

REPORT ON  
ACTUARIAL VALUATION OF THE  
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
JUNE 30, 1984

**TOWERS, PERRIN, FORSTER & CROSBY**  
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October 25, 1984

Board of Administration  
City Employees' Retirement System  
Room 505, City Hall South  
111 East First Street  
Los Angeles CA 90012

Members of the Board:

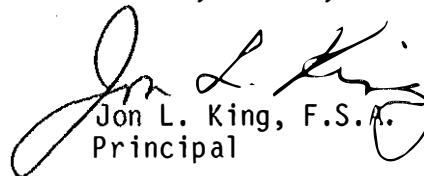
We are pleased to enclose our report setting forth the results of the valuation of your Retirement System as of June 30, 1984.

The valuation is based on financial statements and employee data furnished by the Retirement Office.

We would like to take this opportunity to express our appreciation for the courtesy and cooperation accorded us by the Retirement Office during the course of our work.

Respectfully submitted,

TOWERS, PERRIN, FORSTER & CROSBY

  
Jon L. King, F.S.A.  
Principal

JLK/msw  
Enclosure

REPORT ON  
ACTUARIAL VALUATION OF THE  
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
JUNE 30, 1984  
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REPORT ON ACTUARIAL VALUATION OF THE  
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

SECTION I

INTRODUCTION

In accordance with our agreement we have completed the actuarial valuation of the Los Angeles City Employees' Retirement System as of June 30, 1984.

To complete this valuation, the Retirement System Office furnished us with a magnetic tape containing all the pertinent information for each active member of the System as of June 30, 1984, including such information as current compensation, years of service credited, rates of contribution and accumulated contributions. The System also furnished a tape for persons currently receiving an allowance from the Retirement System, together with the data necessary to determine the value of the allowance.

A summary of the active and retired membership of the System as of June 30, 1984 is shown in the following table. More detailed charts showing the distribution of active members by age and service and the distribution of pensioners by age and year of retirement are in Section VI.

Los Angeles City Employees'  
Retirement System

SUMMARY OF MEMBERSHIP OF SYSTEM  
AS OF JUNE 30, 1984

ACTIVE MEMBERS

	<u>Number</u>	<u>Annual Salary</u>	<u>Average Age</u>	<u>Monthly Salary</u>
Total 6-30-84	18,111	\$ 472,772,622	42.4	\$ 2,175
Total 6-30-83	17,997	442,654,872	42.5	2,050
Percent Increase	+ 0.6%	+ 6.8%	--	+ 6.1%

PENSIONERS

	<u>Number</u>	<u>Annual Allowance</u>	<u>Average Monthly Allowance</u>
Total 6-30-84	8,827	\$ 86,950,640	\$ 821
Total 6-30-83	8,497	79,355,408	778
Percent Increase	+ 3.9%	+ 9.6%	+ 5.5%

The Retirement Office also furnished us with an accounting balance sheet setting forth the assets and liabilities of the System as of June 30, 1984. We did no physical audit of these assets and our calculations are based on the balance sheet as submitted.

SECTION II  
MEMBER CONTRIBUTIONS

Sections 4.1031 and 4.1040(C) of the Administrative Code specify the basis for normal, survivor, and cost-of-living member contribution rates. However, Los Angeles City also enters into collective bargaining agreements with its employees regarding the level of member contributions. The resulting rates need not be those indicated by the code formulas and the current assumptions. To reflect this situation accurately in the current valuation, we have been directed by the Board of Administration to assume that members who have entered the System before February 1, 1983 will contribute at the employee contribution rates specified in the June 30, 1977 valuation report. If certain members contribute at a lower rate through a collective bargaining agreement, the City should contribute 67.18% of the amount of contribution "forgiven" the member.

A complete list of member contribution rates from the June 30, 1977 valuation report is also in Section VI. The following table illustrates these rates:

Member Rates of Contribution Including 15% Factor for COL

<u>Age</u>	<u>Normal</u>	<u>Continuance</u>	<u>Total</u>
20	8.20%	.44%	8.64%
25	8.58	.63	9.21
30	9.06	.75	9.81
35	9.61	.83	10.44
40	10.19	.91	11.10
45	10.76	.97	11.73
50	11.34	1.03	12.37
55	11.85	1.09	12.94

Los Angeles City Employees'  
Retirement System

In addition, members who enter the System on or after February 1, 1983 contribute at a rate of 6%.

The monthly contribution of \$5.14 per participating member should be continued for Family Death Benefits until modified by future study.

} has there  
been any  
review of  
this concerning  
reserve levels

SECTION III  
RESULTS OF THE ACTUARIAL VALUATION

Introduction

The purpose of the actuarial valuation is to analyze the financial condition of the System and to recommend any necessary changes in City contributions. In this section we describe the funding method of the System and give the resulting actuarial balance sheet as of June 30, 1984. Section IV gives the recommended City contributions called for by the funding method. Section V presents various views of the funding progress of the System, including the change in accrued liability over the year as defined by the Financial Accounting Standards Board. Throughout the report, all calculations are based on the actuarial assumptions as discussed in Section VI. The "Beta" formula was applied to all active members.

Funding Method

The primary funding method of the Los Angeles City Retirement System is the Projected Unit Credit Cost funding method. This method defines the Normal Cost as the present value, based on each member's attained age, of that portion of the total projected benefits deemed to be earned during the current year. The City's Normal Cost is the excess of the Normal Cost over members' contributions. The Actuarial Accrued Liability is equal to the present value of all benefits allocated to years prior to the current year. The excess of the Actuarial Accrued Liability over the assets is called the Unfunded Actuarial Accrued Liability (UAAL). The Unfunded Actuarial Accrued Liability is amortized over a fixed period of years by City contributions in addition to Normal Cost. Most of the Unfunded Actuarial Accrued Liability is amortized over the period ending



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June 30, 2004 by contributions that will increase in accordance with the salary scale, i.e., 5-3/4% per year. Certain small liabilities are amortized over shorter periods by level dollar amounts.

The Projected Unit Credit Cost Method is used to fund all benefits except Family Death Benefits. For Family Death Benefits, the amount contributed in any one year is the present value of expected claims arising during the year. This method is called the Term Cost Funding Method. Traditionally, the required contribution has been reviewed biennially following the valuation.

Accounting Balance Sheet

Our valuation of the Retirement System as of June 30, 1984 was based on the accounting balance sheet furnished by the Retirement Office as shown on the following page. We accepted this statement of assets without audit.

The total value of applicable assets for this valuation of the Retirement System as of June 30 was determined as follows:

	<u>June 30, 1984</u>	<u>June 30, 1983</u>
1. Total assets	\$1,278,371,684	\$1,154,388,667
2. Less reserves and liabilities established for the following:		
a. family death benefit insurance	\$ 9,841,982	\$ 9,000,473
b. gain/loss on equities	15,627,059	12,655,455
*c. 20% of undistributed earnings	2,028,702	1,768,362
d. total	<u>\$ 27,497,743</u>	<u>\$ 23,424,290</u>
3. Net applicable assets as of June 30, 1983 (item 1 less item 2(d))	\$1,250,873,941	\$1,130,964,377

CITY OF LOS ANGELES  
CITY EMPLOYEES' RETIREMENT SYSTEM

Preliminary, Unaudited

BALANCE SHEETS

June 30

	1984	1983
<u>ASSETS</u>		
CASH	\$ 4,112,848	\$ 12,883,983
RECEIVABLES:		
Accrued interest and dividend income	\$ 25,347,880	\$ 20,998,822
Other receivables	2,600,455	1,838,689
Proceeds from sale of investments	<u>3,568,224</u>	<u>14,564,856</u>
	31,516,559	37,402,367
INVESTMENTS		
Temporary	131,496,198	63,537,239
Bonds	807,184,399	792,140,194
Common stocks	<u>312,541,183</u>	<u>252,852,897</u>
	1,251,221,780	1,108,530,330
Total assets	1,286,851,187	1,158,816,680
<u>LIABILITIES</u>		
UNEARNED PREMIUM FROM SALE OF STOCK AND BOND OPTIONS	( 142,616 )	( 172,121 )
	<u>( 8,336,887 )</u>	<u>( 4,255,892 )</u>
ACCOUNTS PAYABLE AND ACCRUED EXPENSES		
NET ASSETS AVAILABLE FOR PLAN BENEFITS	<u>\$1,278,371,684</u> ✓	<u>\$1,154,388,667</u>
<u>FUND BALANCE</u>		
MEMBERS' CONTRIBUTIONS	\$ 261,142,033	\$ 250,516,756
RESERVE FOR RETIREMENT ALLOWANCE FOR RETIRED MEMBERS AT ACTUARIAL VALUATION	1,085,542,238	990,798,766
CITY CONTRIBUTIONS AVAILABLE FOR FUTURE RETIRES (CITY CONTRIBUTIONS REQUIRED TO FUND DEFICIENCY)	<u>( 68,312,587 )</u>	<u>( 86,926,855 )</u>
Total fund balance	<u>\$1,278,371,684</u>	<u>\$1,154,388,667</u>

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEMSTATEMENT OF RESERVE AND FUND BALANCE ACCOUNTSJUNE 30, 1984

<u>ACTUARIAL</u>	<u>JUNE 30</u>	
	<u>1984</u>	<u>1983</u>
Member Contributions	\$ 261,142,033	\$ 250,516,756
Annuities	177,342,769	154,617,284
Subsequent Service	571,449,430	513,932,913
Cost of Living	232,824,899	204,823,975
Family Death Benefit Insurance	9,841,982	9,000,473
Total Actuarial	\$ <u>1,252,601,113</u>	\$ <u>1,132,891,401</u>
 <u>OTHER</u>		
Undistributed Earnings	\$ 10,143,512	8,841,811
Gain/Loss on Equities	15,627,059	12,655,455
Fund Balance	<u>-0-</u>	<u>-0-</u>
Total Other	\$ <u>25,770,571</u>	\$ <u>21,497,266</u>
Total Reserves & Fund Balance	\$ <u>1,278,371,684</u>	\$ <u>1,154,388,667</u>

Los Angeles City Employees'  
Retirement System

Actuarial Balance Sheet

This actuarial valuation of the Retirement System as of June 30, 1984 is based on demographic assumptions developed during the June 30, 1983 investigation and on an 8% interest assumption, a 5-3/4% salary increase assumption, and a 3% future cost-of-living increase. The resulting values of assets and liabilities developed by the valuation are set forth in the following Actuarial Balance Sheet.

Los Angeles City Employees'  
Retirement System

ACTUARIAL BALANCE SHEET

AS OF JUNE 30, 1984

ASSETS

1. Total Applicable Assets				\$1,250,873,941
2. Present Value of Future Contributions of Members				362,128,900
3. Present Value of Future Contributions by the City on Account of:				
a. Basic Pensions:				
i. Normal Cost			\$201,397,437	
ii. Amortization of Certain Liabilities:				
- Prior Service Pensions	\$	7,334,348		
- Increase due to 1965 Amendments			2,804,364	
- Remaining Unfunded Actuarial Accrued Liability			<u>378,040,596</u>	388,179,308
b. Cost-of-Living Pensions:				
i. Normal Cost			104,348,363	
ii. Amortization of Certain Liabilities:				
- Increase due to 1967 Amendments			14,199,505	
- Remaining Unfunded Actuarial Accrued Liability			<u>309,417,984</u>	<u>323,617,489</u> <u>1,017,542,597</u>
4. Total Assets				<u>2,630,545,438</u>

Los Angeles City Employees'  
Retirement System

ACTUARIAL BALANCE SHEET

AS OF JUNE 30, 1984

LIABILITIES

5. Present Value of Benefits Already Granted:

a. Basic	\$ 698,013,929	
b. Cost-of-Living	<u>387,528,309</u>	\$1,085,542,238

6. Present Value of Benefits to Be Granted:

a. Basic	\$1,202,146,000	
b. Cost-of-Living	<u>342,857,200</u>	<u>1,545,003,200</u>

7. Total Liabilities

\$2,630,545,438

Los Angeles City Employees'  
Retirement System

TPF&C prepared the actuarial balance sheet in a condensed format using terminology we hope will aid in its review and discussion.

"Cost-of-Living Pensions" are the postretirement increases provided by Section 510.1 of Article XXXIV of the City Charter and related ordinances.

"Basic Pensions" are all benefits other than "Cost-of-Living Pensions" and Family Death Benefits provided by Article XXXIV of the City Charter and related ordinances.

"Amortization of Certain Past Service Liabilities" refers to those liabilities of the System amortized over fixed periods of time pursuant to the Charter, ordinance, or Board authorization.

SECTION IV  
RECOMMENDED CITY CONTRIBUTIONS

Based on the actuarial valuation of the Retirement System as of June 30, 1984, we respectfully submit the following recommendations in accordance with the provisions of Article XXXIV of the City Charter and related ordinances.

Based on the Projected Unit Credit Cost funding method and the assumption that all members will contribute on the basis of the full rates recommended in Section II, we recommend that City contributions for fiscal year 1985-1986 be as follows:

	Recommended City Contributions For 1985-1986	
	Percentage of Salary	Fixed-Dollar Amount
	plus	
a. For Basic Pensions:		
i. Normal Cost	3.58%	---
ii. Prior Service-Minimum Pensions (Charter-Period ending June 30, 1997)	---	\$ 927,955
iii. Increase due to 1965 Amendments (Charter-Period ending June 30, 1990)	---	606,627
iv. Unfunded Supplemental Present Value	4.95%	---
v. Total Basic Pensions	8.53%	\$ 1,534,582



Los Angeles City Employees'  
Retirement System

	<u>Recommended City Contributions For 1985-1986</u>	
	<u>Percentage of Salary</u>	<u>Fixed-Dollar Amount</u>
b. For Cost-of-Living Pensions:		
i. Normal Cost	1.85%	---
ii. Increase due to 1967 Amendment (Charter-Period ending June 30, 1997)	---	\$ 1,796,547
iii. Unfunded Supplemental Present Value (Period ending June 30, 2004)	<u>4.05%</u>	<u>---</u>
iv. Total Cost-of-Living Pensions	5.90%	\$ 1,796,547
c. Total Basic and Cost-of-Living Pensions	14.43%	\$ 3,331,129
d. For Family Death Benefits:		
\$5.14 per month for each participating member in the Family Death Benefit Insurance Plan.		

An ordinance effective in October 1975 permits the City to "subsidize" a portion of employee contributions. Since the portion subsidized by the City will not be refunded to the member upon employment termination before retirement, the City does not have to pay the total amount of employee contributions it subsidizes. Based on the actuarial valuation as of June 30, 1984, we recommend the City contribute to the System 67.18% of subsidized employee contributions, i.e., for each \$10,000 the City subsidizes, it should contribute \$6,718. We note the amount the City subsidizes is the difference between members' actual contributions and the amount of contributions if they contribute at the levels shown in Section VI.

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The following table compares present City percentage of salary contribution rates with those proposed.

	<u>City Percentage of Salary Contributions</u>		
	<u>Proposed</u>	<u>Present</u>	<u>Ratio</u>
Normal Cost	5.43%	5.46%	0.995
Amortization of UAAL	9.00%	9.01%	0.999
Total	14.43%	14.47%	0.997

As indicated, the City contribution rates remained essentially unchanged from last year.

We believe if the recommendations contained herein are adopted, the System will be maintained on a sound basis in accordance with the actuarial assumptions and funding methods underlying the calculations.

## SECTION V

### MEASURES OF FUNDING PROGRESS

Several measures can be used to evaluate the funding progress of a retirement system. In this Section we discuss five of these measures to provide several views of the funding progress of the Los Angeles City Retirement System.

#### Unfunded Actuarial Accrued Liability (UAAL)

A common method of measuring funding progress is to compare the change in the UAAL from one year to another. Last year the UAAL was \$695,364,489. This year the UAAL increased to \$711,796,797. Because of inherent characteristics of the amortization method, the UAAL is expected to increase for several more years before it begins to decrease.

We believe the UAAL is a misleading measure of funding progress because it depends heavily on the particular funding method used and, in particular, on the definition of Normal Cost. Thus, we recommend considering other measures of funding progress which are independent of the funding method.

#### Traditional Funding Ratio

The schedule below compares the assets on hand with the present value of benefits earned to date. This method has been specified by the National Council for Governmental Accounting as the appropriate method for disclosure. We have shown figures for the current and previous valuations to acquaint you with the funding progress.

Los Angeles City Employees'  
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A funding ratio of over 100% would mean that monies had already been paid for benefits yet to be earned, and this may not be appropriate in a public retirement system.

The present value of benefits earned to date is calculated on the basis of an ongoing system, i.e., reflecting all actuarial assumptions including future salary increases. Death and disability benefits are prorated by years of service to normal retirement age. This is sometimes referred to as the "Plan Continuation Liability."

	<u>June 30, 1984</u>	<u>June 30, 1983</u>
1. Present Value of Benefits Earned to Valuation Date		
(a) Basic Benefits	\$1,376,684,029	\$1,282,028,418
(b) Cost-of-Living Benefits	<u>585,986,709</u>	<u>544,300,448</u>
(c) Total	1,962,670,738	1,826,328,866
2. Applicable Assets on Hand		
(a) Basic Benefits	988,504,721	898,536,433
(b) Cost-of-Living Benefits	<u>262,369,220</u>	<u>232,427,944</u>
(c) Total	\$1,250,873,941	\$1,130,964,377
3. Funding Ratio		
(a) Basic Benefits	71.8%	70.1%
(b) Cost-of-Living Benefits	44.8%	42.7%
(c) Total	63.7%	61.9%

The increase in funding ratios is roughly what was expected, which indicates the actuarial assumptions were approximately realized over the last year.

Los Angeles City Employees'  
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Vested Liability

We estimate that the liability for vested benefits as of June 30, 1984 amounts to \$1,944,865,030. At the request of the Retirement Board's Auditor, this calculation was done on the basis of projected salaries as described under "funding ratio." Applicable assets on hand amount to \$1,250,873,941. Thus, as of June 30, 1984, there was an excess of vested liability over applicable assets on hand amounting to \$693,991,089. Note that applicable assets on hand amount to 64.3% of the vested liability. The corresponding figure for June 30, 1983 was 63.3%.

Financial Accounting Standards Board Accrued Liability

Another measure of funding progress has recently been introduced by the Financial Accounting Standards Board (FASB) in its Opinion No. 35. The FASB has decided that if the Plan's financial statement is to be compiled in accordance with generally accepted accounting principles (GAAP), the statement must contain the "present value of accumulated benefits" determined in accordance with FASB No. 35.

FASB No. 35 requires a straightforward determination of the present value of accrued benefits similar to our traditional approach. However, they require one change to that definition; namely, no projection of future salary increases is made. Thus, while the traditional accrued liability is calculated on the basis of an ongoing system, the FASB accrued liability is more appropriate if

Los Angeles City Employees'  
Retirement System

no future salary increases are made. Using the FASB approach, we have determined the following:

	<u>June 30, 1984</u>	<u>June 30, 1983</u>
(1) Present Value of Accrued Benefits	\$1,712,159,938	\$1,590,856,266
(2) Assets	1,250,873,941	1,130,964,377
(3) Percent Funded (2)/(1)	73.1%	71.1%

As in our discussions of the traditional funding ratio, the increase is in line with expectations. The above results are based on the actuarial assumptions as described in Section II, including an interest rate of 8%. The 8% may be judged low by FASB standards, which require realistic returns based on a market valuation of assets. We believe 8% is appropriate when the comparison is made with the book value of assets.

Quick Liability

A simple measure of a plan's condition is to compare the liability for inactive members plus deposits of active members with accumulated assets. We have termed this liability the "Quick Liability." The comparison with assets is as follows:

	<u>June 30, 1984</u>	<u>June 30, 1983</u>
(1) Liability for Retired and Vested Terminations	\$1,085,542,238	\$ 990,798,766
(2) Accumulated Active Member Deposits with Interest	255,726,200	242,290,200
(3) Total (1)+(2)	1,341,268,438	1,233,088,966
(4) Assets	1,250,873,941	1,130,964,377
(5) Percent Funded (4)/(3)	93.3%	91.7%

Los Angeles City Employees'  
Retirement System

In a well-funded system, the assets would at least equal the liability for members no longer providing services plus the active members' "own" money.

To summarize, there are two basic considerations in contemplating the funding status of a system. The first is the assets accumulated to pay benefits and how they compare with the current liability for benefits already earned. The various funding measures presented above are intended to evaluate this aspect of funding. However, the second consideration is normally more important: what is the financial commitment of the plan sponsor to continue to fund both benefits earned to date and benefits to be earned in the future, and does the plan sponsor have the financial resources to meet future budgetary obligations, as recommended in Section IV?

SECTION VI  
STATISTICAL INFORMATION

- o Summary of Actuarial Assumptions
  
- o Mortality after Service Retirement - Schedule 1
  
- o Mortality after Disability Retirement - Schedule 2
  
- o Probability of Occurrence (of Decrements from Active Service)
  - Schedule 3
    - Male
  
    - Female
  
- o Member Contribution Rates
  
- o Distribution of Active Members by Age and Service
  
- o Distribution of Pensioners by Age and Year of Retirement
  
- o Summary of Major Plan Provisions



SUMMARY OF ACTUARIAL ASSUMPTIONS

The Projected Unit Credit Cost Method was used in conjunction with the following actuarial assumptions:

1. Interest: 8.0% per annum.
2. Salary Scale: 5.75% per annum.
3. Spouses and Dependents: 80% of male employees and 50% of female employees assumed married at retirement, with wives assumed four years younger than husbands.
4. Rehire of Former Employees: Assumed not to be rehired.
5. Asset Valuation: Asset values taken directly from statements furnished by the City.
6. Rates of Termination of Employment: As shown on the following pages titled "Probability of Occurrence."
7. Probabilities of Mortality after Retirement: As shown in table that follows (Schedule 1).
8. Probabilities of Mortality after Disability: As shown in table that follows (Schedule 2).
9. Cost-of-Living Increases: 3.0% per annum, compounded annually.

SCHEDULE 1  
EXPECTATION OF LIFE  
1971 Group Annuity\*  
(x-0) (x-6)

<u>Age</u>	<u>Male</u>	<u>Female</u>
15	60.13 years	65.97 years
20	55.26	61.10
25	50.40	56.23
30	45.57	51.37
35	40.76	46.53
40	36.01	41.72
45	31.36	36.96
46	30.45	36.01
47	29.55	35.07
48	28.66	34.13
49	27.78	33.20
50	26.91	32.28
51	26.05	31.36
52	25.20	30.45
53	24.36	29.55
54	23.53	28.66
55	22.71	27.78
56	21.90	26.91
57	21.10	26.05
58	20.31	25.20
59	19.53	24.36
60	18.76	23.53
61	18.00	22.71
62	17.26	21.90
63	16.53	21.10
64	15.81	20.31
65	15.00	19.53
66	14.43	18.76
67	13.77	18.00
68	13.13	17.26
69	12.50	16.53
70	11.91	15.81

\* This table was used with a two-year age setback.

SCHEDULE 1  
(continued)

EXPECTATION OF LIFE

1971 Group Annuity\*  
(x-0) (x-6)

<u>Age</u>	<u>Male</u>	<u>Female</u>
71	11.33 years	15.11 years
72	10.79	14.43
73	10.26	13.77
74	9.74	13.13
75	9.24	12.50
76	8.76	11.91
77	8.28	11.33
78	7.83	10.79
79	7.41	10.26
80	7.00	9.74
81	6.63	9.24
82	6.27	8.76
83	5.94	8.28
84	5.63	7.83
85	5.34	7.41
86	5.06	7.00
87	4.80	6.63
88	4.55	6.27
89	4.31	5.94
90	4.08	5.63
91	3.87	5.34
92	3.66	5.06
93	3.46	4.80
94	3.26	4.55
95	3.07	4.31
96	2.89	4.08
97	2.71	3.87
98	2.54	3.66
99	2.37	3.46
100	2.20	3.26
101	2.04	3.07
102	1.88	2.89
103	1.72	2.71
104	1.55	2.54
105	1.38	2.37

\* This table was used with a two-year age setback.

SCHEDULE 1  
(continued)

EXPECTATION OF LIFE

1971 Group Annuity\*  
(x-0) (x-6)

<u>Age</u>	<u>Male</u>	<u>Female</u>
106	1.21 years	2.20 years
107	1.04	2.04
108	.88	1.88
109	.71	1.72
110	.50	1.55

\* This table was used with a two-year age setback.

SCHEDULE 2

1981 DISABILITY MORTALITY TABLE

<u>Age</u>	<u>General</u>	<u>Safety</u>	<u>Age</u>	<u>General</u>	<u>Safety</u>
20	.0066	.0019	65	.0379	.0368
21	.0074	.0020	66	.0390	.0385
22	.0080	.0021	67	.0400	.0400
23	.0085	.0022	68	.0411	.0411
24	.0091	.0023	69	.0422	.0422
25	.0096	.0024	70	.0437	.0437
26	.0100	.0026	71	.0454	.0454
27	.0106	.0027	72	.0472	.0472
28	.0106	.0028	73	.0496	.0496
29	.0112	.0030	74	.0526	.0526
30	.0122	.0031	75	.0553	.0553
31	.0127	.0033	76	.0601	.0601
32	.0132	.0034	77	.0659	.0659
33	.0137	.0036	78	.0726	.0726
34	.0143	.0038	79	.0797	.0797
35	.0148	.0040	80	.0874	.0874
36	.0154	.0042	81	.0955	.0955
37	.0159	.0044	82	.1037	.1037
38	.0165	.0046	83	.1123	.1123
39	.0170	.0049	84	.1211	.1211
40	.0176	.0051	85	.1301	.1301
41	.0182	.0054	86	.1393	.1393
42	.0188	.0057	87	.1487	.1487
43	.0194	.0060	88	.1585	.1585
44	.0201	.0064	89	.1687	.1687
45	.0208	.0067	90	.1795	.1795
46	.0215	.0071	91	.1905	.1905
47	.0222	.0076	92	.2017	.2017
48	.0229	.0081	93	.2123	.2123
49	.0236	.0086	94	.2265	.2265
50	.0244	.0092	95	.2412	.2412
51	.0252	.0099	96	.2562	.2562
52	.0259	.0107	97	.2725	.2725
53	.0267	.0117	98	.2902	.2902
54	.0275	.0130	99	.3091	.3091
55	.0284	.0150	100	.3298	.3298
56	.0293	.0177	101	.3525	.3525
57	.0303	.0210	102	.3772	.3772
58	.0312	.0236	103	.4062	.4062
59	.0321	.0260	104	.4415	.4415
60	.0330	.0280	105	.4852	.4852
61	.0339	.0298	106	.5393	.5393
62	.0348	.0315	107	.6061	.6061
63	.0358	.0332	108	.6874	.6874
64	.0369	.0350	109	.7856	.7856
			110	1.0000	1.0000

### SCHEDULE 3

#### RATES OF TERMINATION OF EMPLOYMENT

The following pages indicate the probability of termination of employment for each of nine separate sources of termination:

- o ordinary withdrawal: member terminates and elects refund of member contributions.
- o vested withdrawal: member terminates and contributions are left on deposit.
- o ordinary death: member dies prior to eligibility for retirement; death not employment-related.
- o ordinary disability: member receives disability retirement where the member's disability is not employment-related.
- o service retirement: member retires after satisfaction of requirements of age and/or service for reasons other than disability.
- o service disability: member receives disability retirement as the result of employment-related disability.
- o service death: member dies prior to retirement as the result of performance of assigned duties.
- o DWE - Service Retirement: member dies prior to retirement but after satisfaction of age and/or service requirements for service retirement.
- o DWE - Disability Retirement: member dies prior to retirement but after satisfaction of age and/or service requirements for disability retirement.

The probabilities shown for each cause of termination represent the probability that a given member will terminate at a particular age for the indicated reason. For example, if the probability of ordinary withdrawal at age 25 is .1000, then we are assuming that 10% of the active members at age 25 will terminate without vested rights during the next year.

LOS ANGELES CITY EMPLOYEES  
 MALE GENERAL MEMBERS  
 PROBABILITY OF OCCURRENCE (INCLUDING ELIGIBILITY)

01/20/84  
 17:09:53

AGE NEAREST	ORDINARY WITHDRAW	VESTED WITHDRAW	ORDINARY DEATH	ORDINARY DISABILITY	SERVICE RETIRE	SERVICE DISABILITY	SERVICE DEATH	DWE SVC RET	DWE DIS RET
18	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20	0.3210	0.0	0.0003	0.0	0.0	0.0	0.0	0.0	0.0
21	0.2960	0.0	0.0003	0.0	0.0	0.0	0.0	0.0	0.0
22	0.2710	0.0	0.0004	0.0	0.0	0.0	0.0	0.0	0.0
23	0.2500	0.0	0.0004	0.0	0.0	0.0	0.0	0.0	0.0
24	0.2310	0.0	0.0004	0.0	0.0	0.0	0.0	0.0	0.0
25	0.2140	0.0	0.0005	0.0002	0.0	0.0	0.0	0.0	0.0
26	0.1950	0.0	0.0005	0.0002	0.0	0.0	0.0	0.0	0.0
27	0.1790	0.0	0.0006	0.0003	0.0	0.0	0.0	0.0	0.0
28	0.1670	0.0	0.0006	0.0004	0.0	0.0	0.0	0.0	0.0
29	0.1520	0.0	0.0007	0.0005	0.0	0.0	0.0	0.0	0.0
30	0.1410	0.0	0.0007	0.0006	0.0	0.0	0.0	0.0	0.0
31	0.1280	0.0	0.0008	0.0008	0.0	0.0	0.0	0.0	0.0
32	0.1150	0.0	0.0009	0.0009	0.0	0.0	0.0	0.0	0.0
33	0.1080	0.0	0.0009	0.0010	0.0	0.0	0.0	0.0	0.0
34	0.0990	0.0	0.0010	0.0011	0.0	0.0	0.0	0.0	0.0
35	0.0910	0.0	0.0011	0.0013	0.0	0.0	0.0	0.0	0.0
36	0.0830	0.0	0.0012	0.0014	0.0	0.0	0.0	0.0	0.0
37	0.0760	0.0	0.0013	0.0015	0.0	0.0	0.0	0.0	0.0
38	0.0690	0.0	0.0015	0.0016	0.0	0.0	0.0	0.0	0.0
39	0.0640	0.0	0.0016	0.0017	0.0	0.0	0.0	0.0	0.0
40	0.0600	0.0	0.0018	0.0018	0.0	0.0	0.0	0.0	0.0
41	0.0560	0.0	0.0020	0.0018	0.0	0.0	0.0	0.0	0.0
42	0.0510	0.0	0.0021	0.0019	0.0	0.0	0.0	0.0	0.0
43	0.0460	0.0	0.0022	0.0019	0.0	0.0	0.0	0.0	0.0
44	0.0420	0.0	0.0024	0.0020	0.0	0.0	0.0	0.0	0.0
45	0.0400	0.0	0.0026	0.0020	0.0	0.0	0.0	0.0	0.0
46	0.0380	0.0	0.0029	0.0021	0.0	0.0	0.0	0.0	0.0
47	0.0360	0.0	0.0031	0.0021	0.0	0.0	0.0	0.0	0.0
48	0.0340	0.0	0.0033	0.0022	0.0	0.0	0.0	0.0	0.0
49	0.0330	0.0	0.0036	0.0022	0.0	0.0	0.0	0.0	0.0
50	0.0310	0.0	0.0041	0.0023	0.0020	0.0	0.0	0.0	0.0
51	0.0290	0.0	0.0044	0.0023	0.0030	0.0	0.0	0.0	0.0
52	0.0280	0.0	0.0048	0.0023	0.0040	0.0	0.0	0.0	0.0
53	0.0260	0.0	0.0054	0.0023	0.0055	0.0	0.0	0.0	0.0
54	0.0250	0.0	0.0059	0.0023	0.0235	0.0	0.0	0.0	0.0
55	0.0230	0.0	0.0040	0.0024	0.0945	0.0	0.0	0.0026	0.0
56	0.0210	0.0	0.0044	0.0024	0.0675	0.0	0.0	0.0030	0.0
57	0.0200	0.0	0.0049	0.0024	0.0785	0.0	0.0	0.0032	0.0
58	0.0180	0.0	0.0053	0.0024	0.0900	0.0	0.0	0.0036	0.0
59	0.0160	0.0	0.0059	0.0024	0.1000	0.0	0.0	0.0040	0.0
60	0.0140	0.0	0.0066	0.0024	0.1935	0.0	0.0	0.0044	0.0
61	0.0120	0.0	0.0074	0.0024	0.1400	0.0	0.0	0.0049	0.0
62	0.0100	0.0	0.0082	0.0025	0.1500	0.0	0.0	0.0054	0.0
63	0.0070	0.0	0.0090	0.0025	0.1680	0.0	0.0	0.0060	0.0
64	0.0030	0.0	0.0100	0.0025	0.2125	0.0	0.0	0.0066	0.0
65	0.0	0.0	0.0110	0.0	0.3500	0.0	0.0	0.0074	0.0
66	0.0	0.0	0.0122	0.0	0.2240	0.0	0.0	0.0081	0.0
67	0.0	0.0	0.0135	0.0	0.2240	0.0	0.0	0.0090	0.0
68	0.0	0.0	0.0146	0.0	0.2240	0.0	0.0	0.0097	0.0
69	0.0	0.0	0.0160	0.0	0.2500	0.0	0.0	0.0107	0.0
70	0.0	0.0	0.0	0.0	1.0000	0.0	0.0	0.0	0.0

LOS ANGELES CITY EMPLOYEES  
 FEMALE GENERAL MEMBERS  
 PROBABILITY OF OCCURRENCE(INCLUDING ELIGIBILITY)

01/20/84  
 17:09:53

AGE NEAREST	ORDINARY WITHDRAW	VESTED WITHDRAW	ORDINARY DEATH	ORDINARY DISABILITY	SERVICE RETIRE	SERVICE DISABILITY	SERVICE DEATH	DWE SVC RET	DWE DIS RET
18	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20	0.2110	0.0	0.0002	0.0	0.0	0.0	0.0	0.0	0.0
21	0.2040	0.0	0.0002	0.0	0.0	0.0	0.0	0.0	0.0
22	0.1970	0.0	0.0002	0.0	0.0	0.0	0.0	0.0	0.0
23	0.1880	0.0	0.0002	0.0	0.0	0.0	0.0	0.0	0.0
24	0.1800	0.0	0.0003	0.0	0.0	0.0	0.0	0.0	0.0
25	0.1730	0.0	0.0004	0.0	0.0	0.0	0.0	0.0	0.0
26	0.1670	0.0	0.0004	0.0	0.0	0.0	0.0	0.0	0.0
27	0.1610	0.0	0.0005	0.0	0.0	0.0	0.0	0.0	0.0
28	0.1530	0.0	0.0005	0.0	0.0	0.0	0.0	0.0	0.0
29	0.1480	0.0	0.0006	0.0	0.0	0.0	0.0	0.0	0.0
30	0.1410	0.0	0.0006	0.0001	0.0	0.0	0.0	0.0	0.0
31	0.1360	0.0	0.0007	0.0001	0.0	0.0	0.0	0.0	0.0
32	0.1300	0.0	0.0007	0.0001	0.0	0.0	0.0	0.0	0.0
33	0.1230	0.0	0.0008	0.0001	0.0	0.0	0.0	0.0	0.0
34	0.1160	0.0	0.0009	0.0001	0.0	0.0	0.0	0.0	0.0
35	0.1090	0.0	0.0009	0.0002	0.0	0.0	0.0	0.0	0.0
36	0.1000	0.0	0.0010	0.0002	0.0	0.0	0.0	0.0	0.0
37	0.0900	0.0	0.0010	0.0002	0.0	0.0	0.0	0.0	0.0
38	0.0830	0.0	0.0011	0.0003	0.0	0.0	0.0	0.0	0.0
39	0.0780	0.0	0.0012	0.0003	0.0	0.0	0.0	0.0	0.0
40	0.0710	0.0	0.0013	0.0004	0.0	0.0	0.0	0.0	0.0
41	0.0680	0.0	0.0014	0.0005	0.0	0.0	0.0	0.0	0.0
42	0.0650	0.0	0.0015	0.0006	0.0	0.0	0.0	0.0	0.0
43	0.0610	0.0	0.0015	0.0008	0.0	0.0	0.0	0.0	0.0
44	0.0580	0.0	0.0016	0.0010	0.0	0.0	0.0	0.0	0.0
45	0.0550	0.0	0.0017	0.0012	0.0	0.0	0.0	0.0	0.0
46	0.0520	0.0	0.0018	0.0014	0.0	0.0	0.0	0.0	0.0
47	0.0490	0.0	0.0019	0.0014	0.0	0.0	0.0	0.0	0.0
48	0.0460	0.0	0.0020	0.0016	0.0	0.0	0.0	0.0	0.0
49	0.0440	0.0	0.0021	0.0018	0.0	0.0	0.0	0.0	0.0
50	0.0420	0.0	0.0022	0.0020	0.0010	0.0	0.0	0.0	0.0
51	0.0400	0.0	0.0024	0.0024	0.0025	0.0	0.0	0.0	0.0
52	0.0380	0.0	0.0026	0.0028	0.0045	0.0	0.0	0.0	0.0
53	0.0350	0.0	0.0028	0.0032	0.0075	0.0	0.0	0.0	0.0
54	0.0330	0.0	0.0030	0.0036	0.0150	0.0	0.0	0.0	0.0
55	0.0310	0.0	0.0033	0.0040	0.0710	0.0	0.0	0.0	0.0
56	0.0290	0.0	0.0036	0.0040	0.0320	0.0	0.0	0.0	0.0
57	0.0270	0.0	0.0039	0.0040	0.0350	0.0	0.0	0.0	0.0
58	0.0250	0.0	0.0043	0.0040	0.0400	0.0	0.0	0.0	0.0
59	0.0230	0.0	0.0047	0.0040	0.0650	0.0	0.0	0.0	0.0
60	0.0220	0.0	0.0052	0.0	0.1850	0.0	0.0	0.0	0.0
61	0.0210	0.0	0.0057	0.0	0.1100	0.0	0.0	0.0	0.0
62	0.0200	0.0	0.0065	0.0	0.1250	0.0	0.0	0.0	0.0
63	0.0150	0.0	0.0073	0.0	0.1350	0.0	0.0	0.0	0.0
64	0.0070	0.0	0.0081	0.0	0.1500	0.0	0.0	0.0	0.0
65	0.0	0.0	0.0091	0.0	0.2500	0.0	0.0	0.0	0.0
66	0.0	0.0	0.0105	0.0	0.1700	0.0	0.0	0.0	0.0
67	0.0	0.0	0.0121	0.0	0.1850	0.0	0.0	0.0	0.0
68	0.0	0.0	0.0139	0.0	0.2150	0.0	0.0	0.0	0.0
69	0.0	0.0	0.0159	0.0	0.2800	0.0	0.0	0.0	0.0
70	0.0	0.0	0.0	0.0	1.0000	0.0	0.0	0.0	0.0



Los Angeles City Employees'  
Retirement System

APPLICABLE TO MEMBERS COVERED UNDER "BETA" FORMULA

115% NORMAL CONTRIBUTION RATES

<u>Age</u>	<u>Normal Contribution Rate</u>	<u>Age</u>	<u>Normal Contribution Rate</u>
16	8.00%	40	10.19%
17	8.04	41	10.29
18	8.08	42	10.41
19	8.14	43	10.52
		44	10.64
20	8.20	45	10.76
21	8.27	46	10.89
22	8.34	47	11.01
23	8.42	48	11.12
24	8.50	49	11.24
25	8.58	50	11.34
26	8.66	51	11.44
27	8.75	52	11.55
28	8.86	53	11.65
29	8.96	54	11.75
30	9.06	55	11.85
31	9.17	56	11.94
32	9.28	57	12.03
33	9.40	58	12.13
34	9.50	59	12.19
35	9.61		
36	9.73		
37	9.84		
38	9.96		
39	10.07		

71 GAM  
5-3/4%  
3-1/2% S/S

Los Angeles City Employees'  
Retirement System

APPLICABLE TO MEMBERS COVERED UNDER "BETA" FORMULA

115% NORMAL CONTRIBUTION RATES

<u>Age</u>	<u>Survivor Contribution Rate</u>	<u>Age</u>	<u>Survivor Contribution Rate</u>
16	.22%	40	.91%
17	.28	41	.92
18	.33	42	.93
19	.39	43	.94
		44	.95
20	.44	45	.97
21	.48	46	.98
22	.53	47	.99
23	.56	48	1.00
24	.60	49	1.01
25	.63	50	1.03
26	.66	51	1.05
27	.68	52	1.06
28	.70	53	1.07
29	.72	54	1.08
30	.75	55	1.09
31	.77	56	1.10
32	.79	57	1.12
33	.81	58	1.13
34	.82	59 and over	1.14
35	.83		
36	.85		
37	.86		
38	.87		
39	.90		

71 GAM  
5-3/4%  
3-1/2% S/S

Los Angeles City Employees'  
Retirement System

APPLICABLE TO MEMBERS COVERED UNDER "BETA" FORMULA

115% NORMAL CONTRIBUTION RATES

Applicable Only to Employees Whose Normal and Survivor  
Contribution Rates Are Assigned by the Same Age

<u>Age</u>	<u>Total Contribution Rate</u>	<u>Age</u>	<u>Total Contribution Rate</u>
16	8.22%	40	11.10%
17	8.32	41	11.21
18	8.41	42	11.34
19	8.53	43	11.46
		44	11.59
20	8.64	45	11.73
21	8.75	46	11.87
22	8.87	47	12.00
23	8.98	48	12.12
24	9.10	49	12.25
25	9.21	50	12.37
26	9.32	51	12.49
27	9.43	52	12.61
28	9.56	53	12.72
29	9.68	54	12.83
30	9.81	55	12.94
31	9.94	56	13.04
32	10.07	57	13.15
33	10.21	58	13.24
34	10.32	59	13.33
35	10.44		
36	10.58		
37	10.70		
38	10.83		
39	10.97		

71 GAM  
5-3/4%  
3-1/2% S/S

AGE/SERVICE DISTRIBUTION TOTAL MEMBERS

AGE *****	** SERVICE **														TOTAL *****
	0-1 *****	1-2 *****	2-3 *****	3-4 *****	4-5 *****	5-9 *****	10-14 *****	15-19 *****	20-24 *****	25-29 *****	30-34 *****	35- *****			
15-19 *NO. *	14	2	1	0	0	0	0	0	0	0	0	0	0	17	
*TOT. AMT*	183055	31868	44882	0	0	0	0	0	0	0	0	0	0	259805	
AVE. AMT*	13075	15934	44882	0	0	0	0	0	0	0	0	0	0	15283	
20-24 *NO. *	342	132	108	178	63	5	0	0	0	0	0	0	0	828	
*TOT. AMT*	5764936	2370787	1944708	3358683	1226666	101903	0	0	0	0	0	0	0	14767683	
AVE. AMT*	16857	17961	18007	18869	19471	20381	0	0	0	0	0	0	0	17835	
25-29 *NO. *	457	224	205	417	230	345	18	0	0	0	0	0	0	1896	
*TOT. AMT*	9040761	4605368	4432715	8982963	4835208	7422024	410214	0	0	0	0	0	0	39729253	
AVE. AMT*	19783	20560	21623	21542	21023	21513	22790	0	0	0	0	0	0	20954	
30-34 *NO. *	295	192	167	331	264	844	484	25	0	0	0	0	0	2602	
*TOT. AMT*	6133080	4232690	3767616	7747048	6482475	21049917	11654297	589850	0	0	0	0	0	61656973	
AVE. AMT*	20790	22045	22561	23405	24555	24941	24079	23594	0	0	0	0	0	23696	
35-39 *NO. *	230	108	96	206	203	733	933	364	12	0	0	0	0	2885	
*TOT. AMT*	4903732	2534577	2100385	5142807	5398377	20175514	26600799	10070093	336969	0	0	0	0	77263253	
AVE. AMT*	21321	23468	21879	24965	26593	27525	28511	27665	28081	0	0	0	0	26781	
40-44 *NO. *	159	66	54	123	102	397	637	677	178	9	0	0	0	2402	
*TOT. AMT*	3433552	1670986	1296672	2914895	2566083	10801910	18707405	20703453	5515809	271523	0	0	0	67882288	
AVE. AMT*	21595	25318	24012	23698	25158	27209	29368	30581	30988	30169	0	0	0	28261	
45-49 *NO. *	73	45	32	90	74	257	406	515	343	197	3	0	0	2035	
*TOT. AMT*	1544651	1116449	778224	2212914	1845218	6896349	11344694	14619526	10697739	6001764	107993	0	0	57165521	
AVE. AMT*	21160	24810	24320	24588	24935	26834	27943	28387	31189	30466	35998	0	0	28091	
50-54 *NO. *	42	28	33	54	58	225	336	389	368	466	71	1	0	2071	
*TOT. AMT*	925760	640963	743410	1437163	1510320	5785612	8936000	10423914	11241371	14687181	2193745	48678	0	58574117	
AVE. AMT*	22042	22892	22528	26614	26040	25714	26595	26797	30547	31518	30898	48678	0	28283	
55-59 *NO. *	42	23	18	36	43	204	281	301	289	352	160	30	0	1779	
*TOT. AMT*	929419	504299	425626	883661	1142167	5172728	7617326	8611705	8440439	10603155	5391045	1105190	0	50826760	
AVE. AMT*	22129	21926	23646	24546	26562	25357	27108	28610	29206	30123	33694	36840	0	28570	
60-64 *NO. *	13	13	12	20	31	154	191	234	152	166	84	57	0	1127	
*TOT. AMT*	231752	356675	311442	443712	770007	4007759	5328051	6389056	4203498	4598928	2903677	2264042	0	31808599	
AVE. AMT*	17827	27437	25954	22186	24839	26024	27896	27304	27655	27704	34568	39720	0	28224	
65- *NO. *	5	4	3	11	5	87	92	88	77	51	20	26	0	469	
*TOT. AMT*	67573	66447	86254	238551	267040	2342109	2395921	2402492	2283032	1296860	579527	812564	0	12838370	
AVE. AMT*	13515	16612	28751	21686	53408	26921	26043	27301	29650	25429	28976	31252	0	27374	
TOTAL *NO. *	1672	837	729	1466	1073	3251	3378	2593	1419	1241	338	114	0	18111	
*TOT. AMT*	33158271	18131109	15931934	33362397	26043561	83755825	92994707	73810089	42718857	37459411	11175987	42304744	0	2772622	
AVE. AMT*	19831	21662	21855	22757	24272	25763	27530	28465	30105	30185	33065	37109	0	26104	

AVERAGE AGE \* 42.4 \*

AVERAGE SERVICE \* 10.9 \*

SUMMARY OF MAJOR PLAN PROVISIONS

1. Membership Requirements

First of month following employment.

2. Final Monthly Compensation

Highest 12-month average salary.

3. Service Retirement

A. Eligibility

Ten years of service and age 55, or 30 years of service any age, or age 70.

B. Allowance

"Beta" Formula - 2.16% of final monthly compensation for each year of service (reduced if retirement before age 60); however, member may retire on full accrued pension if he or she has completed at least 30 years of service and has attained age 55.

Prior Formula - 2% of final monthly compensation for each year of service (reduced if retirement before age 58-3/4).

C. Form of Payment

Monthly allowance payable for life with 50% continuance to eligible spouse. Larger continuance available as option with reduced allowance.

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4. Disability Retirement

A. Eligibility

Five or more years of continuous service and physically or mentally incapacitated so unable to perform duties of position.

B. Allowance

1/70 of final monthly compensation for each year of continuous service. If service is less than 23-1/3 years, then service is projected to retirement, with a maximum total service (actual plus projected) of 23-1/3 years.

C. Form of Payment

Monthly allowance payable for life, with 50% continuance to eligible surviving spouse if employee had that coverage at time of retirement.

5. Deferred Service Retirement

A. Eligibility

Terminate City service with five or more years of retirement credit, apply in writing within three years after termination, and agree to leave accumulated contributions on deposit.

Application required for retirement at any time after attaining age 55, provided at least 10 years have elapsed when employee first became a member, or at age 70 without any elapsed time requirement.

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B. Allowance

Same as service retirement.

C. Form of Payment

Same as service retirement.

6. Death Prior to Retirement

A. Not Eligible to Retire

The sum of:

- i. accumulated contributions,
- ii. a monthly pension to the surviving spouse, minor children, or dependent parents of the deceased member, payable for a period equal to two months times the number of completed years of service credit to a maximum period of 12 months at the rate of 1/2 of the average monthly salary for the year before death, and
- iii. if deceased member was a qualified member of the Family Death Benefit Insurance Plan, such benefits as are payable under that Plan.

B. Eligibility for Disability Retirement or Duty-Related Death

The sum of the following:

- i. 60% of the allowance the member would have received if he or she had been granted a disability retirement allowance the day before he or she died, payable for the lifetime of the member's surviving spouse, and

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- ii. if the deceased member was a qualified member of the Family Death Benefit Insurance Plan, such benefits as are payable under the Plan.

C. Eligible for Retirement

Surviving spouse receives a lifetime survivorship allowance based on an actuarially computed percentage of the retirement allowance the member would have been entitled to if he or she had been granted an Option 1 service retirement the day before he or she died. Benefits under the Family Death Benefit Insurance Plan, if any, are not payable. The surviving spouse may elect A or B in lieu of C.

7. Death After Retirement

- A. 50% continuance to surviving eligible spouse, if covered under the plan.
- B. Upon the death of both the member and surviving spouse, designated beneficiary receives any unused contributions which may remain (provided the normal cash refund annuity was selected) and any accrued but unpaid retirement allowance due at time of death.
- C. \$500 death benefit paid to designated beneficiary of deceased member for assumption of obligation to pay burial expense.



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8. Postretirement Cost-of-Living Benefits

As of each July 1, benefits being paid increased (proportionately if paid less than 12 months) by increase in Consumer Price Index (to a maximum of 3%). Increases in CPI above 3% are "banked" to apply in years when CPI increase is less than 3%.

9. Employee Contributions

For purposes of this valuation each member who entered the plan before February 1, 1983 is assumed to contribute to the System at the rates specified previously in the Section. These rates were recommended in our 1977 valuation and adopted through union negotiations; they are being phased in and are assumed to be totally effective after June 30, 1981. To the extent that members contribute less than the full rates, the City should make compensating contributions as discussed in Section V. Contribution rates for members not covered by the BETA formula are 8% less than rates for members covered by the BETA formula. Members who entered the plan on or after February 1, 1983 are assumed to contribute at the rate of 6%.

10. Family Death Benefit Insurance Plan

A. Eligibility

Employee may elect coverage after 18 months of City retirement service credit.

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B. Benefits

Benefits similar to those provided by Survivors' Insurance under Social Security payable if member dies in active service after 18 months of plan membership.

C. Cost

Member and City share cost of plan (currently \$5.14 per month contribution for each).