
- (d) For Cost of Living Benefits, Service to June 30, 1967; \$1,796,547.00. Annual contributions of this amount will liquidate the unfunded liability of \$31,065,954.00 for such benefits over the period ending June 30, 1997.
- (e) For the Family Death Benefit Insurance Plan; \$1.74 per month for each participating member.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Number of Active Members and Total Monthly Salary
By Sex and Age Nearest Birthday

June 30, 1967

<u>Age</u>	<u>Male</u>		<u>Female</u>		<u>Total</u>	
	<u>Number</u>	<u>Salary</u>	<u>Number</u>	<u>Salary</u>	<u>Number</u>	<u>Salary</u>
20 and under	52	\$ 23,889.00	253	\$ 105,340.00	305	\$ 129,229.00
21	36	17,130.00	156	68,556.00	192	85,686.00
22	48	25,712.00	138	63,135.00	186	88,847.00
23	96	56,557.21	172	81,049.00	268	137,606.21
24	150	90,446.00	161	77,850.00	311	168,296.00
25	180	115,435.00	131	64,433.00	311	179,868.00
26	179	117,331.33	136	72,646.00	315	189,977.33
27	195	125,419.00	108	58,643.00	303	184,062.00
28	205	137,836.00	89	46,129.00	294	183,965.00
29	263	176,439.33	88	47,100.00	351	223,539.33
30	258	170,509.00	85	44,707.00	343	215,216.00
31	238	163,516.00	75	42,629.00	313	206,145.00
32	268	186,175.57	66	35,030.00	334	221,205.57
33	269	193,019.68	70	37,529.00	339	230,548.68
34	305	219,561.00	50	27,866.00	355	247,427.00
35	293	207,196.67	56	31,879.00	349	239,075.67
36	309	227,823.14	72	40,533.00	381	268,356.14
37	306	218,513.24	62	35,951.00	368	254,464.24
38	319	241,132.96	69	40,240.00	388	281,372.96
39	315	236,389.70	73	42,946.00	388	279,335.70
40	352	272,660.96	64	35,853.00	416	308,513.96
41	324	248,973.55	69	37,752.00	393	286,725.55
42	416	327,474.81	52	29,779.00	468	357,253.81
43	367	293,683.10	90	49,154.00	457	342,837.10
44	407	322,828.68	80	46,836.00	487	369,664.68
45	411	327,764.00	65	36,597.00	476	364,361.00
46	398	317,787.29	72	41,334.00	470	359,121.29
47	386	303,871.44	68	40,036.00	454	343,907.44
48	376	290,226.00	79	45,866.00	455	336,092.00
49	371	287,680.57	71	42,658.00	442	330,338.57

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Number of Active Members and Total Monthly Salary
By Sex and Age Nearest Birthday

June 30, 1967

Age	Male		Female		Total	
	Number	Salary	Number	Salary	Number	Salary
50	342	\$ 271,243.44	78	\$ 49,027.00	420	\$ 320,270.44
51	356	280,524.40	67	41,787.00	423	322,311.40
52	302	249,151.92	82	46,992.00	384	296,143.92
53	325	249,509.00	67	41,475.00	392	290,984.00
54	318	241,729.40	64	38,608.00	382	280,337.40
55	272	202,951.57	53	31,933.00	325	234,884.57
56	203	161,892.91	78	47,105.00	281	208,997.91
57	247	191,475.24	60	37,402.00	307	228,877.24
58	211	165,030.91	57	34,454.00	268	199,484.91
59	213	164,349.43	50	31,800.00	263	196,149.43
60	191	153,107.67	48	30,761.00	239	183,868.67
61	150	125,019.86	55	35,174.00	205	160,193.86
62	130	99,495.86	38	23,778.00	168	123,273.86
63	124	98,442.20	38	23,502.00	162	121,944.20
64	102	80,858.00	33	19,063.00	135	99,921.00
65	92	76,326.08	30	21,484.00	122	97,810.08
66	61	52,972.00	25	15,584.00	86	68,556.00
67	69	52,916.67	24	14,780.00	93	67,696.67
68	45	36,223.00	14	8,538.00	59	44,761.00
69	50	47,140.00	10	6,285.00	60	53,425.00
70 and over	33	33,518.67	4	2,470.00	37	35,988.67
Total	11,928	\$8,976,860.46	3,795	\$2,072,058.00	15,723	\$11,048,918.46

OFFICES IN
SAN FRANCISCO
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TELEPHONE
AREA CODE 213 681-4455

December 2, 1966

City Administrative Officer
City of Los Angeles
City Hall
Los Angeles, California

Dear Sir:

We are pleased to transmit herewith our Report on the Proposed Amendments to the City Employees' Retirement System of the City of Los Angeles.

We look forward to the opportunity of discussing this Report with you at your convenience.

Respectfully submitted,

COATES, HERFURTH & ENGLAND
Consulting Actuaries

By *Harry M. Church*
Harry M. Church

HMC:th

REPORT ON
PROPOSED AMENDMENTS
TO THE
CITY EMPLOYEES' RETIREMENT SYSTEM
OF THE
CITY OF LOS ANGELES
JUNE 30, 1966

SECTION I
INTRODUCTION

The Agreement dated November 10, 1966 between the City of Los Angeles and this firm authorized us to carry out the necessary actuarial calculations to determine the cost to amend the City Employees' Retirement System of the City of Los Angeles to provide certain additional benefits. The results of our calculations are summarized in this Report.

Our calculations were carried out as of June 30, 1966 on the basis of the employee data that was furnished us for the June 30, 1966 actuarial valuation of the System. Further, except where noted, our calculations are based on the same actuarial assumptions as were used in the June 30, 1966 actuarial valuation.

We have determined the annual cost of the proposed amendments in accordance with the following funding method:

1. Past Service Contributions. The liability applicable to retired members and the liability applicable to active members for benefits earned to June 30, 1966 for service retirement benefits and continuance to surviving spouse benefits will be funded over either a (1) 25 year period, (2) 30 year period, or (3) 35 year period.
2. Future Service Contributions. The liability for all other benefits will be funded as a percentage of compensation over the future working lifetimes of presently active members.

We were asked to estimate the cost of permitting members who were separated from City service in 1942 by evacuation or internment order because of Japanese ancestry to obtain retirement coverage for such period of separation. The questionnaire later referred to in Amendment No. 6 contained a question relating to this matter. The results of the questionnaire indicate that there are no current members who have such a period of separation.

SECTION II

SUMMARY OF CALCULATIONS

In the following paragraphs of this section we summarize the results of our calculations.

AMENDMENT NO. 1

A. Description

Change the Family Death Benefit Insurance Plan to provide benefits on behalf of presently active members comparable to those provided by the 1965 amendments to OASDI.

B. Comments

The 1965 amendments to OASDI increased the taxable wage base from \$4,800 annually to \$6,600 annually and increased the Primary Insurance Amount, upon which the Family Death Benefit is based, by approximately 7%. Under the 1965 amendments, the "widow's" benefit continues to be 82-1/2% of the PIA and the "mother's" benefit continues to be 75% of the PIA.

The Social Security taxable wage base was \$3,600 for 1951 through 1954, \$4,200 for 1955 through 1958, and \$4,800 for 1959 through 1965. Therefore, it will be many years before a person retiring under Social Security will be able to receive benefits based upon the maximum average monthly taxable wage of \$550. The following schedule shows the widow's benefit and mother's benefit provided by the 1965 amendments to OASDI:

<u>Average Monthly Taxable Wage</u>	<u>Widow's Benefit</u>	<u>Mother's Benefit</u>
\$400.00	\$112.20	\$102.00
450.00	120.50	109.50
500.00	129.60	117.80
550.00	138.60	126.00
Present Family Death Benefits	104.80	95.30

At the current time the City is contributing \$1.62 per month for each member participating in the Family Death Benefit Insurance Plan and the member is contributing a like amount. We estimate the cost of this proposal to be proportionate to the increase in benefits. The annual cost figures shown below are based on the 5,701 members presently participating in the program.

C. Members' Cost

<u>Average Monthly Taxable Wage</u>	<u>Increase in Monthly Contribution Per Participating Member</u>	<u>Increase in Annual Contribution For All Participating Members</u>
\$400.00	\$.11	\$ 7,525
450.00	.24	16,419
500.00	.39	26,681
550.00	.52	35,574

1,62
1,522
2,144

D. City's Cost

<u>Average Monthly Taxable Wage</u>	<u>Increase in Monthly Contribution Per Participating Member</u>	<u>Increase in Annual Contribution For All Participating Members</u>
\$400.00	\$.11	\$ 7,525 (.006%)
450.00	.24	16,419 (.013%)
500.00	.39	26,681 (.022%)
550.00	.52	35,574 (.029%)

Note: The figures shown in parentheses are the annual costs expressed as a percentage of annual salary of all members. These contributions are considered Future Service contributions.

AMENDMENT NO. 2

A. Description

Add a provision for annual "cost of living" adjustments. The adjustments would be made effective each July 1 based on the amount of the change in the Consumer Price Index, published by the Bureau of Labor Statistics for the Los Angeles area, in the preceding calendar year over that in the next preceding calendar year. The adjustments would be limited to 2% in any year. Any increase in the Consumer Price Index that exceeded 2% would be "banked" for use in subsequent years when the CPI increased less than 2%. Retired members would become eligible for the adjustments on the first July 1 after retirement on a pro rata basis for the first year. Adjustments will be made both up and down, but, in any event, the retired member would be guaranteed that he would never receive less than his initial retirement allowance.

In addition to the prospective increases referred to in the preceding paragraph, we were asked to determine the cost to increase benefits for presently retired members based upon the increase in the Consumer Price Index from the later of (1) June 30, 1960 and (2) date of retirement. The June 30, 1960 date was selected because that was the effective date of the previous cost of living adjustment that was granted retired members under Section 510.1 of the City Charter.

In accordance with Section 510.1 of the City Charter, we have excluded members who retired from a Vested Rights status from our

calculations. We estimate that the City's cost shown herein would be increased by about 3% if "Vested Rights" are permitted to participate in the program.

B. Comments

The following Schedule I sets forth the Consumer Price Index for the Los Angeles area (1957-59 equals 100, all items,) published by the Bureau of Labor Statistics for the years 1938 through 1965. The schedule also shows the percent increase in the CPI which has occurred each year. An examination of the schedule shows that from 1938 to 1965 the Consumer Price Index has increased an average of 3.21% per annum, compounded annually. During the period 1955 through 1965 the Consumer Price Index increased an average of 1.95% per annum, compounded annually. Most authorities agree that the experience of the past ten years would be more indicative of the experience to be expected in the future than would be the experience since 1938.

Prospective increases in benefits would be made only when there are increases in the CPI and such increases would be reduced or discontinued if there are decreases in the CPI. It is obvious, therefore, that the true cost of the program depends upon future action of the CPI and could vary from no cost at all, if the CPI does not change, to a maximum increase in the liabilities of the System of approximately 20% if there is an increase of 2% each year in the future indefinitely. The uncertain nature of the benefits gives the City a good deal of latitude in selecting a funding method. We believe that it would be reasonable to

SCHEDULE I
CONSUMER PRICE INDEX
LOS ANGELES AREA
(1957-59 = 100, All Items)

<u>Calendar Year</u>	<u>C. P. I.</u>	<u>Annual Percent Increase</u> <u>in C. P. I.</u>
1938	48.8	
1939	48.4	- .8%
1940	48.5	.2
1941	51.0	5.2
1942	57.3	12.4
1943	60.2	5.1
1944	61.1	1.5
1945	63.0	3.1
1946	67.8	7.6
1947	76.6	13.0
1948	82.1	7.2
1949	81.9	- .2
1950	82.4	.6
1951	89.4	8.5
1952	92.0	2.9
1953	92.8	.9
1954	92.7	- .1
1955	92.7	0
1956	94.1	1.5
1957	97.2	3.3
1958	100.6	3.5
1959	102.2	1.6
1960	104.1	1.9
1961	105.4	1.2
1962	106.6	1.1
1963	108.2	1.5
1964	110.2	1.8
1965	112.5	2.1

1966 = 114.7

determine City contributions on the assumption that the CPI will increase in the future at an average annual rate of 1-1/2%, compounded annually. The annual costs shown below are predicated on this assumption. It should be borne in mind that if the CPI increases at a more rapid rate, the cost of the program will be greater than that shown herein and, conversely, if the CPI increases at a less rapid rate, the cost of the program will be less than that shown herein.

C. Members' Cost

Back out

Members are currently making normal contributions which are used to provide the "annuity" portion of their total retirement allowance and, in addition, members who elect to participate in the Continuance to Surviving Spouse Program make additional contributions to provide the annuity to be paid to their surviving eligible spouse. We believe that it is logical to require ~~new~~ members to contribute an amount which will be sufficient to provide 1-1/2% annual increases after retirement on the annuity portion of their retirement allowance, and the annuity portion of the retirement allowances continued to their surviving spouse. To accomplish this, we suggest that the member's cost of living contribution be set at 15% of the member's normal and continuance to surviving spouse contributions. The attached Schedules II and III set forth the member cost of living contribution rates determined on this basis. As of June 30, 1966, such member cost of living contributions ^{would have} amounted to \$1,138,824 annually which is equivalent to .92% of salary. The average monthly member cost of living contribution amounts to \$6.20.

SCHEDULE II

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

JUNE 30, 1966

PROPOSED MEMBER "COST OF LIVING" RATES OF CONTRIBUTION FOR THOSE
NOT PARTICIPATING IN CONTINUANCE TO SURVIVING SPOUSE PROGRAM

<u>Age</u>	<u>Percentage of Compensation</u>	<u>Age</u>	<u>Percentage of Compensation</u>
16	.74%	40	.92%
17	.74	41	.93
18	.74	42	.94
19	.74	43	.96
		44	.98
20	.74	45	.99
21	.74	46	1.01
22	.75	47	1.03
23	.75	48	1.05
24	.75	49	1.07
25	.75	50	1.08
26	.76	51	1.10
27	.76	52	1.12
28	.77	53	1.14
29	.78	54	1.16
30	.79	55	1.17
31	.80	56	1.19
32	.81	57	1.21
33	.82	58	1.23
34	.83	59 and over	1.25
35	.84		
36	.86		
37	.87		
38	.88		
39	.90		

SCHEDULE III

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

JUNE 30, 1966

PROPOSED MEMBER "COST OF LIVING" RATES OF CONTRIBUTION FOR THOSE
PARTICIPATING IN CONTINUANCE TO SURVIVING SPOUSE PROGRAM

<u>Age</u>	<u>Percentage of Compensation</u>	<u>Age</u>	<u>Percentage of Compensation</u>
16	.75%	45	1.10%
17	.75	46	1.12
18	.76	47	1.14
19	.76	48	1.16
		49	1.17
20	.76		
21	.77	50	1.19
22	.77	51	1.21
23	.78	52	1.23
24	.79	53	1.25
		54	1.27
25	.80		
26	.82	55	1.29
27	.83	56	1.31
28	.84	57	1.33
29	.85	58	1.35
		59 and Over	1.37
30	.86		
31	.87		
32	.89		
33	.90		
34	.92		
35	.93		
36	.94		
37	.96		
38	.98		
39	.99		
40	1.01		
41	1.03		
42	1.04		
43	1.06		
44	1.08		

Back out 0% = 1,130,435

The cost figures shown herein are predicated on the assumption that the member cost of living contributions will be refunded to him in the event he terminates employment prior to retirement and receives a refund of his normal contributions. Further, the cost figures shown herein are predicated on the assumption that the member cost of living contribution rates will be assigned by the member's age at entry into the Retirement System. We estimate that the City's future service cost would be reduced by approximately 10% if the member's cost of living contribution rates were assigned by the age of the member as of the effective date of the cost of living program.

D. City's Cost

Basis 1 - Increase Allowances to Presently Retired Members In Accordance With the Increase in the CPI Since the Later of (1) June 30, 1960 and (2) Date of Retirement

	<u>Percentage of Compensation</u>	<u>Annual Dollar Amount</u>
1. Past Service Contribution:		
a) 25 Year Funding	.212%	\$262,000
b) 30 Year Funding	.191%	236,000
c) 35 Year Funding	.176%	218,000
2. Future Service Contribution:	-0-	-0-
3. Total Contribution:		
a) 25 Year Funding of Past Service	.212%	\$262,000
b) 30 Year Funding of Past Service	.191%	236,000
c) 35 Year Funding of Past Service	.176%	218,000

Basis 2 - Grant Adjustments to Presently Retired Members In
Accordance With Future Changes In CPI

	<u>Percentage of Compensation</u>	<u>Annual Dollar Amount</u>
1. Past Service Contribution:		
a) 25 Year Funding	.399%	\$492,000
b) 30 Year Funding	.359%	443,000
c) 35 Year Funding	.332%	409,000
2. Future Service Contribution	-0-	-0-
3. Total Contribution:		
a) 25 Year Funding of Past Service	.399%	\$492,000
b) 30 Year Funding of Past Service	.359%	443,000
c) 35 Year Funding of Past Service	.332%	409,000

Basis 3 - Grant Increases In Allowances to Presently Retired Members
In Accordance With Both Basis 1 and Basis 2

	<u>Percentage of Compensation</u>	<u>Annual Dollar Amount</u>
1. Past Service Contribution:		
a) 25 Year Funding	.634%	\$782,000
b) 30 Year Funding	.571%	704,000
c) 35 Year Funding	.527%	650,000
2. Future Service Contribution	-0-	-0-
3. Total Contribution:		
a) 25 Year Funding of Past Service	.634%	\$782,000
b) 30 Year Funding of Past Service	.571%	704,000
c) 35 Year Funding of Past Service	.527%	650,000

Basis 4 - Grant Adjustments to Presently Active Members In
 Accordance With Future Changes In CPI

	<u>Percentage of Compensation</u>	<u>Annual Dollar Amount</u>
1. Past Service Contribution:		
a) 25 Year Funding	.730%	\$ 900,000
b) 30 Year Funding	.657%	810,000 ✓✓
c) 35 Year Funding	.606%	747,000
2. Future Service Contribution	.744%	\$ 917,000 ✓
3. Total Contribution:		
a) 25 Year Funding of Past Service	1.474%	\$1,817,000
b) 30 Year Funding of Past Service	1.401%	1,727,000
c) 35 Year Funding of Past Service	1.350%	1,664,000

810,000
 917
 1,727
 1,664

 2,431

AMENDMENT NO. 3

A. Description

Increase the "minimum" disability retirement allowance from 25% to 33-1/3% of final compensation and reduce the eligibility requirement for disability benefits from 10 years of continuous service to 5 years of continuous service. Members already retired would not be affected by this proposed amendment.

B. Comments

We have no comments to make regarding this proposal.

C. Members' Cost

Members would not be required to contribute toward the cost of this proposal.

D. City's Cost

	<u>Percentage of Compensation</u>	<u>Annual Dollar Amount</u>
1. Past Service Contribution:		
a) 25 Year Funding	-0-	-0-
b) 30 Year Funding	-0-	-0-
c) 35 Year Funding	-0-	-0-
2. Future Service Contribution	.134%	\$165,000
3. Total Contribution:		
a) 25 Year Funding of Past Service	.134%	\$165,000
b) 30 Year Funding of Past Service	.134%	165,000
c) 35 Year Funding of Past Service	.134%	165,000

AMENDMENT NO. 4

A. Description

Reduce the early retirement factors to 2% per year reduction between ages 55 and 60 and 5% per year reduction below age 55. The following schedule shows the present early retirement factors and those proposed by this amendment:

<u>Age</u> <u>Retire</u>	<u>MALE</u>		<u>FEMALE</u>	
	<u>Present</u>	<u>Proposed</u>	<u>Present</u>	<u>Proposed</u>
50	.460692	.65	.517453	.65
51	.494237	.70	.549721	.70
52	.530943	.75	.584547	.75
53	.571235	.80	.622231	.80
54	.615486	.85	.663082	.85
55	.664256	.90	.707549	.90
56	.718101	.92	.755961	.92
57	.777718	.94	.808845	.94
58	.843928	.96	.866698	.96
59	.917620	.98	.930150	.98
60	1.000000	1.00	1.000000	1.00

This proposal would be applicable only to active members.

B. Comments

The more liberal early retirement factors would make it more attractive for members to retire early. However, it is impossible to predict to what extent the more liberal early retirement factors would act to induce more members to retire early. The cost figures shown below reflect what we consider to be a reasonable measure of the greater incidence of early retirements that would occur under this proposal.

C. Members' Cost

Members will not be required to contribute toward the cost of this proposal.

D. City's Cost

	<u>Percentage of Compensation</u>	<u>Annual Dollar Amount</u>
1. Past Service Contribution:		
a) 25 Year Funding	.104%	\$128,000
b) 30 Year Funding	.094%	116,000
c) 35 Year Funding	.087%	107,000
2. Future Service Contribution:	.169%	\$208,000
3. Total Contribution:		
a) 25 Year Funding of Past Service	.273%	\$336,000
b) 30 Year Funding of Past Service	.263%	324,000
c) 35 Year Funding of Past Service	.256%	315,000

AMENDMENT NO. 5

A. Description

Increase the lump sum death benefit payable on the death of a retired member from \$500 to \$1,500. The additional death benefit would be paid on behalf of presently retired members as well as on behalf of presently active members.

B. Comments

The cost figures shown below are based on the additional \$1,000 death benefit. The cost for any multiple or fraction of \$1,000 can be obtained by a direct proration of the cost shown for \$1,000.

C. Members' Cost

Members will not be required to contribute toward the cost of this proposal.

D. City's Cost

	<u>Percentage of Compensation</u>	<u>Annual Dollar Amount</u>
1. Past Service Contribution:		
a) 25 Year Funding	.096%	\$118,000
b) 30 Year Funding	.086%	106,000
c) 35 Year Funding	.079%	98,000
2. Future Service Contribution	.227%	\$280,000
3. Total Contribution:		
a) 25 Year Funding of Past Service	.323%	\$398,000
b) 30 Year Funding of Past Service	.313%	386,000
c) 35 Year Funding of Past Service	.306%	378,000

AMENDMENT NO. 6

A. Description

Permit members who have rendered City service since July 1, 1937 which is not credited as service under the Retirement Plan to make the contributions which they would have made had they been a member during such service, together with interest thereon, and receive Retirement Plan credit for such service.

In addition, permit members who failed to redeposit previously withdrawn contributions to redeposit such contributions, together with interest thereon, and receive Retirement Plan credit for such service.

B. Comments

A questionnaire was sent to all City employees to determine the amount of such City service. 724 persons reported a total of 2, 244 years and two months of uncovered City service. 311 persons reported a total of 829 years and ten months of service for which they did not redeposit previously withdrawn contributions. The cost figures shown below are predicated on this information.

It should be borne in mind that replies to questionnaires of this nature can be quite misleading. To illustrate this point, 48 questionnaires were eliminated because they obviously contained erroneous information. Also, some of the members who reported such periods of service will undoubtedly not be willing to make the required contributions in order to receive credit.

Due to the questionable nature of the information, we have estimated the cost of this proposal by the use of averages. Accordingly, our cost estimates should be viewed as being very rough approximations of the order of magnitude of the cost that will be incurred in the event the proposal is adopted.

C. Members' Cost

We estimate that the members would be required to pay approximately \$700,000 for uncovered City service and approximately \$250,000 for redeposit of previously withdrawn contributions.

D. City's Cost

Basis 1 - Uncovered City Service

	<u>Percentage of Compensation</u>	<u>Annual Dollar Amount</u>
1. Past Service Contribution:		
a) 25 Year Funding	.049%	\$60,000
b) 30 Year Funding	.044%	54,000
c) 35 Year Funding	.041%	50,000
2. Future Service Contribution	-0-	-0-
3. Total Contribution:		
a) 25 Year Funding of Past Service	.049%	\$60,000
b) 30 Year Funding of Past Service	.044%	54,000
c) 35 Year Funding of Past Service	.041%	50,000

Basis 2 - Redeposit of Previously Withdrawn Contributions

	<u>Percentage of Compensation</u>	<u>Annual Dollar Amount</u>
1. Past Service Contribution:		
a) 25 Year Funding	.018%	\$23,000
b) 30 Year Funding	.017%	20,000
c) 35 Year Funding	.015%	19,000
2. Future Service Contribution:	-0-	-0-
3. Total Contribution:		
a) 25 Year Funding of Past Service	.018%	\$23,000
b) 30 Year Funding of Past Service	.017%	20,000
c) 35 Year Funding of Past Service	.015%	19,000

AMENDMENT NO. 7

A. Definition

Provide a minimum monthly retirement allowance of \$250 for members retiring on or after age 60 with 25 or more years of service. This proposal would not be applicable to presently retired members.

B. Comments

Only members who retired with a final compensation of less than \$600 would be affected by the proposed minimum. Since the current average monthly salary of members of the System amounts to \$674, not many members of the System would be affected by the proposed minimum benefit. Future salary increases will make the proposed minimum benefit even less meaningful.

To assist us in estimating the cost of this proposal, we examined all of the members who retired under the System since February 1, 1966. The cost figures shown below are predicated on this sample.

C. Members' Cost

Members will not be required to contribute toward the cost of this proposal.

OFFICES IN
SAN FRANCISCO
DENVER
PASADENA

COATES, HERFURTH & ENGLAND
CONSULTING ACTUARIES
301 EAST COLORADO BLVD.
PASADENA, CALIFORNIA 91101

TELEPHONE
AREA CODE 213 681-4455

December 7, 1966

Mr. Robert J. Stahl
Manager-Secretary
City Employees' Retirement System
City of Los Angeles
Room 1303 City Hall
Los Angeles, California 90012

Dear Bob:

We are pleased to enclose one copy of our report to the City Administrative Officer on the proposed amendments to your Retirement System.

Best regards,

COATES, HERFURTH & ENGLAND
Consulting Actuaries

By



Harry M. Church

HMC:th
Enclosure

Commissioner Stockwell moved the adoption of the following resolution:

RESOLUTION NO. 106

BE IT RESOLVED:

1. That the report of Messrs. Coates, Herfurth & England, Consulting Actuaries, under date of June 21, 1967, recommending the City contribution rates necessary to cover the liabilities assumed by the System as amended May 1, 1967, valued on a 4% interest factor be received and filed;

2. In accordance with the recommendations contained in said report, that the City contribution rates for the fiscal year 1967-68, be, and the same are hereby established as follows:

A. Percentage of payroll to fund the City's liability for:

Subsequent Service Pensions including the Continuance to Surviving Spouse Benefit on account of service rendered subsequent to July 1, 1965	4.511%
Disability Pensions	.181
Death Benefits	.120
Cost of Living adjustments on account of service rendered subsequent to July 1, 1967	<u>.720</u>
Total	5.532%

B. Annual contribution to liquidate by June 30, 1990, the accrued liability as of June 30, 1965 for the Continuance to Surviving Spouse Benefit \$ 606,627

C. Annual contribution to liquidate by June 30, 1997, all other unfunded liabilities consisting of:

Prior service and minimum pensions	\$ 513,651	
Cost of Living adjustments on account of service rendered prior to July 1, 1967	<u>1,541,228</u>	2,054,879

Board of Administration
Los Angeles City Retirement System
June 21, 1967
Page two

- (b) For continuance to eligible spouse benefits applicable to service rendered to June 30, 1965; \$606,627.00. Annual contributions of this amount will liquidate the unfunded liability for continuance to eligible spouse benefits over the period ending June 30, 1990.
- (c) For prior service pensions and minimum pensions; \$513,651.00. Annual contributions of this amount will liquidate the unfunded liability for prior service pensions and minimum pensions over the period ending June 30, 1997.

For cost of living benefits applicable to service rendered to June 30, 1967; \$1,541,228.00. Annual contributions of this amount will liquidate the unfunded liability for cost of living benefits over the period ending June 30, 1997.

- (d) For the Family Death Benefit Insurance Plan; \$1.74 per month for each participating member.

Very truly yours,

COATES, HERFURTH & ENGLAND
Consulting Actuaries

By 
Harry M. Church

HMC:th

OFFICES IN
SAN FRANCISCO
DENVER
PASADENA

COATES, HERFURTH & ENGLAND
CONSULTING ACTUARIES
301 EAST COLORADO BLVD.
PASADENA, CALIFORNIA 91101

TELEPHONE
AREA CODE 213 681-4455

June 16, 1967

File

*Tables accepted
June 27, 1967
(PJD)*

Mr. Robert J. Stahl
Manager-Secretary
City Employees' Retirement
System
1303 City Hall
Los Angeles, California 90012

Dear Bob:

We are pleased to enclose two bound and eight unbound copies of the new 4% operating tables. We are currently calculating the values for tables 20 and 21 and will forward them to you within thirty days.

Best regards,

COATES, HERFURTH & ENGLAND
Consulting Actuaries

By *Harry*
Harry M. Church

HMC:th
Enclosure

OFFICES IN
SAN FRANCISCO
DENVER
PASADENA

COATES, HERFURTH & ENGLAND
CONSULTING ACTUARIES
301 EAST COLORADO BLVD.
PASADENA, CALIFORNIA 91101

TELEPHONE
AREA CODE 213 681-4455

May 24, 1967

*Received
May 25, 67*

Mr. Robert J. Stahl
Manager-Secretary
City Employees' Retirement System
1303 City Hall
Los Angeles, California 90012

Dear Bob:

We enclose three schedules showing the (1) normal, (2) survivor and (3) total contribution rates all increased by 15% for cost of living. Please destroy the schedule of total contribution rates furnished you.

Best regards,

COATES, HERFURTH & ENGLAND
Consulting Actuaries

By

Harry

Harry M. Church

HMC:th
Enclosures

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

①

JUNE 30, 1967

MEMBER NORMAL PLUS NORMAL PORTION OF COST OF LIVING
RATES OF CONTRIBUTION BASED ON
4% INTEREST RATE ASSUMPTION

<u>Age</u>	<u>"Normal" Contribution Rate</u>	<u>Age</u>	<u>"Normal" Contribution Rate</u>
16	5.09%	40	6.58%
17	5.12	41	6.70
18	5.14	42	6.83
19	5.16	43	6.96
		44	7.08
20	5.19	45	7.22
21	5.21	46	7.36
22	5.23	47	7.50
23	5.27	48	7.65
24	5.30	49	7.80
25	5.34	50	7.95
26	5.38	51	8.10
27	5.43	52	8.23
28	5.47	53	8.37
29	5.53	54	8.51
30	5.60	55	8.65
31	5.68	56	8.79
32	5.76	57	8.92
33	5.84	58	9.06
34	5.93	59	9.20
35	6.04		
36	6.14		
37	6.24		
38	6.35		
39	6.46		

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM



JUNE 30, 1967

MEMBER SURVIVOR PLUS SURVIVOR PORTION OF COST OF LIVING
RATES OF CONTRIBUTION
BASED ON 4% INTEREST RATE ASSUMPTION

<u>Age</u>	<u>"Survivor" Contribution Rate</u>	<u>Age</u>	<u>"Survivor" Contribution Rate</u>
16	.09%	45	.71%
17	.10	46	.72
18	.12	47	.74
19	.13	48	.75
		49	.76
20	.14		
21	.16	50	.77
22	.20	51	.78
23	.24	52	.79
24	.30	53	.80
		54	.82
25	.34		
26	.39	55	.83
27	.43	56	.84
28	.46	57	.85
29	.49	58	.86
		59 and Over	.87
30	.52		
31	.54		
32	.56		
33	.58		
34	.59		
35	.60		
36	.61		
37	.62		
38	.63		
39	.64		
40	.66		
41	.67		
42	.68		
43	.69		
44	.70		

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

JUNE 30, 1967

MEMBER NORMAL RATES OF CONTRIBUTION
BASED ON 4% INTEREST RATE ASSUMPTION

*Revised
May 22
Adopted
May 23*

<u>Age</u>	<u>Normal Contribution Rate</u>	<u>Age</u>	<u>Normal Contribution Rate</u>
16	4.43%	40	5.72%
17	4.45	41	5.83
18	4.47	42	5.94
19	4.49	43	6.05
		44	6.16
20	4.51	45	6.28
21	4.53	46	6.40
22	4.55	47	6.52
23	4.58	48	6.65
24	4.61	49	6.78
25	4.64	50	6.91
26	4.68	51	7.04
27	4.72	52	7.16
28	4.76	53	7.28
29	4.81	54	7.40
30	4.87	55	7.52
31	4.94	56	7.64
32	5.01	57	7.76
33	5.08	58	7.88
34	5.16	59	8.00
35	5.25		
36	5.34		
37	5.43		
38	5.52		
39	5.62		

OFFICES IN
SAN FRANCISCO
DENVER
PASADENA

COATES, HERFURTH & ENGLAND
CONSULTING ACTUARIES
301 EAST COLORADO BLVD.
PASADENA, CALIFORNIA 91101

TELEPHONE
AREA CODE 213 681-4455

May 5, 1967

Mr. Robert J. Stahl
Manager-Secretary
City Employees' Retirement
System
City of Los Angeles
Los Angeles, California 90012

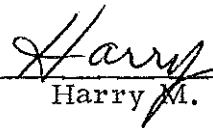
Dear Bob:

We are pleased to enclose the two schedules setting forth the member normal contribution rates and member survivor contribution rates based on the 4% interest rate assumption. Please let us know if you have any questions with respect to this matter.

Best regards,

COATES, HERFURTH & ENGLAND
Consulting Actuaries

By



Harry M. Church

HMC:th
Enclosure

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

JUNE 30, 1967

MEMBER "SURVIVOR" RATES OF CONTRIBUTION
BASED ON 4% INTEREST RATE ASSUMPTION

<u>Age</u>	<u>Survivor Contribution Rate</u>	<u>Age</u>	<u>Survivor Contribution Rate</u>
16	.08%	45	.62%
17	.09	46	.63
18	.10	47	.64
19	.11	48	.65
		49	.66
20	.12		
21	.14	50	.67
22	.17	51	.68
23	.21	52	.69
24	.26	53	.70
		54	.71
25	.30		
26	.34	55	.72
27	.37	56	.73
28	.40	57	.74
29	.43	58	.75
		59 and Over	.76
30	.45		
31	.47		
32	.49		
33	.50		
34	.51		
35	.52		
36	.53		
37	.54		
38	.55		
39	.56		
40	.57		
41	.58		
42	.59		
43	.60		
44	.61		

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

JUNE 30, 1967

MEMBER NORMAL RATES OF CONTRIBUTION
BASED ON 4% INTEREST RATE ASSUMPTION

<u>Age</u>	<u>Normal Contribution Rate</u>	<u>Age</u>	<u>Normal Contribution Rate</u>
16	4.43%	40	5.72%
17	4.45	41	5.83
18	4.47	42	5.94
19	4.49	43	6.05
		44	6.16
20	4.51	45	6.28
21	4.53	46	6.40
22	4.55	47	6.52
23	4.58	48	6.65
24	4.61	49	6.78
25	4.64	50	6.91
26	4.68	51	7.04
27	4.72	52	7.16
28	4.76	53	7.28
29	4.81	54	7.40
30	4.87	55	7.52
31	4.94	56	7.64
32	5.01	57	7.76
33	5.08	58	7.88
34	5.16	59	8.00
35	5.25		
36	5.34		
37	5.43		
38	5.52		
39	5.62		

OFFICES IN
SAN FRANCISCO
DENVER
PASADENA

Handwritten notes:
8/12/67
17/68

COATES, HERFURTH & ENGLAND
CONSULTING ACTUARIES
301 EAST COLORADO BLVD.
PASADENA, CALIFORNIA 91101

TELEPHONE
AREA CODE 213 681-4455

April 6, 1967

Board of Administration
Los Angeles City Retirement
System
1303 City Hall
Los Angeles, California 90012

Gentlemen:

The Manager-Secretary requested us to set forth the City contributions that we recommend be made applicable for the fiscal year commencing July 1, 1967 reflecting the amendments to the System that were approved by the voters at the April 4, 1967 election on the basis that the present 3-3/4% interest rate assumption will be continued and upon the basis that a 4% interest rate assumption will be adopted as of July 1, 1967. The following schedule sets forth our recommendations:

	<u>Present 3-3/4%</u> <u>Interest Rate</u> <u>Assumption</u>	<u>4%</u> <u>Interest Rate</u> <u>Assumption</u>
1. Subsequent Service	4.796%	4.511%
2. Disability	.192	.181
3. Death Benefits	.128	.120
4. Cost of Living - Future Service	<u>.766</u>	<u>.720</u>
Subtotal	5.882%	5.532%
5. Prior Service	\$ 521,473	\$ 513,651
6. Past Service Portion of 50% Continuance	613,717	606,627
7. Cost of Living - Past Service	1,564,333	1,541,228

In addition to the above contributions, the City will be required to contribute \$1.74 per month for each employee participating in the Family Death Benefit Program.

Please let us know if we can be of further assistance in this matter.

Very truly yours,

COATES, HERFURTH & ENGLAND
Consulting Actuaries

By *Harry M. Church*
Harry M. Church

HMC:th